

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16231

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 9, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2 of Section 9, and has the right to drill a well thereon.

2. Applicant proposes to drill its Jack Sleeper 09-23S-28E RB Well No. 201H to a depth sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool). Applicant seeks to dedicate the well to the W/9 of Section 9 to form a standard 320 acre gas spacing and proration unit. The well is a horizontal well with a surface location in the SW/4SW/4, and a bottomhole location in the NW/4NW/4, of Section 9. The producing interval will be unorthodox.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2 of Section 9 for the purposes set forth herein.

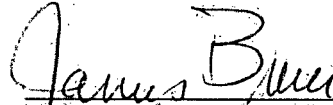
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W/9 of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W/9 of Section 9 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. Pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 9;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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,


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Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 16231:

Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 9, Township 23 South, Range 28 East, NMPM (Purple Sage-Wolfcamp Gas Pool), to form a standard 318.94 acre gas spacing and proration unit. The unit will be dedicated to the Jack Sleeper 09-23S-28E RB Well No. 201H, a horizontal well with a surface location in the SW/4SW/4, and a bottomhole location in the NW/4NW/4, of Section 9. The producing interval will be unorthodox. 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 Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles north of Loving, New Mexico.

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