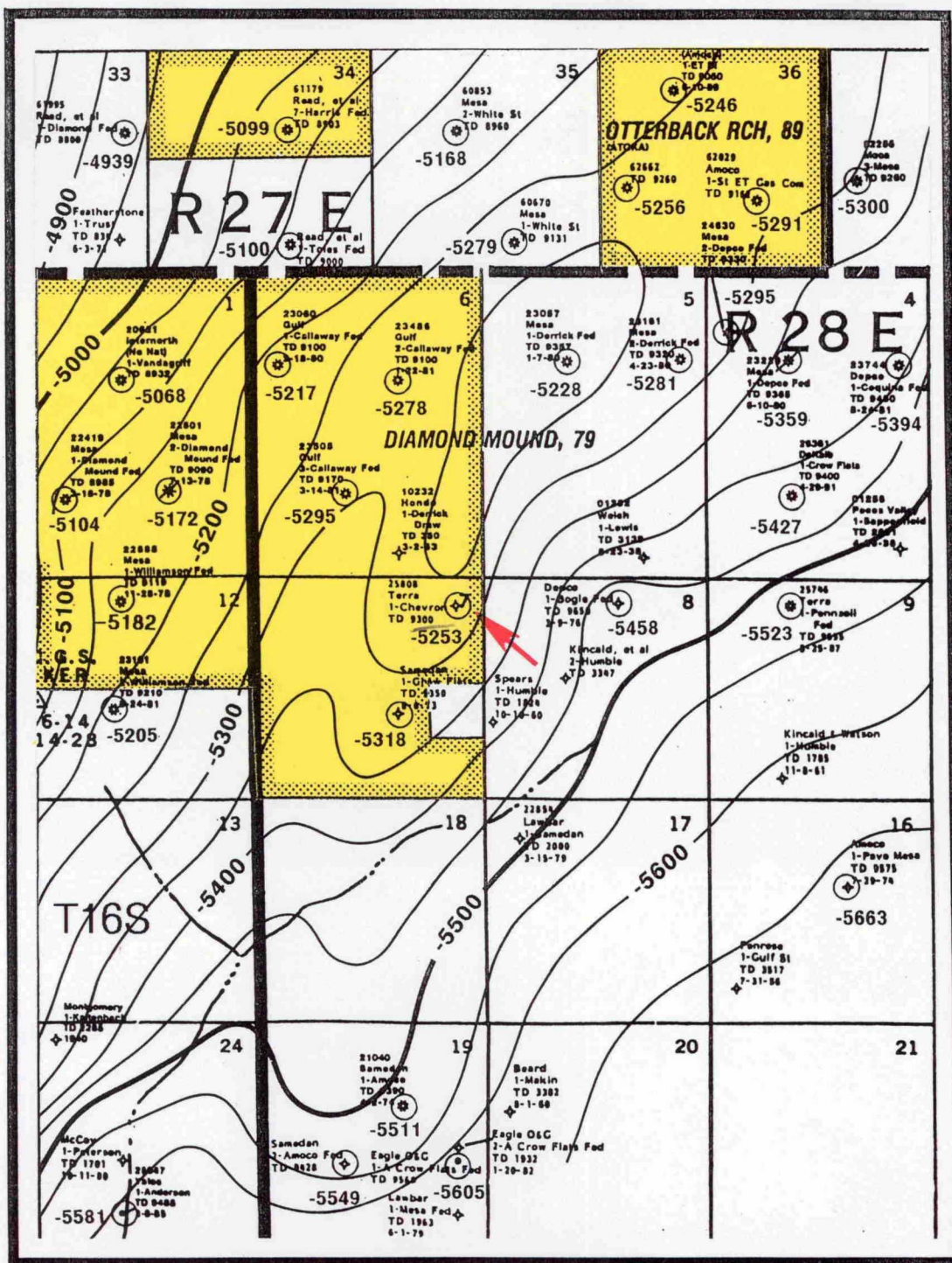




 **LEGEND**
Matador Acreage Position

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11566 Exhibit No. 2
Submitted By:
MATADOR PETROLEUM COMPANY
Hearing Date: July 11, 1996

