

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15498 (re-opened)
ORDER NO. R-14229-A**

**APPLICATION OF MATADOR PRODUCTION COMPANY TO RE-OPEN CASE
NO. 15498 TO POOL THE INTERESTS OF ADDITIONAL MINERAL OWNERS
UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-14229,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 8, 2017, at Santa Fe, New Mexico, before Examiners William V. Jones and Michael A. McMillan.

NOW, on this 25th day of July, 2017, the Division Director, having considered the testimony, the record and the recommendations of the examiners,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) Pursuant to a previous hearing, the Division, on November 2, 2016, issued Order No. R-14229, granting the application of Matador Petroleum Company for compulsory pooling of all uncommitted interests in the Wolfcamp formation, Black River; Wolfcamp, East Gas Pool (Pool Code 97442), underlying a standard 320-acre gas spacing unit comprising the N/2 of Section 13, Township 24 South, Range 27 East, NMPM, in Eddy County, New Mexico.

(3) Order No. R-14229 provided that this Unit be dedicated to the Brantley State Com 13 24 27 Well No. 221H (API No. 30-015-43774; the "subject well"), a proposed horizontal well that has now been drilled from a surface location 631 feet from the North line and 187 feet from the West line (Unit D) of Section 18, Township 24 South, Range 28 East, NMPM, to an as-drilled terminus or bottom hole location 384 feet from the

North line and 241 feet from the West line (Unit D) of Section 13, Township 24 South, Range 27 East, NMPM, in Eddy County, New Mexico.

(4) Matador Production Company (OGRID 228937) ("Matador" or "Applicant") was designated as the operator of the subject well and of the Unit.

(5) Effective February 1, 2017, the subject well completion was placed within the Purple Sage; Wolfcamp Gas Pool (Pool Code 98220) which pool contains Special Pool Rules, promulgated in Division Order No. R-14262, allowing 330-foot setbacks within standard 320-acre gas spacing units. The completed interval of the subject well is orthodox.

(6) Matador recently discovered ambiguous instruments in the chain of title to a portion of the Unit pursuant to which additional persons ("additional owners") who were not identified in the prior hearing or accorded notice thereof may own or claim unleased mineral interests in the Unit.

(7) Matador seeks to amend Order No. R-14229 to compulsory pool the uncommitted interests, if any, of the additional owners under the terms of that order.

(8) At the hearing, Applicant presented, through counsel, evidence that it had given notice of the application and the re-opened hearing to the additional owners it has located, by certified mail pursuant to 19.15.4.12(B) NMAC. Other additional owners whom Applicant has been unable to locate after diligent investigation were noticed by publication in a newspaper of general circulation in Eddy County.

(9) No appearance was entered for any of the additional owners or any person claiming to own or represent a claimant to an interest derived from an additional owner.

(10) No other party appeared at the hearing or otherwise opposed the granting of this application.

The Division therefore concludes:

(11) Order No. R-14229 should be amended to compulsory pool the interests in the Unit, if any, of the additional owners or their heirs, devisees, personal representatives, successors or assigns, whoever they may be.

(12) The additional owners should be afforded the opportunity, after issuance of this order, to pay their respective shares of well costs, and thereby to become consenting working interest owner under the terms of Order No. R-14229.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Matador Production Company (OGRID 228937), Order No. R-14229, issued in this case on November 2, 2016, is hereby amended

to compulsory pool interest, if any, in the Unit of the additional owners and their heirs, devisees, personal representatives, successors and assigns, effective on the date of first production from the subject well.

(2) After the issuance of this order, the operator shall furnish the Division and each known additional party a schedule of actual costs of drilling, completing and equipping the subject well ("well costs"). Within 30 days after receiving the schedule of actual well costs, each additional owner shall have the right to pay its share of actual well costs to the operator in lieu of paying its share of reasonable well costs out of production as provided in Order No. R-14229, and if it pays its share of actual well costs as provided above shall, as to such well, remain liable for operating costs but shall not be liable for risk charges.

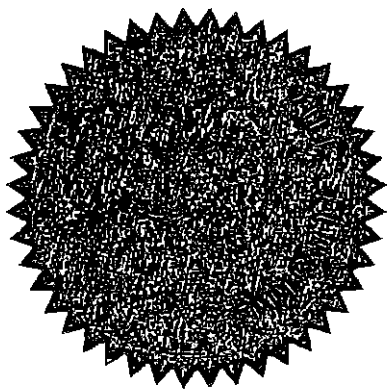
(3) If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(4) Within 60 days following determination of reasonable well costs, any additional owner who has paid its share of estimated costs as provided above shall receive from the operator the amount, if any, that the actual well costs it has paid exceed its share of reasonable well costs.

(5) All other provisions of Order No. R-14229 remain in full force and effect, and all rights and obligations provided therein, except as otherwise specified herein, shall apply to the additional parties and their interests in the Unit to the same extent as to the original parties.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DAVID R. CATANACH
Director