	Ca	r sbad fie o		e		
B SUNDRY Do not use th	UNITED STATES EPARTMENT OF THE INTE SUREAU OF LAND MANAGEN NOTICES AND REPORTS is form for proposals to dril II. Use form 3160-3 (APD) for	MENT S ON WELLS I or to re-enter an	25 a	OMBN	1 APPROVED NO. 1004-0137 January 31, 2018 or Tribe Name	
SUBMIT IN	TRIPLICATE - Other instruc	tions on page 2		7. If Unit or CA/Agr	cement, Name and/or No.	
1. Typc of Well				8. Well Name and No	).	
Soil Well Gas Well Ot 2. Name of Operator		AN FANCHER		MultipleSee Att 9. API Wcll No.	ached	
MATADOR PRODUCTION C	OMPANYE-Mail: bfancher@mata	adorresources.com		MultipleSee Attached		
3a. Address ONE LINCOLN CENTER 540 DALLAS, TX 75240	0 LBJ FREEWAY SUITE 150	Phone No. (include area code) 972-371-5200 972-371-5201		10. Field and Pool or Exploratory Area MultipleSee Attached		
4. Location of Well (Footage, Sec., 7	T., R., M., or Survey Description)			11. County or Parish,	, State	
MultipleSee Attached			EDDY COUNTY, NM		Y, NM	
12. CHECK THE A	PPROPRIATE BOX(ES) TO	INDICATE NATURE OF	F NOTICE, I	EPORT, OR OT	HER DATA	
TYPE OF SUBMISSION		TYPE OF	ACTION			
Notice of Intent	Acidize	Deepen	Productio	on (Start/Resume)	U Water Shut-Off	
	Alter Casing	Hydraulic Fracturing	Reclamat	ion	Well Integrity	
Subsequent Report	Casing Repair	New Construction	🗖 Recompl	ete	Other	
Final Abandonment Notice	Change Plans	Plug and Abandon Plug Back	Tempora Water Di	rily Abandon sposal	Surface Commingling	
If the proposal is to decpen direction Attach the Bond under which the wo following completion of the involved testing has been completed. Final A determined that the site is ready for f Matador Production Co (Mata Stebbins 20 Fed. Com. No. & pad (Slot 4 Tank Battery), will	rk will be performed or provide the E d operations. If the operation results bandonment Notices must be filed on final inspection. (dor) requests approval to surf 04H (API 30-015-44177.) at a	Bond No. on file with BLM/BIA in a multiple completion or recor- ly after all requirements, includi	<ul> <li>Required subs mpletion in a ne ing reclamation,</li> </ul>	equent reports must be w interval, a Form 310 have been completed	c filed within 30 days 60-4 must be filed once and the operator has	
Stebbins 20 Fed. Com 124H; Stebbins 20 Fed. Com 134H; Stebbins 19 Fed. Com 124H;	20-20S-29E; SWSWI API 30- 20-20S-29E; SWSW; API 30-	015-44185 015-44175 15-44172	Accepted I	7-13-18 precord - NMO	RECEIVED	
In addition, Matador requests with the following wells at a co	to surface commingle gas pro entral tank battery located on t	duction from the four above their well pad (Slot 3 Tank	ve named we Battery):	lls <b>Jl</b>	JL 1 3 2018	
Stebbins 20 Fed. Com 133H;	20-20S-29E; NWSW; API 30-	015-43201		DISTRICT	T II-ARTESIA O.C.D.	
14. I hereby certify that the foregoing is Con Name (Printed/Typed) BRIAN FA	Electronic Submission #4210 For MATADOR PRODU nmitted to AFMSS for processir	ng by PRISCILLA PEREZ on	05/25/2018 (*	18PP1811SE)		
			ATORY ANA			
Signature (Electronic S		Date 05/22/20				
100				<u> </u>	7/1	
Approved By	A. Approval of this notice does not v				Datc 9/1	
rtify that the applicant bolds legal or equilibrium of the applicant to condu- hich would entitle the applicant to condu- tle 18 U.S.C. Section 1001 and Title 43	uitable title to those rights in the subj act operations thereon.	cct lease Office CFe		o to any denastment -	r agonov of the Heiser	
States any false, fictitious or fraudulent	statements or representations as to an	y matter within its jurisdiction.			agency of the Onlice	
Istructions on page 2) ** BLM REV	ISED ** BLM REVISED **	BLM REVISED ** BLM	REVISED	** BLM REVISE	D **	