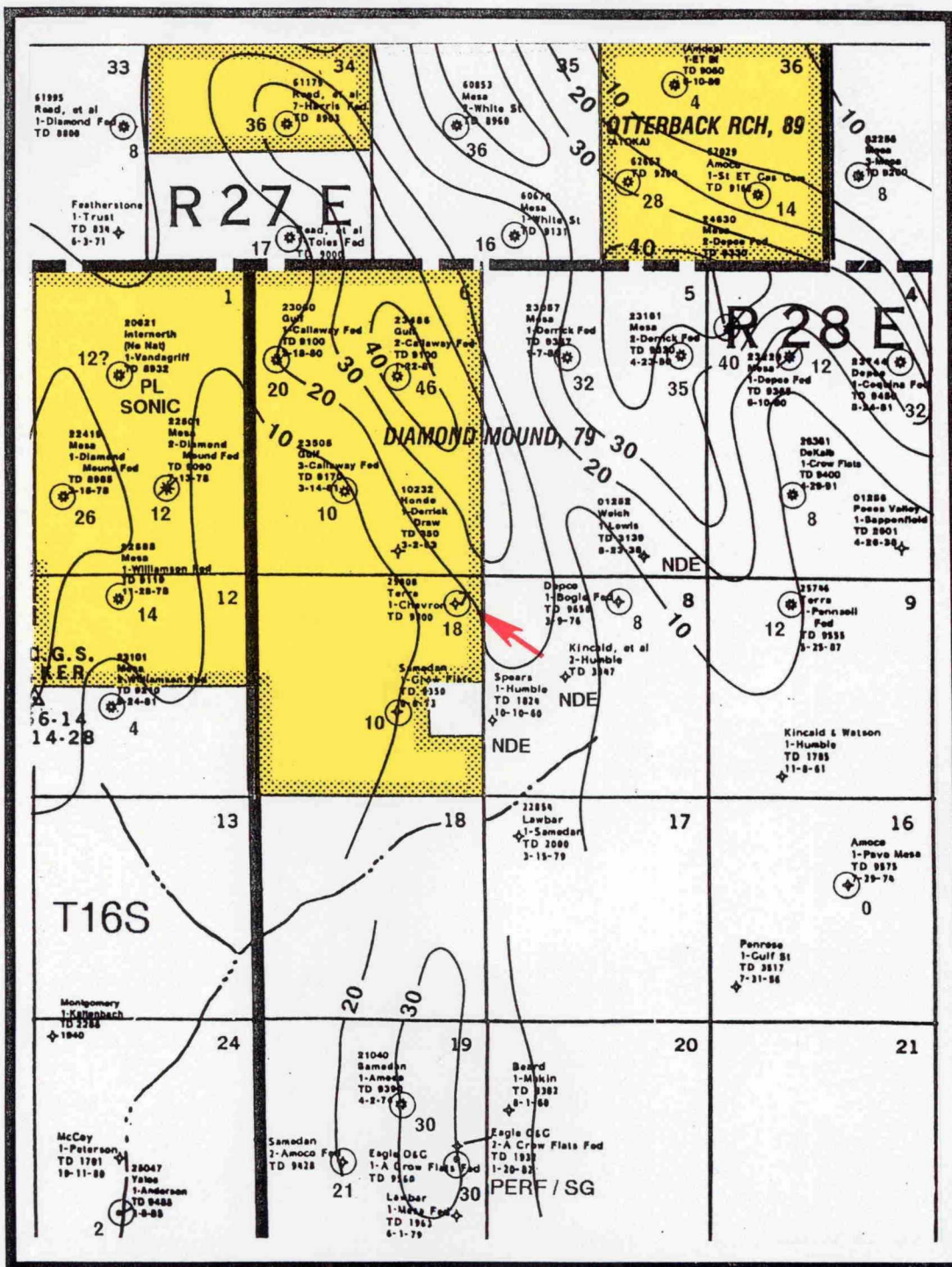


Matador
PETROLEUM CORPORATION
DALLAS, TEXAS 75201

DIAMOND MOUND : MORROW (GAS)
Eddy County, New Mexico

STRUCTURE MAP
T/MORROW

Eng. & Geol.: LMC & MJP
Scale: 1"=4000'
CI: 50'
Date: 4-96



 **LEGEND**
Matador Acreage Position

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11566 Exhibit No. 3
Submitted By:
MATADOR PETROLEUM COMPANY
Hearing Date: July 11, 1996


DIAMOND MOUND : MORROW (GAS)
Eddy County, New Mexico
ISOPACH MAP
MORROW "MAIN PAY" ZONE
GROSS SAND THICKNESS
Eng. & Geol.: LMC & MJP
Scale: 1"=4000'
Cl: 10'
Date: 4-96

