

MATADOR PETROLEUM CORPORATION

SUITE 158, PECAN CREEK
8340 MEADOW ROAD
DALLAS, TEXAS 75231-3751
(214) 987-3650
FAX: (214) 691-1415

May 15, 1997

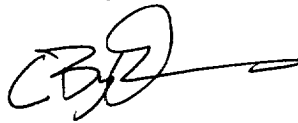
State of New Mexico
Oil Conservation Division
Pacheco Building
2040 South Pacheco
Santa Fe, NM 87505

Dear Division:

Matador is in receipt of a request for waiver by Mallon Oil Company for a Notification of Surface Commingling for the Mallon 34 Federal No. 7 well, SENE Section 34-T19S-R34E, Unit H, Lea County, New Mexico. Enclosed is a copy of the request for your referenced. **Please accept this letter as our formal objection to the request of Mallon Oil Company for such commingling.**

If there are any further procedures which we must undertake to formally object to this proposal, please notify us at the above address. If you have any questions, please contact me at (214) 987-7117.

Sincerely,



C. Barry Osborne

CBO/dm

cc: State of New Mexico ✓
Oil Conservation Division
1000 W. Broadway
P. O. Box 1980
Hobbs, NM 88240

Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

Tracy/Ops

a Mallon Resources subsidiary

April 30, 1997

Matador Petroleum Corporation
Attn: Frank Burke
8340 Meadow Road, Suite 158
Dallas, TX 75321-3751

RECEIVED MAY - 2 1997

Re: Notification of Surface Commingling
Mallon 34 Federal No. 7
SENE Section 34-T19S-34E, Unit H
Lea County, New Mexico

Dear Sirs:

Mallon Oil Company has applied to the New Mexico Oil Conservation Division for approval to surface commingle production from the Grayburg formation in the above referenced well with Delaware production in the common tank battery located in Unit "A" (NENE) Section 34-T19S-R34E.

We respectfully request your waiver of objections to our application and ask that you sign and return this letter to the letterhead address. The letter will then be forwarded to the New Mexico Oil Conservation Division. Objections to this proposal must be made to the Conservation Division within twenty days of the date of this letter.

! May 20!

If I can be of further help, please advise.

Sincerely,



D. M. Erickson
VP - Operations

DME/liw

Burlington Resources Oil & Gas Co.

By: _____

Title: _____

Date: _____

3407com.doc

Do we have Grayburg rights?