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#### Additional data for EC transaction #421067 that would not fit on the form

Wells/Facilities, continued

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Agreement	Lease NMNM03677	Well/Fac Name, Number STEBBINS 20 FED 2040	API Number (80-019-44177-00-301	Location Sec 20 T20S R29E SWSW 391FSL 260FWL
NMNM03677	NMNM03677	GIEBBINS 18 FED 1241	30-015-44172-00-XD	32.552876 N Lat, 104.105362 W Lon Sec 19 T20S R29E SESE 180FSL 110FEL
NMNM03677	NMNM03677	STEEBINS 20 FED 124H	30-015-44185-00-84	32:552095 N Lat, 104.105633 W Lon Sec 20 T20S R29E SWSW 361FSL 130FWL
NMNM03677	NMNM03677	STEEBINS 20 FED 134H	30-015-44176-00-510	32.552708 N Lat, 104.105362 W Lon Sec 20 T20S R29E SWSW 391FSL 130FWL
NMNM03677	NMNM03677	STEBBINS 20 FED 133F	(30-016-44183-00-SID	32.552792 N Lat, 104.105362 W Lon Sec 20 T20S R29E NWSW 1723FSL 130FWL
NMNM03677	NMNM03677	STEBBING 20 FEDERAL 1294	> 30-016-49201-00-ST)	32.556454 N Lat, 104.105362 W Lon Sec 20 T20S R29E NWSW 1693FSL 130FWL 32.557783 N Lat, 104.105116 W Lon

#### 10. Field and Pool, continued

WC015G04S202920D-BONE SPRING WILDCAT

#### 32. Additional remarks, continued

Stebbins 20 Fed. Com 134H; 20-20S-29E; NWSW; API 30-015-44183

All of the wells listed above are located within the same federal lease, NMNM 003677. The royalty rate is 12.5%.

Also see attached information, maps, and facility diagram.

## 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 Senior Production Engineer

#### May 21, 2018

Application for Surface Commingling Oil and Gas at a Common Central Tank Battery Proposal for Stebbins 20 Fed Nos. 204H, 124H, 134H and Stebbins 19 Fed No. 124H.

Application for Surface Commingling Gas at a Common Central Tank Battery Proposal for Stebbins 20 Fed Nos. 204H, 124H, 134H, 123H, 133H and Stebbins 19 Fed No. 124H

The following tables provide specific values of the Subject Wells' anticipated production attributes:

NMNM-003677 BOPD	Royalty Rate 12.5% Oil Gravity @60 deg	WC-015 G Value/bbl	-04 S202920 MCFPD	D; Bone Sprin Dry BTU	g (98015) Value/mcf
400	44.5	\$59.96	1,200	1,314	\$2.89
		<b>#</b> 50.07	500	1 214	ድን ደብ
125	44.5	\$59.96	500	1,314	\$2.89
400	44.5	\$59.96	900	1,314	\$2.89
300	44.5	\$59.96	1,000	1,314	\$2.89
550	44 5	\$59.96	700	1.314	\$2.89
		••••		-,	
NMNM-003677	Royalty Rate 12.5%	<b>Burton Fla</b>	it; Wolfcam		
BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
600*	45.0*	\$59.96	1.250*	1,300*	\$2.86
	BOPD 400 125 400 300 550 NMNM-003677	BOPD         Oil Gravity @60 deg           400         44.5           125         44.5           400         44.5           300         44.5           550         44.5           NMNM-003677         Royalty Rate 12.5% Oil Gravity @60 deg	BOPD         Oil Gravity @60 deg         Value/bbl           400         44.5         \$59.96           125         44.5         \$59.96           400         44.5         \$59.96           400         44.5         \$59.96           300         44.5         \$59.96           550         44.5         \$59.96           NMNM-003677         Royalty Rate 12.5%         Burton Flavely Boope	BOPD         Oil Gravity @60 deg         Value/bbl         MCFPD           400         44.5         \$59.96         1,200           125         44.5         \$59.96         500           400         44.5         \$59.96         900           400         44.5         \$59.96         1,000           300         44.5         \$59.96         1,000           550         44.5         \$59.96         700           NMNM-003677         Royalty Rate 12.5%         Burton Flat; Wolfcamp           BOPD         Oil Gravity @60 deg         Value/bbl         MCFPD	BOPD         Oil Gravity @60 deg         Value/bbl         MCFPD         Dry BTU           400         44.5         \$59.96         1,200         1,314           125         44.5         \$59.96         500         1,314           400         44.5         \$59.96         500         1,314           400         44.5         \$59.96         900         1,314           300         44.5         \$59.96         1,000         1,314           550         44.5         \$59.96         700         1,314           NMNM-003677         Royalty Rate 12.5%         Burton Flat; Wolfcamp, East (73480)           Oil Gravity @60 deg         Value/bbl         MCFPD         Dry BTU

