

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Matador Operating Company 8340 Meadow Rd., #158 Dallas, TX 75231		² OGRID Number 014245
		³ API Number 30-025-34626
⁴ Property Code 22445	⁵ Property Name Red Hills Unit	⁶ Well No. 4

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	25S	33E		454	South	1500	West	Lea

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Red Hills Devonian Gas Pool					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3387
¹⁶ Multiple No	¹⁷ Proposed Depth 17,750	¹⁸ Formation Siluro-Devonian	¹⁹ Contractor TBD	²⁰ Spud Date Est July 1, 1999

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	20"	94	800	1480	Surface
17-1/2"	13-3/8"	61 & 68	4900	3100	Surface
12-1/4"	9-5/8"	53-1/2	13,000	1075	4,000'
8-1/2"	7" liner	35 or 38	16,900	650	12,700'
5-7/8"	4-1/2" liner	13.5	17,750	100	16,650'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See attachment.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>John W. Bell</i>		OIL CONSERVATION DIVISION	
Printed name: John W. Bell		Approved by: <i>GARY WINK</i>	
Title: Drilling Manager		Title: FIELD REP. II	
Date: 5-18-99		Approval Date: MAY 24 1999	Expiration Date:
Phone: 214-987-7144		Conditions of Approval: Attached <input type="checkbox"/>	

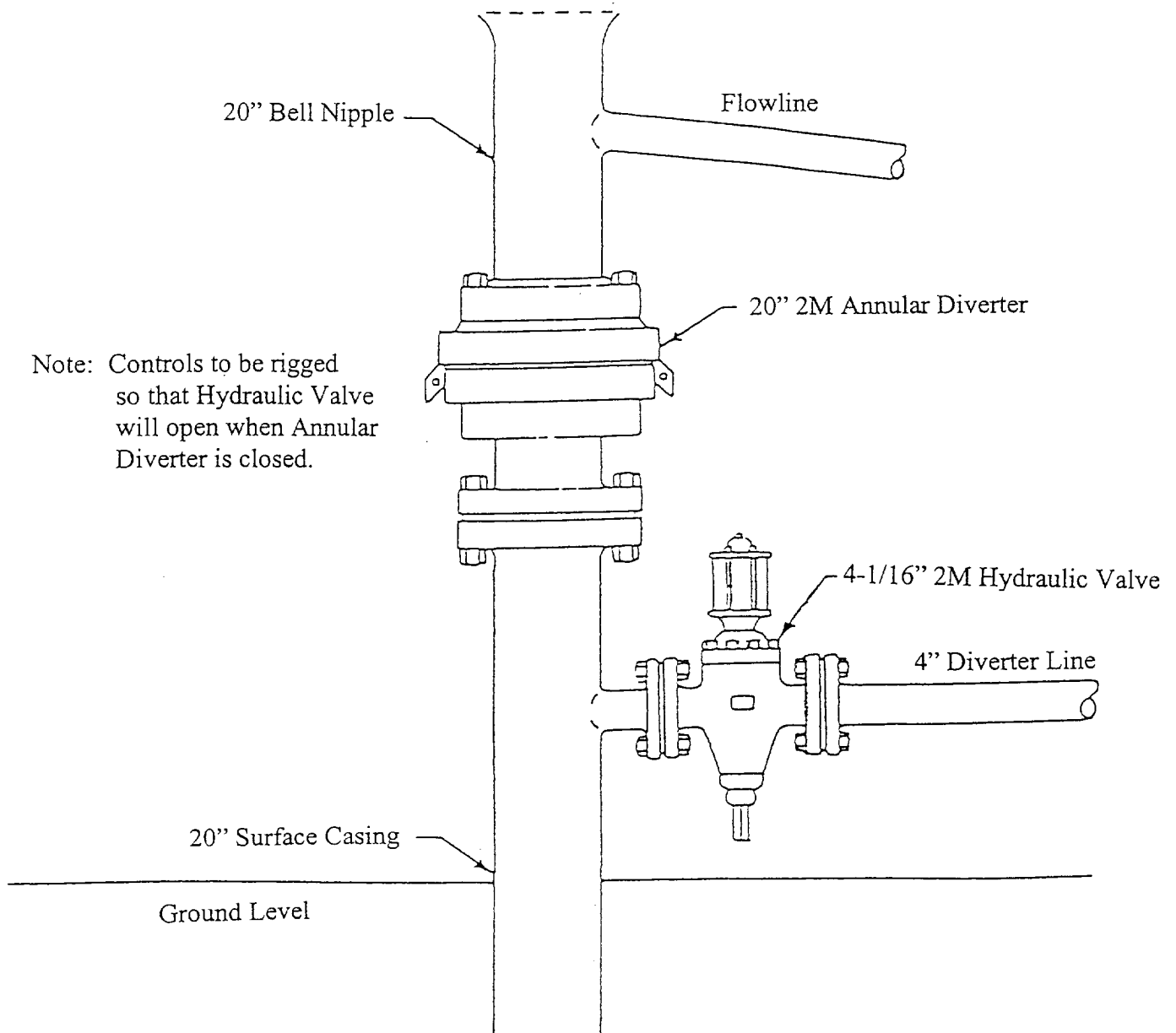
RED HILLS UNIT #4
Proposed Drilling Program
Sec 32, T25S, R33E
Lea County, New Mexico

