

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



Paula M. Vance
Associate
Phone (505) 988-4421
Fax (505) 819-5579
pmvance@hollandhart.com

April 24, 2024

VIA ONLINE FILING

Dylan Fuge, Division Director (Acting)
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 for administrative approval to surface commingle (lease commingle) oil and gas production from spacing units comprised of Sections 31 & 32, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico (the "Lands")**

Dear Mr. Fuge:

Matador Production Company (OGRID No. 228937) ("Matador"), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (lease) diversely owned oil and gas production at the **Cedar State Tank Battery** *insofar as all existing and future wells drilled in the following spacing units:*

(a) The 313.23-acre spacing unit comprised of Lot 1, NE/4 NW/4, and the N/2 NE/4 (N/2 N/2 equivalent) of Section 31 and the N/2 N/2 of Section 32, in the Shugart; Bone Spring, North [56405] – currently dedicated to the **Cedar State 3231 Fed Com #121H** (API. No. 30-015-PENDING);

(b) The 313.33-acre spacing unit comprised of Lot 2, SE/4 NW/4, and the S/2 NE/4 (S/2 N/2 equivalent) of Section 31 and the S/2 N/2 of Section 32, in the Shugart; Bone Spring, North [56405] – currently dedicated to the **Cedar State 3231 Fed Com #122H** (API. No. 30-015-PENDING);

(c) The 313.53-acre spacing unit comprised of Lot 3, NE/4 SW/4, and the N/2 SE/4 (N/2 S/2 equivalent) of Section 31 and the N/2 S/2 of Section 32, in the Shugart; Bone Spring, North [56405] – currently dedicated to the **Cedar State 3231 Fed Com #123H** (API. No. 30-015-PENDING);

(d) The 313.53-acre spacing unit comprised of Lot 4, SE/4 SW/4, and the S/2 SE/4 (S/2 S/2 equivalent) of Section 31 and the S/2 S/2 of Section 32, in the Shugart; Bone Spring, North [56405] – currently dedicated to the **Cedar State 3231 Fed Com #124H** (API. No. 30-015-PENDING); and

(e) Pursuant to 19.15.12.10.C(4)(g), *from all future additions of pools, leases or leases and pools to the Cedar State Tank Battery* with notice provided only to the owners of interests to be added.



Paula M. Vance
Associate
Phone (505) 988-4421
Fax (505) 819-5579
pmvance@hollandhart.com

Oil and gas production from these spacing units will be commingled and sold at the **Cedar State Tank Battery** ("TB") located in the SE/4 SE/4 of Section 32, Township 17 South, Range 31 East. Each well is equipped with a three-phase separator and metered on lease before production is transferred to the TB. Gas production from the separator will be individually metered with a calibrated orifice meter that is manufactured to AGA specifications. Oil production from the separator will be separately metered using turbine meters.

Exhibit 1 is a land plat showing Matador's current development plan, flow lines, well pads, the TB ("Facility Pad") in the subject area, and common gathering line. The plat also identifies the wellbores and lease/spacing unit boundaries.

Exhibit 2 is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Kenneth Dodson, Staff Facilities Engineer with Matador, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (Exhibit A to the statement) and an example gas analysis (Exhibit B to the statement).

Exhibit 3 is a C-102 for each of the wells currently permitted or drilled within the existing spacing units.

Exhibit 4 includes relevant communitization agreements.