\*Denotes anticipated IP values.

#### Economic combined production Federal Lease NMNM-003677 Royalty Rate 12.5%

Facility Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
Stebbins 20 Fed Slot 3 Tank Battery	525	44.5	\$59.96	1,700	1,314	\$2.89
Stebbins 20 Fed Slot 4 Tank Battery	1,850	44.7	\$59.96	3,850	1,309	\$2.88

The Stebbins 20 204H will be located in its individual 320-acre unit composed entirely of acreage from NMNM-003677. The remaining wells will be located in one of three 160-acre units that are composed entirely of acreage from NMNM-003677 ("See Attachment "A").

The BLM's interest in the subject wells is the same. All of these wells are located entirely within one federal lease, NMNM-003677. The royalty rate is 12.5% (See Attachment "B").

#### **Oil and Gas Measurement**

There are two central tank batteries involved in this application (See Attachment "C"). The Stebbins 20 Fed Slot 3 Tank Battery is dedicated to the Stebbins 20 Fed 123H and 133H ("Slot 3 Tank Battery"). The Stebbins 20 Fed Slot 4 Tank Battery is dedicated to the Stebbins 19 Fed 124H and Stebbins 20 Fed 124H, 134H, and 204H ("Slot 4 Tank Battery"). These central tank batteries are located in the NWSW and SWSW of Section 20-20S-29E on Federal Lease NMNM-003677, respectively. As previously described, each well will flow to its dedicated central tank battery through its own flowline, and each well will have its own test separator. Each tank battery will have its own heater-treater.

The purpose of this application is two-fold: (1) to commingle oil and gas production from one well completed in the Wolfcamp Formation (Stebbins 20 Fed 204H) with oil and gas from three wells completed in the Bone Spring Formation (Stebbins 19 Fed 124H and Stebbins 20 Fed 124H and 134H) at the Slot 4 Tank Battery; and (2) commingle gas production from each of the wells encompassed in this application (*i.e.*, Slot 3 and Slot 4 Tank Batteries). This application does not request to commingle oil from the Slot 3 Tank Battery. Again, all the subject wells are located entirely within one federal lease, NMNM-003677.

#### Oil Measurement

Beginning at each well's individual test separator, all oil production from that well will flow through its respective oil turbine meter. Subsequently, oil from each well will be routed by a common flow line to a single heater-treater. From there, the wells' oil production will be sent to its production facility's shared oil tanks (*i.e.*, Oil FMP Nos. 1 and 2). Accordingly, the Wells' shared oil production tanks will be deemed the Point of Royalty Measurement, as defined in 43 C.F.R. §3170.3.

Each well will be paid royalty based on the amount of its respective oil production, as measured by each well's respective allocation meter. Matador's contractual agreement with the wells' oil purchaser provides that all oil production will be purchased on a fixed basis as sweet crude at 40 API gravity. Therefore, the royalty value from these wells will not be adversely affected.

#### Gas Measurement

All gas production will flow through each well's individual test separator. Subsequently, gas will be measured by an individual orifice meter for each well before it enters each production facility's common gas line. From there, the wells' gas production will be routed to a sales checkmeter (Gas FMP Nos. 2 and 3) that is "in-line" with a common gas sales meter (Gas FMP No. 1). Matador will provide the serial number of that gas sales meter once it is obtained.

