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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20592

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation in a horizontal spacing unit comprised of the E/2 of Section 28, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

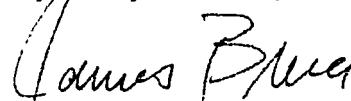
1. Applicant is an operator in the E/2 of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill its Anderson Laing Fed. Com. Well Nos. 208H and 228H to depths sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool), and dedicate the E/2 of Section 28 to the wells. The wells are horizontal wells with surface locations in the SE/4SE/4 and final take points in the NE/4NE/4 of Section 28.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 28 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 Wolfcamp formation underlying the E/2 of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 28 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 28;
- 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. 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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 20592:

Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation in a horizontal spacing unit comprised of the E/2 of Section 28, Township 23 South, Range 29 East, NMPM. The unit will be dedicated to the Anderson Laing Fed. Com. Well Nos. 208H and 228H, with surface locations in the SE/4SE/4 and final take points in the NE/4NE/4 of Section 28. Also to be considered will be the cost of drilling and completing the wells 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 wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 3 miles northeast of Harroun, New Mexico.