1. Set 30" conductor in 36" hole at +/-40 feet below ground level.
2. Move in and rig up drilling rig.
3. Drill 26" hole to 800' using fresh water and gel. Run and cement to surface 20" casing.
4. Weld on 20" flange and nipple up 20" diverter system and function test. (See Attachment #1).
5. Drill 17 1/2" hole to +/-4900' utilizing 10.0 PPG brine water. Run and cement to surface 13 3/8" casing.
6. Cut off 20" flange and weld on 13 3/8" casing head. Nipple up 10M BOP assembly as shown in Attachment #2 and choke manifold as depicted in Attachment #3. Test BOP assembly and manifold to 3000 PSI.
7. Drill 12 1/4" hole to +/-13,000' using fresh water and gel sweeps as necessary. Run PEX-HALS-BHC logs or equivalent from 13,000' to 4900'. Run and cement 9 5/8" casing. Bring top of cement to 4000'.
8. Nipple up casing spool and 10M BOP assembly as before. Test BOP to 10,000 PSI and annular preventer to 3500 PSI.
9. Drill 8 1/2" hole to +/-16,900' utilizing oil based mud. Run DIL-CNL-LDT-BHC-GR from 16,900' to 13,000'. Run and cement 7" liner with the top of the liner set at +/-12,700'. Circulate cement to top of the liner.
10. Retest BOP as in Step #8.
11. Drill 5 7/8" hole to 17,750'. Run DLL-CNL-LDL-GR from 17,750' to 16,900'. Run and cement 4 1/2" liner with the top of the liner at 16,650'.
12. RD drilling rig. Completion program to follow after reviewing logs.

