

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
OCD ArtesiaAPPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM117120
2. Name of Operator MATADOR PRODUCTION COMPANY		6. If Indian, Allottee or Tribe Name
Contact: BRIAN FANCHER Email: bfancher@matadorresources.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address ONE LINCOLN CENTER 5400 LBJ FREEWAY SUITE 1500 DALLAS, TX 75240	3b. Phone No. (include area code) 1500 972-371-5200 Fx: 972-371-5201	8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		9. API Well No. Multiple--See Attached
		10. Field and Pool or Exploratory Area PIERCE CROSSING-WOLFCAMP, NW PURPLE SAGE-WOLFCAMP (GAS)
		11. County or Parish, State EDDY COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Production Facility Changes
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Matador Production Company requests approval for royalty-free use of lease production in certain surface equipment at the off-lease measurement facility designated for the following wells (Subject Wells):

Well Name & No.	API	SHL	BHL
Zach McCormick Fed. Com. 202H-30-015-44254			H-13-24S-28E
Zach McCormick Fed. Com. 206H-30-015-44246			H-13-24S-28E
Zach McCormick Fed. Com. 222H-30-015-44243			H-13-24S-28E
Zach McCormick Fed. Com. 226H-30-015-44251			H-13-24S-28E

Gc 6-4-18
Accepted for record - NMOCD

RECEIVED

MAY 31 2018

This application is being filed simultaneously with a companion application for off-lease

DISTRICT II-ARTESIA O.C.D.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #394726 verified by the BLM Well Information System For MATADOR PRODUCTION COMPANY, sent to the Carlsbad Committed to AFMSS for processing by PRISCILLA PEREZ on 11/17/2017 (18PP0289SE)	
Name (Printed/Typed) BRIAN FANCHER	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 11/10/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. W. Hittler</i>	Title <i>TLPET</i>	Date <i>5/31/18</i>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <i>CFO</i>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #394726 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 22268-015-44251-00-X1		Sec 13 T24S R28E SENE 2325FNL 311FEL 32.218384 N Lat, 104.033257 W Lon
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 20268-015-44254-00-X1		Sec 13 T24S R28E SENE 2414FNL 311FEL 32.218628 N Lat, 104.033257 W Lon
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 20668-015-44246-00-X1		Sec 13 T24S R28E SENE 2444FNL 311FEL 32.218300 N Lat, 104.033257 W Lon
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 22268-015-44243-00-X1		Sec 13 T24S R28E SENE 2354FNL 311FEL 32.218426 N Lat, 104.033257 W Lon

32. Additional remarks, continued

measurement (See Electronic Submission No. 394712). This application for royalty-free use of lease production only includes the Subject Wells' production at their previously mentioned off-lease measurement facility. It does not include production from any other well.

Please see attached detailed royalty-free use of lease production information, diagram, and map.

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5427 • Fax 972.371.5201

bpeterson@matadorresources.com

Benjamin D. Peterson, P.E.
Senior Production Engineer

November 10, 2017

Bureau of Land Management
Carlsbad Field Office
Attn: Duncan Whitlock
620 E Greene St. Carlsbad, NM 88220

Re: Application for Royalty-Free Use of Lease Production for the Zach McCormick Fed Com. 202H, 206H, 222H, and 226H wells (the "Subject Wells or Wells"); Purple Sage; Wolfcamp (Gas) Pool; Eddy County, New Mexico; (Communization Agreement-Submitted and Pending)

Dear Mr. Whitlock,

Pursuant to 43 CFR §§3173.23 and 3178, Matador Production Company ("Matador") seeks approval for royalty-free use of lease production for certain surface equipment at the Subject Wells' off-lease measurement facility ("Facility") (collectively "Subject Application"). The Subject Application is complementary with a fellow application for off-lease measurement at the Facility, and it is composed of the following Wells:

