

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address Matador Operating Company 8340 Meadow Road #150 Dallas, TX 75231		OGRID Number <div style="text-align: center;">14245</div>
		API Number <div style="text-align: center;">30-25-36255</div>
Property Code <div style="text-align: center;">31991</div>	Property Name <div style="text-align: center;">LAGUNA DEEP UNIT</div>	Well No. <div style="text-align: center;">007</div>

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	36	19S	33E		1980	N	950	W	Lea

Proposed Pools

GEM;MORROW, EAST (GAS) 77380

Work Type New Well	Well Type Gas	Cable/Rotary	Lease Type State	Ground Level Elevation 3599
Multiple N	Proposed Depth 13700	Formation Morrow	Contractor	Spud Date 6/15/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	26	20	94	500	800	0
Int1	17.5	13.375	61	2500	1700	0
Int1	17.5	13.375	68	3150	1700	0
Int2	11	8.625	32	4800	700	3000
Prod	7.875	5.5	20	13700	800	8500

Casing/Cement Program: Additional Comments

<p>The BOPE shown below will be used for the 7-7/8 hole section. The 17-1/2 and 11 hole sections will be drilled utilizing a 3M WP annular preventer. The 20 casing head will be replaced with a 13-3/8 casing head after setting the 13-3/8 string to maintain BOPE spacing under the rig substructure. The TOC on the 8-5/8 casing will be tied back a minimum of 200 inside the 13-3/8 casing (2 stage job if lost circulation is encountered in Capitan Reef). The TOC on the 5-1/2 casing will be a minimum of 500 above the uppermost potential pay in the 1st Bone Spring Sand (est top of sand @ 9250).</p>

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	2500	HYDRIL
Double Ram	5000	5000	HYDRIL

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.	
Electronically Signed By: Jim Kramer	
Title: Senior Drilling Engineer	
Date: 4/17/2003	Phone: 214-987-7128

OIL CONSERVATION DIVISION	
Electronically Approved By: Chris Williams	
Title: District Supervisor	
Approval Date: 4/18/2003	Expiration Date: 4/18/2004
Conditions of Approval: No Conditions	

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-102

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-25-36255	Pool Name GEM;MORROW, EAST (GAS)	Pool Code 77380
Property Code 31991	Property Name LAGUNA DEEP UNIT	Well No. 007
OGRID No. 14245	Operator Name Matador Operating Company	Elevation 3599

Surface And Bottom Hole Location

UL or Lot E	Section 36	Township 19S	Range 33E	Lot Idn	Feet From 1980	N/S Line N	Feet From 950	E/W Line W	County Lea
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

■			

OPERATOR CERTIFICATION*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.*

Electronically Signed By: Jim Kramer

Title: Senior Drilling Engineer

Date: 4/17/2003

SURVEYOR CERTIFICATION*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Electronically Signed By: V. Bezner

Date of Survey: 6/20/2002

Certificate Number: 7920

APD Comments

Operator: 14245 Matador Operating Company

Well: LAGUNA DEEP UNIT 007

User Name	Comment	Comment Date
PKAUTZ	Well is in potash area as defined by R-111-p	2/19/2003
PKAUTZ	Matador needs to change casing program in order to comply with the requirements of R-111-P see conditions of approval.	2/19/2003
DMULL	I have sent a request to the State Land Office and the BLM. OCD needs a letter from the Potash Leases.	2/19/2003
DMULL	Phone conversation with Gary Gourley/BLM ok to drill if casing is approved by OCD. 03/06/03 Notice back from SLO with no LMR & buffer zone. 03/10/03 Letter from Potash lease with no objection.	3/11/2003
JKRAMER	Casing design revised per R-111-P. Base of salt estimated at 3050. Well design based on last BLM permit in potash area approved by Gary Gourley w/BLM in Sept, 2002 (Sec 6, T20S-R34E). Note: The surface hole will actually be 26", but the online program will not allow inputting that hole size (it erases the entry and gives you an error on the warning page).	4/17/2003
DMULL	We have to add a comment. Working on hole size.	4/17/2003



March 5, 2003

Oil Conservation Division
1625 N. French Dr,
Hobbs, New Mexico 88240

Attention: Chris Williams - District Supervisor

Re: Laguna Deep Unit - Well No. 7
1,980' FNL and 950' FWL
Section 36, T-19-S, R-33-E
Lea County, New Mexico

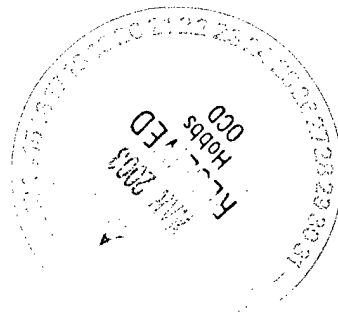
Dear Mr. Williams:

Mississippi Potash, Inc. offers no objection to the drilling of the Laguna Deep Unit, Well Number 7, by the Matador Operating Company.

Sincerely,

A handwritten signature in cursive script that reads "Thomas A. McGuire".

Thomas A. McGuire
Mine Engineer





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 383-8181

BUREAU OF LAND MANAGEMENT
P.O. Box 1778
Carlsbad, NM 88221

STATE LAND OFFICE
Attn: Joe Mraz
P.O. Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR

Matador Operating Co

LEASE NAME

Laguna Deep Unit #1-E

PROPOSED LOCATION

36-19s-33e 1980/N & 950/W

PROPOSED DEPTH

Morrow 13,700'

Gentlemen:

The application for permit to drill identified above has been filled with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

393-6161

Chris Williams
Supervisor, District 1

Ext. 102



1625
N. French
Drive
88240

JRM

02-20-03

RESPONSE:

The above-referenced location is in LMR -----

Yes

No X

The above-referenced location is within the buffer zone-----

Yes

No X

Signed

[Signature]

Date

2/20/03

Representing

SLC

STATE LAND OFFICE
SANTA FE, N.M.

2003 MAR -4 AM 7:37

RECEIVED