

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20593

APPLICATION

Matador Production Company applies for an order pooling all mineral interests underlying a horizontal spacing comprised of the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells:

(a) the John Callahan Fed. Com. Well No. 133H, to be drilled to a depth sufficient to test the Bone Spring formation, with a first take point in the NW/4NE/4 of Section 21 and a final take point in the NW/4NE/4 of Section 28; and

(b) the John Callahan Com. Well No. 217H, to be drilled to a depth sufficient to test the Wolfcamp formation, with a first take point in the NW/4NE/4 of Section 21 and a final take point in the NW/4NE/4 of Section 28.

Upon information and belief, the proposed wells are in the WC-025 G-09 S243532M (Wolfbone) Pool (Pool Code 98098).

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28 for the purposes set forth herein.

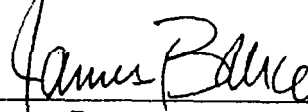
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfbone pool underlying the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Wolfbone pool underlying the W/2E/2 of Section 21 and the NW/4NE/4 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 Wolfbone pool underlying the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the costs 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,

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

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Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 20593:

***Application of Matador Production Company for compulsory pooling, Lea County, New Mexico.*** Applicant seeks an order pooling all mineral interests underlying a horizontal spacing unit comprised of the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28, Township 24 South, Range 35 East, NMPM. The unit will be dedicated to (i) the John Callahan Fed. Com. Well No. 133H, to be drilled to a depth sufficient to test the Bone Spring formation, with a first take point in the NW/4NE/4 of Section 21 and a final take point in the NW/4NE/4 of Section 28, and (ii) the John Callahan Com. Well No. 217H, to be drilled to a depth sufficient to test the Wolfcamp formation, with a first take point in the NW/4NE/4 of Section 21 and a final take point in the NW/4NE/4 of Section 28. The proposed wells are in the WC-025 G-09 S243532M (Wolfbone) Pool (Pool Code 98098). 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 applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 9-1/2 miles southwest of Oil Center, New Mexico.