Well Name	API Number	SHL	BHL	Pool/Formation
Zach McCormick Fed Com 202H	30-015-44254	H-13-24S-28E Eddy County, NM	H-18-24S-29E Eddy County, NM	[98220] Purple Sage; Wolfcamp (Gas)
Zach McCormick Fed Com 206H	30-015-44246	H-13-24S-28E Eddy County, NM	H-18-24S-29E Eddy County, NM	[98220] Purple Sage; Wolfcamp (Gas)
Zach McCormick Fed Com 222H	30-015-44243	H-13-24S-28E Eddy County, NM	H-18-24S-29E Eddy County, NM	[98220] Purple Sage; Wolfcamp (Gas)

Zach McCormick Fed Com 226H	30-015-44251	H-13-24S-28E Eddy County, NM	H-18-24S-29E Eddy County, NM	[98220] Purple Sage; Wolfcamp (Gas)
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The Subject Wells' Facility will require the use of produced gas that originates from the Subject Wells to serve as fuel gas for certain surface equipment located at the Facility. All fuel-gas will be metered by a "Daniel Senior" orifice meter¹ before being used by downstream equipment (see Attachment "A" – Site Facility Diagram).

To efficiently produce the Subject Wells, Matador seeks to utilize royalty-free lease production as fuel-gas for the following surface equipment at the Facility:

1. Flameco arrested heater-treater burner (500,000 Btu) - Model No. SB16-16;
2. Natural gas compressor engine - Make: Caterpillar 3516;
3. Flare pilot on the flare stack.

The total combined consumption of fuel gas by the previously mentioned surface equipment is approximately 230 thousand cubic feet of gas per day (*i.e.* 230 MCF per day), based on that equipment's usage rates.

For clarification, the Subject Wells' Facility will only serve production from the Subject Wells (*i.e.* the Zach McCormick Fed. Com. Nos. 202H, 206H, 222H, and 226H), which will be drilled in the south-half of the north-half in Section 18 (see Attachment "B" – Zach McCormick Land Plat).

In other words, the Facility associated with this application will not include production from the Zach McCormick Fed. Com. Nos. 201H, 205H, 221H, and 225H, which will be drilled in the north-half of the north-half in Section 18. A separate production facility will be dedicated to the Zach McCormick Fed. Com. Nos. 201H, 205H, 221H, and 225H, and it will be located on the shared drilling pad for the Zach McCormick Fed. Com. Nos. 201H, 205H, 221H, and 225H (see again Attachment "B").

Matador will employ secondary recovery efforts on the Subject Wells after their primary recovery phase ends. At that time, gas production from the Subject Wells will require compression to enter the Wells' gas sales pipeline. Without a natural gas compressor engine, the Subject Wells' produced gas will be incapable of flowing at a pressure that exceeds the gas sales pipeline's pressure (*i.e.*, 400 psig). Consequently, it cannot be sold. The most economically efficient source of fuel to operate that natural gas compressor's engine, as well as the heater-treater burner and the flare stack's pilot light, is the fuel-gas that originates from the Subject Wells. As a result, the use of royalty-free fuel-gas in the Subject Application will provide for enhanced ultimate recovery from the Subject Wells, and their underlying federal lease (*i.e.* NMNM-117120), because it will allow the Wells to economically produce hydrocarbons from that lease for a greater length of time.

¹ The meter serial number(s) will be provided once it is obtained by Matador.

Without it, the Wells will become increasingly uneconomic to produce over time. The lack of such fuel-gas use would contribute toward an untimely plugging and abandonment of the Wells, and lead to recoverable reserves remaining undeveloped.

Thank you for your time and consideration in reviewing this request. Please let me know if you have any additional questions or concerns.

