

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Date

Phone Number

Signature

e-mail Address



Kaitlyn A. Luck
Phone (505) 954-7286
Fax (505) 819-5579
kaluck@hollandhart.com

July 26, 2021

VIA ONLINE FILING

Adrienne Sandoval
Director, Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Matador Production Company to amend Administrative Order CTB-973 to add certain wells and to authorize lease commingling of those wells at the Uncle Ches Tank Battery located in the S/2 SE/4 (Units O & P) of Section 21, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Ms. Sandoval:

Matador Production Company (OGRID No. 228937) seeks to amend Administrative Order CTB-973 ("Order CTB-973"), attached as **Exhibit 1**. Order CTB-973 authorizes lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the **Uncle Ches Tank Battery** of production from the Featherstone; Bone Spring Pool (Pool code 24250) from *all existing and future infill wells drilled in the following spacing units*:

(a) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the W/2 E/2 of Sections 16 and 21. The spacing unit is currently dedicated to the **Uncle Ches 2116 Fed Com #127H well** (API No. 30-025-47340);

(b) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the E/2 E/2 of Sections 16 and 21. The spacing unit is currently dedicated to the **Uncle Ches 2116 Fed Com #128H well** (API No. 30-025-44520), formerly known as the Uncle Ches 2116 Fed Com #124H well for which Matador has filed a sundry regarding this name change; and

(c) Pursuant to 19.15.12.10.C(4)(g), any *spacing units connected to this central tank battery*, with notice provided only to the interest owners in the additional spacing units.

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming



July 20, 2021
Page 2

Pursuant to 19.15.12.7 NMAC, Matador seeks to amend the terms of Order CTB-973 to add to the terms of the order the production from the Featherstone; Bone Spring Pool (Pool code 24250) pool in all existing and future infill wells drilled in the following spacing units:

(a) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the E/2 W/2 of Sections 16 and 21. The spacing unit is currently dedicated to the **Uncle Ches 2116 Fed Com #122H well** (API No. 30-025-46432); and

(b) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the W/2 W/2 of Sections 16 and 21. The spacing unit is currently dedicated to the **Uncle Ches 2116 Fed Com #125H well** (API No. 30-025-pending).

Oil and gas production from these spacing units will be commingled and sold at the **Uncle Ches Tank Battery** located in the S/2 SE/4 (Units O & P) of Section 21. Prior to commingling, gas production from each spacing unit will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each spacing unit will also be separately metered using turbine meters.

Exhibit 2 is a land plat showing Matador's current development plan, flow lines, and central tank battery ("production facility") in the subject area. The plat identifies the wellbores, the existing spacing units, and the common surface facilities located in the S/2 SE/4 (Units O & P) of Section 21.

Exhibit 3 is a C-102 for each of the wells currently permitted or drilled within the existing spacing units, together with the available production reports.

Exhibit 4 is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Ryan Hernandez, Production Engineer with Matador, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (attachment A to the statement) and a referenced gas sample (attachment B to the statement).

Ownership is diverse between the above-described spacing units. **Exhibit 5** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has also been provided to the New Mexico State Land Office and the Bureau of Land Management because federal and state lands are involved.



July 20, 2021
Page 3

Thank you for your attention to this matter and please feel free to call if you have any questions or require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn A. Luck", written over a horizontal line.

Kaitlyn A. Luck
**ATTORNEY FOR MATADOR PRODUCTION
COMPANY**

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

APPLICATION FOR SURFACE COMMINGLING

SUBMITTED BY MATADOR PRODUCTION COMPANY

ORDER NO. CTB-973

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Matador Production Company (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well which produces from a pool and spacing unit dedicated to a well identified in Exhibit A.
8. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

EXHIBIT 1

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
12. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
13. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
14. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well producing from the same pool and spacing unit dedicated to a well identified in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.
3. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

4. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B.
5. The allocation of oil and gas production to an infill well shall be determined in the same manner as oil and gas production to the well dedicated to the pool and spacing unit.
6. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
7. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
8. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
9. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
11. Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau identifying an infill well prior to commingling and off-lease measuring, as applicable, oil and gas production from an infill well with the production from another well.
12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
13. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 12/07/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-973

Operator: Matador Production Company (228937)

Central Tank Battery: Uncle Ches Tank Battery

Central Tank Battery Location (NMPM): S/2 SE/4 Section 21, Township 20 South, Range 35 East

Gas Custody Transfer Meter Location (NMPM): S/2 SE/4 Section 21, Township 20 South, Range 35 East

Pools

Pool Name	Pool Code
FEATHERSTONE; BONE SPRING	24250

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
EO 19211	W/2 E/2	Sec 16-T20S-R35E
NMNM 132078	W/2 NE/4	Sec 21-T20S-R35E
NMNM 137465	NW/4 SE/4	Sec 21-T20S-R35E
NMNM 132079	SW/4 SE/4	Sec 21-T20S-R35E
EO 19211	E/2 NE/4	Sec 16-T20S-R35E
VB 27020	E/2 SE/4	Sec 16-T20S-R35E
NMNM 132078	E/2 NE/4	Sec 21-T20S-R35E
NMNM 137465	NE/4 SE/4	Sec 21-T20S-R35E
NMNM 132079	SE/4 SE/4	Sec 21-T20S-R35E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-47340	Uncle Ches 2116 Fed Com #127H	P-21-20S-35E	24250	
30-025-44520	Uncle Ches 2116 Fed Com #128H	P-21-20S-35E	24250	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-973**

Operator: **Matador Production Company (228937)**

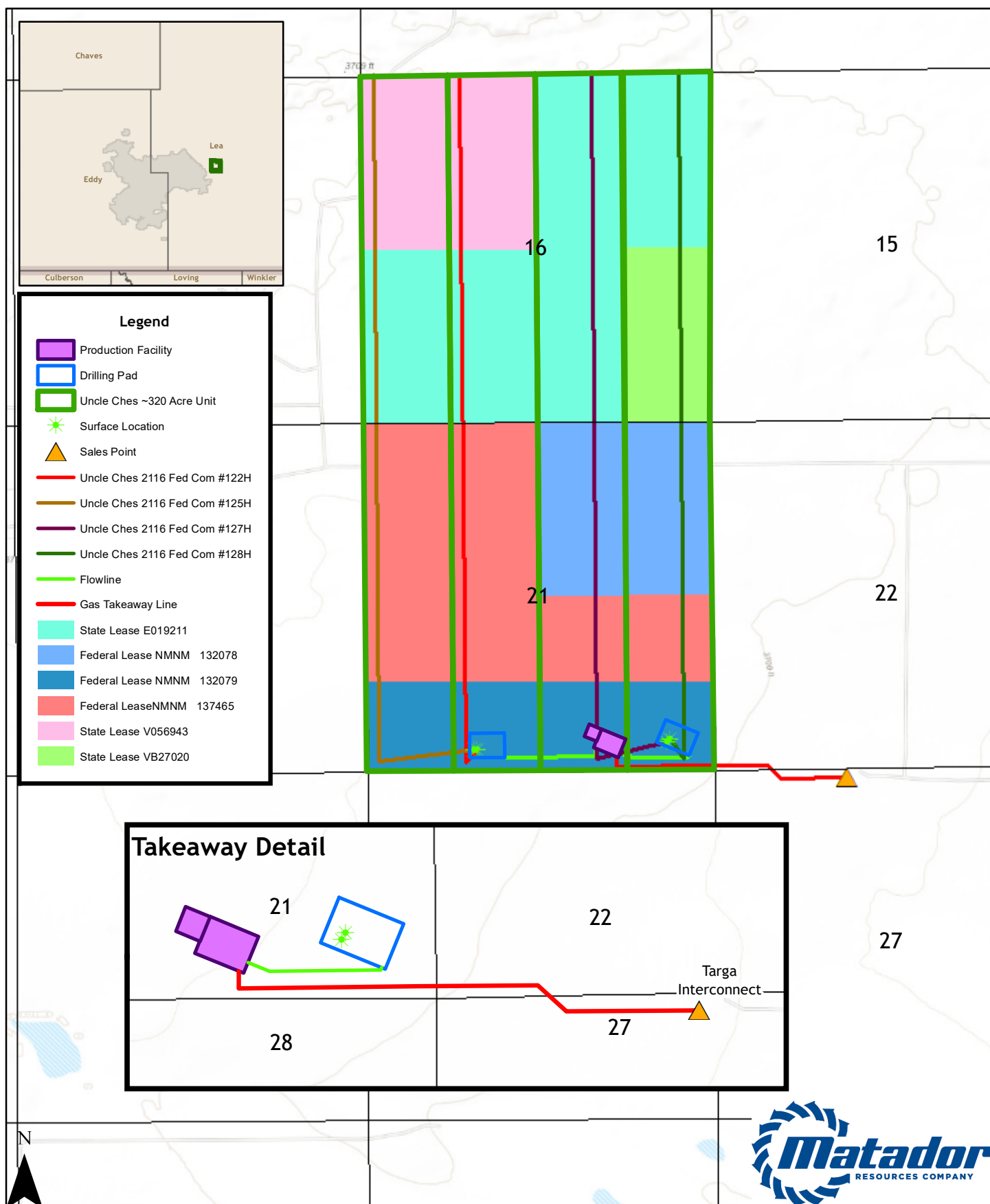
Pooled Areas

Pooled Area	Location (NMPPM)		Acres	Pooled Area ID
CA BS BLM	W/2 E/2 Sec 16 & 21	T20S-R35E	320	A
CA BS BLM	E/2 E/2 Sec 16 & 21	T20S-R35E	320	B

Leases Comprising Pooled Areas

Lease	Location (NMPPM)		Acres	Pooled Area ID
EO 19211	W/2 E/2	Sec 16-T20S-R35E	160	A
NMNM 132078	W/2 NE/4	Sec 21-T20S-R35E	80	A
NMNM 137465	NW/4 SE/4	Sec 21-T20S-R35E	40	A
NMNM 132079	SW/4 SE/4	Sec 21-T20S-R35E	40	A
EO 19211	E/2 NE/4	Sec 16-T20S-R35E	80	B
VB 27020	E/2 SE/4	Sec 16-T20S-R35E	80	B
NMNM 132078	E/2 NE/4	Sec 21-T20S-R35E	80	B
NMNM 137465	NE/4 SE/4	Sec 21-T20S-R35E	40	B
NMNM 132079	SE/4 SE/4	Sec 21-T20S-R35E	40	B

Uncle Ches Land Plat



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-46432	² Pool Code 24250	³ Pool Name FEATHERSTONE;BONE SPRING
⁴ Property Code 326210	⁵ Property Name UNCLE CHES 2116 FED COM	⁶ Well Number 122H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3717'

