

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

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APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
AND AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 15190

APPLICATION

MATADOR PRODUCTION COMPANY, ("Matador") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) pooling all mineral interests in the Wolfcamp formation, South Culebra Bluff – Wolfcamp Gas Pool, underlying the S/2 of Section 14, Township 24 South, Range 28 East and (2) authorizing an unorthodox well location. In support of its application, Matador states:

1. Matador Production Company (OGRID No. 228973) is a working interest owner in the S/2 of Section 14 and has the right to drill thereon.
2. Matador proposes to dedicate the S/2 of Section 14 as the project area for its proposed **Tiger 14-24S-28E RB #224H Well**, which will be horizontally drilled from a non-standard surface location 350 feet from the South line and 250 feet from the East line (Unit P) to a non-standard bottom hole location 350 feet from the South line and 260 feet from the West line (Unit M) of Section 14 in the South Culebra Bluff – Wolfcamp Gas Pool (Pool Code 75750).
3. This acreage is subject to the statewide rules for defined gas pools in Eddy County which requires 320-acre spacing and wells to be located no closer than

660 feet to the outer boundary of the quarter section and no closer than 10 feet to a quarter-quarter section line or subdivision inner boundary. 19.15.15.10.B NMAC. Rules 19.15.15.13(B) and 19.15.4.12(A)2 NMAC allow the director to grant an exception to the well location requirements.

4. The proposed **Tiger 14-24S-28E RB #224H Well** will be unorthodox because the completed interval for this well will be closer than 660 feet to the outer boundary as required by Rule 19.15.15.10.B(1). Specifically, it encroaches on the spacing and proration units to the South, Southeast and Southwest.

5. Matador has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit Matador to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard spacing unit should be pooled and Matador Production Company should be designated the operator of this spacing unit.

WHEREFORE, Matador Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 21, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all mineral interests in the standard spacing and proration unit consisting of the S/2 of Section 14, Township 24 South, Range 28 East;

- B. Designating Matador Production Company operator of this standard spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Matador to recover its costs of drilling, equipping and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Matador in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.
- F. Authorizing an unorthodox well location that encroaches on the spacing and proration units to the South, Southeast and Southwest.

Respectfully submitted,

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**ATTORNEYS FOR
MATADOR PRODUCTION COMPANY**

CASE 15190:

Application of Matador Production Company for compulsory pooling, and an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) pooling all mineral interests in the Wolfcamp formation, South Culebra Bluff – Wolfcamp Gas Pool, underlying the S/2 of Section 14, Township 24 South, Range 28 East and (2) authorizing an unorthodox well location. Said standard unit is to be dedicated to applicant's proposed **Tiger 14-24S-28E RB #224H Well**, which will be horizontally drilled from a non-standard surface location 350 feet from the South line and 250 feet from the East line (Unit P) to a non-standard bottom hole location 350 feet from the South line and 260 feet from the West line (Unit M) of Section 14 in the South Culebra Bluff – Wolfcamp Gas Pool (Pool Code 75750). The completed interval for this well will be unorthodox because it will be closer than 660 feet to the outer boundary as required by Rule 19.15.15.10.B(1). Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 1.5 miles Southwest of Harroun Crossing, New Mexico.