

# MATADOR PETROLEUM CORPORATION

310 W. Wall, Ste. 906  
Midland, TX 79701  
(915) 687-5955  
Fax (915) 687-4809

Russ Mathis  
Production Manager

Writer's Direct Line  
(915) 687-5968

October 16, 2000

VIA FACSIMILE 505-393-0720

Mr. Chris Williams  
New Mexico Oil Conservation Division  
1625 N. French Drive  
Hobbs, NM 88240

Re: Approval for Downhole Commingling  
of Laughlin #1 well  
S/2SW Section 4, T-20-S, R-37-E  
Lea County, New Mexico

Dear Chris:

Pursuant to **Division Order No. R-11363**, Matador E & P Company ("Matador") hereby requests your approval to commingle production from the recently completed Laughlin #1 well. We desire to downhole commingle production from the **Monument Tubb Pool 47090** and **Skaggs Drinkard Pool 57000**. The perforated interval for the Tubb formation is 6434' to 6491' and the perforated interval for the Drinkard formation is 6545 to 6570.

The average rate for the Drinkard formation during 11 days of swabbing was 25 BOPD and estimated 71 MCFD. The swab rate for the Tubb was 24 BOPD and estimated 68 MCFD. The final stabilized rate for the commingled Tubb Drinkard was 72 BOPD and 205 MCFD.

We propose that 51% (25/49) of the production be allocated to the Drinkard formation and 49% allocated to the Tubb Formation.

We believe that commingling will not reduce the value of the total remaining production. My understanding is that since ownership and percentage of ownership between the two pools is common, notice to interest owners is not required. Additionally, since the spacing unit is comprised of fee lands, we have not sent the Division Form C-103 to the Commissioner of Public Lands for the State of New Mexico or Sundry Notice Form 3160-5 to the Bureau of Land Management.