¹⁰Surface Location

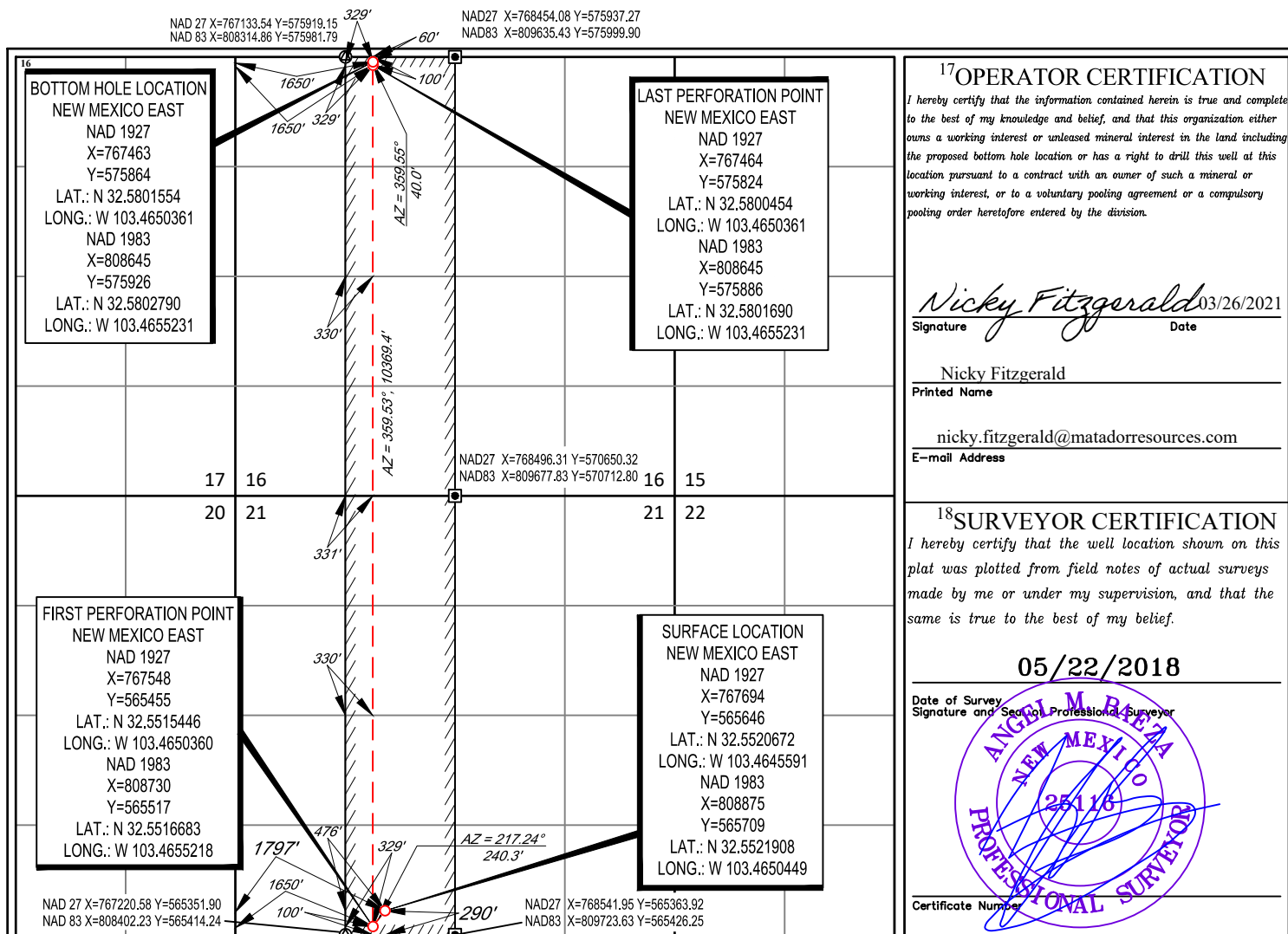
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	21	20-S	35-E	-	290'	SOUTH	1797'	WEST	LEA

¹¹Bottom 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
C	16	20-S	35-E	-	60'	NORTH	1650'	WEST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
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1000 Rio Brazos Road, Aztec, NM 87410
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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 24250	³ Pool Name FEATHERSTONE; BONE SPRING
⁴ Property Code	⁵ Property Name UNCLE CHES 2116 FED COM	⁶ Well Number 125H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3717'

¹⁰Surface Location

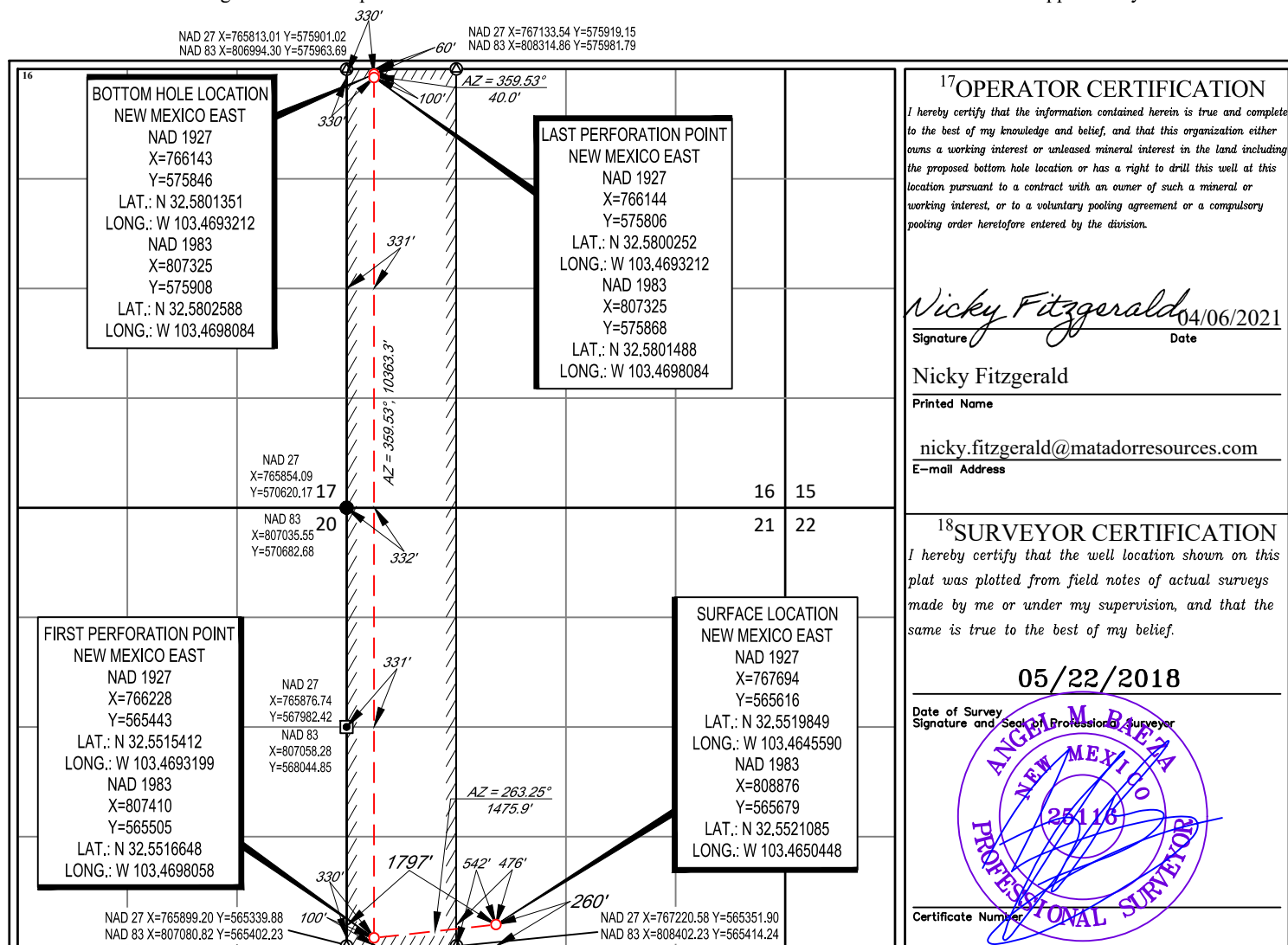
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	21	20-S	35-E	-	260'	SOUTH	1797'	WEST	LEA

¹¹Bottom 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
D	16	20-S	35-E	-	60'	NORTH	330'	WEST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Energy, Minerals & Natural Resources
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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47340	² Pool Code 24250	³ Pool Name Featherstone; Bone Spring
⁴ Property Code	⁵ Property Name UNCLE CHES 2116 FED COM	⁶ Well Number 127H
⁷ GRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3705'

¹⁰Surface Location

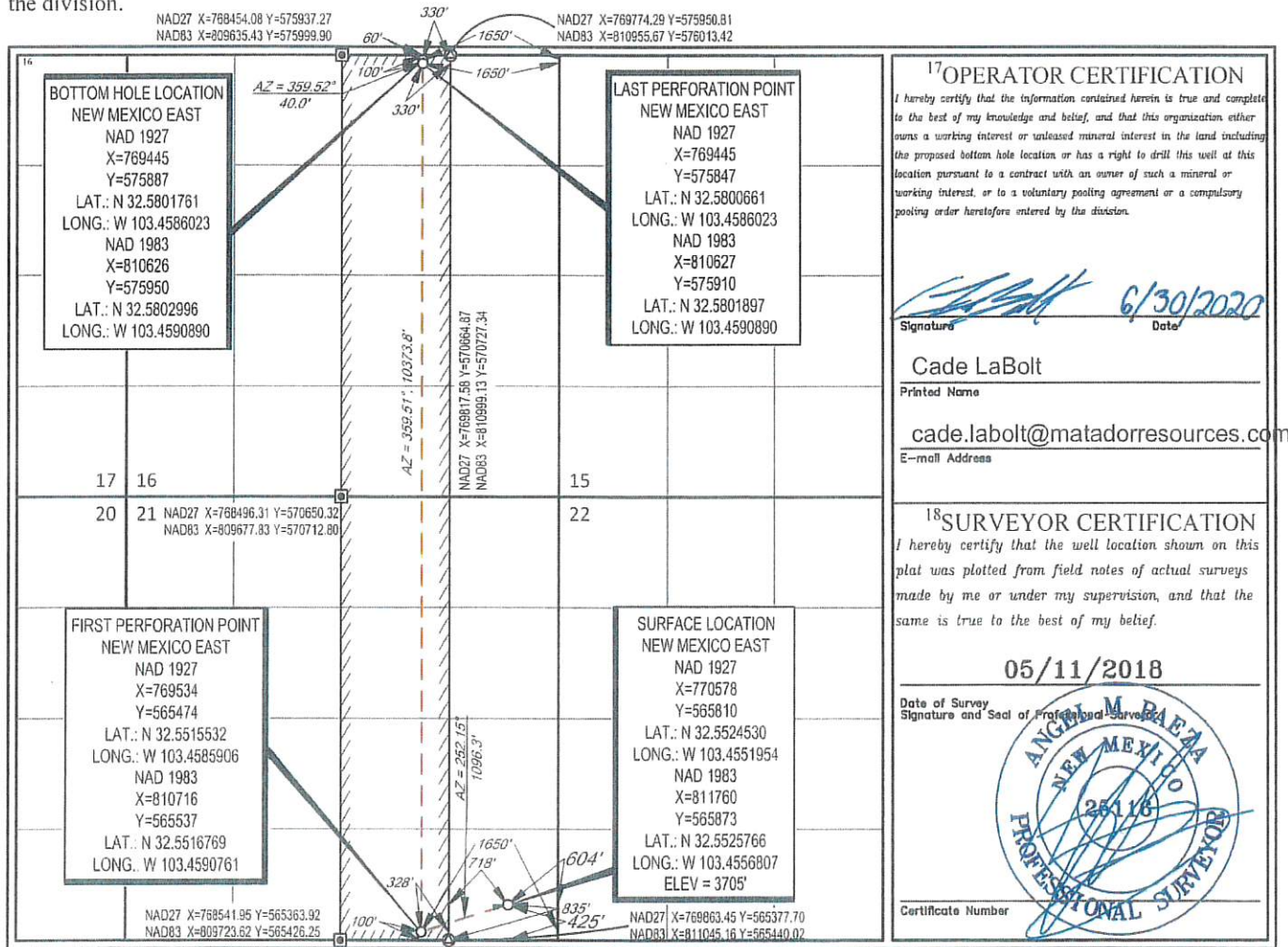
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	21	20-S	35-E	-	425'	SOUTH	604'	EAST	LEA