The production facilities will also include orifice meters to measure "flash" gas that originates from the heater-treaters and vapor recovery units to properly allocate the wells' flash

volumes, according to each wells' respective oil production volumes. The sales gas meter volumes will be proportionately allocated to each well by accounting for the allocated flash gas combined with each Well's respective orifice meter measurements. There is no potential for adverse royalty impact because gas volumes are allocated on a volume basis (mcf) and energy is allocated on an energy basis (mmbtu).

The Wells' gas samples will be obtained at each meter's testing/calibration, and the composition and heating value will be determined by a third-party laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations. All primary and secondary Electronic Flow Measurement (EFM) equipment will be tested and calibrated by a reputable third-party measurement company in accordance with API, NMOCD, and BLM specifications.

#### **Process and Flow Descriptions**

The flow of production is shown in detail on the enclosed facility diagram (Attachment "C"), which also identifies the facilities' layout and interrelationship. The enclosed maps (Attachment "A") show the proposed communitization agreement boundaries, well locations, and facility locations.

The commingling of production from the subject wells is the most effective economical means of producing their reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses, as well as reduce the surface facility footprint and overall emissions.

Matador Production Company understands that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail.

Meter numbers not listed on the enclosed facility diagram (Attachment "D") will be submitted upon installation. These numbers may be submitted on an updated facility diagram.

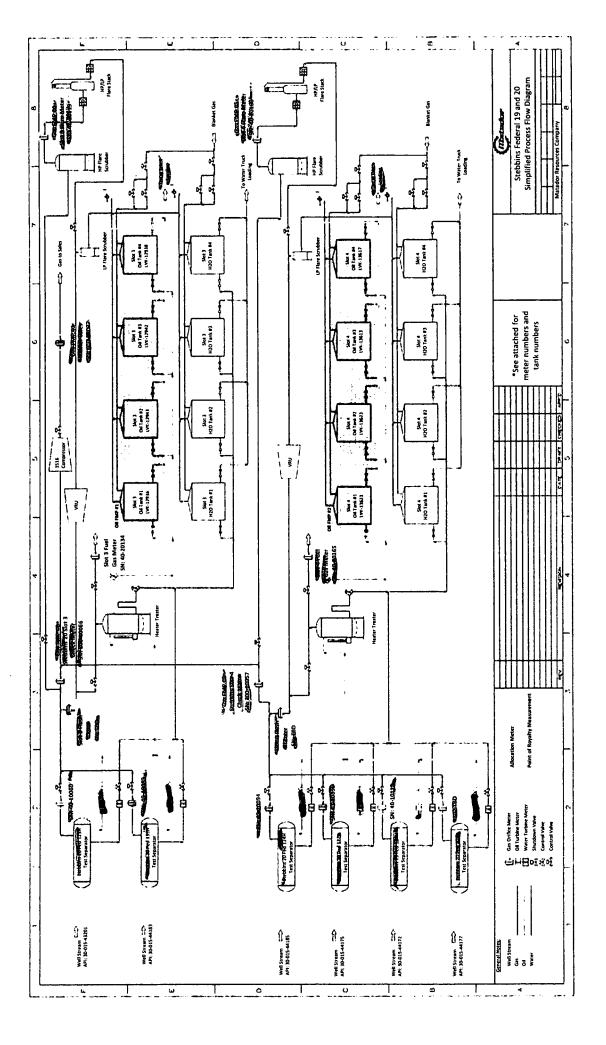
Thank you for your time and consideration in reviewing this application. Please let me know if you have any additional questions or concerns.

