

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

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

CASE NO. 20124

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 mineral interests in the Wolfcamp formation underlying the 240-acre horizontal spacing unit comprised of the W/2W/2 of Section 20 and the W/2NW/4 of Section 29, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador Production Company is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Matador proposes to dedicate the above-referenced horizontal spacing unit to its proposed **Grevey Com 20 & 29-26S-35E AR No. 211H**, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 20 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 9.
3. The completed interval for this well will remain within the standard setback kas required by the statewide rules for oil wells.
4. 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.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

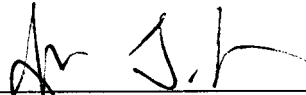
6. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in this horizontal spacing unit should be pooled and Matador Production Company should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Matador requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 6, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the horizontal spacing unit;
- B. Designating Matador Production Company operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Matador Production Company to recover its costs of drilling, completing, and equipping the well;
- D. 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
- E. 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 _____:

Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying the 240-acre horizontal spacing unit comprised of the W/2 W/2 of Section 20 and the W/2 NW/4 of Section 29, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed **Grevey Com 20 & 29-26S-35E AR No. 211H**, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 20 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 9. The completed interval for this well will remain within the standard setbacks as required by the statewide rules for oil wells. 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 13 miles southwest of Jal., New Mexico.