District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aziec, 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

	Operator Name and Address.						
Matador Opera	0	014245					
8340 Meadow R	d., #158 ·		API Number				
Dallas, TX 75	231	30 - 0	25-34626				
⁴ Property Code	³ Property Name		' Well No.				
22445	Red Hills Unit		4				

⁷ Surface Location

UL or lot no.	Section	Township	Renge	Lat Ida	Feet from the	North/South fice	Feet from the	East/West East	Ceraty	
N	3 2	25S	33E		454	South	1500	West	Lea	

⁸ Proposed Bottom Hole Location If Different From Surface

UL or k	ot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	* Proposed Pool 1							" Propos	ed Pool 2	
R	Red H	ills D	evoniar	n Gas 1	Pool					

" Work Type Code	" Work Type Code " Well Type Code		14 Lesse Type Code	15 Ground Level Elevation	
N	G	Rotary	S	3387	
1º Multiple	17 Proposed Depth	16 Formation	1º Contractor	¹⁶ Spud Date	
No	17,750	Siluro-Devonian	TBD	Est July 1, 19	99

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" line	r 13.5	17,750	100	16,650'

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 blowest provention program, if any. Use sodiilonal sheets if necessary.

See attachment.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

¹³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION					
Signature: UN B	ell	Approved by: ORIGINAL SIGNED BY GARY WINK					
Printed name: John W. Bell		Title: FIELD FIEE, II					
Tide: Drilling Man	ager	Approval Date: MAY 2 4 1999 Expiration Date:					
5-18-99	Phone: 214-987-7144	Conditions of Approval: Attached					



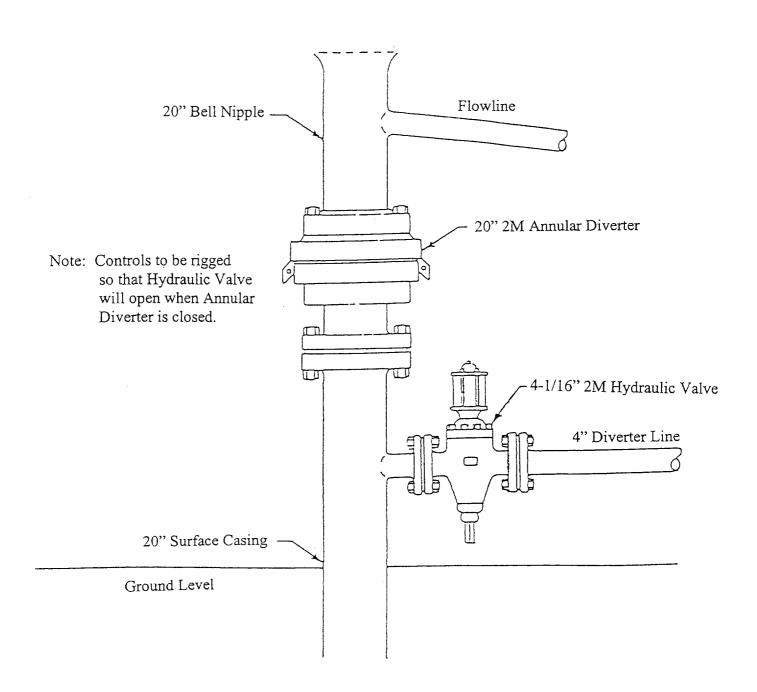
RED HILLS UNIT #4 Proposed Drilling Program Sec 32, T25S, R33E Lea County, New Mexico

- 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 ½" 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 ½" 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 ½" liner with the top of the liner at 16,650'.
- 12. RD drilling rig. Completion program to follow after reviewing logs.