Very truly yours,

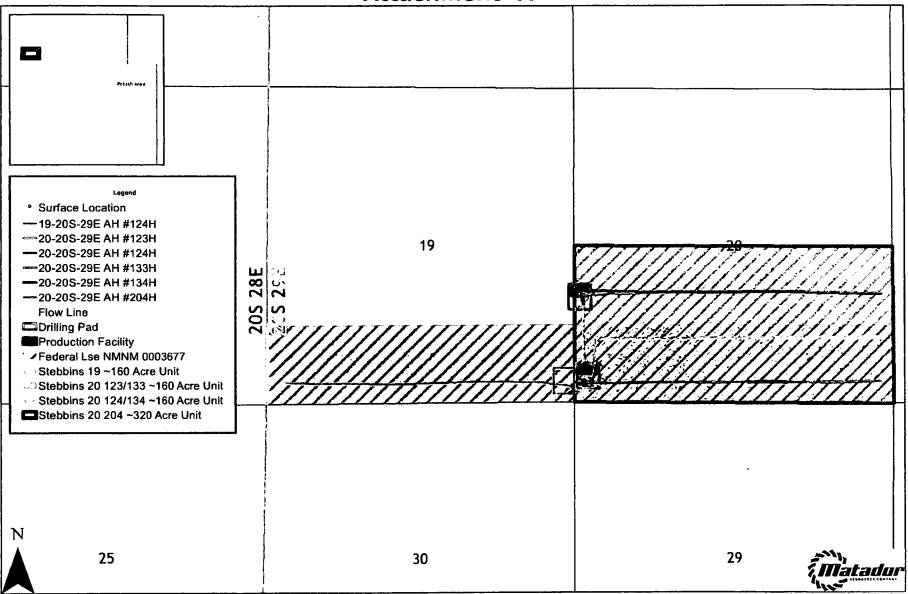
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Benjamin D. Peterson, P.E. Sr. Production Engineer

