BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

IN THE MATTER OF THE APPLICATION OF MATRIX NEW MEXICO HOLDINGS, L.L.C., TO AMEND ORDER NO. R-12291 TO MODIFY THE TOWNSEND WELL NO. 2 TO A NON-STANDARD LOCATION, LEA COUNTY, NEW MEXICO.

CASE NO. 13604

AFFIDAVIT

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

Ocean Munds-Dry, attorney in fact and authorized representative of Matrix New Mexico Holdings, L.L.C., the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

SUBSCRIBED AND SWORN to before me this $\underline{\mathcal{Y}}_{\mathcal{H}}^{\mathcal{H}}$ day of December 2005 by William F. Carr.

My Commission Expires:

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. <u>13604</u> Exhibit No. 3 Submitted by: <u>Matrix New Mexico Holdings, L.L.C.</u> Hearing Date: <u>December 15, 2005</u>

Affidavit of Publication

STATE OF NEW MEXICO

) ss.

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)

COUNTY OF LEA

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of THE LOV-

INGTON DAILY LEADER and not in any supplement there-

of, for <u>one (1) day</u>, beginning with the issue of

November 19, 2005 and ending with the issue

of <u>November 19</u>, 2005.

And that the cost of publishing said notice is the sum of $\frac{74.04}{2}$ which sum has been (Paid) as Court Costs.

Nen

Subsoribed and sworn to before me this 21st day of November 2005

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Debbie Schilling

Notary Public, Lea County, New Mexico My Commission Expires June 22, 2006

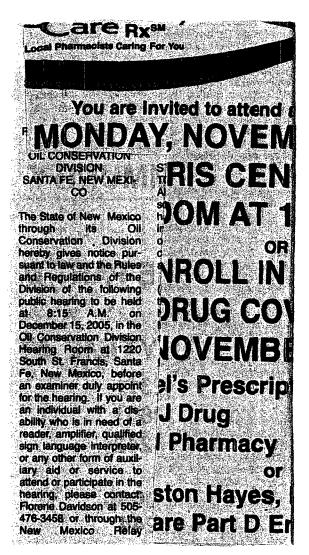


EXHIBIT A

IN THE MATTER OF THE APPLICATION OF MATRIX NEW MEXICO HOLDINGS, L.L.C. TO AMEND ORDER NO. R-12291 TO MODIFY THE PROPOSED WELL LOCATION FOR THE TOWNSEND WELL NO. 2 TO A NON-STANDARD LOCATION, LEA COUNTY, NEW MEXICO.

Apollo Exploration, L.L.C. 1415 23rd Street Canyon, Texas 79015 Attn: Chris Bright

Bronco Projects, L.L.C. 35755 Stenzel Road Brookshire, Texas 77432 Attn: George Joseph

Duck Hook II, LC 3401 94th Street Lubbock, Texas 79423 Attn: Mike Chase

Eric Fox Post Office Box 8736 Amarillo, Texas 79114

Gary Greenstreet, L.L.C. 3902 85th Place Lubbock, Texas 79423 Attn: Gary Greenstreet

Jens H. Mortensen, Jr. 12301 Rooth Road McAllen, Texas 78504

Larami, Ltd. 545 North Upper Broadway, # 507 Corpus Christi, Texas 78476 Attn: George Placke

Lindsay Production & Royalties 122 East Pecan Street, Suite 500 San Antonio, Texas 78250 Attn: Sidney Lindsay

The Nordan Trust 122 East Pecan Street, Suite 500 San Antonio, Texas 78250 Attn: Louis Belinski OGI, Ltd. 545 North Upper Broadway # 507 Corpus Christi, Texas 78476 Attn: George Placke

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Sunlight Exploration, Inc. 1415 23rd Street Canyon, Texas 79015 Attn: Chris Bright

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Mr. Leroy Townsend 7650 East Vista Drive Scottsdale, Arizona 85250

WFV Partnership Post Office Box 64953 Lubbock, Texas 79464 Attn: Terry Wynn

Estate of Calvin D. Townsend Address Unknown

HOLLAND& HART

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO ALL AFFECTED INTEREST OWNERS:

Re: In The Matter Of The Application Of Matrix New Mexico Holdings, L.L.C. To Amend Order No. R-12291 To Modify The Proposed Well Location For The Townsend Well No. 2 To A Non-Standard Location, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Matrix New Mexico Holdings, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an amendment to Order No. R-12291 which pooled all uncommitted mineral interests from the surface to the base of the Wolfcamp formation in SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Bronco-Wolfcamp Pool. Applicant seeks to amend the location of its Townsend Well No. 2 to be drilled at a non-standard location 1475 feet from the North line and 780 feet from the East line of said Section 10 to a depth sufficient to test all formations through the Wolfcamp formation.

