

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

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

CASE NO. 15593

APPLICATION

Matador Production Company, ("Matador") (OGRID No. 228937), 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 pooling all uncommitted interests in the Wolfcamp formation underlying the 320-acre, more or less, spacing and proration unit comprised of the W/2 of Section 25, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, Matador states:

1. Matador Production Company's affiliate entity, MRC Permian Company, is a working interest owner in the E/2 of Section 25, and has the right to drill thereon.
2. Matador proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Warren 25-23S-27E RB No. 206H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 25, Township 23 South, Range 27 East.
3. This project area is located within the Black River; Wolfcamp, East (Gas) Pool (97442) and governed by the Special Rules as adopted by Division Order R-14185. Rule 3 of the Special Rules for the Black River; Wolfcamp, East (Gas) Pool requires

that the well be located no closer than 330 feet to the outer boundary of the project area.

4. The completed interval for the proposed well will remain within the 330-foot offset required by the Special Rules for the Black River; Wolfcamp, East (Gas) Pool.

5. Matador has sought and been unable to obtain voluntary agreement for the development of these lands from all of the 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 its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

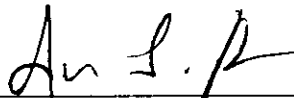
WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2016, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a 320-acre standard spacing and proration unit in the Wolfcamp formation, comprised of the W/2 of Section 25, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico;
- B. Pooling all uncommitted interests in the spacing and proration unit;
- C. Designating Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;

- D. Authorizing Matador Production Company to recover its costs of drilling, completing, and equipping the well;
- E. 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
- F. 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.

Respectfully submitted,

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**ATTORNEYS FOR
MATADOR PRODUCTION COMPANY**

CASE 15593:

Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying the spacing unit comprised of the W/2 of Section 25, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit is to be dedicated to applicant's proposed **Warren 25-23S-27E RB No. 206H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 25, Township 23 South, Range 27 East. The completed interval for this well will remain within the 330' setbacks for the designated pool. 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 2.5 miles southwest of Loving, New Mexico.