

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

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December 12, 2017

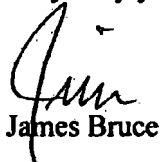
*Case 15928*

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 11, 2018 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Matador Production Company

**Parties Being Pooled**

**Marbob 19 State Com #122H**

<b>Name</b>
Bernhardt Oil Corporation
Betty Read Young
Buchholz Oil & Gas Co.
Carolyn R. Beall
Colgate Production, LLC
George Phillips Huey, Jr. (Life Estate)
Jack C. Holland
Joel M. Wigley
Judy Scisson Ferreri
Laura K. Read, LLC
Lincoln Oil & Gas, LLC
Nancy Peacock Mackey
OXY USA Inc.
Reserve Management Inc.
Sharron S. Trollinger
Straight Profit, Inc.
American Shale Energy, LLC
Texas A&M Foundation (Remainderman)
Turner Royalties, LLC
V.C. Desmond Trust, 1st National Bank, Trustee
Virginia A. Desmond c/o First American Bank

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.**

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Case No. 15928

**APPLICATION**

Matador Production Company applies for an order (i) approving a 152.61 acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of Lot 2, S½NE¼, and SE¼NW¼ (the S½N½) of Section 19, 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 S½N½ of Section 19, and has the right to drill a well thereon.
2. Applicant proposes to drill the Marbob 19 State Well No. 122H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the S½N½ of Section 19 to the well to form a non-standard 152.61 acre oil spacing and proration unit (project area). The well is a horizontal well with a surface location in Lot 2, and a terminus in the SE¼NE¼, of Section 19. 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 S½N½ of Section 19 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 S½N½ of Section 19, 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 S½N½ of Section 19, 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 S½N½ of Section 19;
- B. Pooling all mineral interests in the Bone Spring formation underlying the S½N½ of Section 19;
- 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. 15928:

***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 152.61-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 2, S/2NE/4, and SE/4NW/4 (the S/2N/2) of Section 19, 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 will be dedicated to the Marbob 19 State Well No. 122H, a horizontal well with a surface location in Lot 2, and a terminus in the SE/4NE/4, of Section 19. 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 14 miles south-southwest of Loco Hills, New Mexico.

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