¹¹Bottom 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
B	16	20-S	35-E	-	60'	NORTH	1650'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Production Summary Report											
API: 30-025-47340											
UNCLE CHES 21 16 FEDERAL COM #127H											
Printed On: Thursday, July 15 2021											
		Production					Injection				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
2021	[24250] FEATHERSTONE;BONE SPRING	Feb	0	0	0	0	0	0	0	0	0
2021	[24250] FEATHERSTONE;BONE SPRING	Mar	11727	7770	24051	13	0	0	0	0	0
2021	[24250] FEATHERSTONE;BONE SPRING	Apr	25745	17176	37510	30	0	0	0	0	0

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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-44520	² Pool Code 24250	³ Pool Name Featherstone; Bone Spring
⁴ Property Code	⁵ Property Name UNCLE CHES 2116 FED COM	⁶ Well Number 128H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3705'

¹⁰Surface Location

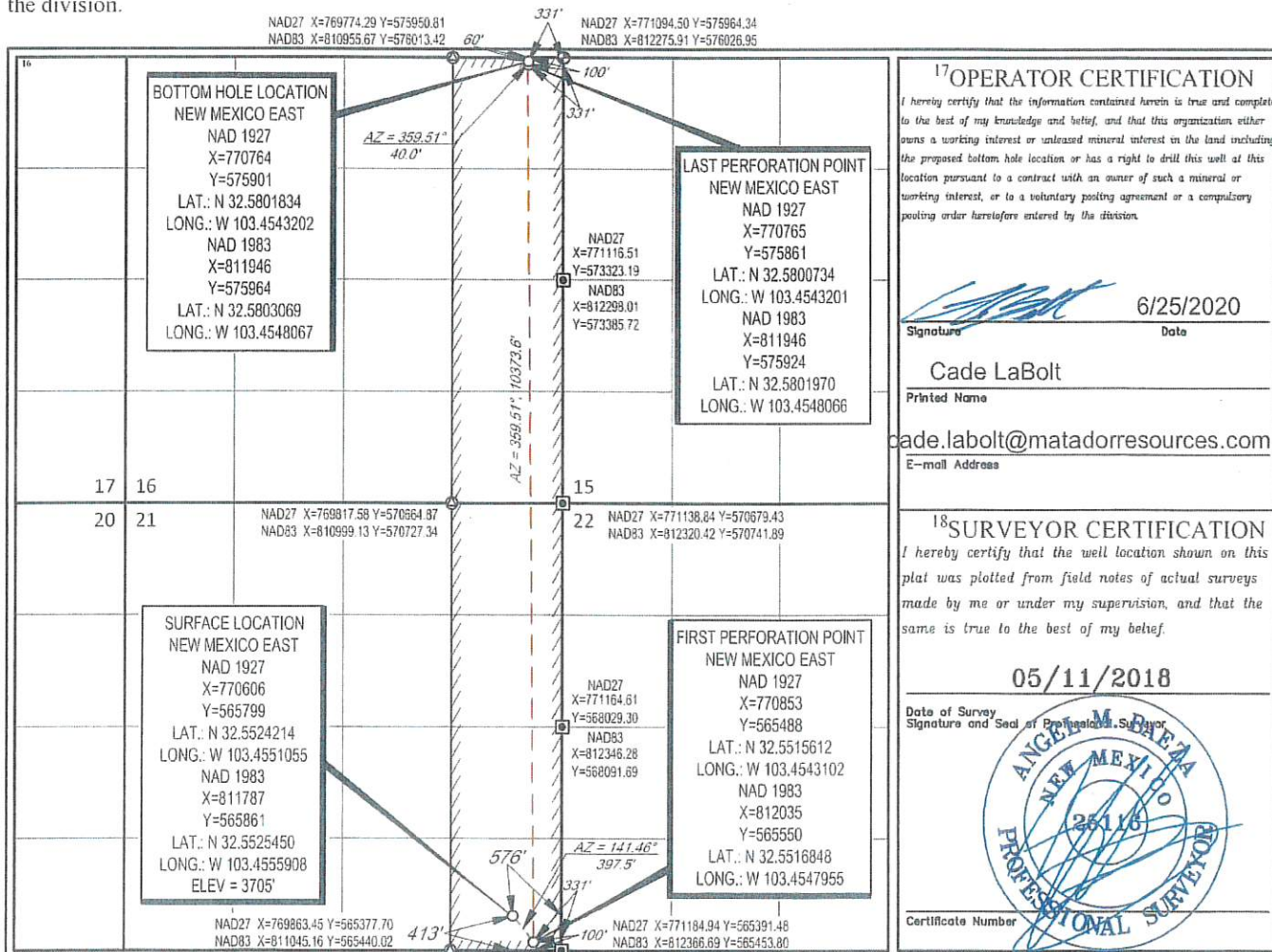
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	21	20-S	35-E	-	413'	SOUTH	576'	EAST	LEA

¹¹Bottom 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
A	16	20-S	35-E	-	60'	NORTH	331'	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Production Summary Report											
API: 30-025-44520											
UNCLE CHES 21 16 FEDERAL COM #128H											
Printed On: Thursday, July 15 2021											
		Production					Injection				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
2021	[24250] FEATHERSTONE;BONE SPRING	Feb	0	0	0	0	0	0	0	0	0
2021	[24250] FEATHERSTONE;BONE SPRING	Mar	7807	5187	27257	13	0	0	0	0	0
2021	[24250] FEATHERSTONE;BONE SPRING	Apr	24116	17003	42395	30	0	0	0	0	0

District I
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87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application
to the Santa Fe office with one
copy to the appropriate District
Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Matador Production Company

OPERATOR ADDRESS: 5400 LBJ Freeway Tower 1 Suite 1500 Dallas, TX 75240

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. **CTB-973**
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code- FEATHERSTONE; BONE SPRING (24250)
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE:  TITLE: Production Engineer DATE: 07/8/2021

TYPE OR PRINT NAME: Ryan Hernandez TELEPHONE NO.: (972) 619-1276

E-MAIL ADDRESS: rhernandez@matadorresources.com

EXHIBIT 4

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5427 • Fax 972.371.5201
rhernandez@matadorresources.com

Ryan Hernandez
Production Engineer

July 8, 2021

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Application of Matador Production Company to Amend Administrative Order CTB-973 to Surface Commingle (Lease) Production from the Spacing Units Comprising Sections 21 and 16, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico (the “Lands”).

To Whom It May Concern,

Matador Production Company (“Matador”), OGRID: 228937, requests approval to amend the captioned Order, which authorizes commingling of production from two wells and their related spacing units, to also include an additional two wells (for a cumulative of four wells). All wells will be metered through individual test separators with an oil turbine meter and gas orifice meter. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the Versado Gas Processing, LLC gathering line. Each well on the Lands will have its own test separator with an orifice meter manufactured and assembled in accordance with American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

The orifice meter is the preferred measurement device utilized by midstream and E&P companies in natural gas measurement. The gas samples are obtained at the time of the meter testing/calibration and the composition and heating value are determined by a laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations. See example from Fesco Laboratory attached as **Exhibit B** hereto.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. This PFD shows that the water, oil, and gas exit the wellbore and flow into a wellhead three-phase separator which separates the oil, gas, and water. The oil is measured via turbine meter which is calibrated periodically in accordance with industry specifications by a third-party measurement company for accuracy. The gas is measured on a volume and MMBTU basis by an orifice meter and supporting EFM equipment in accordance with American Petroleum

Association (API) Chapter 21.1. The gas is then sent into a gathering line where it is commingled with each of the other wells' metered gas, as shown on **Exhibit A**. The gathering line gas is then metered by another orifice meter at the tank battery check to show the total volume of gas leaving the Tank Battery. This meter is tested and calibrated in accordance with industry specifications and volume and energy are determined on an hourly, daily, and monthly basis. Once the gas exits this final tank battery sales check it travels directly into a third-party sales connect meter. Versado Gas Processing, LLC has its own orifice meter that measures the gas for custody transfer. These meters are also calibrated periodically to ensure the measurement accuracy.