MATADOR OPERATING COMPANY

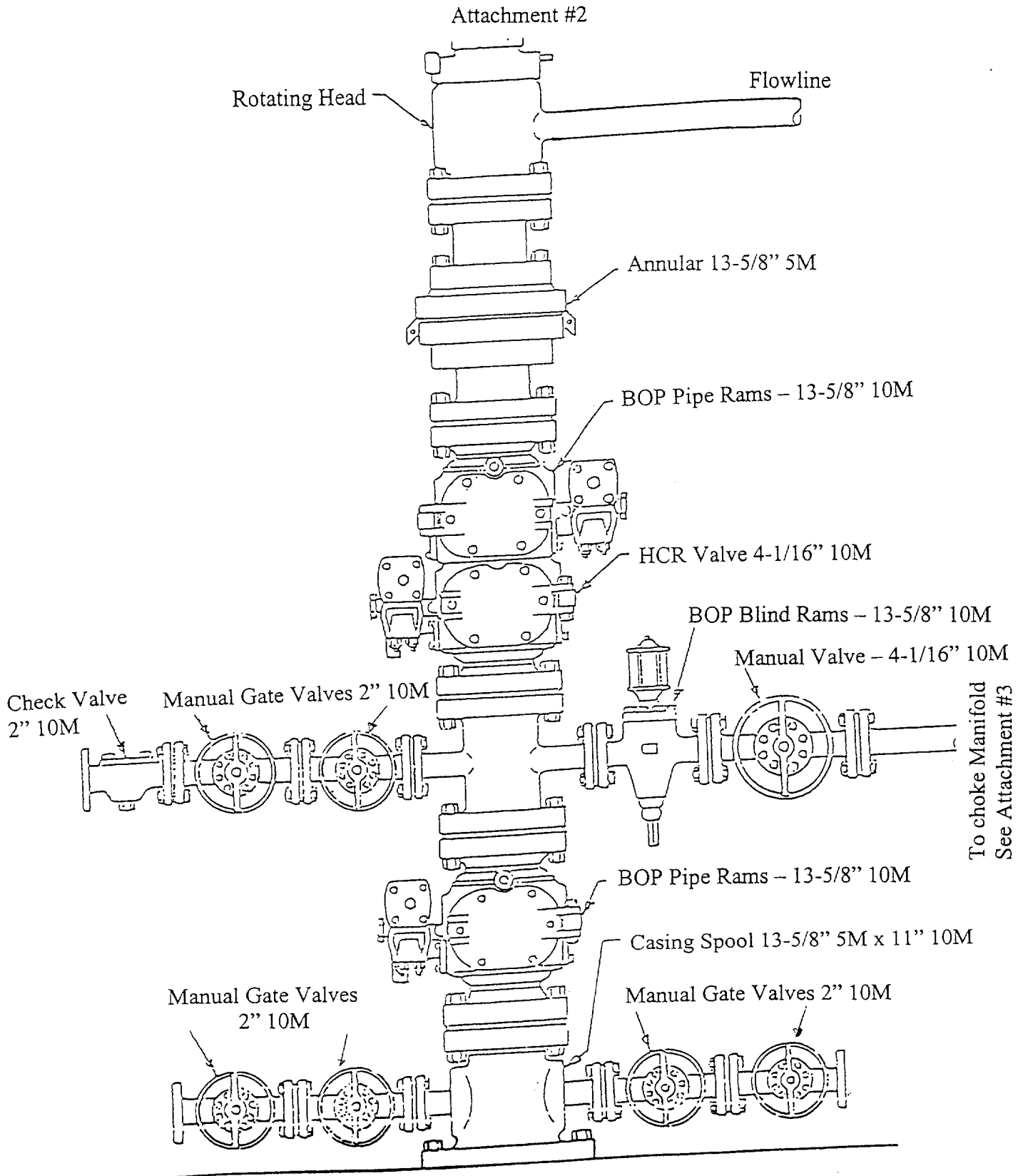
Red Hills Unit #4
454' FSL-1500' FWL
Sec 32, T25S, R33E
Lea County, New Mexico