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11566 Exhibit No. 4

Submitted By:

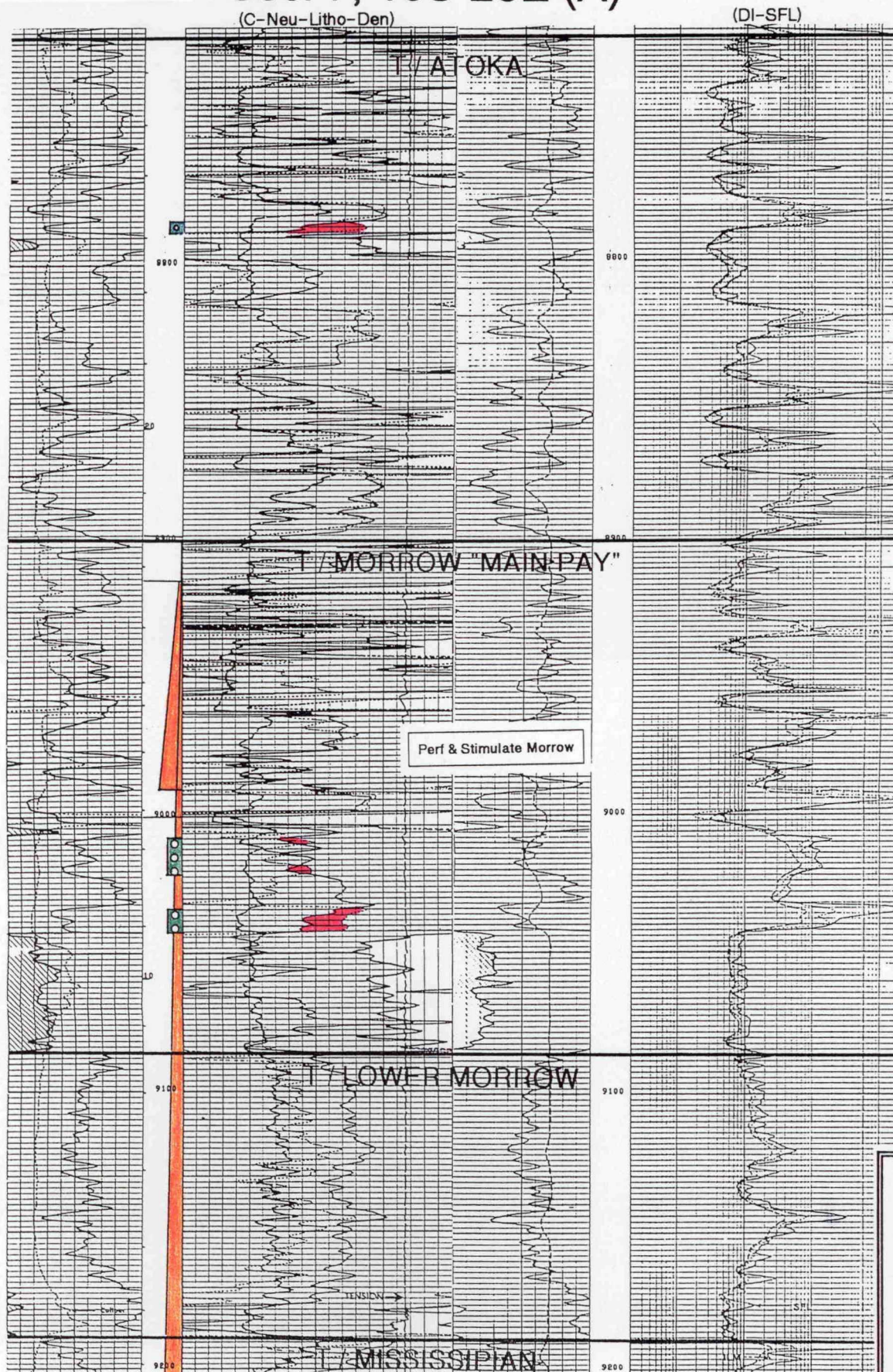
MATADOR PETROLEUM COMPANY

Hearing Date: July 11, 1996

TERRA RESOURCES

Chevron "7" Federal #1

Sec. 7, 16S-28E (A)



LEGEND

Existing Perfs
on Left (Red)



Proposed Perfs
on Right (Green)

