

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

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

CASE NO. 20364

APPLICATION

Matador Production Company, ("Matador"), 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 interests in the Bone Spring formation [Airstrip; Bone Spring (960)] in the 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 31 of Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador Production Company (OGRID No. 228937) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Matador seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Airstrip 31-18S-35E RN State Com No. 114**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 31 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31;
- The **Airstrip 31-18S-35E RN State Com No. 124**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 31 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31; and

- The **Airstrip 31-18S-35E RN State Com No. 134**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 31 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31.

3. The completed intervals for these proposed wells will remain within the standard setbacks as required by the Statewide rules for oil wells.

4. Since the proposed wells will be simultaneously drilled and completed, Matador requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

5. Matador has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

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

7. In order to permit Matador to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted 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 April 4, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells;
- C. Designating Matador Production Company operator of this spacing unit and the horizontal wells to be drilled thereon;

- D. Authorizing Matador to recover its costs of drilling, equipping, and completing the wells;
- E. 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
- F. Imposing a 200% penalty for the risk assumed by Matador in drilling and completing the wells against any working interest owner that does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

CASE 20364:

Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation [Airstrip; Bone Spring (960)] in the 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 31 of Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the following proposed wells:

- The **Airstrip 31-18S-35E RN State Com No. 114**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 31 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31;
- The **Airstrip 31-18S-35E RN State Com No. 124**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 31 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31; and
- The **Airstrip 31-18S-35E RN State Com No. 134**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 31 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31.

The completed intervals for these proposed wells will remain within the standard setbacks as required by the Statewide rules for oil wells. Since the proposed wells will be simultaneously drilled and completed, Matador requests an extension of the time period to drill and complete the initial well from 120 days to 365 days. Also to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 24 miles west of Hobbs, New Mexico.