Attachment #1
Pressure Control Equipment
20" Surface Casing



MATADOR OPERATING COMPANY

Red Hills Unit #4
454' FSL-1500' FWL
Sec 32, T25S, R33E
Lea County, New Mexico

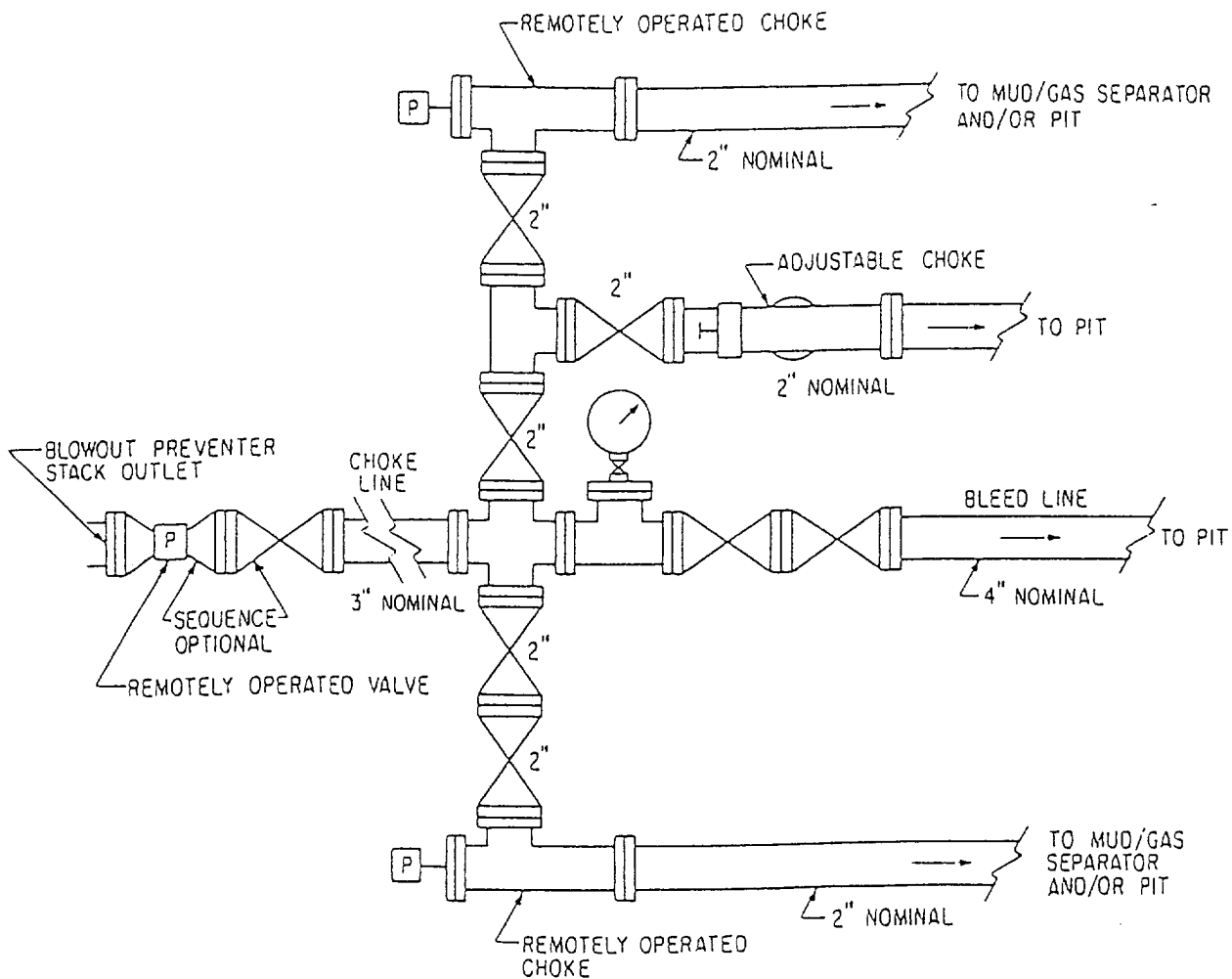


10M BOP Assembly
Depth Interval 13,000 to TD
Hole Sizes 8-1/2" & 5-7/8"

MATADOR OPERATING COMPANY

Red Hills Unit #4
454' FSL-1500' FWL
Sec 32, T25S, R33E
Lea County, New Mexico

Attachment #3



10M Choke Manifold
Depth Interval 13,000 to TD
Hole Sizes 8-1/2"

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94
Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34626		2 Pool Code 83580		3 Pool Name Red Hills Devonian Gas Pool			
4 Property Code 22445		5 Property Name REDHILLS UNIT				6 Well Number 4	
7 OGRID No. 014245		8 Operator Name MATADOR OPERATING COMPANY				9 Elevation 3387'	