In conclusion, all the oil and gas produced on the Lands is and will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

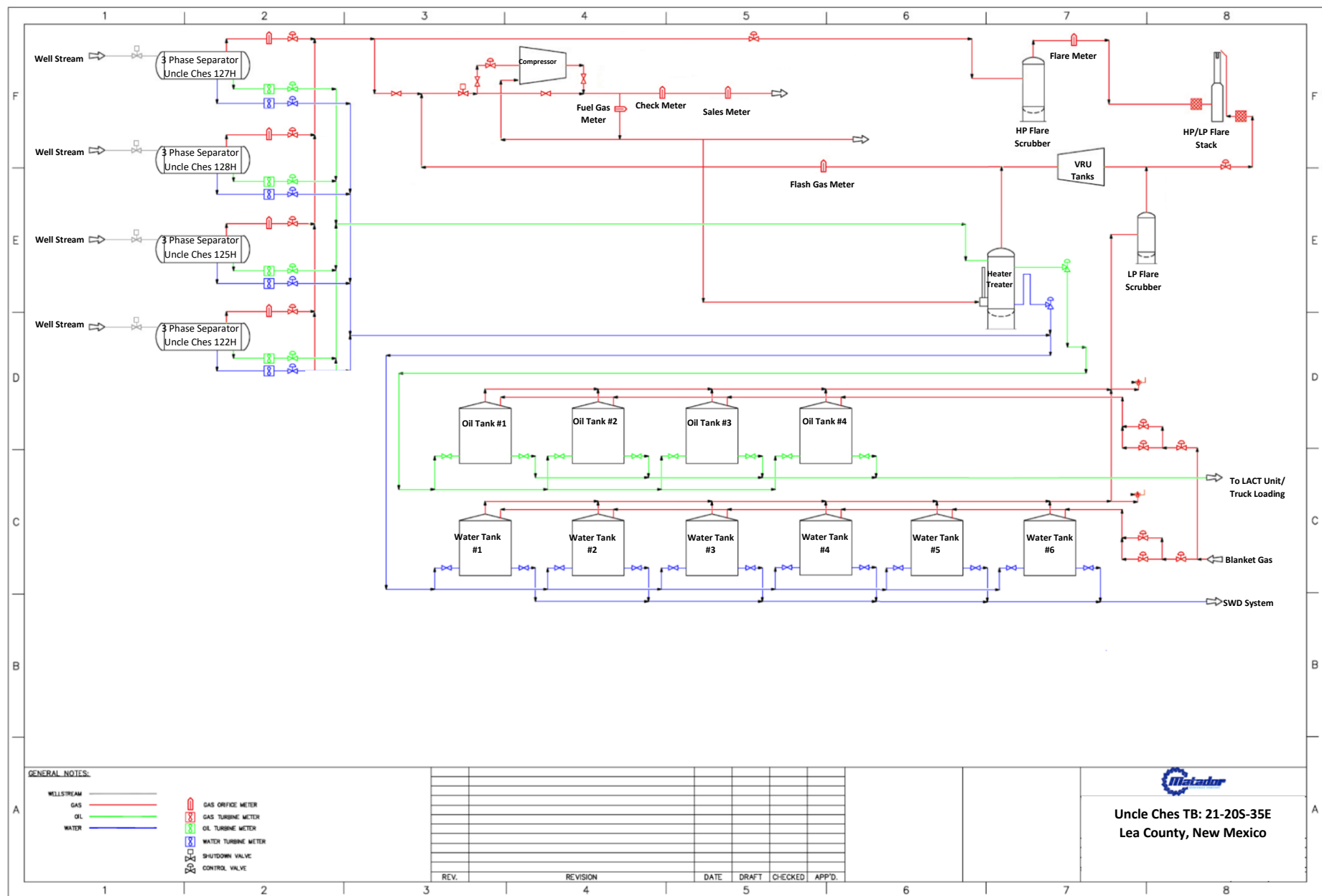
Very truly yours,

MATADOR PRODUCTION COMPANY

A handwritten signature in black ink, appearing to read 'Ryan Hernandez', with a long horizontal line extending to the right.

Ryan Hernandez
Production Engineer

RH/bkf
Enclosures



FESCO, Ltd.
1100 Fesco Ave. - Alice, Texas 78332

For: Matador Production Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

Sample: Uncle Ches 21 16 Federal COM No. 127H
First Stage Separator
Spot Gas Sample @ 102 psig & 105 °F

Date Sampled: 03/25/2021

Job Number: 211488.001

CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286

COMPONENT	MOL%	GPM
Hydrogen Sulfide*	< 0.001	
Nitrogen	2.555	
Carbon Dioxide	0.572	
Methane	66.581	
Ethane	15.468	4.240
Propane	8.761	2.474
Isobutane	1.020	0.342
n-Butane	2.548	0.823
2-2 Dimethylpropane	0.004	0.002
Isopentane	0.605	0.227
n-Pentane	0.570	0.212
Hexanes	0.476	0.201
Heptanes Plus	<u>0.840</u>	<u>0.320</u>
Totals	100.000	8.839

Computed Real Characteristics Of Heptanes Plus:

Specific Gravity ----- 3.186 (Air=1)
Molecular Weight ----- 91.83
Gross Heating Value ----- 4740 BTU/CF

Computed Real Characteristics Of Total Sample:

Specific Gravity ----- 0.842 (Air=1)
Compressibility (Z) ----- 0.9950
Molecular Weight ----- 24.27
Gross Heating Value
Dry Basis ----- 1430 BTU/CF
Saturated Basis ----- 1406 BTU/CF

*Hydrogen Sulfide tested on location by Stain Tube Method (GPA 2377)
Results: 0.094 Gr/100 CF, 1.5 PPMV or 0.0001 Mol%

Base Conditions: 15.025 PSI & 60 Deg F

Sampled By: (24) Dennis Field
Analyst: RG
Processor: RG
Cylinder ID: T-2675

Certified: FESCO, Ltd. - Alice, Texas

David Dannhaus 361-661-7015

CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286
TOTAL REPORT

COMPONENT	MOL %	GPM	WT %
Hydrogen Sulfide*	< 0.001		< 0.001
Nitrogen	2.555		2.949
Carbon Dioxide	0.572		1.037
Methane	66.581		44.011
Ethane	15.468	4.240	19.165
Propane	8.761	2.474	15.918
Isobutane	1.020	0.342	2.443
n-Butane	2.548	0.823	6.102
2,2 Dimethylpropane	0.004	0.002	0.012
Isopentane	0.605	0.227	1.799
n-Pentane	0.570	0.212	1.695
2,2 Dimethylbutane	0.004	0.002	0.014
Cyclopentane	0.000	0.000	0.000
2,3 Dimethylbutane	0.075	0.031	0.266
2 Methylpentane	0.151	0.064	0.536
3 Methylpentane	0.091	0.038	0.323
n-Hexane	0.155	0.065	0.550
Methylcyclopentane	0.113	0.040	0.392
Benzene	0.150	0.043	0.483
Cyclohexane	0.163	0.057	0.565
2-Methylhexane	0.019	0.009	0.078
3-Methylhexane	0.026	0.012	0.107
2,2,4 Trimethylpentane	0.000	0.000	0.000
Other C7's	0.065	0.029	0.266
n-Heptane	0.036	0.017	0.149
Methylcyclohexane	0.084	0.035	0.340
Toluene	0.079	0.027	0.300
Other C8's	0.048	0.023	0.218
n-Octane	0.011	0.006	0.052
Ethylbenzene	0.010	0.004	0.044
M & P Xylenes	0.007	0.003	0.031
O-Xylene	0.002	0.001	0.009
Other C9's	0.017	0.009	0.088
n-Nonane	0.002	0.001	0.011
Other C10's	0.006	0.004	0.035
n-Decane	0.001	0.001	0.006
Undecanes (11)	<u>0.001</u>	<u>0.001</u>	<u>0.006</u>
Totals	100.000	8.839	100.000

Computed Real Characteristics of Total Sample

Specific Gravity -----	0.842	(Air=1)
Compressibility (Z) -----	0.9950	
Molecular Weight -----	24.27	
Gross Heating Value		
Dry Basis -----	1430	BTU/CF
Saturated Basis -----	1406	BTU/CF

FESCO, Ltd.**1100 Fesco Ave. - Alice, Texas 78332****Sample:** Uncle Ches 21 16 Federal COM No. 127H

First Stage Separator

Spot Gas Sample @ 102 psig & 105 °F

Date Sampled: 03/25/2021

Job Number: 211488.001

GLYCALC FORMAT

COMPONENT	MOL%	GPM	Wt %
Carbon Dioxide	0.572		1.037
Hydrogen Sulfide	< 0.001		< 0.001
Nitrogen	2.555		2.949
Methane	66.581		44.011
Ethane	15.468	4.240	19.165
Propane	8.761	2.474	15.918
Isobutane	1.020	0.342	2.443
n-Butane	2.552	0.825	6.114
Isopentane	0.605	0.227	1.799
n-Pentane	0.570	0.212	1.695
Cyclopentane	0.000	0.000	0.000
n-Hexane	0.155	0.065	0.550
Cyclohexane	0.163	0.057	0.565
Other C6's	0.321	0.136	1.139
Heptanes	0.259	0.107	0.992
Methylcyclohexane	0.084	0.035	0.340
2,2,4 Trimethylpentane	0.000	0.000	0.000
Benzene	0.150	0.043	0.483
Toluene	0.079	0.027	0.300
Ethylbenzene	0.010	0.004	0.044
Xylenes	0.009	0.004	0.040
Octanes Plus	<u>0.086</u>	<u>0.043</u>	<u>0.416</u>
Totals	100.000	8.839	100.000

Real Characteristics Of Octanes Plus:

Specific Gravity -----	4.070	(Air=1)
Molecular Weight -----	117.29	
Gross Heating Value -----	6158	BTU/CF

Real Characteristics Of Total Sample:

Specific Gravity -----	0.842	(Air=1)
Compressibility (Z) -----	0.9950	
Molecular Weight -----	24.27	
Gross Heating Value		
Dry Basis -----	1430	BTU/CF
Saturated Basis -----	1406	BTU/CF

Name	Street	City	State	Zip
Alpha Energy Partners LLC	PO Box 10701	Midland	TX	79702
Caza Petroleum, LLC	200 N. Loraine St. Suite 1550	Midland	TX	79701
ConocoPhillips Company	P.O. BOX 22295 Network Place	Chicago	IL	60673-1222
Devon Energy Production Co, LP	PO Box 842482	Dallas	TX	75284
New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504
Bureau of Land Management	PO Box 25627	Denver	CO	80225-0627
Bear Energy, Inc.	PO Box 8221	Roswell	NM	88202
Blaine Hess	PO Box 326	Roswell	NM	88202
Chevron U.S.A., Inc.	1400 Smith St	Houston	TX	77002
Sweeney Family	3109 Durango Way	Edmond	OK	73034
The Branesky Family Trust u/t/a 05/23/2008	4105 N.W. 144th St	Oklahoma City	OK	73134
The James Walte Duncan, IV, Revocable Trust u/t/a dated 4/22/94	100 Park Avenue Bldg. Suite 1200	Oklahoma City	OK	73102
The Murlin Family Revocable Trust	100 Park Avenue Bldg. Suite 1200	Oklahoma City	OK	73102
The Nicholas E. Humphrey Revocable Trust dated 7/1/05	100 Park Avenue Bldg. Suite 1200	Oklahoma City	OK	73102
The P.O. Williams Revocable Trust	100 Park Avenue Bldg. Suite 1200	Oklahoma City	OK	73102
Walter Duncan Oil, LLC	100 Park Avenue Bldg. Suite 1200	Oklahoma City	OK	73102

EXHIBIT 5



Kaitlyn A. Luck
Phone (505) 954-7286
Fax (505) 819-5579
kaluck@hollandhart.com

July 26, 2021

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Matador Production Company to amend Administrative Order CTB-973 to add certain wells and to authorize lease commingling of those wells at the Uncle Ches Tank Battery located in the S/2 SE/4 (Units O & P) of Section 21, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Brian Fancher
Matador Production Company
940-224-9176
bfancher@matadorresources.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", written over a horizontal line.

