## DOUG FERGUSON

PETROLEUM LANDMAN
DRAWER 432
MIDLAND, TEXAS 79702
(915) 684-4542

April 4, 2002

Baptist Foundation of Texas Attn: Mr. James E. Bartell 1601 Elm, Suite 1700 Dallas, TX 75201 **CERTIFIED MAIL** 

Re: Pooling Agreement

N/2 NE/4 of Section 4, T-20-S, R-37-E,

Lea County, New Mexico

Dear Mr. Bartell:

Matador E & P Company ("Matador") is preparing to drill the Cooper 4 #2 Well from a location being approximately 925' FNL and 750' FEL of Section 4, T-20-S, R-37-E, Lea County, New Mexico. Matador proposes to pool the NW/4 NE/4 of Section 4 with the NE/4 NE/4 of Section 4 to form an 80-acre Production unit for production from the Tubb formation.

The royalty, overriding royalty and working interest are subject to the following described Oil & Gas Leases, none of which provided for pooling.

- 1. Oil, Gas and Mineral Lease dated May 24, 1940 from Ola Cooper and husband, James W. Cooper, as Lessors, to B. H. Nolen, as Lessee, recorded in Book 43, Page 553, Oil and Gas Records, Lea County, New Mexico, covering the NE/4 NE/4 of Section 4, T-20-S, R-37-E, Lea County, New Mexico.
- 2. Oil, Gas and Mineral Lease dated August 5, 1926 from J. W. Cooper and Ola Cooper, husband and wife, as Lessors, to R. E. Cornett, as Lessee, recorded in Book 4, Page 425, Oil and Gas Records, Lea County, New Mexico, covering the NW/4 NE/4 of Section 4, T-20-S, R-37-E, Lea County, New Mexico.
- 3. Oil, Gas and Mineral Lease dated June 26, 1940, from L. H. Wentz, a bachelor, as Lessor, to B. H. Nolen, as Lessee, recorded in Book 43, Page 556, Oil and Gas Records, Lea County, New Mexico, covering the NE/4 NE/4 of Section 4, T-20-S, R-37-E, Lea County, New Mexico.

To expedite the drilling of the Cooper 4 #2 Well, it will be necessary for you to ratify the pooled Unit as to the above described leases by executing the enclosed Pooling Agreement, having your signature acknowledged by a notary public and return the original to me in the enclosed self-adressed and stamped envelope as soon as possible.

Please call me at 915-684-4542 if you have any questions.

Yours truly,

Doug Ferguson

DWF:skt Enclosure OIL CONSERVATION NO. CORP.

Case No. 12863 Exhibit No. 2002

Case No. 12863 Exhibit No. 2002

Matadox Petroleum
Hearing Date: May 30, 2004

## **POOLING AGREEMENT**

STATE OF NEW MEXICO	)
	)
COUNTY OF LEA	)

WHEREAS, the undersigned is the owner of either a working interest, overriding royalty interest, royalty interest or other interest in the oil and gas produced and saved from the lands described below;

WHEREAS, the undersigned desire to pool and combine such interest in the oil and gas leases described below with the interests of other owners who shall be parties to this agreement by executing a counterpart hereto or by executing an instrument ratifying this Pooling Agreement, to create a pooled unit consisting of the 80 acres of land described below, as to the rights and depths described below.

NOW, THEREFORE, for a valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned does hereby pool and combine the N/2 NE/4 of Section 4, T-20-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to all formations lying below the base of the San Andres Formation for which the New Mexico Oil Conservation Division requires 80 acres for a standard proration unit (the "Pooled Unit") for the production of oil and gas produced with oil (the "Pooled Substances").

The Pooled Unit is comprised of the following-described tracts of land which are covered by the following-described oil and gas leases:

- (1) Dated May 24, 1940, recorded in Book 43, page 553 of the Oil and Gas Records of Lea County, New Mexico, from Ola Cooper and James W. Cooper, otherwise known as J. W. Cooper, her husband, as Lessors, to B. H. Nolen, as Lessee, insofar as it covers the NE/4 NE/4 of said Section 4, containing 40 acres; and
- (2) Dated June 26, 1940, recorded in Book 43, page 566 of the Oil and Gas Records of Lea County, New Mexico, from L. H. Wentz, a bachelor, as Lessor, to B. H. Nolen, as Lessee, insofar as it covers the NE/4 NE/4 of said Section 4, containing 40 acres; and
- (3) Dated August 5, 1926, recorded in Book 4, page 425 of the Oil and Gas Records of Lea County, New Mexico, from J. W. Cooper and Ola Cooper, husband and wife, as Lessors, to R. E. Cornett, as Lessee, insofar as it covers the NW/4 NE/4 of said Section 4, containing 40 acres.

The parties hereto agree that the Pooled Unit created hereby shall be valid and effective for all purposes, even though there may be working interest owners, overriding royalty interest owners, royalty interest owners or other owners of interests in the Pooled Substances produced from the Pooled Unit which are not effectively pooled hereby.

Said Pooled Unit shall be operated as an entirety for the exploration, development and production of Pooled Substances rather than as separate tracts. All drilling, reworking, or other operations with respect to Pooled Substances underlying or produced from the Pooled Unit shall be considered as though such operations were conducted on each separate tract in the Pooled Unit, regardless of the actual location of the well or wells thereon. Pooled Substances produced from the Pooled Unit shall be deemed to have been produced from each such separate tract. There shall be allocated to each separate tract of land in the Pooled Unit that pro rata portion of the Pooled Substances produced from the Pooled Unit which the number of surface acres contained in each such separate tract bears to the total number of surface acres included in said Pooled Unit.

This Pooling Agreement may be executed in any number of counterparts and shall be binding upon any party which executes same, regardless of whether it is executed by all parties

BFT No. 30A00015-M0001672

owning an interest in the Pooled Substance counterparts may be assembled into one instru	tes produced from the Pooled Unit. All of such ument.
EXECUTED this 7th day of date of first production of Pooled Substances	May, 2002, but effective as of the from the Pooled Unit.
ATTEST:	Baptist Foundation of Texas
By: Dixon, Assistant Secretary	By: Mayne Cherry  Title: Vice President
STATE OFTEXAS	efore me this $7^{1/2}$ day of May,
2002, by Wayne Cherry Texas.	, Vice President of the Baptist Foundation of (title)
	Notary Public, State of Texas  Marinell Turnage Notary Public, State of Texas  My Commission Expires MAY 14, 2005