

Record in Case 12034

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Our File No: 0257.002

December 2, 1998

VIA FACSIMILE

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe NM 87505

Re: **NMOCD Case 12034 Matador Petroleum Corporation for an unorthodox well location and to amend Order R-10872-B portion of Section 1, T21S, R25E, Eddy County, New Mexico**

and

NMOCD Case 12051 Texaco Exploration and Production Inc. for compulsory pooling, unorthodox gas well location and non-standard spacing and proration unit portion of Section 1, T21S, R25E, Eddy County, New Mexico

Dear Mr. Stogner:

I represent Mewbourne Oil Company in connection with the above referenced cases which are scheduled for hearing tomorrow, December 3, 1998.

All of the interest owners in the south 600.01 acres of Section 1, T21S, R25E, Eddy County, New Mexico have reached an agreement to establish a 600.01 acre gas spacing and proration unit consisting of Lots 11 through 14 and 25 through 34 and the southwest quarter of the Irregular Section 1, T21S, R25E, Eddy County, New Mexico. This agreement is subject to NMOCD approval of the spacing and proration unit.

Through this agreement, the parties stipulate that their respective rights and interests in the Catclaw Draw "1" Federal No. 1 well, including Mewbourne Oil Company's right to operate same, shall not be affected or altered by the establishment of the 600.01 acre gas spacing and proration unit.

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Because of this agreement, Mewbourne Oil Company supports the application of Matador Petroleum Corporation in Case 12034.

Mewbourne Oil Company opposes Texaco's bleated Amended Application and Motion for Continuance. As a signatory party to the original Operating Agreement dated April 1, 1970 and as a participant in the Fasken Avalon Federal Com. Well No. 1, Texaco has been aware for almost thirty years of the original spacing and proration unit for Irregular Section 1.

Very truly yours,

KREHBIEL, BANNERMAN & HORN, P.A.

By: 
Ronald F. Horn

RFH/cll

cc (via facsimile): W. Thomas Kellahin, Attorney for Matador
William F. Carr, Attorney for Texaco