MATADOR OPERATING COMPANY

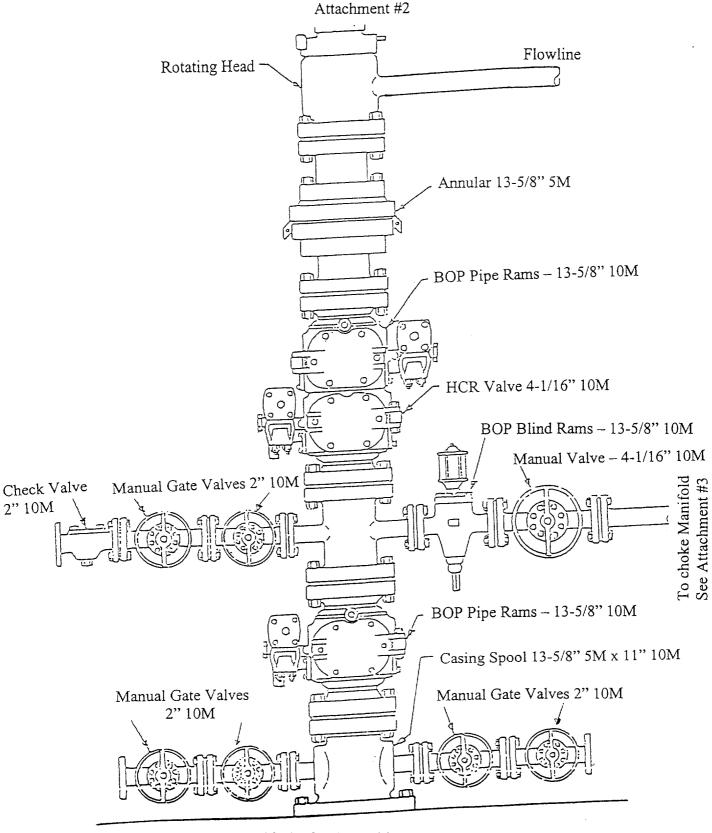
Red Hills Unit #4 454' FSL-1500' FWL Sec 32, T25S, R33E Lea County, New Mexico

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

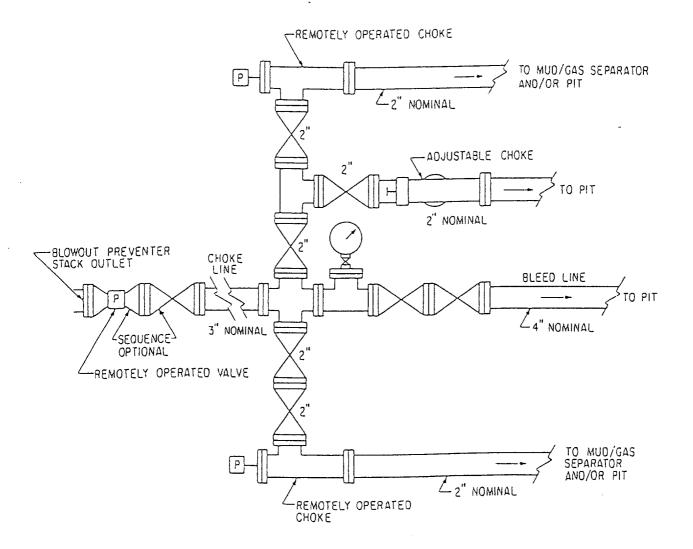


10M BOP Assembly Depth Interval 13,000 to TD Hole Sizes 8-1/2" & 5-7/8"