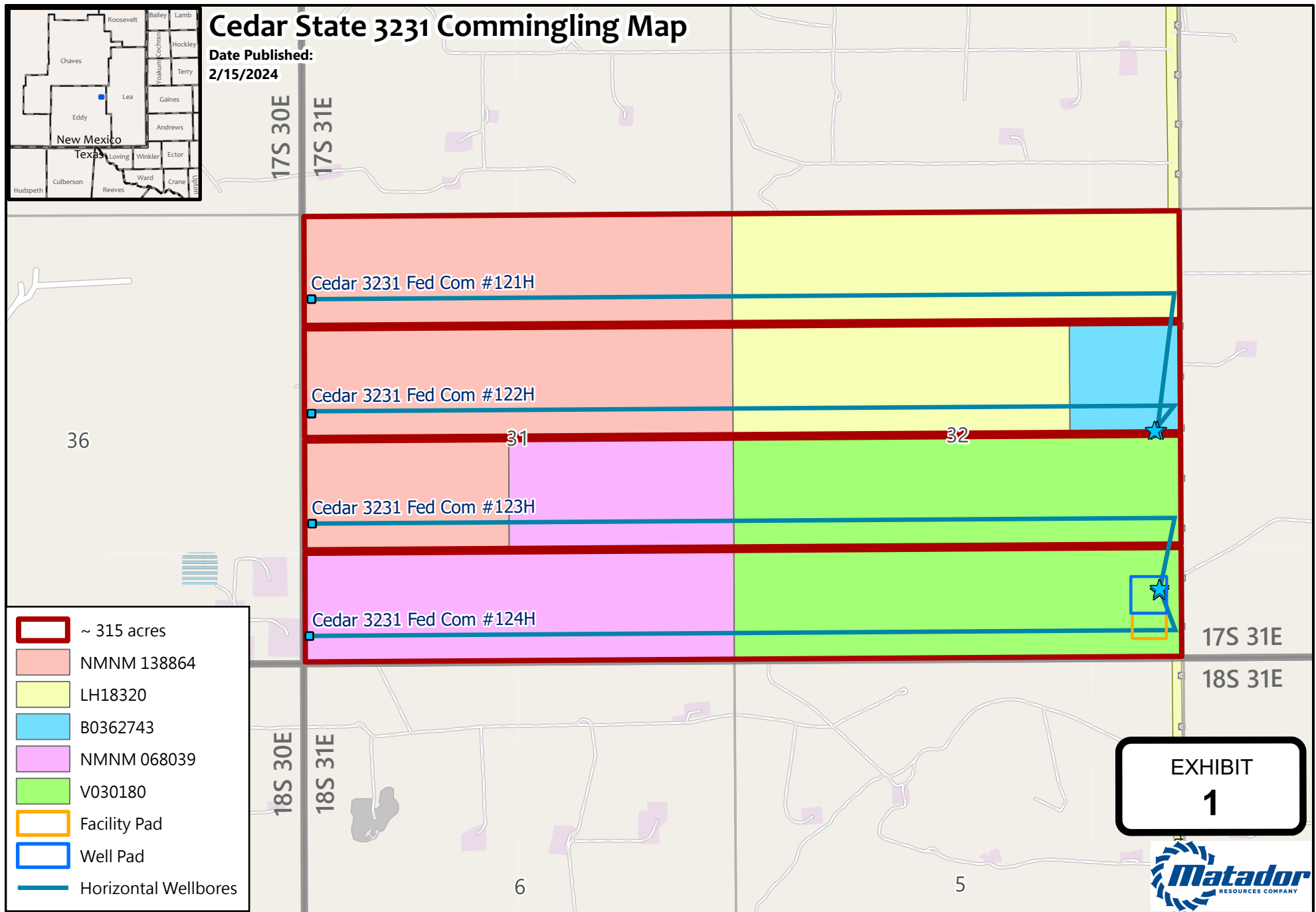
Ownership is diverse between the above-described spacing units, each of which are either subject to a pooling agreement or a pooling order and are therefore considered "leases" as defined by 19.15.12.7(C) NMAC. **Exhibit 5** is a list of the interest owners (including any owners of royalty or overriding 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 been provided to the State Land Office and Bureau of Land Management since state and federal lands are involved.

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 "Paula M. Vance".

