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July 21, 2015

Case 15362

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Matador Production Company, is an application for compulsory pooling, etc., together with a proposed advertisement. Please set this matter for the August 20, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Matador Production Company

Parties Being Pooled

Conquistador Council of the
Boy Scouts of America
c/o Bank of America, N.A.
Suite 150
2100 South Utica Avenue
Tulsa, Oklahoma 74114

Anadarko Petroleum Corporation
1201 Lake Robbins Drive
The Woodlands, Texas 77380

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

APPLICATION OF MATADOR PRODUCTION COMPANY
FOR A NON-STANDARD OIL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

CASE NO. 15362

APPLICATION

Matador Production Company ("Matador") (OGRID No. 228937) applies to the Oil Conservation Division, pursuant to the provisions of NMSA 1978 §§ 70-2-17, 18, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation comprised of the N/2N/2 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying the proposed non-standard spacing and proration unit. In support of this application, Matador states as follows:

1. Matador is the operator of subject lands and has the right to drill a well thereon.
2. Matador proposes to drill the **Paul 25-24S-28E RB #121H** (API No. 30-015-43011) to a depth sufficient to test the Bone Spring formation. Matador seeks to dedicate the N/2N/2 of Section 25 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (project area). This unit is within the Willow Lake-Bone Spring Pool (pool code 64450).
3. This well is a horizontal well with a surface location 359 feet from the North line and 247 feet from the West line, and a terminus 380 feet from the North line and 240 feet from the East line, of Section 25.

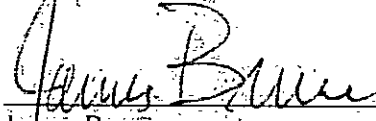
4. Matador in good faith sought, but has been unable to obtain, voluntary agreements from all interest owners in the Bone Spring formation underlying the unit to participate in the drilling of the well or to otherwise commit their interests to the well. Therefore, applicant seeks an order pooling all mineral interest owners in the well unit.

5. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Matador Production Company requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 20, 2015, and after notice and hearing as required by law, the Division enter its order:

- A. Creating a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of N/2N/2 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico;
- B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit;
- C. Designating Matador as operator of this unit and the well to be drilled thereon;
- D. Authorizing Matador to recover its costs of drilling, equipping, and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce

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Santa Fe, New Mexico 87504

(505) 982-2043

jamesbruc@aol.com

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 15362 :

Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2N/2 of Section 25, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Paul 25-24S-28E RB Well No. 121H, a horizontal well with a surface location in the NW/4NW/4, and a terminus in the NE/4NE/4, of Section 25. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 8-1/2 miles south-southeast of Malaga, New Mexico.

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