8340 MEADOW ROAD, SUITE 158
DALLAS, TX 75231-3796
PHONE (214) 373-8792
FAX # (214) 691-1415

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE: May 6, 1996 AFE NO.: 01
PROSPECT NAME: Buffalo Valley - Diamond Mound OPERATOR: MOC
LEASE NAME: Chavron 7 Federal No. 1
DESCRIPTION: Re-entry: 9,300' Morrow/Atoka completion
LOCATION: 662 FNL: 660 FFL Section 7-16S-28E
COUNTY: Eddy STATE: New Mexico

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11566 Exhibit No. 5
Submitted By:
MATADOR PETROLEUM COMPANY
Hearing Date: July 11, 1996

	COST TO CASING POINT W/O PIPE	COMPLETED WELL
01 Land/Legal/Regulatory	\$ 2,500	\$ 2,500
02 Location, surveys & damages	10,000	10,000
10 Contract Drilling/Footage		
11 Contract Drilling Daywork	6 days to casing pc 11, 1 1/2 days ACP	31,200
12 Contract Drilling-Turnkey		37,700
16 Cementing Services		9,500
18 Drillstem Test & Coring	9,000	9,000
20 Open Hole Logging		
21 Contract Geological		
22 Geological Supervision	450	450
24 Mud & Chemicals	3,500	3,500
26 Trucking	20,000	22,500
28 Supervision/Engineering	3,600	7,200
30 Bits & Equipment Rental	1,000	3,000
32 Fuel & Water	5,000	7,500
34 Combined Fixed Rates	2,000	2,000
36 Plugging & Abandonment		
38 Well Surveys/Test Services		3,500
40 Completion Unit	8 days @ 1,500/day	12,900
42 Centralizers & Scratchers		
44 Perforating/Logging		6,000
46 Stimulation		30,000
48 Well Control & CGI Insurance	1,500	1,500
50 Labor	500	3,500
52 Other		
54 Contingency	8,000	16,000
TOTAL INTANGIBLES >	\$ 98,250	\$ 188,250

	COST TO CASING POINT W/PIPE	COMPLETED WELL
40 Conductor Casing	\$	\$
41 Surface Casing		
42 Intermediate Casing		
43 Drilling Casing Liner		
44 Production Casing	9,300' 4 1/2"	42,000
45 Production Casing Liner		
46 Tubing	9,200' 2 3/8"	28,000
47 Wellhead	1,000	8,500
48 Other Subsurface Equip.		6,000
49 Tanks		6,000
50 Production Vessels		6,500
51 Flow Lines		1,500
52 Rod string		
53 Pump Unit & Prime Mover		
55 Installation Costs		6,500
57 Miscellaneous Equipment		6,500
TOTAL EQUIPMENT >	\$ 1,000	\$ 111,500
TOTAL WELL COSTS >	\$ 99,250	\$ 299,750

