

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfbone formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 18, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

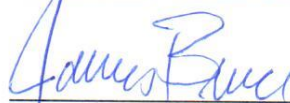
1. Applicant is an operator in the W/2E/2 of Section 18, and has the right to drill a well thereon.
2. Applicant has drilled or proposes to drill the Biggers Fed. Com. Well Nos. 203H and 217H to a depth sufficient to test the Wolfbone formation. Applicant seeks to dedicate the W/2E/2 of Section 18 to the wells in the Wolfbone formation, with first take points in the SW/4SE/4 and last take points in the NW/4NE/4 of Section 18.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2E/2 of Section 18 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfbone formation underlying the W/2E/2 of Section 18, pursuant to NMSA 1978 §70-2-17.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Wolfbone formation underlying the EW2E/2 of Section 18, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfbone formation underlying the W/2E/2 of Section 18;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the costs among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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