Paula M. Vance
**ATTORNEY FOR MATADOR PRODUCTION
COMPANY**



GIS Standard Map Disclaimer:

This cartographic product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

0 500 1,000 2,000 Feet

1:18,000

1 inch equals 1,500 feet

Map Prepared by: americo.gamarra
Date: February 15, 2024
Project: \\gis\UserData\agamarra\temp\20240215 Cedar State Commingling Map\Cedar State Commingling Map.aprx
Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
Sources: IHS; ESR; US DOI BLM Carlsbad, NM Field Office, GIS Department;
Texas Cooperative Wildlife Collection, Texas A&M University;
United States Census Bureau (TIGER);

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
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. _____
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 – [56405] SHUGART; BONE SPRING, NORTH
(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 attach 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: Staff Facilities Engineer DATE: 10/26/2023

TYPE OR PRINT NAME: Kenneth Dodson TELEPHONE NO.: (972) 371-5489

E-MAIL ADDRESS: kdodson@matadorresources.com

EXHIBIT
2

Matador Production Company

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

Voice 972.371.5489 • Fax 972.371.5201

kdodson@matadorresources.com

Kenneth Dodson
Staff Facilities Engineer

February 15, 2024

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

Re: Application of Matador Production Company for administrative approval to surface commingle (lease) gas and oil production from the spacing units comprised of Sections 31 & 32, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico (the "Lands").

To Whom This May Concern,

Matador Production Company ("Matador"), OGRID: 228937, requests to commingle current oil and gas production from four (4) distinct wells located on the Lands and future production from the Lands as described herein. 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 San Mateo Midstream, 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 SPL 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. San Mateo Midstream, 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 'Kenneth Dodson', with a long horizontal flourish extending to the right.

Kenneth Dodson
Staff Facilities Engineer





Certificate of Analysis

Number: 6030-20120189-002A

Artesia Laboratory

200 E Main St.

Artesia, NM 88210

Phone 575-746-3481

John Romano
Ascent Energy, LLC
1125 17th St.
Suite 410
Denver, CO 80202

Jan. 04, 2021

Station Name: Big Moose CTB Sales Check
Station Number: 0103901850
Station Location: Ascent
Sample Point: Meter Run
Instrument: 70104251 (Inficon GC-MicroFusion)
Last Inst. Cal.: 01/04/2021 0:00 AM
Analyzed: 01/04/2021 13:05:21 by PGS

Sampled By: Derek Sauder
Sample Of: Gas Spot
Sample Date: 12/23/2020
Sample Conditions: 78 psig, @ 72 °F Ambient: 50 °F
Effective Date: 12/23/2020
Method: GPA-2261M
Cylinder No: 1111-001212

Analytical Data

Components	Un-normalized Mol %	Mol. %	Wt. %	GPM at 14.696 psia		
Nitrogen	2.512	2.51392	2.722		GPM TOTAL C2+	9.970
Methane	63.010	63.06044	39.094		GPM TOTAL C3+	5.853
Carbon Dioxide	0.223	0.22328	0.380		GPM TOTAL iC5+	1.373
Ethane	15.336	15.34873	17.836	4.117		
Propane	10.132	10.14024	17.280	2.802		
Iso-butane	1.336	1.33677	3.003	0.439		
n-Butane	3.914	3.91735	8.799	1.239		
Iso-pentane	0.899	0.89972	2.509	0.330		
n-Pentane	1.034	1.03493	2.886	0.376		
Hexanes Plus	1.523	1.52462	5.491	0.667		
	99.919	100.0000	100.000	9.970		

Calculated Physical Properties	Total	C6+
Relative Density Real Gas	0.8981	3.2176
Calculated Molecular Weight	25.88	93.19
Compressibility Factor	0.9944	

GPA 2172 Calculation:

Calculated Gross BTU per ft³ @ 14.696 psia & 60°F

Real Gas Dry BTU	1499	5129
Water Sat. Gas Base BTU	1474	5040
Ideal, Gross HV - Dry at 14.696 psia	1490.6	5129.2
Ideal, Gross HV - Wet	1464.6	5039.7

Comments: H2S Field Content 1.25 ppm

Hydrocarbon Laboratory Manager

Quality Assurance: The above analyses are performed in accordance with ASTM, UOP, GPA guidelines for quality assurance, unless otherwise stated.