Very truly yours,

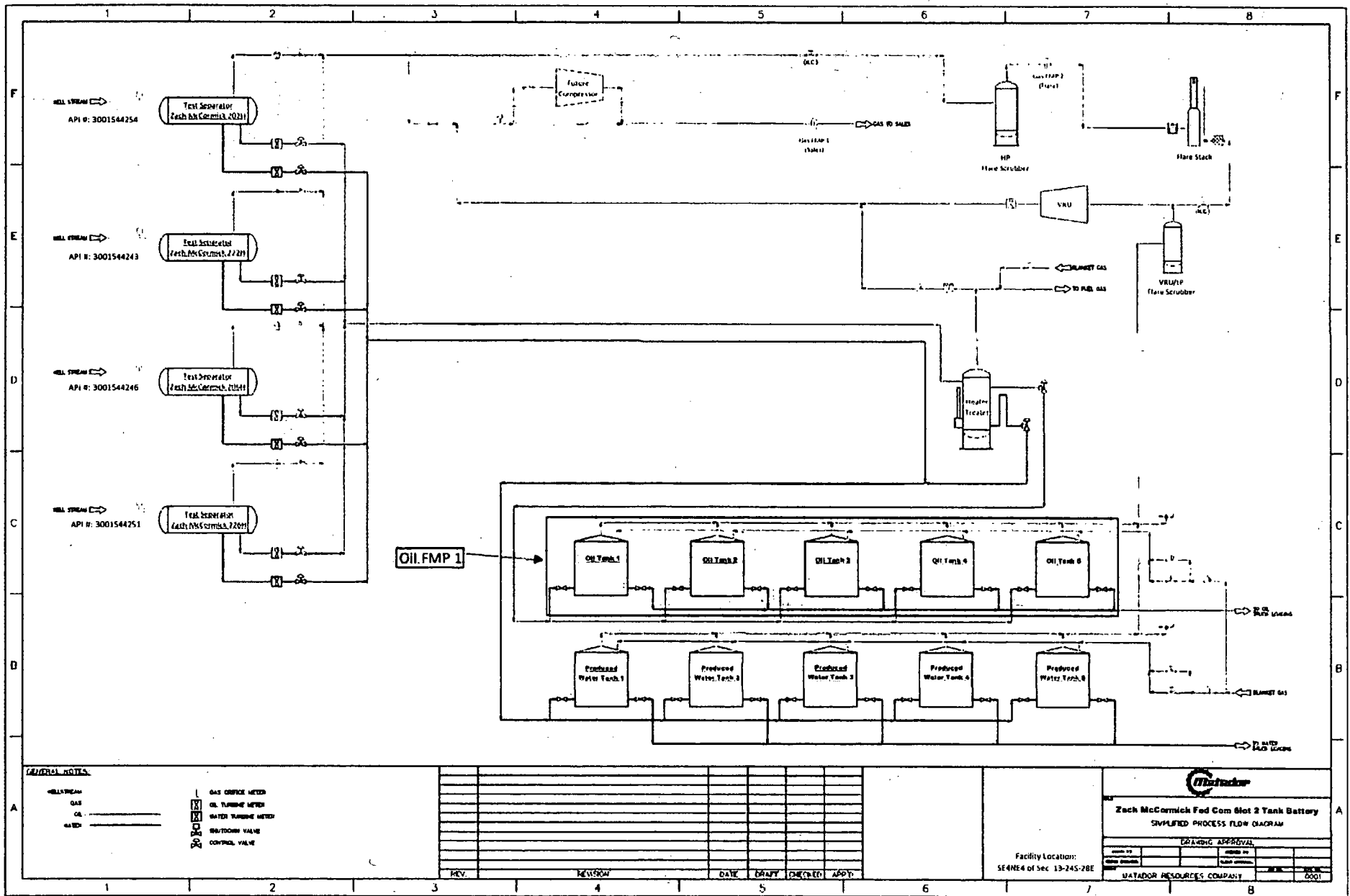
A handwritten signature in black ink, appearing to read "Ben Peterson", with a stylized flourish at the end.

