

(37) At the December 3, 1998 hearing, Matador, with the mutual consent of all working interests, requested that Fasken be designated operator of the: (i) proposed 600.01-acre unit within the Catclaw Draw-Morrow Gas Pool; (ii) existing Catclaw Draw "1" Federal Well No. 1; and (iii) proposed Avalon Federal Well No. 2.

(38) Matador's application in Case No. 12034 is in the best interest of conservation and should therefore be approved.

(39) In accordance with the provisions of Division Rule 104.F(2), the unorthodox gas well location for the proposed Avalon Federal Well No. 2 for any formations and/or pools from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool developed on 320-acre spacing, which currently include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool, is hereby approved. A standard 297.88-acre lay-down gas spacing and proration unit comprising Lots 29 through 32 and the SW/4 (lower one-third equivalent) of Section 1 for this production is to be dedicated to this well.

(40) Without evidence and testimony to support Texaco's requests in Cases No. 12051 and 12105, both applications should be denied.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of Matador Petroleum Corporation ("Matador") in Case No. 12034, Division Order No. R-10872-B is hereby amended as follows:

- (a) a standard 600.01-acre gas spacing and proration unit is hereby established for the Catclaw Draw-Morrow Gas Pool comprising Lots 11 through 14, 25 through 32, and the SW/4 (lower two-thirds equivalent) of irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico; and
- (b) gas production from this pool is to be simultaneously dedicated to the:
  - (i) existing Catclaw Draw "1" Federal Well No. 1 (API No. 30-015-30123), located at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Unit V) of Section 1; and
  - (ii) proposed Avalon Federal Well No. 2 (API No. 30-015-29730) to be drilled at an unorthodox infill gas well location, hereby approved, 2080 feet from the South line and 750 feet from the West line (Unit T) of Section 1.

(2) Also, the Avalon Federal Well No. 2 location is hereby approved for the production of gas from any formations and/or pools from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool developed on 320-acre spacing, which currently include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool. Gas production from this vertical interval is to be dedicated to a standard 297.88-acre lay-down gas spacing and proration unit comprising Lots 29 through 32 and the SW/4 (lower one-third equivalent) of Section 1.

(3) Fasken Oil and Ranch, Ltd. ("Fasken") is hereby designated the operator of the subject wells and units.

(4) All provisions of Division Order No. R-10872-B, including the production penalty assessed Morrow gas production from the Catclaw Draw "1" Federal Well No. 1, not in conflict with this order shall remain in full force and effect until further notice.

(5) The application of Texaco Exploration and Production Inc. ("Texaco") in Case No. 12051, to drill its proposed Rocky Arroyo Federal Com. Well No. 1 at an unorthodox gas well location 3200 feet from the South line and 660 feet from the West line (Lot 13/Unit M) of Section 1 and for an order pooling all mineral interests underlying: (i) Lots 11 through 14 and 17 through 28 (upper two-thirds equivalent) in order to form a 555.74-acre gas spacing and proration unit for the Catclaw Draw-Morrow Gas Pool; and (ii) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within the upper Pennsylvanian zones, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool, is hereby denied.

(6) The application of Texaco in Case No. 12105 to drill the above-described Rocky Arroyo Federal Com. Well No. 1 and for an order pooling all mineral interests underlying: (i) all of Section 1 to form a non-standard 853.62-acre gas spacing and proration unit for the Catclaw Draw-Morrow Gas Pool; and (b) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the top of the Morrow formation, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool, is hereby denied.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.