EXHIBIT

B

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

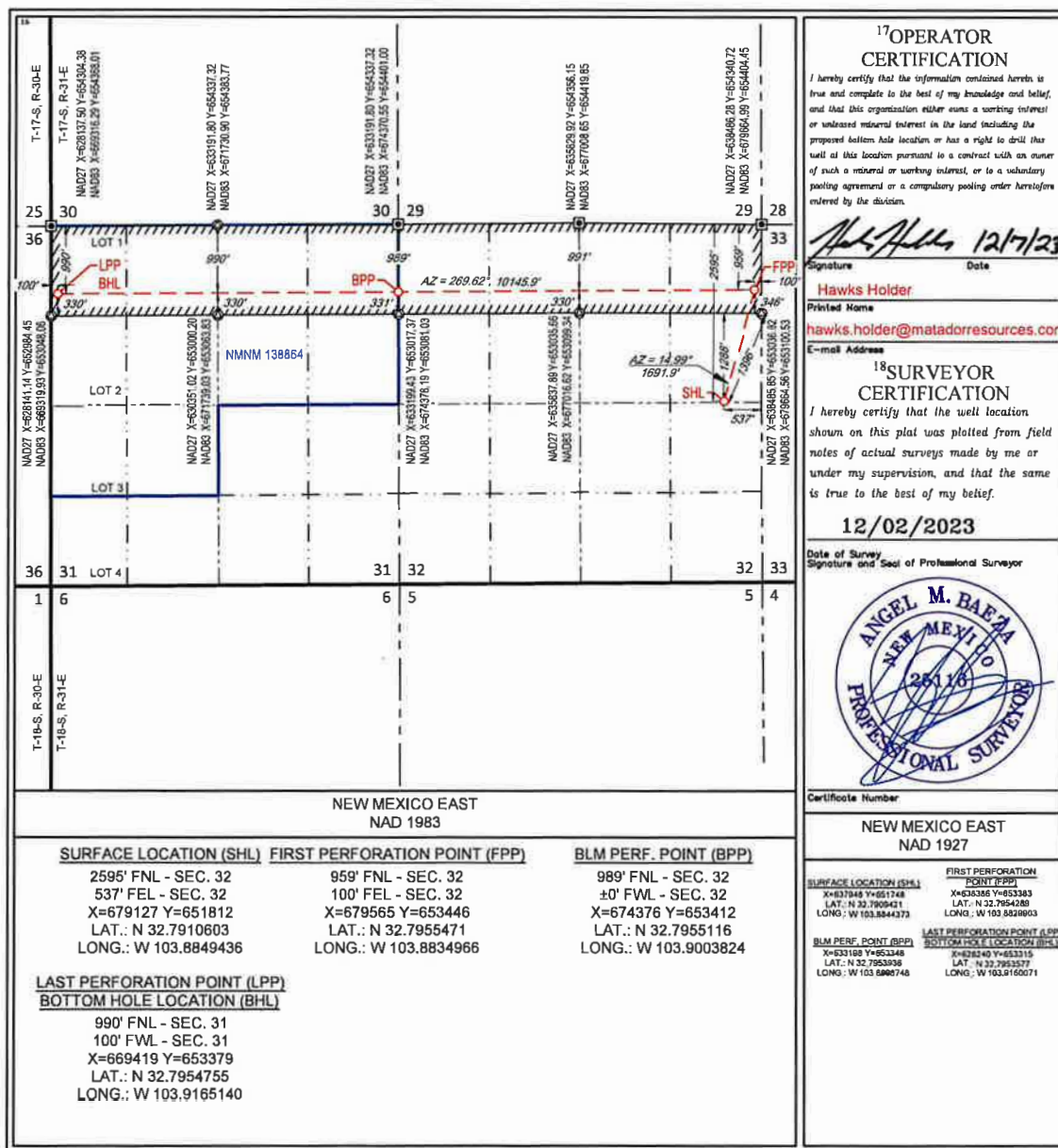
FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name CEDAR 3231 FED COM			⁶ Well Number 121H
⁷ OGRID No. 7377		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3721'
¹⁰ Surface Location					
UL or lot no. H	Section 32	Township 17-S	Range 31-E	Lot Idn -	Feet from the 2595'
				North/South line NORTH	Feet from the 537'
				East/West line EAST	County EDDY
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. 1	Section 31	Township 17-S	Range 31-E	Lot Idn -	Feet from the 990'
				North/South line NORTH	Feet from the 100'
				East/West line WEST	County EDDY
¹² Dedicated Acres 313.23		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.