10 SURFACE LOCATION

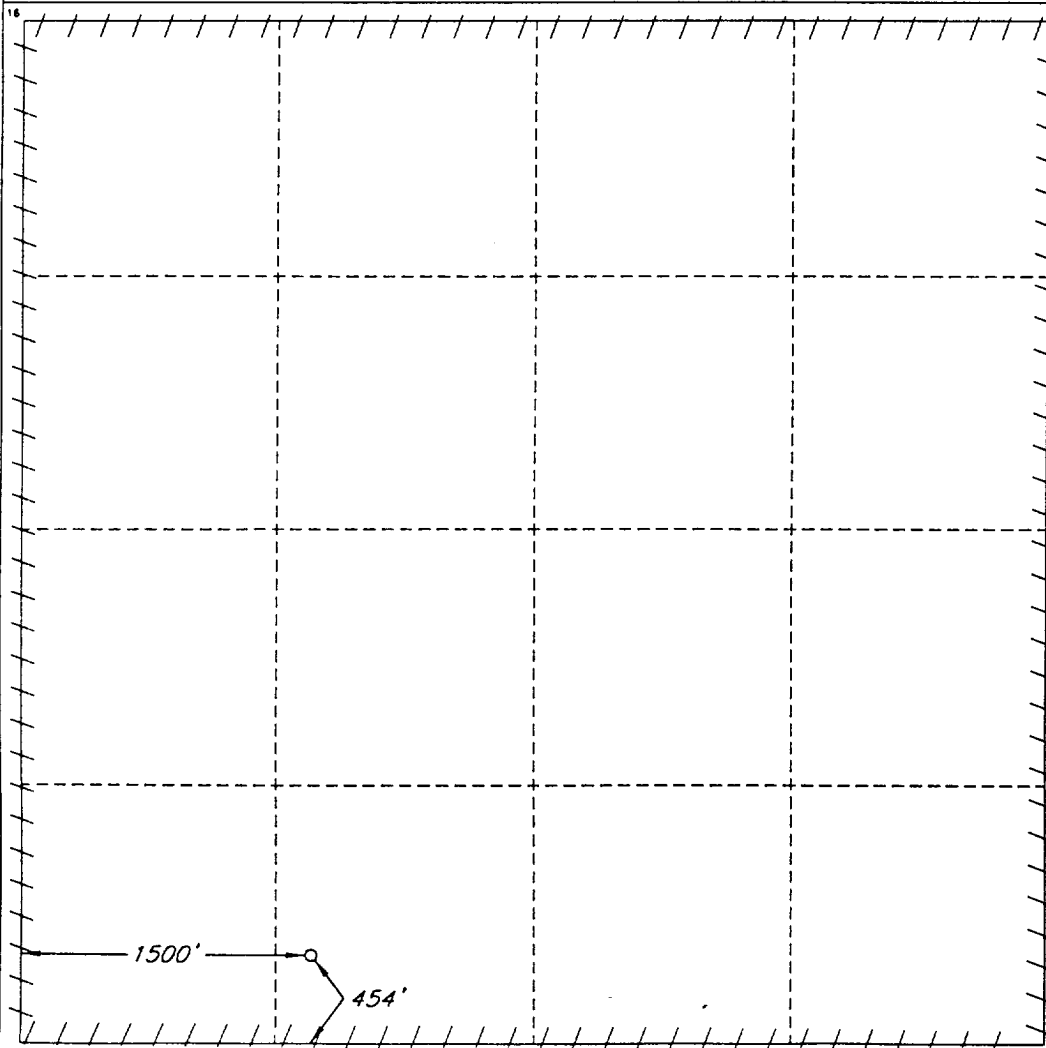
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
N	32	25 SOUTH	33 EAST, N.M.P.M.		454'	SOUTH	1500'	WEST	LEA

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 640	13 Joint or Infill	14 Consolidation Code	15 Order No. R-11154
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

Signature

John W. Bell

Printed Name

John W. Bell

Title

Drilling Manager

Date

5-18-99

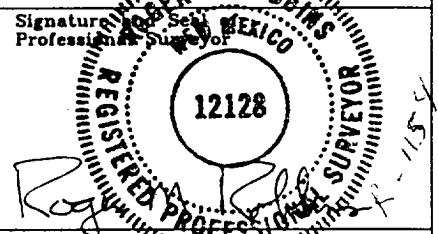
SURVEYOR CERTIFICATION

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.

Date of Survey

FEBRUARY 2000

Signature of Registered Professional Surveyor



Certificate No.
ROGER M. ROBBINS P.S. #12128

JOB #62320 / 22 SE / V.H.B.