Benjamin D. Peterson, P.E.
Sr. Production Engineer

BDP/bkf

Enclosures

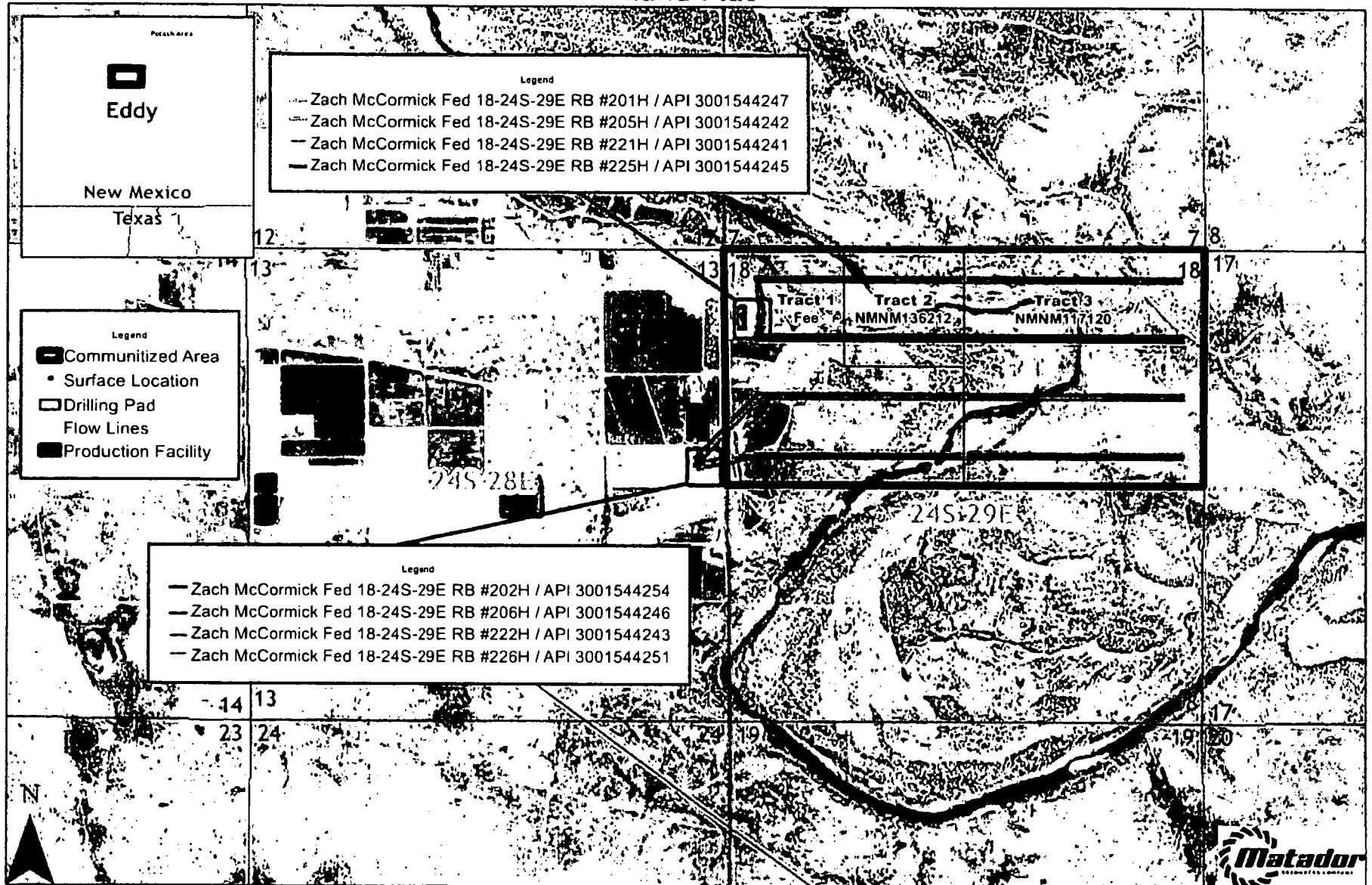
Attachment "A"



Attachment "B"

Zach McCormick

Land Plat



Southeast New Mexico

Date: October 19, 2017
 Filename: ZMcCormick_OffsiteAreas
 Projection: NAD27 State Plane New Mexico East FIPS 1001
 Sources: IHS, ESR