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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 24, 2001

**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Request of Matador Petroleum Corporation  
for Extension of Date for Commencement of Well  
Pursuant to Compulsory Pooling Order R-11589  
Case 12594 (IB Federal Com Well No. 1)  
Section 20, T22S, R23E, NMPM  
Eddy County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Matador Petroleum Corporation and in accordance with the provisions of the referenced order (copy enclosed), I am requesting an extension of the commencement date for this well to December 1, 2001 and in support state:

- (1) The order was entered effective May 29, 2001 and provides that this well shall be commenced on or before September 1, 2001;
- (2) On June 29, 2001, Chevron USA Inc. ("Chevron") filed an application for a DeNovo hearing;
- (3) Chevron's DeNovo application has not yet been heard by the Commission and will not be heard prior to September 1, 2001;
- (4) By letter dated August 13, 2001, Chevron requested that the Division not grant any extension of the commencement date;

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(5) Matador contends that Chevron's request is unreasonable because it will cause Matador's pooling order to expire and allow Chevron to prevail without a hearing before the Commission;

(6) Matador has proposed to Chevron a settlement of Chevron's concerns about this compulsory pooling order and is awaiting a response from Chevron;

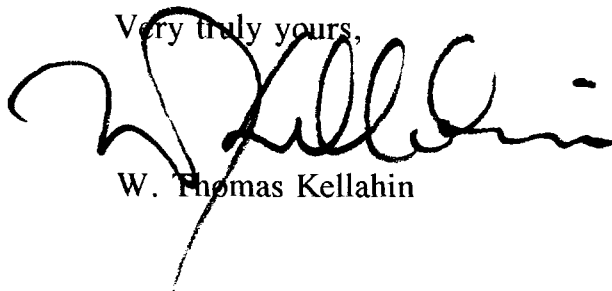
(7) Whether this matter must be decided by the Commission or can be resolved by the parties, such a decision or resolution cannot take place until after September 1, 2001;

(8) An extension of the commencement date until December 1, 2001 will maintain the status quo;

(9) If the commencement date is not extended, then Matador, through no fault of its own, will have to file a new compulsory pooling case which only serves to unnecessarily delay a final resolution of this matter.

Should you grant this extension, I have enclosed for your consideration a proposed letter which will authorize the requested extension. Should you decide to deny this request, I would appreciate being advised immediately so that Matador can timely file to re-instate this pooling order which will otherwise expire.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin

cc: David Brooks, Esq.  
Attorney for the Division  
David R. Catanach (NMOCD Hearing Examiner)  
William F. Carr, Esq.  
Attorney for Chevron USA Inc.  
Matador Petroleum Corporation  
Attn: Mark Virant