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12140
Order No. R-11154**

**APPLICATION OF MATADOR PETROLEUM CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 18, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of March, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Matador Petroleum Corporation (Matador), seeks authority to drill its Red Hills Well No. 4 at an unorthodox gas well location 454 feet from the South line and 1500 feet from the West line (Unit N) of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico, for all formations and/or pools spaced on 160, 320 and 640 acres, including, but not limited to the Red Hills-Devonian and Red Hills-Wolfcamp Gas Pools. All of Section 32 is to be dedicated to the well in the Red Hills-Devonian and Red Hills-Wolfcamp Gas Pools thereby forming a standard 640-acre gas spacing and proration unit. The S/2 and SW/4 of Section 32 are to be dedicated to the well thereby forming standard 320- and 160-acre proration units, respectively.

(3) The Red Hills Well No. 4 is located within the Red Hills-Devonian and Red Hills-Wolfcamp Gas Pools, both of which are currently governed by the special rules set forth in Division Orders No. R-6183 and R-3073, respectively, which require standard 640-acre spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the section nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(4) Robert Witten, an interest owner within the affected offset acreage in Section 5, appeared at the hearing through legal counsel.

CASE NO. 12140
Order No. R-11154
Page 2

(5) The applicant presented geologic evidence and testimony indicating that:

- a) the primary target within the Red Hills Well No. 4 is the Devonian formation. Secondary targets include the Wolfcamp and Atoka formations;
- b) by utilizing geologic and geophysical data, Matador has identified a Devonian structure within the SW/4 of Section 32; and
- c) a well drilled at the proposed unorthodox gas well location should penetrate the Devonian structure at a more structurally advantageous position above the gas-water contact than a well drilled at a standard location within the SW/4 of Section 32, thereby increasing the likelihood of obtaining commercial gas production.

(6) Matador presented further evidence and testimony indicating that:

- a) Kaiser-Francis Oil Company, who currently operates a Red Hills-Wolfcamp Gas Pool producing well within the affected offset acreage to the southwest in Section 6, has waived objection to the proposed unorthodox gas well location;
- b) Matador currently operates the affected offset acreage to the south in Section 5. This proration unit contains a well that previously produced from the Red Hills-Devonian Gas Pool and currently produces from the Red Hills-Wolfcamp Gas Pool; and
- c) Robert Witten has withdrawn his objection to the proposed unorthodox gas well location by virtue of arriving at a voluntary settlement with Matador.

(7) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(8) Approval of the proposed unorthodox gas well location will afford the applicant the opportunity to produce its just and equitable share of the gas in the Red Hills-Devonian Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, and will otherwise prevent waste and protect correlative rights.

CASE NO. 12140
Order No. R-11154
Page 3

IT IS THEREFORE ORDERED THAT:

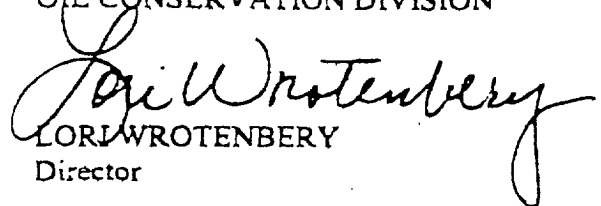
(1) The applicant, Matador Petroleum Corporation, is hereby authorized to drill its Red Hills Well No. 4 at an unorthodox gas well location for all formations and/or pools spaced on 160, 320 and 640 acres, 454 feet from the South line and 1500 feet from the West line (Unit N) of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico.

(2) All of Section 32 shall be dedicated to the well in the Red Hills-Devonian and Red Hills-Wolfcamp Gas Pools thereby forming a standard 640-acre gas spacing and proration unit. The S/2 and SW/4 of Section 32 shall be dedicated to the well thereby forming standard 320- and 160-acre gas spacing and proration units, respectively.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

WILL BE RELEASED
CONFIDENTIAL LOS
INDICATE WHEN
ABOVE LINE SHOULD NOT

ELF

8/18/72