

**KERR-MCGEE OIL & GAS ONSHORE LLC**

P.O. BOX 809004 • DALLAS, TEXAS 75380-9004 • PH (972) 715-4000
14311 WELCH ROAD - DALLAS, TEXAS 75244-3934 • FAX (972) 715-4089

February 16, 2001

Sent Via Fax at 214/691-1415

Mr. Mark Virant
Matador Petroleum Corporation
8340 Meadow Road, Suite 158 Pecan Creek
Dallas, Texas 75231-3751

RE: I. B. Federal Com Well No. 1
Unorthodox Location
Surface Location: 660' FNL &
1146' FEL, Section 20, T22S-R23E, N.M.P.M.
Bottom Hole Location: In an area no closer than 660'
FN & E Lines of Section 20, T22S-R23E, N.M.P.M.,
Indian Basin Upper Pennsylvanian Gas Pool
Eddy County, New Mexico

Gentlemen:

We are in receipt of Notice of Hearing dated January 30, 2001, concerning the above. Kerr-McGee Oil & Gas Onshore LLC will not object to the unorthodox well location for the captioned well with the OCD provided Matador Petroleum Corporation agrees to and obtains from the OCD an acreage factor for this unit of a 0.415.

If the foregoing is acceptable, please sign and date this letter in the space provided below and return it to me via FAX at 972/715-4012 by 2:00 PM CST on February 16, 2001.

Thank you and should you need to reach me, my phone number is 972/715-4608.

Sincerely,

Steve Foerster, Landman

Agreed to and accepted:

Matador Petroleum Corporation

By: Mark Virant

Title: Land Mgr - Permian Division

Date: 2-20-01

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12594 Exhibit No. 8
Submitted By:
Matador Petroleum Corp.
Hearing Date: February 22, 2001