Kaitlyn A. Luck
ATTORNEY FOR
MATADOR PRODUCTION COMPANY

Parent ID	Mail Date	Name	DeliveryAddress	Address Line2	City	ST	Zip	MailClass	TrackingNo	CustomField1
31309	7/26/2021	Alpha Energy Partners LLC	PO Box 10701		Midland	TX	79702-7701	Certified with Return Receipt (Signature)	9414811898765807221812	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 1
31309	7/26/2021	Caza Petroleum, LLC	200 N Loraine St Ste 1550		Midland	TX	79701-4765	Certified with Return Receipt (Signature)	9414811898765807221850	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 2
31309	7/26/2021	ConocoPhillips Company	PO Box 22295 Network Place		Chicago	IL	60673-0001	Certified with Return Receipt (Signature)	9414811898765807221867	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 3
31309	7/26/2021	Devon Energy Production Co, LP	PO Box 842482		Dallas	TX	75284-2482	Certified with Return Receipt (Signature)	9414811898765807221805	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 4
31309	7/26/2021	New Mexico State Land Office	PO Box 1148		Santa Fe	N M	87504-1148	Certified with Return Receipt (Signature)	9414811898765807221898	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 5
31309	7/26/2021	Bureau of Land Management	PO Box 25627		Denver	CO	80225-0627	Certified with Return Receipt (Signature)	9414811898765807221843	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 6
31309	7/26/2021	Bear Energy, Inc.	PO Box 8221		Roswell	N M	88202-8221	Certified with Return Receipt (Signature)	9414811898765807221881	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 7
31309	7/26/2021	Blaine Hess	PO Box 326		Roswell	N M	88202-0326	Certified with Return Receipt (Signature)	9414811898765807221836	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 8

Parent ID	Mail Date	Name	DeliveryAddress	Address Line2	City	ST	Zip	MailClass	TrackingNo	CustomField1
31309	7/26/2021	Chevron U.S.A., Inc.	1400 Smith St		Houston	TX	77002-7327	Certified with Return Receipt (Signature)	9414811898765807221874	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 9
31309	7/26/2021	Sweeney Family	3109 Durango Way		Edmond	OK	73034-6857	Certified with Return Receipt (Signature)	9414811898765807221713	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 10
31309	7/26/2021	The Branesky Family Trust u/t/a 05/23/2008	4105 NW 144th St		Oklahoma City	OK	73134-1732	Certified with Return Receipt (Signature)	9414811898765807221751	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 11
31309	7/26/2021	The James Walte Duncan, IV, Revocable Trust	100 Park Ave Bldg Suite 1200	u/t/a dated 4/22/94	Oklahoma City	OK	73102-8006	Certified with Return Receipt (Signature)	9414811898765807221768	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 12
31309	7/26/2021	The Murlin Family Revocable Trust	100 Park Ave Bldg Suite 1200		Oklahoma City	OK	73102-8006	Certified with Return Receipt (Signature)	9414811898765807221720	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 13
31309	7/26/2021	The Nicholas E. Humphrey Revocable Trust	100 Park Ave Bldg Suite 1200	dated 7/1/05	Oklahoma City	OK	73102-8006	Certified with Return Receipt (Signature)	9414811898765807221706	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 14
31309	7/26/2021	The P.O. Williams Revocable Trust	100 Park Ave Bldg Suite 1200		Oklahoma City	OK	73102-8006	Certified with Return Receipt (Signature)	9414811898765807221799	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 15
31309	7/26/2021	Walter Duncan Oil, LLC	100 Park Ave Bldg Suite 1200		Oklahoma City	OK	73102-8006	Certified with Return Receipt (Signature)	9414811898765807221744	70778 - Matador_Uncle Ches - CTB 973 amend - notice list - 16

Carlsbad Current Argus.

PART OF THE LOS ANGELES TIMES NETWORK

Affidavit of Publication

Ad # 0004838722

This is not an invoice

HOLLAND AND HART
POBOX 2208

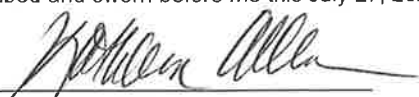
SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

07/27/2021


Legal Clerk

Subscribed and sworn before me this July 27, 2021:


State of WI, County of Brown
NOTARY PUBLIC
1-7-25
My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0004838722

PO #:

of Affidavits 1

This is not an invoice

Legal Notice (Publication)

To: All affected parties, including: Alpha Energy Partners LLC; Caza Petroleum, LLC; ConocoPhillips Company; Devon Energy Production Co, LP; New Mexico State Land Office; Bureau of Land Management; Bear Energy, Inc.; Blaine Hess, his heirs and devisees; Chevron U.S.A., Inc.; Sweeney Family; The Branesky Family Trust u/t/a 05/23/2008; The James Walte Duncan, IV, Revocable Trust u/t/a dated 4/22/94; The Murlin Family Revocable Trust; The Nicholas E. Humphrey Revocable Trust dated 7/1/05; The P.O. Williams Revocable Trust; and Walter Duncan Oil, LLC.

Application of Matador Production Company to amend Administrative Order CTB-973 to add certain wells and to authorize lease commingling of those wells at the Uncle Ches Tank Battery located in the S/2 SE/4 (Units O & P) of Section 21, Township 20 South, Range 35 East, NMMP, Lea County, New Mexico. Pursuant to 19.15.12.7 NMAC, Matador Production Company (OGRID No. 228937) seeks to amend the terms of Order CTB-973 to add to the terms of the order production from the Featherstone; Bone Spring Pool (Pool code 24250) pool in all existing and future infill wells drilled in the following spacing units:

(a) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the E/2 W/2 of Sections 16 and 21. The spacing unit is currently dedicated to the Uncle Ches 2116 Fed Com #122H well (API No. 30-025-46432); and

(b) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the W/2 W/2 of Sections 16 and 21. The spacing unit is currently dedicated to the Uncle Ches 2116 Fed Com #125H well (API No. 30-025-pending).

Any objection to this application must be filed in writing within twenty days from date of publication with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Brian Fancher, Matador Production Company, 940-224-9176, BFancher@matadorresources.com.

#4838722, Current Argus, July 27, 2021

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**
Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

Well Name: Uncle Ches 2116 Federal Com #122H

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions E2W2 of Sections 16 and 21,

Sect 16 & 21, T 20S, R 35E, NMPM Lea County NM

containing 320 acres, more or less, and this agreement shall include only the

Bone Spring formation underlying said lands and the hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July Month, 20th Day, 2021 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator:

Matador Production Company

By: _____

Craig N. Adams
Executive Vice President

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on _____, 2021, by **Craig N. Adams, as Executive Vice President for Matador Production Company**, on behalf of said corporation.

Signature

Name (Print)

My commission expires _____

State/Fed/Fee

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

MRC Permian Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

Acknowledgment in a Representative Capacity

STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2021, by **Craig N. Adams, as Executive Vice President**, for **MRC Permian Company** on behalf of said corporation.

Signature

Name (Print)

My commission expires _____

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Date: 9/9/21

ConocoPhillips Company

By: _____

Name: Sean Johnson

Title: Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY midland)

The foregoing instrument was acknowledged before me this 9th day of September 2021, by Sean Johnson in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

Liz Williams
Notary Public



**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Date: 9/9/21

ConocoPhillips Company

By: _____

Name: Sean Johnson

Title: Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY midland)

The foregoing instrument was acknowledged before me this 9th day of September, 2021, by Sean Johnson, in his/her capacity as Attorney-in-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

Liz Williams
Notary Public



**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Date: 9/9/21

ConocoPhillips Company

By: _____

Name: _____

Title: _____

[Signature]

Sean Johnson

Attorney-In-Fact

En mm

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September, 2021, by Sean Johnson in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

[Signature]
Notary Public

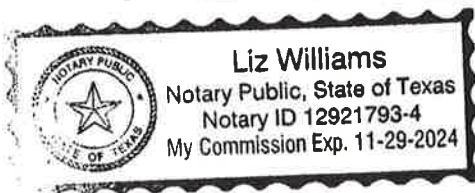


EXHIBIT A

To Communitization Agreement dated July 20, 2021

Plat of communitized area covering the: Subdivisions E2W2 of Section 16 & 21, T 20S, R 35E,
NMPM, Lea County, NM.