BDP/bkf Enclosures



## Attachment "A"



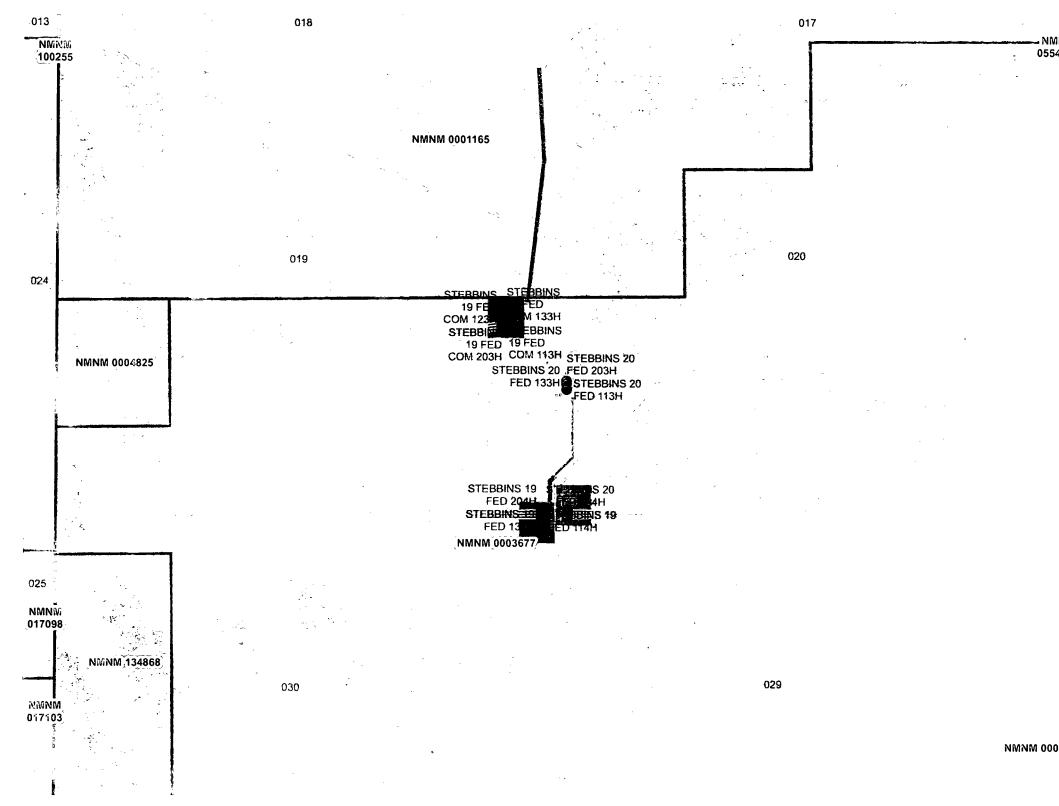
Southeast New Mexico

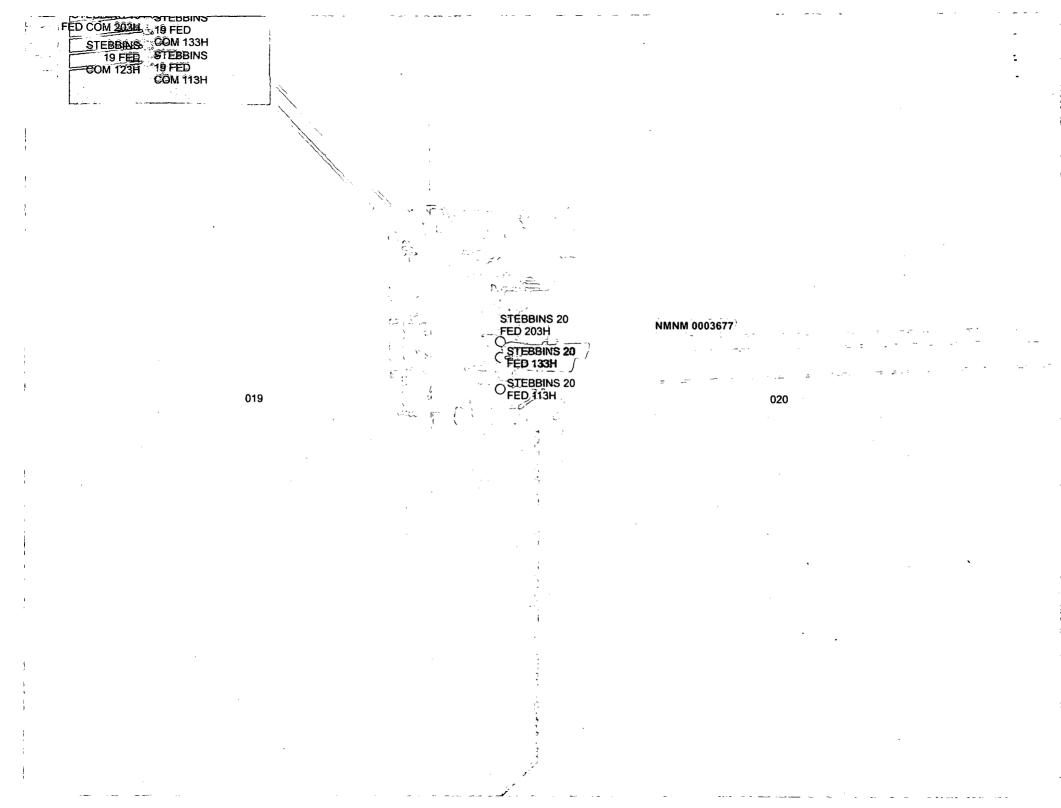
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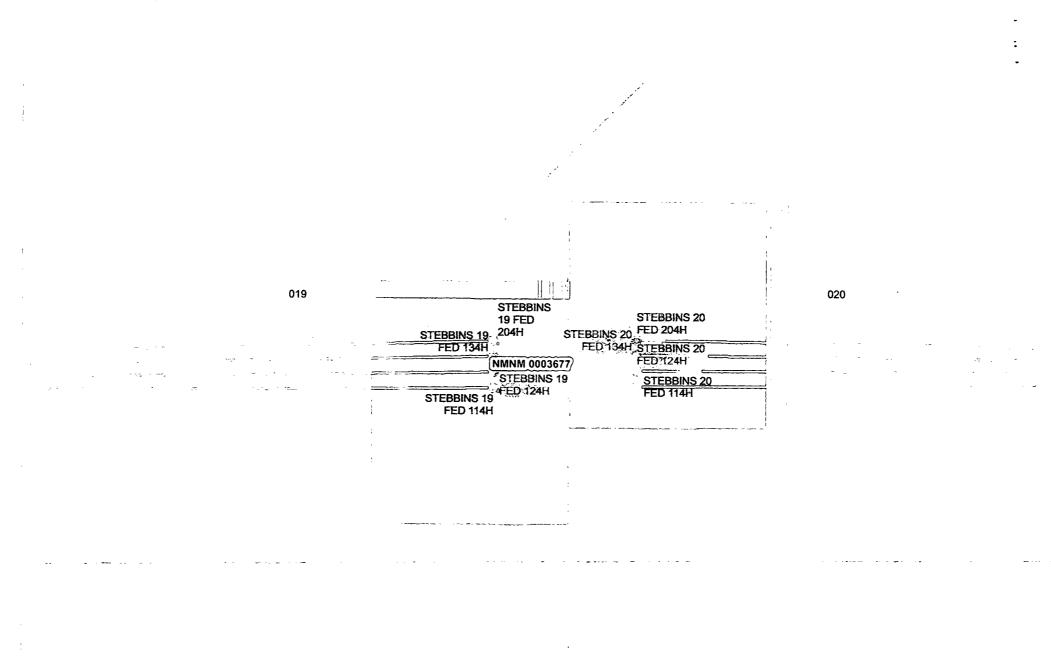
Date: May 14, 2018 Filename: ComminglingLandPlat\_Stebbins Projection: NAD27 State Plane New Mexico East FIPS 3001 Sources: HIS; ESRI;

