MATADOR PETROLEUM CORPORATION

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Margie Waters-Naulls Senior Title Analyst

Writer's Direct Line (214) 987-7175

April 17, 2002

TO: **ALL INTEREST OWNERS** LAUGHLIN NO. 5 #1 WELL

> Re: **Division Order and Pooling Agreement**

> > Laughlin #5 #1 Well

E/2 SE/4 of Section 5, T20S-R37E

Eumont Prospect (#30584) Lea County, New Mexico

In regard to revenues from the subject well, which was recently drilled and completed, we are pleased to enclose two copies of our Division Order and two copies of a Pooling Agreement for the above referenced area, covering your interest. Please execute both the Division Order and the Pooling Agreement in accordance with the instructions set forth below and upon our receipt of both the executed Division Order and the executed Pooling Agreement, we shall place your interest in line for payment.

- 1. Division Order: Please sign your name(s) and have a witness sign his/her name on the second page of the Division Order in the spaces provided, include your social security/tax identification number and make any necessary changes to your mailing address.
- 2. Pooling Agreement: Please sign your name(s) in the spaces provided before a notary public, have the notary complete the acknowledgment.
- 3. Please return one fully executed original of the Division Order and one fully executed original of the Pooling Agreement in the enclosed stamped, self-addressed envelope. The second copy of the Division Order and the Pooling Agreement is for your files.

The Pooling Agreement is to form an 80-acre production unit for production of oil and gas produced with oil from all formations lying below 3900 feet for which the New Mexico Oil Conservation Division requires 80 acres for a standard proration unit. Please be advised that you may receive in the mail sometime in the near future, a notice of a New Mexico Oil Conservation Division hearing concerning the formation of a compulsory unit covering the same production unit as the Pooling Agreement (it is necessary to initiate that routine proceeding as there are a number of royalty owners who we are unable to locate). Please be advised that if you have executed and returned to us the Pooling Agreement attached hereto, then no further action on your part will be required when you receive that notice.

We would appreciate your prompt handling of this matter. If you have any questions, please feel free to call me 214-987-7175.

> Sincerely, argie Water-Maulls

Margie Waters-Naulls

Senior Title Analyst

BEFORE THE OIL CONSERVATION DIVISION Case No. 12877 Exhibit No. 💪

Submitted By:

Matador Petroleum Corp. Hearing Date: June 27,2002

Enclosures