

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20325

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E//2 of Section 26, 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 E/2 of Section 26, and has the right to drill a well thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool):

(a) The Judge Greenhill Well No. 217H, with a first take point in the SE/4SE/4 and a final take point in the NE/4NE/4 of Section 26;

(b) The Judge Greenhill Well No. 203H, with a first take point in the SW/4SE/4 and a final take point in the NW/4NE/4 of Section 26;

(c) The Judge Greenhill Well No. 223H, with a first take point in the SW/4SE/4 and a final take point in the NW/4NE/4 of Section 26;

(d) The Judge Greenhill Well No. 204H, with a first take point in the SE/4SE/4 and a final take point in the NE/4NE/4 of Section 26; and

(e) The Judge Greenhill Well No. 224H, with a first take point in the SE/4SE/4 and a final take point in the NE/4NE/4 of Section 26;

Applicant will dedicate the well to the E/2 of Section 26 to the wells.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 26 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 wells or to otherwise commit their interests to the wells, 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 E/2 of Section 26, pursuant to NMSA 1978 §70-2-17.

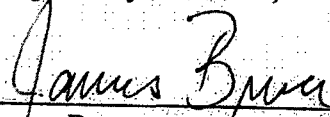
5. The pooling of all mineral interests underlying the E/2 of Section 26 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 26;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;
- D. Allowing one year between spudding and completion of the initial well drilled in the unit;
- 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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce
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Attorney for Matador Production Company