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

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

Form C-102 Revised 02-10-94

Instructions on back

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

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

<u>DISTRICT III</u> 1000 Rio Brazos Rd. Aztec, NM 87410

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

AMENDED REPORT

J

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "Ut or lot no. Section Township Range Lot ida Feet from the North/South line Feet from the East/West line County "Dedicated Acres of Joint or Infill Consolidation Code Religion Code R	I ADI Nome			2 00-1 0 1		1.0	1 M:						
Property Code	I —	م. <i>ب</i>	311/2/	l .							2 1		
SURFACE LOCATION **UL or lot no. Section Township Range TOwnship Range The Interest of the County N SOUTH SOU	1 Property Code	<u>-دي</u>		1	· · ·	Kec	ı Hl	ris ne	vonian Ga	as l	2001	A Well No t	
ORD No. 0 14 24 5 OPERATOR Name MATADDR OPERATING COMPANY "SURFACE LOCATION "SURFACE LOCATION UL or lot no. Section Township Range Lot ide Feet from the North/South Inte Feet from the East/West line County "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE UL or lot no. Section Township Range Lot ide Feet from the North/South Inte Feet from the East/West line County "Bedicated Acres Joint or Infill "Consolidation Code Dorder No. R-11154 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 Derivation The property Infill Information contained herein is true and complete to the best of my knowledge and besied. Simplure Derivation Derivation			Property N	ame		DETHI	115	TIMIL					
MATADOR OPERATING COMPANY "SURFACE LOCATION "SURFACE LOCATION "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "Ut or lot no. Section Township Range Lot lids Feet from the North/South line Feet from the Rest/West line County "Dedicated acres "Joint or Infill" "Consolidation Code "Order No. R-11154 NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION OPERATOR CERTIFICATION Details No. 1 Details Det		/- >_	1.0			ンピカロエ) OIAT (·			<u> </u>	
"SURFACE LOCATION "Ul or lot no. Section Township N 32 25 SOUTH 33 EAST, N.M.P.M. Lot ids Feet from the North/South line Feet from the East/West line County 1500" WEST LEA "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE UL or lot no. Section Township Range Lot ids Feet from the North/South line Feet from the East/West line County Decicated Acres 12 Joint or Infill 1640 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 Interest of the best of my knowledge and belef. Signature Date Surveys mode by me or under the profession of th			* Operator N		MATADE	ום חסכ	. D ν .	TING C	CINDANIA				,
UL or lot no. Section N 32 25 SOUTH 33 EAST, N.M.P.M. "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 "Dedicated Acres" Joint or Infill "Consolidation Code N 10 Order No. R-11154 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 In hereby certify that the information conclined herein is true and complete to the best of my knowledge and belief. Signature Date Script Certify that the well coation shown on this plat was polled from list on this plat was surveys made by me or under my supervision, and that the same strue and correct to the best of my belief. Date of survey carrify that the well coation shown on this plat was surveys made by me or under my supervision, and that the same strue and correct to the best of my belief. Date of surveys made by me or under my supervision, and that the same strue and correct to the best of my belief.			1		חשו אשנ	JK UFC	.KM	I ING C				3307	
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "Ul or lot no. Section Township Range Lot ids Feet from the North/South line Feet from the East/West line County "Dedicated Acres 19 Joint or Infill "Consolidation Code Re-11154 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 confineed herein is true and complete to the best of my knowledge and belief. Signature Date 5-18-99 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under my supervision, and that the sent form field notes of actual the best of my belief. Date of Surveys made by me or under my supervision, and that the sent form field notes of actual the best of my belief. Date of Surveys made by me or under my supervision, and that the sent formation is plotted from field notes of actual the sent formation in the plotted from field notes of actual the sent formation of the best of my belief. Date of Survey, millilling, pages is free and correct to the best of my belief.													
"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/Next line County Dedicated Acres of the Seat of the S	UL or lot no. S		1 -	i –		Lot Ida			1		E .	} I	•