EXHIBIT

3

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name CEDAR 3231 FED COM			⁶ Well Number 122H
⁷ GRID No. 7377		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3719'
¹⁰ Surface Location					
UL or lot no. H	Section 32	Township 17-S	Range 31-E	Lot Idn -	Feet from the 2606'
				North/South line NORTH	Feet from the 565'
				East/West line EAST	County EDDY
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. 2	Section 31	Township 17-S	Range 31-E	Lot Idn -	Feet from the 2310'
				North/South line NORTH	Feet from the 100'
				East/West line WEST	County EDDY
¹² Dedicated Acres 313.33		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.

		<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 12/7/23 Signature Date</p> <p>Hawks Holder Printed Name hawks.holder@matadorresources.com E-mail Address</p>	
		<p>¹⁸SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>12/02/2023 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>ANGEL M. BAEZA NEW MEXICO PROFESSIONAL SURVEYOR 28116</p>	
<p>NEW MEXICO EAST NAD 1983</p>		<p>NEW MEXICO EAST NAD 1927</p>	
<p><u>SURFACE LOCATION (SHL)</u></p> <p>2606' FNL - SEC. 32 100' FEL - SEC. 32 X=679099 Y=651801 LAT.: N 32.7910309 LONG.: W 103.8850352</p>		<p><u>FIRST PERFORATION POINT (FPP)</u></p> <p>2279' FNL - SEC. 32 100' FEL - SEC. 32 X=679564 Y=652126 LAT.: N 32.7919179 LONG.: W 103.8835163</p>	
<p><u>LAST PERFORATION POINT (LPP)</u></p> <p>2310' FNL - SEC. 31 100' FWL - SEC. 31 X=669423 Y=652059 LAT.: N 32.7918475 LONG.: W 103.9165191</p>		<p><u>BLM PERF. POINT (BPP)</u></p> <p>2309' FNL - SEC. 32 ±0' FWL - SEC. 32 X=674384 Y=652092 LAT.: N 32.7918830 LONG.: W 103.9003741</p>	
<p><u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>2310' FNL - SEC. 31 100' FWL - SEC. 31 X=669423 Y=652059 LAT.: N 32.7918475 LONG.: W 103.9165191</p>		<p><u>SURFACE LOCATION (SHL)</u></p> <p>X=679099 Y=651738 LAT.: N 32.7908127 LONG.: W 103.8845788</p> <p><u>FIRST PERFORATION POINT (FPP)</u></p> <p>X=679564 Y=652052 LAT.: N 32.7919867 LONG.: W 103.8830100</p> <p><u>BLM PERF. POINT (BPP)</u></p> <p>X=674384 Y=652092 LAT.: N 32.7918830 LONG.: W 103.8998678</p> <p><u>LAST PERFORATION POINT (LPP)</u></p> <p>X=669423 Y=652059 LAT.: N 32.7918475 LONG.: W 103.9160123</p>	

S:\SURVEY\MATADOR_RESOURCES\CEDAR_3231_32-17S-31E\FINAL_PRODUCTS\LO_CEDAR_3231_FED_COM_122H_OPT1.DWG 12/7/2023 10:11:15 AM adabola