This application has been set for hearing before a Division Examiner on December 15, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office lat the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours, can Munds-R

Ocean Munds-Dry (/ ATTORNEY FOR MATRIX NEW MEXICO HOLDINGS, L.L.C.

cc: Fred Bryla Matrix New Mexico Holdings. L.L.C.

Holland & Hart Lup

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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

IN THE MATTER OF THE APPLICATION OF MATRIX NEW MEXICO HOLDINGS, L.L.C. TO AMEND ORDER NO. R-12291 TO MODIFY THE PROPOSED WELL LOCATION FOR THE TOWNSEND WELL NO. 2 TO A NON-STANDARD LOCATION, LEA COUNTY, NEW MEXICO.

CASE NO.

APPLICATION

MATRIX NEW MEXICO HOLDINGS, L.L.C. ("Matrix") through its undersigned attorneys, seeks the amendment of Order No. R-12291 entered on February 25, 2005 to modify the proposed well location for the Townsend Well No. 2 to a non-standard location. Order No. R-12291 pooled all uncommitted mineral interests from the surface to the base of the Wolfcamp formation underlying the Se/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New mexico, to form a standard 40-acre spacing and proration unit ("the Unit") for any formations and/or pools spaced on 40 acres within this vertical extend which presently include, but are not necessarily limited to the Undesignated Bronco-Wolfcamp Pool. The Unit is dedicated to the Townsend Well No. 2 which was proposed to be drilled at a standard oil well location within the SE/4 NE/4 of Section 10. Matrix now proposes to drill the well at a non-standard location, and in support thereof states:

1. Matrix submitted an administrative application to the Oil Conservation Division on November 2, 2005 for an unorthodox well location for its Townsend Well No. 2 to be drilled in the Wolfcamp formation 1475 feet from the North line and 780 feet from the East line of Section 10. This location in the Bronco-Wolfcamp Pool is unorthodox because it is governed by the Division's statewide rules which provides for wells on 40-acre spacing units to be located no closer than 330 feet to the nearest side boundary of the dedicated tract. The proposed well location is only 155 feet from the north boundary of the spacing unit.

2. The unorthodox location is required by geological conditions in the Wolfcamp formation. Moving to the proposed unorthodox location will result in the greatest potential relative amplitude.

3. Accordingly, amending the Order to provide for the non-standard location will result in more efficient recovery of oil.

4. In accordance with Division Rules, notice of this application has been provided to the affected interest owners identified on <u>Exhibit A</u> to this application.

5. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Matrix New Mexico Holdings, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 15, 2005 and, after notice and hearing as required by law, the Division enter its order granting this application.

> Respectfully submitted, HOLLAND & HART LLP

By:

William F. Carr () Ocean Munds-Dry Post Office Box 2208 Santa Fe, New Mexico 87504 Telephone: (505) 988-4421

ATTORNEYS FOR MATRIX NEW MEXICO HOLDINGS, L.L.C.

CASE ____:

In The Matter Of The Application Of Matrix New Mexico Holdings, L.L.C. To Amend Order No. R-12291 To Modify The Proposed Well Location For The Townsend Well No. 2 To A Non-Standard Location, Lea County, New Mexico. Applicant in the above-styled cause seeks the amendment if Order No. R-12291 entered on February 25, 2005 that pooled uncommitted interests from the surface through the Wolfcamp formation in the SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Bronco-Wolfcamp Pool. Applicant seeks to amend the location of its Townsend Well No. 2 to be drilled at a non-standard location 1475 feet from the North line and 780 feet from the East line of said Section 10 to a depth sufficient to test all formations through the Wolfcamp formation. Said area is located approximately 3 miles southwest of Bronco, Texas.

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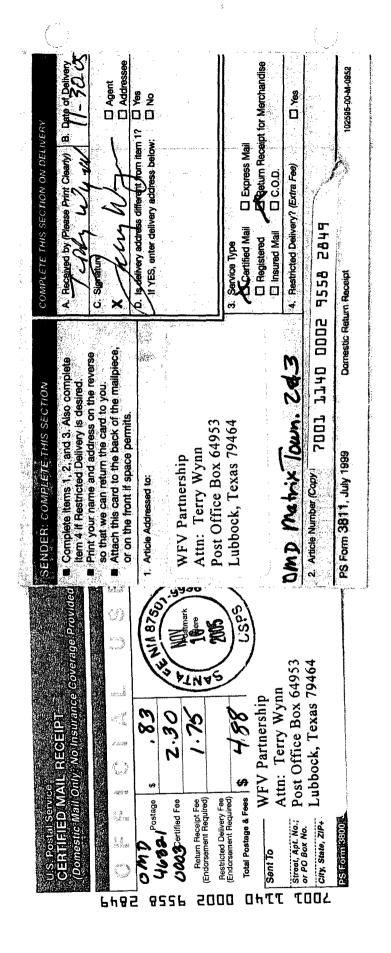
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