Uncle Ches 2116 Federal Com #122H

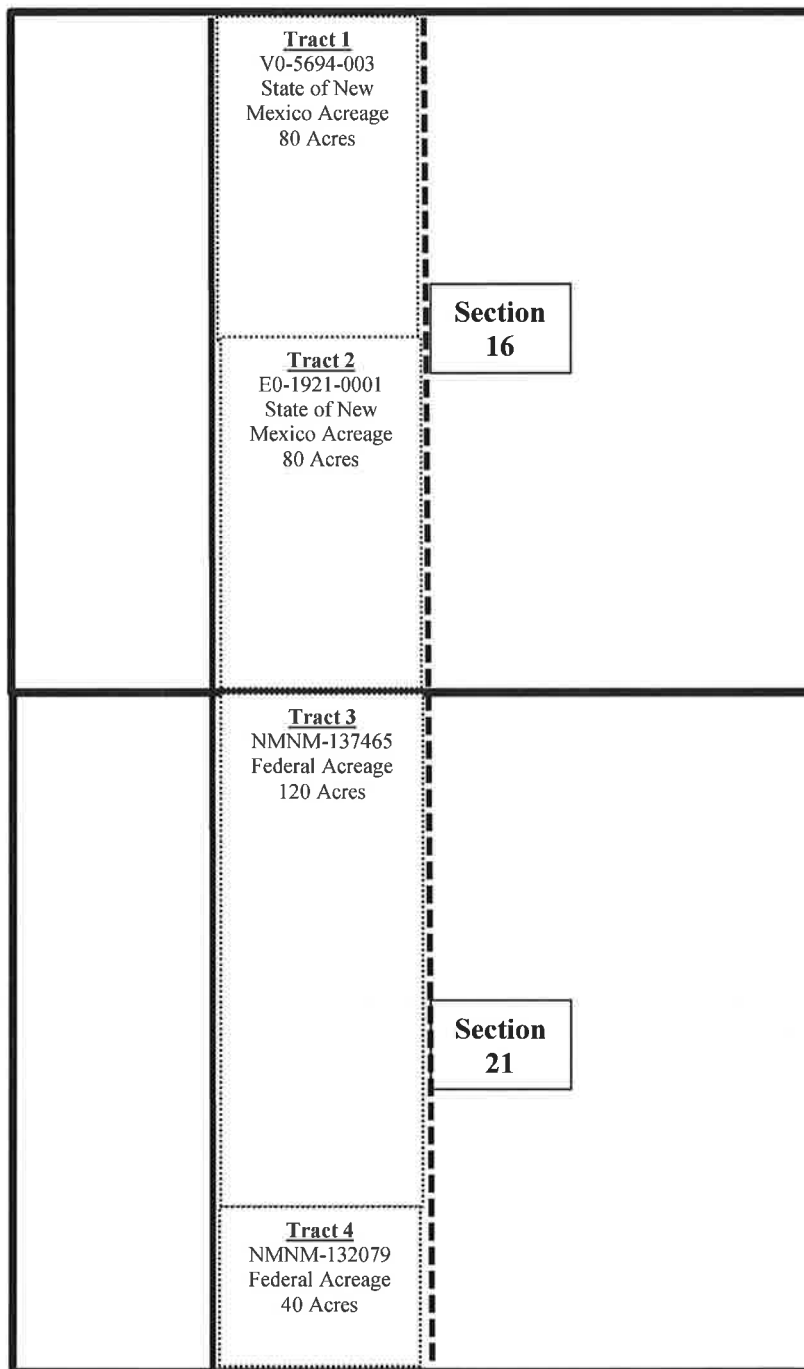


EXHIBIT B

To Communitization Agreement dated July 20 20 21, embracing the
Subdivisions E2W2 of Section 16 & 21, T 20S, R 35E, NMPM, Lea County, NM.
Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: V0-5694-003
Lease Date: 1/1/2000
Lessor: State of New Mexico
Present Lessee: MRC Permian Company
Description of Land Committed: Subdivisions E/2NW/4,
Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM
Number of Acres: 80
Name of WIOwners MRC Permian Company
Caza Petroleum, LLC
Alpha Energy Partners, LLC

TRACT NO. 2

Lease Serial No.: E0-1921-0001
Lease Date: 6/10/1948
Lessor: State of New Mexico
Present Lessee: Conoco Phillips Company
Description of Land Committed: Subdivisions E/2SW/4,
Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM
Number of Acres: 80
Name of WIOwners Conoco Phillips
Caza Petroleum, LLC

TRACT NO. 3

Lease Serial No.: NMNM 137465
Lease Date: 3/30/2018
Lessor: United States of America
Present Lessee: MRC Permian Company
Description of Land Committed: Subdivisions E/2NW/4 & NE/4SW/4,
Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NM
Number of Acres: 120
Name of WIOwners: MRC Permian Company

TRACT NO. 4Lease Serial No.: NMNM 132079Lease Date: 5/21/2014Lessor: United States of AmericaPresent Lessee: MRC Permian CompanyDescription of Land Committed: Subdivisions SE/4SW/4,Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NMNumber of Acres: 40Name of WI Owners: MRC Permian Company**RECAPITULATION**

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	<u>80.00</u>	<u>25.00%</u>
Tract No.2	<u>80.00</u>	<u>25.00%</u>
Tract No.3	<u>120.00</u>	<u>37.50%</u>
Tract No.4	<u>40.00</u>	<u>12.50%</u>

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 20th day of July, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

E2W2 of Sections 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Containing **320.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the

operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Matador Production Company, 5400 Lyndon B. Johnson Fwy, Suite 1500, Dallas, Texas, 75240. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July 20, 2021, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to

Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator:

Matador Production Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

On this ____ day of _____, 2021, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

MRC Permian Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

On this ____ day of _____, 2021, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

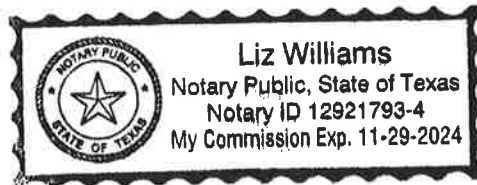
My Commission Expires

Notary Public

WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORDConocoPhillips CompanyDate: 9/9/21By: [Signature]Name: Sean JohnsonTitle: Attorney-In-FactACKNOWLEDGEMENTSTATE OF Texas)
COUNTY Midland)


The foregoing instrument was acknowledged before me this 9th day of September, 2021, by Sean Johnson, in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

[Signature]
Notary Public

WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD

Date: 9/9/21

By:  *32 mme*

Name: Sean Johnson

Title: Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September 2021, by Sean Johnson in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____


Notary Public



EXHIBIT "A"

Plat of communitized area covering **320.00** acres in E2W2 of Sections 16 and 21,
Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Uncle Ches 2116 Federal Com #122H

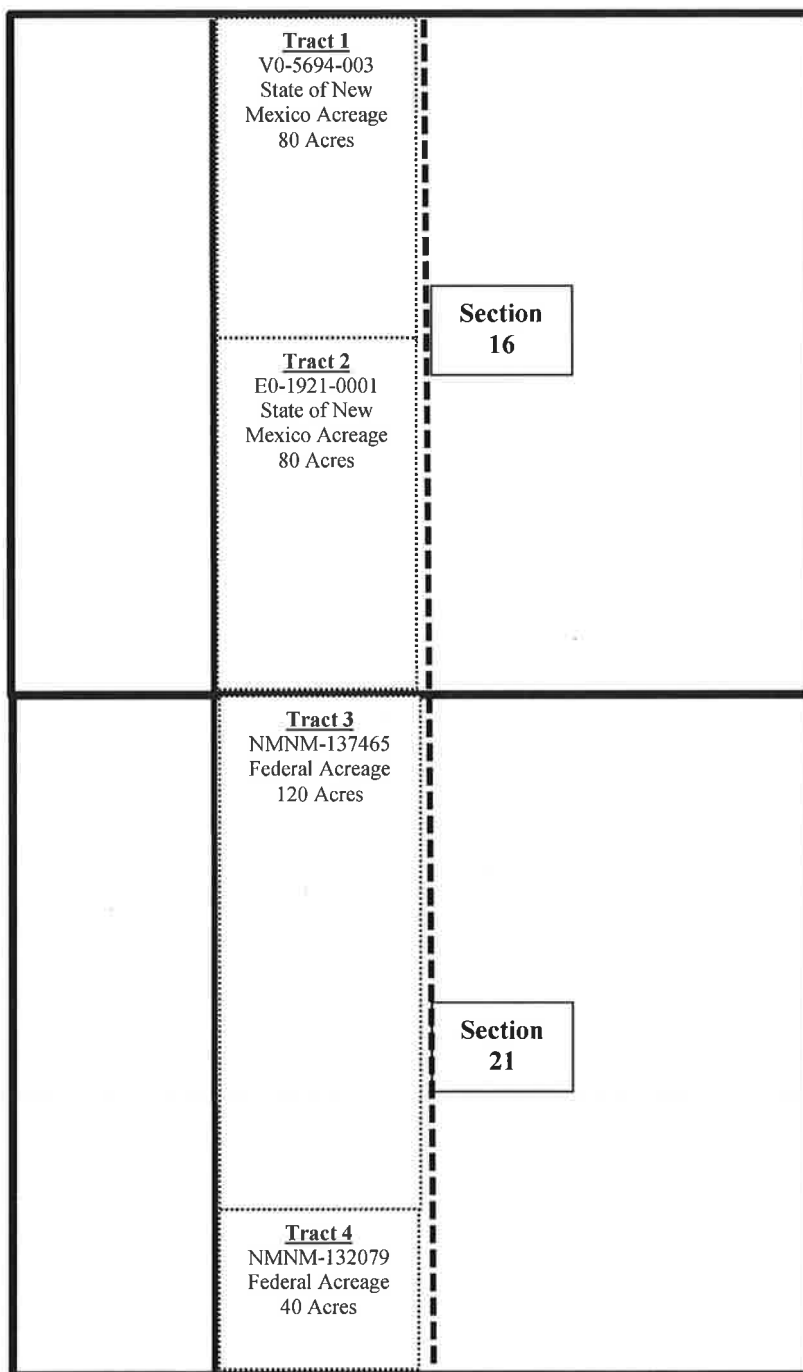


EXHIBIT "B"

To Communitization Agreement Dated July 20, 2021 embracing the following described land in E2W2 of Sections 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED**Tract No. 1**

Lease Serial Number:	State Lease V0-5694-0003
Description of Land Committed:	Township 20 South, Range 35 East, Section 16; E/2NW/4
Number of Acres:	80
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company Caza Petroleum, LLC Alpha Energy Partners, LLC
Overriding Royalty Owners:	Bear Energy, Inc. The James Walter Duncan IV, Revocable Trust The Branesky Family Chevron U.S.A., Inc. The Murlin Family Revocable Trust The Nicholas E. Humphrey Revocable Trust The P.O. Williams Revocable Trust Sweeney Family, LLC Walter Duncan Oil, LLC Blaine Hess

Tract No. 2

Lease Serial Number:	State Lease E0-1921-0001
Description of Land Committed:	Township 20 South, Range 35 East, Section 16; E/2SW/4
Number of Acres:	80
Current Lessee of Record:	Conoco Phillips Company
Name of Working Interest Owners:	Conoco Phillips Company Caza Petroleum, LLC
Overriding Royalty Owners:	Devon Energy Production Company, LP

Tract No. 3

Lease Serial Number:	Federal Lease NMNM 137465
Description of Land Committed:	Township 20 South, Range 35 East, Section 21; E/2NW/4 & NE/4SW/4
Number of Acres:	120
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company
Overriding Royalty Owners:	N/A

Tract No. 4

Lease Serial Number:	Federal Lease NMNM 132079
Description of Land Committed:	Township 20 South, Range 35 East, Section 21; SE/4SW/4
Number of Acres:	40
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company
Overriding Royalty Owners:	N/A

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	25.0000%
2	80.00	25.0000%
3	120.00	37.5000%
4	<u>40.00</u>	<u>12.5000%</u>
Total	320.00	100.0000%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 20th day of July, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

W2W2 of Sections 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Containing **320.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the

operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Matador Production Company, 5400 Lyndon B. Johnson Fwy, Suite 1500, Dallas, Texas, 75240. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July 20, 2021, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to

Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator:

Matador Production Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

On this ____ day of _____, 2021, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

MRC Permian Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

On this ____ day of _____, 2021, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORDDate: 9/9/21ConocoPhillips CompanyBy: [Signature]Name: Sean JohnsonTitle: Attorney-In-FactACKNOWLEDGEMENTSTATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September 2021, by Sean Johnson in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

[Signature]
Notary Public

WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD

Date: 9/9/21

ConocoPhillips Company

By: [Signature]

Name: Sean Johnson

Title: Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September, 2021, by Sean Johnson in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