UI. or lot no. Section Township Range Lot Ida Feet from the North/South line Feet from the East/West line County Bedicated Acres of Joint or Infill of Consolidation Code R-11154 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 Interest of the information contained therein is frue and complete to the best of my knowledge and belief. Signature Date Surveyor CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of action whom on this plat was plotted from field notes of action whom on this plat was plotted from field notes of action whom on the plat was plotted from field notes of action whom is plat was plotted from field notes of action. Bate of Survey minimility and plate is actively made by me or under my some is free and correct to the best of my belief. Date of Survey minimility man and correct to the best of my belief. Date of Survey minimility man and correct to the best of my belief. Date of Survey minimility man and correct to the best of my belief.	N	32	25 SOUTH	33 EAST,	N.M.P.M.]	454'	SOUTH		1500'	WEST	LEA
Dedicated Acres O' Joint or Infill** Consolidation Code** 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** A pright of the best of my knowledge and belief.			"ВОТТО	M HOLE	LOCATI	ON IF	DI	FFERE	NT FROM	SI	JRFACE		
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 Prifited Name Drilling Manager Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot 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, minimiliating and that the same is true and correct to the best of my belief. Date of Survey, minimiliating and that the same is true and correct to the best of my belief. Date of Survey, minimiliating and that the same is true and correct to the best of my belief.	UL or lot no. S	ection	Township	Rang	e	Lot Ida	Feet	from the	North/South	line	Feet from the	East/West line	County
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 Prifited Name Drilling Manager Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot 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, minimiliating and that the same is true and correct to the best of my belief. Date of Survey, minimiliating and that the same is true and correct to the best of my belief. Date of Survey, minimiliating and that the same is true and correct to the best of my belief.	12 Dedicated Acres	13.1-	i=4 1-600	V C	C-d-	12.0-4 1	<u> </u>		<u> </u>		l		
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 Pristed Name John W. Bell Tile 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 minimility. PERMIT: BOG 199 SIGNATURE 12128	1	es 15 JO	oint or inilli	Consolidatio	on tode								
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 Prifeta Name John W. Bell Title Drilling Manager Date \$\frac{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 withiniting the period of the				L									
OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Prifited Name John W. Bell Title Drilling Manager Date 5-18-99 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot 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 minimility for the best of my belief. Date of Survey minimility for the best of my belief. Date of Survey minimility for the best of my belief. Date of Survey minimility for the best of my belief.	N												
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Signature Prifted 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, within the survey within the best of my belief. Date of Survey, within the survey within the best of my belief. Date of Survey, within the survey within the best of my belief.		CO	NSOLIDATED	OR A NON	-STANDA	RD UNI	T H	AS BEEN	APPROVE	D B.	Y THE DIVIS	ION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Signature Prifted 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, within the survey within the best of my belief. Date of Survey, within the survey within the best of my belief. Date of Survey, within the survey within the best of my belief.	\ <u>`</u> \ 	/ / /	/ 	/ / / / /	1///	/ / /	1 1	1///	1111	7)	OPERATO	R CERTIFICA	TION
contained herein is true and complete to the best of my knowledge and belief. Signature. Prifited Name John W. Bell Titue 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 beginning. Date of Survey williaming. FERRELES. 808/99. Signature of the best of my beginning from the same is true and correct to the best of my beginning. Professional Professiona			į		į			į		+1			
Io the best of my knowledge and belief. Signature Prifited Name John W. Bell Title Drilling Manager Date \$\int_{-18-99}\$ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was platted 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 minimility, FERGUARY, BOSTAGE Signature Representation of the professional street and correct to the best of my belief.					i					+1	contained here	ein is true and	complete
Pridled 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, will summit the best of my belief. Date of Survey, will summit the same is true and correct to the best of my belief.			1 1		[! !		+1			
