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September 15, 2015

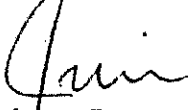
*Case 15395*

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 October 15, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Matador Production Company

Parties Being Pooled

Vickey Moser  
178 Night Sky  
Spring Branch, Texas 78070

James M. Stockton  
2617 Coronado Drive  
Roswell, New Mexico 88201

Global Nevada, Galaxy Inc.  
1001 Fannin St., Suite 1700  
Houston, TX 77002-6707

Patsy Hollandsworth  
P.O. Box 1632  
Longview, TX 75606

XTO Energy, Inc.  
Attn: Keith Sawyer  
810 Houston Street  
Fort Worth, TX 76102

The Allar Company  
P.O. Box 1567  
Graham, TX 76450-7567

Grace Pearl Hollandsworth  
P.O. Box 3427  
Longview, TX 75606

Keith McCarney  
1400 Hall Drive  
Roswell, NM 88201

Peggy Runyan  
P.O. Box 869  
Kapaa, Hawaii 96746

Chevron U.S.A.  
P.O. Box 2100  
Houston, TX 77252

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF MATADOR PRODUCTION  
COMPANY FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT, COMPULSORY POOLING,  
AND AN UNORTHODOX OIL WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

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Case No. 15395

APPLICATION

Matador Production Company applies for an order (i) approving a 240 acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and (iii) approving an unorthodox oil well location, and in support thereof, states:

1. Applicant is an operator in the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27, and has the right to drill a well thereon.

2. Applicant proposes to drill the Mallon 27 Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27 to the well to form a non-standard 240 acre oil spacing and proration unit (project area) in the Bone Spring formation for any pools developed on 40 or 80 acre spacing within that vertical extent. The well is a horizontal well with a surface location 330 feet from the south line and 660 feet from the east line of Section 27, and a terminus 2310 feet from the south line and 660 feet from the east line of Section 22. The location is unorthodox under the regulations for the Lea-Bone Spring Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27 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 E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27, and approval of the unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

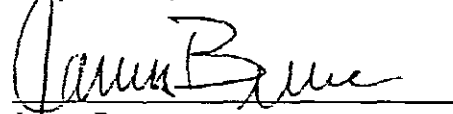
**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation in the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 22 and the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 27;
- C. Approving the unorthodox oil well location;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;

F. . Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

G. . 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  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 15395:

*Application of Matador Production Company for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico.* Applicant seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2SE/4 of Section 22 and E/2E/2 of Section 27, Township 19 South, Range 34 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 developed on 40 or 80 acre spacing within that vertical extent. The unit is to be dedicated to the Mallon 27 Fed. Com. Well No. 1H, a horizontal well with a surface location 330 feet from the south line and 660 feet from the east line of Section 27, and a terminus 2310 feet from the south line and 660 feet from the east line of Section 22. The location is unorthodox under regulations for the Lea-Bone Spring Pool. 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 11-1/2 miles west-southwest of Oil Center, New Mexico.

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