[Signature]
Notary Public

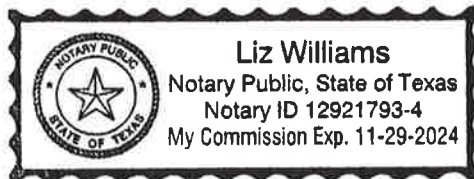


EXHIBIT "A"

Plat of communitized area covering **320.00** acres in W2W2 of Sections 16 and 21,
Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Uncle Ches 2116 Federal Com #125H

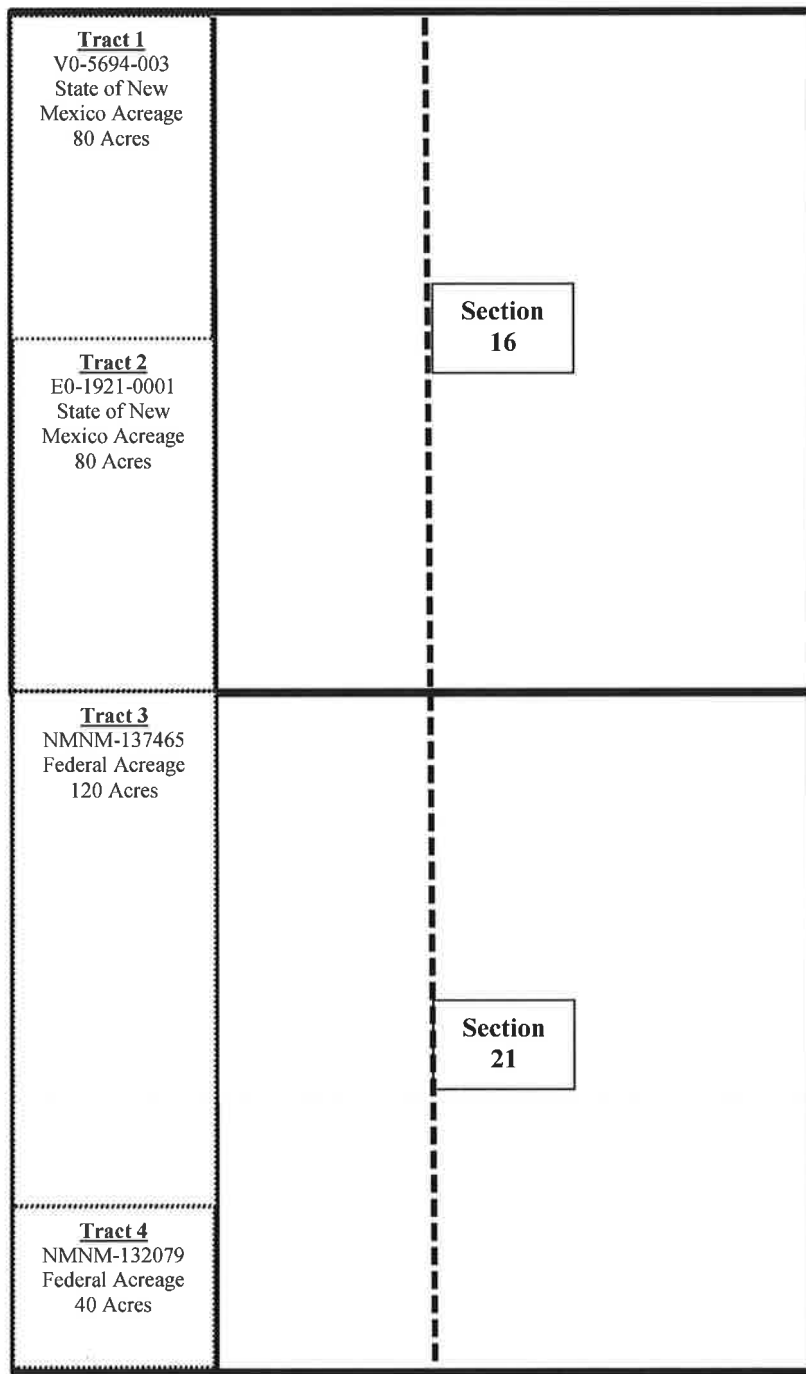


EXHIBIT "B"

To Communitization Agreement Dated July 20, 2021 embracing the following described land in W2W2 of Sections 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED**Tract No. 1**

Lease Serial Number:	State Lease V0-5694-0003
Description of Land Committed:	Township 20 South, Range 35 East, Section 16; W/2NW/4
Number of Acres:	80
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company Caza Petroleum, LLC Alpha Energy Partners, LLC
Overriding Royalty Owners:	Bear Energy, Inc. The James Walter Duncan IV, Revocable Trust The Branesky Family Chevron U.S.A., Inc. The Murlin Family Revocable Trust The Nicholas E. Humphrey Revocable Trust The P.O. Williams Revocable Trust Sweeney Family, LLC Walter Duncan Oil, LLC Blaine Hess

Tract No. 2

Lease Serial Number:	State Lease E0-1921-0001
Description of Land Committed:	Township 20 South, Range 35 East, Section 16; W/2SW/4
Number of Acres:	80
Current Lessee of Record:	Conoco Phillips Company
Name of Working Interest Owners:	Conoco Phillips Company Caza Petroleum, LLC
Overriding Royalty Owners:	Devon Energy Production Company, LP

Tract No. 3

Lease Serial Number:	Federal Lease NMNM 137465
Description of Land Committed:	Township 20 South, Range 35 East, Section 21; W/2NW/4 & NW/4SW/4
Number of Acres:	120
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company
Overriding Royalty Owners:	N/A

Tract No. 4

Lease Serial Number:	Federal Lease NMNM 132079
Description of Land Committed:	Township 20 South, Range 35 East, Section 21; SW/4SW/4
Number of Acres:	40
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company
Overriding Royalty Owners:	N/A

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	25.0000%
2	80.00	25.0000%
3	120.00	37.5000%
4	<u>40.00</u>	<u>12.5000%</u>
Total	320.00	100.0000%

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**
Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

Well Name: Uncle Ches 2116 Federal Com #125H

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions W2W2 of Sections 16 and 21,

Sect 16 & 21, T 20S, R 35E, NMPM Lea County NM

containing 320 acres, more or less, and this agreement shall include only the

Bone Spring formation underlying said lands and the hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July Month 20th Day, 2021 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator:

Matador Production Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2021, by Craig N. Adams, as Executive Vice President for Matador Production Company, on behalf of said corporation.

Signature

Name (Print)

My commission expires _____

State/Fed/Fee

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

MRC Permian Company

By: _____
Craig N. Adams
Executive Vice President

Date: _____

Acknowledgment in a Representative Capacity

STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2021, by **Craig N. Adams, as Executive Vice President**, for **MRC Permian Company** on behalf of said corporation.

Signature

Name (Print)
My commission expires _____

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Date: 9/9/21

ConocoPhillips Company

By: _____

Name: _____

Title: _____

For Mom
Sean Johnson
Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September, 2021, by Sean Johnson, in his/her capacity as Attorney-in-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

Liz Williams
Notary Public



**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Date: 9/9/21

ConocoPhillips Company

By: _____

Name: Sean Johnson

Title: Attorney-In-Fact

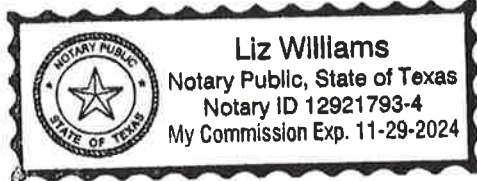
ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September, 2021, by Sean Johnson, in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____

Liz Williams
Notary Public



**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD**

Date: 9/9/21

ConocoPhillips Company

By: 

Name: Sean Johnson

Title: Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Midland)

The foregoing instrument was acknowledged before me this 9th day of September 2021, by Sean Johnson in his/her capacity as Attorney-In-Fact of ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: _____


Notary Public

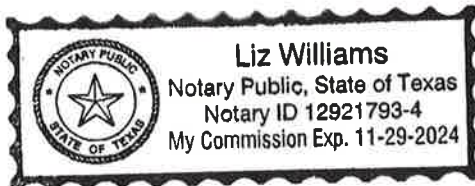


EXHIBIT A

To Communitization Agreement dated July 20, 2021

Plat of communitized area covering the: Subdivisions W2W2 of Section 16 & 21, T 20S, R 35E,
NMPM, Lea County, NM.

Uncle Ches 2116 Federal Com #125H

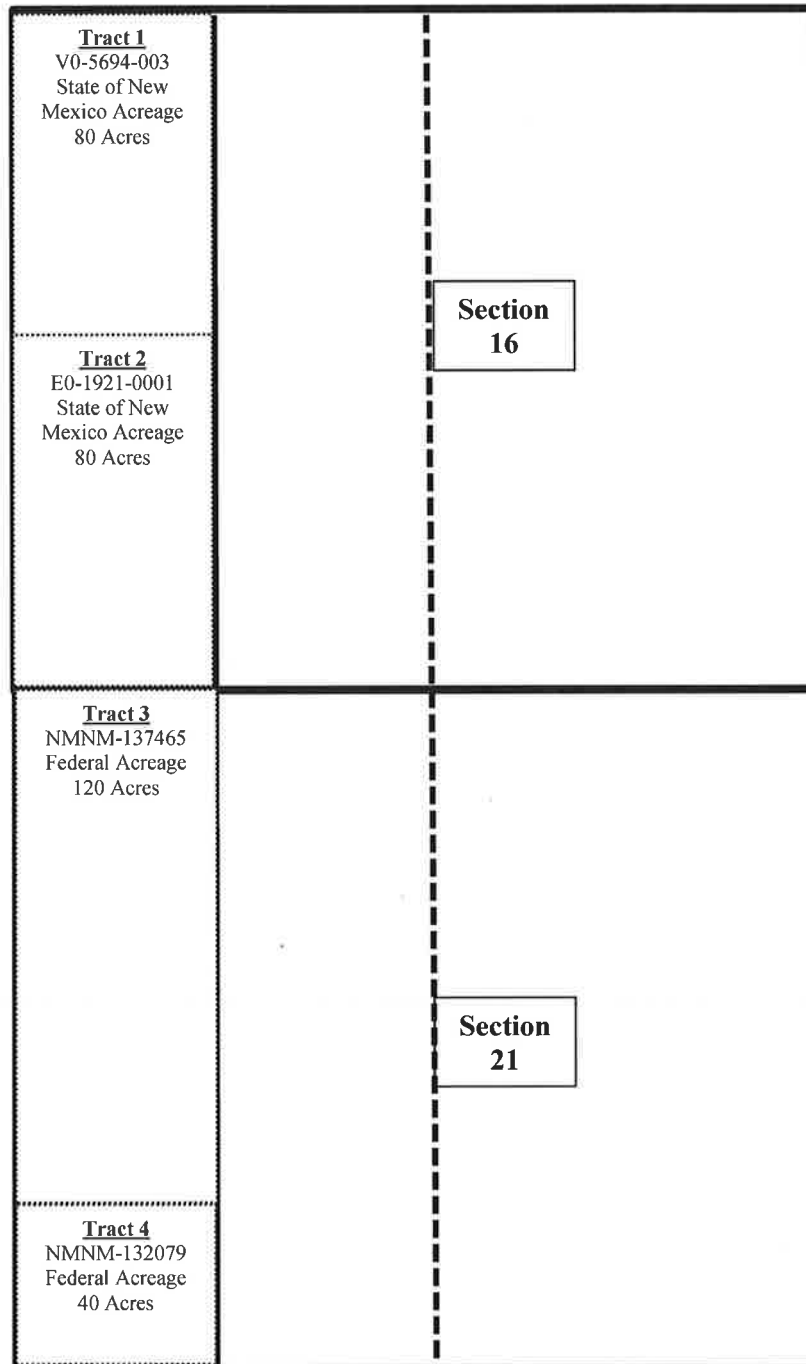


EXHIBIT B

To Communitization Agreement dated July 20 20 21, embracing the
Subdivisions W2W2 of Section 16 & 21, T 20S, R 35E, NMPM, Lea County, NM.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: V0-5694-003