750 1,500

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# Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Voice 972.371.5427 • Fax 972.371.5201 <u>bpeterson@matadorresources.com</u>

Benjamin D. Peterson Senior Production Engineer

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May 21, 2018

Bureau of Land Management – Carlsbad Field Office Mr. Duncan Whitlock 620 E. Greene Street Carlsbad, NM 88220-6292

> Re: Application of Matador Production Company for Authority to Commingle Oil and Gas at the Surface from the Stebbins 20 204H with the Stebbins 19 124H and the Stebbins 20 123H, 124H, 133H, and 134H; Burton Flat Wolfcamp; East (Gas) Pool; Russell; Bone Spring Pool; and WC-015 G-04 S202920D; Bone Spring Pool; Eddy County, New Mexico

Dear Mr. Whitlock,

This cover letter serves to provide you with an overview of Matador Production Company's ("Matador") subject application, which includes a request to surface commingle oil and gas. With this cover letter, please find the following supporting documents enclosed:

- 1. A memorandum of economic justification in support of Matador's request for authority to surface commingle;
- 2. Attachment A Aerial Map with unit boundaries, well locations, flowline locations, and facility locations;
- 3. Attachment B Copy of the serial register page for NMNM 003677;
- 4. Attachment C Site facility diagram with process flow description for the abovecaptioned wells.

There are two production facilities associated with this application, and they are located in the NWSW and SWSW of Section 20-20S-29E on Federal Lease NMNM-003677. It is the only federal lease applicable to this application. Therefore, Matador does not seek authority to store, measure, and sell the Subject Wells' oil and gas at an off-lease measurement facility because their production facility is situated "on-lease".

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

Very truly yours,

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

BDP/bkf Enclosures

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### BUREAU OF LAND MANAGEMENT CASE RECORDATION (LIVE) SERIAL REGISTER PAGE

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Run Date/Time: 07/09/18 11:12 A				Page 1 o
01 02-25-1920;041STAT0437 Case Type 311111: O&C Commodity 459: OIL &	S LSE NONCOMP PUB L		Total Acres 2,150.970	Serial Number
Case Disposition: AUTHO	RIZED Case File Ju	is:		
		Serial 1	Number: NMNM-	- 0 003677
Name & Address			Int	Rel %Interest
COG OPERATING LLC	600 W ILLINOIS AVE	MIDLAND TX 7970148	82 LESSE	E 47.500000
CONCHO OIL & GAS LLC	600 W ILLINOIS AVE, ONE CO CENTER	NCHO MIDLAND TX 7970148	82 LESSE	
EOG RESOURCES ASSETS LLC	5509 CHAMPIONS DR	MIDLAND TX 7970628	43 OPERA	ATING RIGHTS 0.0000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 8	7103 OPER/	ATING RIGHTS 0.0000000
MEWBOURNE CURTIS W	PO BOX 7698	TYLER TX 757117698	OPERA	ATING RIGHTS 0.0000000
MRC DELAWARE RESOURCES LLC	5400 LYNDON B JOHNSON FW			ATING RIGHTS 0.0000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 8821108		ATING RIGHTS 0.0000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 8821108		
SHARBRO OIL LTD CO	PO BOX 840	ARTESIA NM 88210		ATING RIGHTS 0.0000000
YATES ENERGY CORP	PO BOX 2323	ROSWELL NM 882022		ATING RIGHTS 0.0000000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 8821110		E 12.5000000
Mer Twp Rng Sec SType Nr	Suff Subdivision	District/Resource		
23 0200S 0290E 019 ALIQ	SE,E2SW;	CARLSBAD FIELD O		BUREAU OF LAND MO
23 0200S 0290E 019 LOTS	4;	CARLSBAD FIELD O		BUREAU OF LAND MG
23 0200S 0290E 020 ALIQ	S2,NE,SENW;	CARLSBAD FIELD O		BUREAU OF LAND MG
23 0200S 0290E 021 ALIQ	W2,W2E2;	CARLSBAD FIELD O		BUREAU OF LAND MO
23 0200S 0290E 029 ALIQ	N2,SE	CARLSBAD FIELD O		BUREAU OF LAND MG
23 0200S 0290E 030 ALIQ	E2W2,NE;	CARLSBAD FIELD O		BUREAU OF LAND MO
23 0200S 0290E 030 LOTS	3,4;	CARLSBAD FIELD O	FFICE EDDY	BUREAU OF LAND MO
			Serial Nu	umber: NMNM 0003677
Relinquished/Withdrawn	Lands			
23 0200S 0290E 730 FF	L 1,2 ASGN;	CARLSBAD FIELD O	FFICE EDDY	BUREAU OF LAND MG
		Serial	Number:	<u> 0 003677</u>
Act Date Code Act	ion	Action Remarks		Pending Office
10/02/1950 124 APLN F	RECD			· · · · · · · · · · · · · · · · · · ·
	ISSUED			
11/01/1950 496 FUND C	CODE	05;145003		
	ATE - 12 1/28			
	TIVE DATE			
	DED	THRU 10/31/60;		
		THRU 09/30/62;		
10/03/1900 CNCR (				
	SEGREGATED BY ASGN	INTO NMNM03677-A;		
11/16/1962 235 EXTEND		THRU 09/30/64;		
12/11/1964 235 EXTEND		THRU 09/30/66;		
	DUTC NAME	CONTON DI D		

