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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

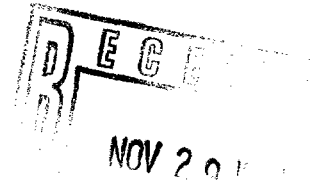
TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

November 29, 1994

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

Re: K. C. Singer Well No. 1
Sec. 19-20S-27E, NMPM
Application of Matador Petroleum Corporation
for an Unorthodox Gas Well Location,
Eddy County, New Mexico



Case 11175

Dear Mr. Stogner:

On behalf of Matador Petroleum Corporation, please find enclosed our Application for an Unorthodox Gas Well Location for its K. C. Singer Well No. 1 which we request be set for hearing on the next available Examiner's docket now scheduled for January 5, 1995. Also enclosed is our proposed notice for the advertisement.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and to cross-examine witnesses either in support of or in opposition to the Application.

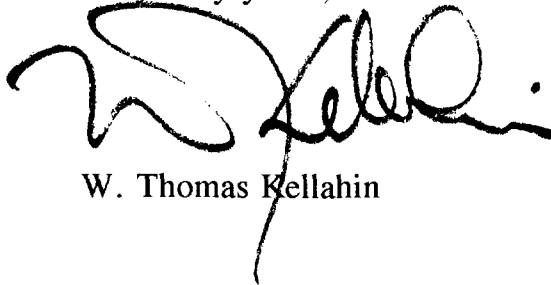
Oil Conservation Division

November 29, 1994

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Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, December 30, 1994, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style. The signature is positioned above the printed name.

W. Thomas Kellahin

cc: Matador Petroleum Corporation

cc: **CERTIFIED MAIL:**

All parties shown in application

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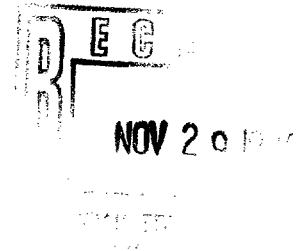
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Proposed notification/advertisement for OCD docket

Case _____: Application of Matador Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its K. C. Singer Well No. 1 at an unorthodox gas well location 990 feet from the North line and 660 feet from the West line (Unit D) Section 19, Township 20 South, Range 27 East, NMPM. If the subject well is capable of production from any formation from the top of the Wolfcamp to the top of the Morrow formation, then the W/2 of said Section 19 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit. If the subject well is capable of production from the Morrow formation then it is to be a replacement well for the Hunt Oil Company State "1-19" Com Well No. 1 and all of said Section 19 is to be dedicated to said well forming a standard 640-acre gas spacing and proration unit for production from the McMillan-Morrow Gas Pool. Said well is located approximately 3 miles southeast from the spillway at Lake McMillan Reservoir, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
MATADOR PETROLEUM CORPORATION FOR
APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO



CASE: 11175

APPLICATION

Comes now MATADOR PETROLEUM CORPORATION, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its K. C. Singer Well No. 1 at an unorthodox gas well location 990 feet from the North line and 660 feet from the West line (Unit D) Section 19, Township 20 South, Range 27 East, NMPM. If the subject well is capable of production from any formation from the top of the Wolfcamp to the top of the Morrow formation, then the W/2 of said Section 19 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit. If the subject well is capable of production from the Morrow formation then it is to be a replacement well for the Hunt Oil Company State "1-19" Com Well No. 1 and all of said Section 19 is to be dedicated to said well forming a standard 640-acre gas spacing and proration unit for production from the McMillan-Morrow Gas Pool.

In support thereof, Applicant states:

1. Applicant, Matador Petroleum Corporation, has the right to drill and test for gas production in Section 19, T20S, R27E, N.M.P.M, Eddy County, New Mexico.

2. Matador proposes to drill its K. C. Singer Well No. 1 at an unorthodox gas well location 990 feet from the North line and 660 feet from the West line of said Section 19.

3. The primary objective formation for the well is the Cisco formation and, based upon the interpretation of seismic data, the proposed unorthodox location is required in order to locate this well at the optimum location in the W/2 of said Section 19.

4. In the event the subject well is produced from any formation from the top of the Wolfcamp to the top of the Morrow, then the W/2 of said Section 19 is to be dedicated as a standard 320-acre gas spacing and proration unit.

5. Matador also intends to drill this well to the Morrow formation as a potential replacement well for the Hunt Oil Company's State "1-19" Com Well No. 1 located 1650 feet FNL and 1650 feet FWL (Unit F) of said Section 19.

6. In the event the subject well is produced from the Morrow formation, then all of said Section 19 is to be dedicated to said well forming a standard 640-acre gas spacing and proration unit for production from the McMillan-Morrow Gas Pool.

7. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

Matador Petroleum Corporation
OCD Application
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8. Matador requests that this application be set for hearing in Santa Fe New Mexico on January 5, 1995 before the Division's Examiner.

9. Notification of this application is being sent to the offsetting operators/owners as follows:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Randy Patterson

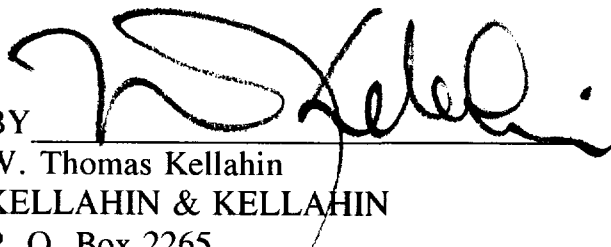
M. Craig Clark
310 W. Texas Avenue Suite 822
Midland, Texas 79701

Hunt Oil Company
Fountain Place
1445 Ross at Field
Dallas, Texas 75202-2785
Attn: David L. Motloch, Esq.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY



W. Thomas Kellahin
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEYS FOR APPLICANT