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December 26, 2017

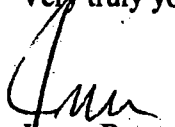
Case 15947

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 a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set this matter for the January 25, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Matador Production Company

Parties Being Pooled

**OXY USA WTP Limited Partnership
5 Greenway Plaza
Houston, Texas 77046**

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 15947

APPLICATION

Matador Production Company applies for an order (i) approving a 154.21 acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of Lot 6, N $\frac{1}{2}$ SE $\frac{1}{4}$, and NE $\frac{1}{4}$ SW $\frac{1}{4}$ (the N $\frac{1}{2}$ S $\frac{1}{2}$) of Section 6, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an operator in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 6, and has the right to drill a well thereon.
2. Applicant proposes to drill the SST 6 State Well No. 123H to a depth sufficient to test the Bone Spring formation (East Palmillo-Bone Spring Pool). Applicant seeks to dedicate the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 6 to the well to form a non-standard 154.21 acre oil spacing and proration unit (project area). The well is a horizontal well with a surface location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, and a terminus in Lot 6, of Section 6. The producing interval will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 6 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 well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

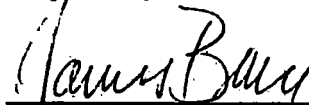
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the N½S½ of Section 6, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Bone Spring formation underlying the N½S½ of Section 6, 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 comprised of the N½S½ of Section 6;
- B. Pooling all mineral interests in the Bone Spring formation underlying the N½S½ of Section 6;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;
- 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,



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

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 15947:

Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 154.21-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 6, N/2SE/4, and NE/4SW/4 (the N/2S/2) of Section 6, Township 19 South, Range 29 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). The unit is to be dedicated to the SST 6 State Well No. 123H, a horizontal well with a surface location in the NE/4SE/4, and a terminus in Lot 6, of Section 6. The producing interval will be orthodox. 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 15 miles east-northeast of Lakewood, New Mexico.

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