Pridled 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, will summit the best of my belief. Date of Survey, will summit the same is true and correct to the best of my belief.]] 			1		+1	Signature	0 11	
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 willilling the professional 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 willilling the professional surveys are supervisional surveys and that the same is true and correct to the best of my belief.	1		1		l I			l I		+1	In h	Mu	
Tille Drilling Manager Date 5-18-99 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was platted 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 within filling FERRILARS. 806,899 Signature of Survey w	1		į		i					+1	<i>y</i>		
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 willilling FERRY, 80 899 Signature of Survey willing FERRY, 80 899 Signature of Survey will be survey wi			l I		1			1		+1		Bell	
SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot 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 WINDINGHIMM FERROLARY, BOSTON SIGNATURE OF SURVEY FOR SURVEY STATES OF SURVEY STATES OF SURVEY SURV			+ 		† 			† 		7-1			
SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot 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 William Hilling FERRI ARR BOS Signature for Survey William Hilling FERRI ARR BOS Signature for Survey William Hilling Ferrices in the survey will state of the same in the same is true and correct to the best of my belief.			!		1			1 1		+1		Manager	
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 MINIMINITY FEBRUARY BOOKS Signature Servey Signature Servey Professions Signature Servey Signature Servey Professions Signature Servey			1		1]		+1		- 4 9	
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 Minimilianing FERRI AR. BO \$ 509 Signature for Frofessionar pure for the professionar pure for the form of the professionar pure for the form of the plant for the plant fo]		į		!					+	3-18-		
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 Minimilianing FERRI AR. BO \$ 509 Signature for Frofessionar pure for the professionar pure for the form of the professionar pure for the form of the plant for the plant fo	I		ļ		! !			; t		+1	CHIMINA		TOTON
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 Millilling FERRILAR BOLLOW Signature See Signatur	1		-		! !			1		+1	POWAFION	K CERTIFICA	TION
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. BOR 509 Signature of Signature	1		i		1 1			I I		+1	I hereby c	ertify that th	e well
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 FERRI RN. BOS 509 Signature Roll Servey Professional Supplier. 12128			+	·	 			! !		14.			
my supervision, and that the same is true and correct to the best of my belief. Date of Survey Body Body Body Body Body Body Body Bod	+		l I		 		i	 		+1			
Date of Survey Millilling FEBRUARS. BUSINESS Signature of See SEE Co. Signature of See See See See See See See See See Se	+		į Į		 					+1	my supervi	ision, and th	at the
Date of Survey Millimining FERRY ARY. BO 6 999 Signature for See See Series For Professional Supplier Co. See Series For See	+		į		! -			! !		+1	same is true	e and correct	to the
FEBRUARY. BO 8 969 Signature of Several Professional Supplier (C) 12128 12128	+		1 1		; 			! 		+1	vest of my	Dellel.	
FEBRUARY. 80 8 969 Signature of Several Professional Supplier of Several Professional Supplier of Several Professional Professional Several Professional Several Professional Professional Several Professional Professi	+		l I		l 1			l J		1	D-4- 6.5		
Signature for Sein FER Co. Professioner Supply of Sein FER Co.	+		1		<u> </u>] !		11		ARY BOAGO	,
Professional Dunievor Co.	+		į		İ			<u> </u>		1		Seal of -	· ·
					 			! ! — — — — -		14.	Profession	PERICO : S	
	+		i i		l 		1	1 1		1	**		XII
	1		•]] !		1	E6	(12128)	
	1		į		i i			, -		41		て ノ 』	Z : 5
The state of the s	+		i i		! !			f 		41		Saar	
1500'	150	20'	1-0		 		1	 		+1	COLE T	St	ar -
1000 Morrelly W	130	<i></i>	1-9		 					+	A 1/4.	MOLESZIONIN	, \
Certificate Nothing High ROGER M. ROBBINS P.S. #12128	1		354	<i>*</i>	-		i	! 		$+$ $ _{1}$	ROGER M. RO	OBBINS P.S.	#12128
JOB #62320 / 22 SE / V.H.B.	4///	11	14///	1111	1/-/-/-/	<u> </u>	<u>/ / </u>	 	111	ᅪᅣ			

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.
- 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.

5059822047

- (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 gaswater 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.

08:06

05/64/1999

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 Sa: ta Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

ORIWROTENBERY

Director

SFAI

ABOVE LATE DAMED ALT TOUR CONFIDENTIAL LOUR CONFIDENTIAL LOUR PARENT CONFIDENTIAL LOUR CONFIDENTIAL LO