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

SCANLON FLD;

RUSSELL FLD;

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GEOGRAPHIC NAME

GEOGRAPHIC NAME

KMA EXPANDED

KMA EXPANDED

KMA EXPANDED

KMA CLASSIFIED

HELD BY PROD - ACTUAL

NOTICE SENT-PROD STATUS

MEMO OF 1ST PROD-ACTUAL

500

510

650

658

102

500

512

512

512

09/15/1966

09/15/1966

09/15/1966

09/15/1966

11/09/1966

01/24/1975

01/24/1975

11/19/1975

01/24/1977

### Bureau of Land Management Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

#### Stebbins 20 Federal wells (see list below)

## Matador Production Company July 9, 2018 Condition of Approval Pool Lease Commingling of Bone Springs and Wolfcamp production

- 1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
- 2. This agency shall be notified of any spill or discharge as required by NTL-3A.
- 3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
- 4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
- 5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
- 6. Gas measurement for allocation must be measured as per Onshore Order #5 or 43 CFR 3175 and API requirements for sales meters, or as approved in this approval to commingle production.
- 7. Oil measurement for allocation must be measured as per Onshore Order #4 or 43 CFR 3174 and API requirements for oil measurement, or as approved in this approval to commingle production.
- 8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33" for royalty-bearing flared gas and disposition code 63 for royalty-bearing vented gas.

DC 33 = Flared gas - royalty due

DC 63 = Vented gas - royalty due

- 9. This agency shall be notified of any change in sales method or location of sales point.
- 10. Additional wells and/or leases/CAs require additional commingling approvals.
- 11. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
- 12. This approval does not authorize any by passes around any allocation meter or metering separator, this is to include the use of headers to divert production other production equipment other than the approve measurement points.
- 13. Submit meter numbers upon installation of meters and provide updated facility diagram with meters numbers. If oil is sold by LACT, submit LACT meter number.

ı	Stebbins 20 Federal 123H	3001543201, Bone Springs	Lease NMNM03677
	Stebbins 20 Federal 204H	3001544177, Wolfcamp	Lease NMNM03677
	Stebbins 20 Federal 134H	3001544175, Bone Springs	Lease NMNM03677
	Stebbins 20 Federal 133H	3001544183, Bone Springs	Lease NMNM03677
	Stebbins 20 Federal 124H	3001544185, Bone Springs	Lease NMNM03677
	Stebbins 19 Federal 124H	3001544172, Bone Springs	Lease NMNM03677

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Lease NMNM03677 Royalty Rate 12.5%

