



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

RECEIVED

July 15, 1997

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OIL CON. DIV.

Matador Petroleum Corporation
c/o Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Attention: W. Thomas Kellahin

RE: *Application of Matador Petroleum Corporation for a horizontal directional drilling project in the Southwest Sulphate-Delaware Pool to comprise two standard 40-acre oil spacing and proration units [an 80-acre area comprising the SW/4 NE/4 (Unit G) and the NW/4 SE/4 (Unit J)] in Section 14, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, for its proposed White City "14" Federal Well No. 3-H to be drilled at an unorthodox surface oil well location 1617 feet from the South line and 1810 feet from the East line (Unit J) of said Section 14.*

Dear Mr. Kellahin:

Reference is made to your application dated May 30, 1997, requesting the subject matter. Per my review it was found that the 40-acre tract comprising the NW/4 SE/4 (Unit J) of said Section 14 in the Southwest Sulphate-Delaware Pool is currently dedicated to the Bill & Patsy Rich operated White City "14" Federal Well No. 2 (API No. 30-015-25661), located at a standard oil well location 1650 feet from the South and East lines (Unit J) of said Section 14. Since approval of this application would result in having two operators in the same pool, in the same 40-acre oil spacing and proration unit, and within a project area this application can not be approved. How would you like to proceed with this application at this time?

Should you have any questions, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: OCD - Artesia
William J. LeMay, Director - Santa Fe
U. S. Bureau of Land Management - Carlsbad