DIAMOND MOUND : MORROW (GAS)
Eddy County, New Mexico

MATADOR PETROLEUM CORPORATION

RESERVES AND ECONOMICS

LOCATION 7 16S 28E

AS OF MAY 1, 1996

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		--PRICES--		-----OPERATIONS, M\$-----			.00 PCT			
	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	CUM. DISC BTAX, M\$	
5-96	.000	.000	.000	.000	17.00	1.62	.000	.000	.000	.000	.000	.000	
6-96	.000	.000	.000	.000	17.00	1.62	.000	.000	.000	.000	.000	.000	
7-96	.000	.000	.000	.000	17.00	1.62	.000	.000	.000	128.893	-128.893	-128.893	
8-96	.299	29.969	.105	10.501	17.00	1.62	18.797	2.183	.430	.000	16.184	-112.709	
9-96	.289	29.091	.101	10.193	17.00	1.62	18.230	2.118	.430	.000	15.682	-97.027	
10-96	.279	28.240	.098	9.895	17.00	1.62	17.696	2.055	.430	.000	15.211	-81.816	
11-96	.270	27.412	.095	9.605	17.00	1.62	17.175	1.996	.430	.000	14.749	-67.067	
12-96	.261	26.610	.091	9.324	17.00	1.62	16.652	1.935	.430	.000	14.287	-52.780	
12-97	2.520	264.606	.883	92.718	17.00	1.62	165.214	19.209	5.160	.000	140.845	88.065	
12-98	1.668	185.224	.584	64.902	17.00	1.62	115.069	13.394	5.160	.000	96.515	184.580	
12-99	1.099	129.656	.385	45.431	17.00	1.62	80.143	9.339	5.160	.000	65.644	250.224	
12- 0	.741	93.032	.260	32.598	17.00	1.62	57.229	6.678	5.160	.000	45.391	295.615	
12- 1	.575	77.270	.201	27.075	17.00	1.62	47.279	5.523	5.160	.000	36.595	332.211	
12- 2	.455	65.681	.159	23.015	17.00	1.62	39.987	4.678	5.160	.000	30.149	362.360	
12- 3	.357	55.828	.125	19.562	17.00	1.62	33.815	3.960	5.160	.000	24.695	387.055	
12- 4	.279	47.454	.098	16.628	17.00	1.62	28.603	3.353	5.160	.000	20.090	407.145	
S TOT	9.092	1060.073	3.185	371.447	17.00	1.62	655.889	76.421	43.430	128.893	407.145	407.145	
REM.	.789	205.419	.276	71.980	17.00	1.62	121.299	14.292	45.832	.000	61.175	468.320	
TOTAL	9.881	1265.492	3.461	443.427	17.00	1.62	777.188	90.713	89.262	128.893	468.321	468.320	
CLM.	.000	.000						58.837		-----PRESENT WORTH PROFILE-----			
ULT.	9.881	1265.492						718.351		DISC RATE	PW OF NET BTAX, M\$	DISC RATE	PW OF NET BTAX, M\$
								777.188					
BTAX RATE OF RETURN (PCT)			100.00	PROJECT LIFE (YEARS)				17.549	.0	468.320	20.0	225.609	
BTAX PAYOUT YEARS			1.04	DISCOUNT RATE (PCT)				.000	5.0	376.887	22.0	212.901	
BTAX PAYOUT YEARS (DISC)			1.04	GROSS OIL WELLS				.000	6.0	362.135	24.0	201.261	
BTAX NET INCOME/INVEST			4.63	GROSS GAS WELLS				1.000	9.0	323.167	26.0	190.552	
BTAX NET INCOME/INVEST (DISC)			4.63	GROSS WELLS				1.000	10.0	311.689	28.0	180.674	
									12.0	290.639	30.0	171.529	
INITIAL W.I. FRACT ON		.430000	INITIAL NET OIL FRACTION				.350400	14.0	271.805	40.0	134.373		
FINAL W.I. FRACT ON		.430000	FINAL NET OIL FRACTION				.350400	15.0	263.113	50.0	107.232		
PRODUCTION START DATE	8-	1-96	INITIAL NET GAS FRACTION				.350400	16.0	254.859	75.0	63.188		
MONTHS IN FIRST LINE		1.00	FINAL NET GAS FRACTION				.350400	18.0	239.534	100.0	36.750		

BEFORE THE
OIL CONSERVATION DIVISION
Case No.11566 Exhibit No. 6
Submitted By:
MATADOR PETROLEUM COMPANY
Hearing Date: July 11, 1996

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

Energy, Minerals, and Natural Resources Department

Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease -- 4 copies
Fee Lease -- 3 copies

☐ AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name			
4 Property Code		5 Property Name CHEVRON '7' FEDERAL				6 Well Number 1	
7 OGRID No. 014245		8 Operator Name MATADOR OPERATING COMPANY				9 Elevation 3636'	

" SURFACE LOCATION

UL or lot no. A	Section 7	Township 16 SOUTH	Range 28 EAST, N.M.P.M.	Lot Ids	Feet from the 663'	North/South line NORTH	Feet from the 665'	East/West line EAST	County EDDY
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" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN
CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

I hereby certify that the information
contained herein is true and complete
to the best of my knowledge and belief.

Signature


Printed Name
R. F. Burke

Title
Operations Manager

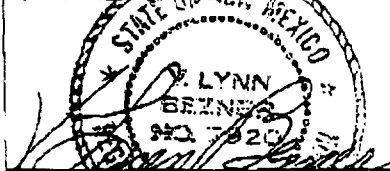
Date
June 18, 1996

SURVEYOR CERTIFICATION

I hereby certify that the well
location shown on this plat was
plotted from field notes of actual
surveys made by me or under
my supervision, and that the
same is true and correct to the
best of my belief.

Date of Survey
JUNE 13, 1996

Signature and Seal of
Professional Surveyor



Current Address
V. L. Lynne, P.O. Box 7920

JOB #45953-2-96-NE / V.H.B.

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
MATADOR EXHIBIT NO. 8
CASE NO. 11566