Lease Date: 1/1/2000

Lessor: State of New Mexico

Present Lessee: MRC Permian Company

Description of Land Committed: Subdivisions W/2NW/4,

Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM

Number of Acres: 80

Name of WIOwners MRC Permian Company
Caza Petroleum, LLC
Alpha Energy Partners, LLC

TRACT NO. 2

Lease Serial No.: E0-1921-0001

Lease Date: 6/10/1948

Lessor: State of New Mexico

Present Lessee: Conoco Phillips Company

Description of Land Committed: Subdivisions W/2SW/4,

Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM

Number of Acres: 80

Name of WIOwners Conoco Phillips
Caza Petroleum, LLC

TRACT NO. 3

Lease Serial No.: NMNM 137465

Lease Date: 3/30/2018

Lessor: United States of America

Present Lessee: MRC Permian Company

Description of Land Committed: Subdivisions W/2NW/4 & NW/4SW/4,

Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NM

Number of Acres: 120

Name of WIOwners: MRC Permian Company

TRACT NO. 4Lease Serial No.: NMNM 132079Lease Date: 5/21/2014Lessor: United States of AmericaPresent Lessee: MRC Permian CompanyDescription of Land Committed: Subdivisions SW/4SW/4,Sect 21, Twp 20S, Rng 35E, NMPM, Lea _____ County, NMNumber of Acres: 40Name of WIOwners: MRC Permian Company**RECAPITULATION**

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	<u>80.00</u>	<u>25.00%</u>
Tract No.2	<u>80.00</u>	<u>25.00%</u>
Tract No.3	<u>120.00</u>	<u>37.50%</u>
Tract No.4	<u>40.00</u>	<u>12.50%</u>

From: [Engineer, OCD, EMNRD](#)
To: [Kaitlyn A. Luck](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#); [Dawson, Scott](#)
Subject: Approved Administrative Order CTB-973-A
Date: Friday, November 12, 2021 4:55:58 PM
Attachments: [CTB973A Order.pdf](#)

NMOCD has issued Administrative Order CTB-973-A which authorizes Matador Production Company (228937) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-025-47340	Uncle Ches 21 16 Fed Com #127H	W/2 E/2	16-20S-35E	24250
		W/2 E/2	21-20S-35E	
30-025-44520	Uncle Ches 21 16 Fed Com #128H	E/2 E/2	16-20S-35E	24250
		E/2 E/2	21-20S-35E	
30-025-46432	Uncle Ches 21 16 Fed Com #122H	E/2 W/2	16-20S-35E	24250
		E/2 W/2	21-20S-35E	
30-025-49382	Uncle Ches 21 16 Fed Com #125H	W/2 W/2	16-20S-35E	24250
		W/2 W/2	21-20S-35E	

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

From: [Kaitlyn A. Luck](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXTERNAL] RE: surface commingling application CTB-973-A
Date: Thursday, November 4, 2021 10:58:03 AM
Attachments: [image001.png](#)
[Federal Comm Agreement - Uncle Ches 2116 Federal Com #125H - W2W2 Bone Spring - ConocoPhillips - 9-9-2021.pdf](#)
[State Comm Agreement - Uncle Ches 2116 Federal Com #125H - W2W2 Bone Spring - ConocoPhillips - 9-9-2021.pdf](#)
[Federal Comm Agreement - Uncle Ches 2116 Federal Com #122H - E2W2 Bone Spring - ConocoPhillips - 9-9-2021.pdf](#)
[State Comm Agreement - Uncle Ches 2116 Federal Com #122H - E2W2 Bone Spring - ConocoPhillips - 9-9-2021.pdf](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Mr. McClure, please see attached requested information, thanks!

Kaitlyn A. Luck – Associate | Holland & Hart LLP | (o) 505.954.7286 (m) 361.648.1973

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Monday, November 1, 2021 5:10 PM
To: Kaitlyn A. Luck <KALuck@hollandhart.com>
Subject: surface commingling application CTB-973-A

External Email

Ms. Luck,

I am reviewing surface commingling application CTB-973-A which involves the Uncle Ches Tank Battery operated by Matador Production Company (228937).

I do not see the CA applications within the BLM system that covers the following tracts of land; as such please provide the CA packets:

CA Bone Spring BLM	E/2 W/2	16-20S-35E	320	C
	E/2 W/2	21-20S-35E		
CA Bone Spring BLM	W/2 W/2	16-20S-35E	320	D
	W/2 W/2	21-20S-35E		

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

State of New Mexico
Energy, Minerals and Natural Resources Department

Notice

Order: CTB-973-A
Operator: Matador Production Company (228937)
Publication Date: 7/27/2021
Submittal Date: 7/26/2021

Noticed Persons

Date	Person	Certified Tracking Number	Status
8/3/2021	Alpha Energy Partners LLC	9414811898765807221812	Delivered
7/30/2021	Caza Petroleum, LLC	9414811898765807221850	Delivered
8/6/2021	ConocoPhillips Company	9414811898765807221867	Delivered
8/11/2021	Devon Energy Production Co, LP	9414811898765807221805	Returned
7/30/2021	New Mexico State Land Office	9414811898765807221898	Delivered
7/28/2021	Bureau of Land Management	9414811898765807221843	Delivered
8/16/2021	Bear Energy, Inc.	9414811898765807221881	In-Transit
7/29/2021	Blaine Hess	9414811898765807221836	Delivered
8/2/2021	Chevron U.S.A., Inc.	9414811898765807221874	Delivered
7/29/2021	Sweeney Family	9414811898765807221713	Delivered
7/29/2021	The Branesky Family Trust	9414811898765807221751	Delivered
7/29/2021	The James Walte Duncan,	9414811898765807221768	Delivered
7/29/2021	The Murlin Family Revocable Trust	9414811898765807221720	Delivered
7/29/2021	The Nicholas E. Humphrey Revocable	9414811898765807221706	Delivered
8/11/2021	The P.O. Williams Revocable Trust	9414811898765807221799	Returned
7/29/2021	Walter Duncan Oil, LLC	9414811898765807221744	Delivered

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY MATADOR PRODUCTION COMPANY ORDER NO. CTB-973-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Matador Production Company (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.
8. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
13. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
14. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. This Order supersedes Order CTB-973.
3. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

4. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
5. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
6. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
7. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new

surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.

10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC.
11. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
13. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
14. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 11/12/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-973-A**

Operator: **Matador Production Company (228937)**

Central Tank Battery: **Uncle Ches Tank Battery**

Central Tank Battery Location: **S/2 SE/4 Section 21, Township 20 South, Range 35 East**

Gas Title Transfer Meter Location: **S/2 SE/4 Section 21, Township 20 South, Range 35 East**

Pools

Pool Name	Pool Code
FEATHERSTONE; BONE SPRING	24250

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
VO 56940003	NW/4	16-20S-35E
EO 19210001	NE/4, SW/4, W/2 SE/4	16-20S-35E
VB 27020000	E/2 SE/4	16-20S-35E
NMNM 137465	C D E F I J K L	21-20S-35E
NMNM 132079	S/2 S/2	21-20S-35E
NMNM 132078	NE/4	21-20S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-47340	Uncle Ches 21 16 Fed Com #127H	W/2 E/2	16-20S-35E	24250
		W/2 E/2	21-20S-35E	
30-025-44520	Uncle Ches 21 16 Fed Com #128H	E/2 E/2	16-20S-35E	24250
		E/2 E/2	21-20S-35E	
30-025-46432	Uncle Ches 21 16 Fed Com #122H	E/2 W/2	16-20S-35E	24250
		E/2 W/2	21-20S-35E	
30-025-49382	Uncle Ches 21 16 Fed Com #125H	W/2 W/2	16-20S-35E	24250
		W/2 W/2	21-20S-35E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-973-A**
Operator: **Matador Production Company (228937)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMNM 142949	W/2 E/2	16-20S-35E	320	A
	W/2 E/2	21-20S-35E		
CA Bone Spring NMNM 142948	E/2 E/2	16-20S-35E	320	B
	E/2 E/2	21-20S-35E		
CA Bone Spring BLM	E/2 W/2	16-20S-35E	320	C
	E/2 W/2	21-20S-35E		
CA Bone Spring BLM	W/2 W/2	16-20S-35E	320	D
	W/2 W/2	21-20S-35E		

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
EO 19210001	W/2 E/2	16-20S-35E	160	A
NMNM 132078	W/2 NE/4	21-20S-35E	80	A
NMNM 137465	NW/4 SE/4	21-20S-35E	40	A
NMNM 132079	SW/4 SE/4	21-20S-35E	40	A
EO 19210001	E/2 NE/4	16-20S-35E	80	B
VB 27020000	E/2 SE/4	16-20S-35E	80	B
NMNM 132078	E/2 NE/4	21-20S-35E	80	B
NMNM 137465	NE/4 SE/4	21-20S-35E	40	B
NMNM 132079	SE/4 SE/4	21-20S-35E	40	B
VO 56940003	E/2 NW/4	16-20S-35E	80	C
EO 19210001	E/2 SW/4	16-20S-35E	80	C
NMNM 137465	C F K	21-20S-35E	120	C
NMNM 132079	N	21-20S-35E	40	C
VO 56940003	W/2 NW/4	16-20S-35E	80	D
EO 19210001	W/2 SW/4	16-20S-35E	80	D
NMNM 137465	D E L	21-20S-35E	120	D
NMNM 132079	M	21-20S-35E	40	D

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 38261

CONDITIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 38261
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	11/12/2021