

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Received
1/5/01 OCD

APPLICATION OF MATADOR PETROLEUM
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION
LEA COUNTY, NEW MEXICO.

CASE NO. 12572

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MATADOR PETROLEUM CORPORATION, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Matador Petroleum Corporation
8340 Meadow Road Ste 158
Dallas, Texas 75231
(214) 987-3650
attn: Barry Osborne

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this S/2 of Section 19, T20S, R37E, NMPM, Lea County, New Mexico, Applicant needs an order of the Division pooling the identified and described mineral interests for this spacing unit in order to protect correlative rights and prevent waste.

Applicant requests an order pooling the mineral interest of described in this spacing unit for its New Mexico "H" State NCT-4 Well No. 36 located at an unorthodox gas well location 1981 feet from the West line and 2205 feet from the South line (Unit K) of Section 19 which is to be re-entered and deepened to test all formation from the top of the Wolfcamp to the base of the McKee formation upon terms and conditions which include:

- (1) Matador Petroleum Corporation be named operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

PROPOSED EVIDENCE

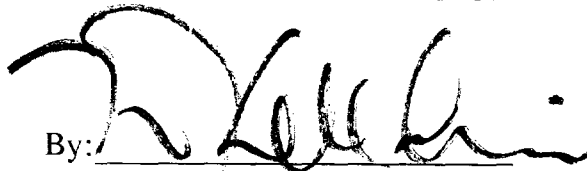
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Mark Virant (land)	10 min.	@ 4 exhibits
Martin Emery (geologist)	15 Min.	@ 2 exhibits
Mike Wood (petroleum engineer)	10 Min.	@ 2 exhibits

PROCEDURAL MATTERS

None anticipated at this time.

KELLAHIN AND KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

By: _____
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-42853