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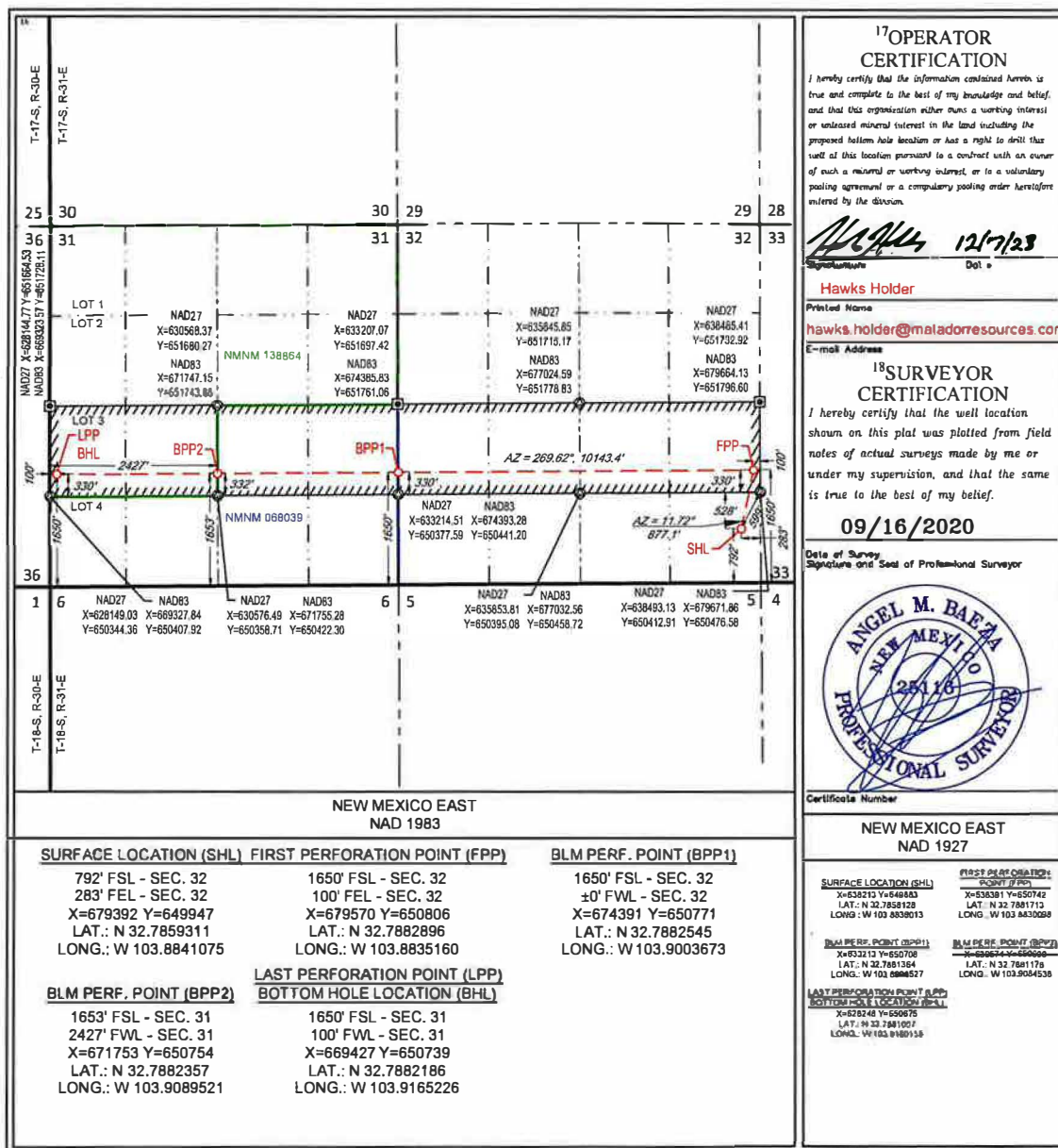
FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-015-		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name CEDAR 3231 FED COM			6 Well Number 123H
7 OGRID No. 7377		8 Operator Name MATADOR PRODUCTION COMPANY			9 Elevation 3730'
10 Surface Location					
UL or lot no. P	Section 32	Township 17-S	Range 31-E	Lot Idn -	Feet from the 792'
		North/South line SOUTH		Feet from the 283'	East/West line EAST
				County EDDY	
11 Bottom Hole Location If Different From Surface					
UL or lot no. 3	Section 31	Township 17-S	Range 31-E	Lot Idn -	Feet from the 1650'
		North/South line SOUTH		Feet from the 100'	East/West line WEST
				County EDDY	
12 Dedicated Acres 313.53		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.



S:\SURVEY\MATADOR_RESOURCES\CEDAR_3231_32-17S-31E\FINAL_PRODUCT\CD_CEDAR_3231_FED_COM_123H_REV1.DWG 12/6/2023 3:45:57 PM adasabla

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name CEDAR 3231 FED COM			⁶ Well Number 124H
⁷ GRID No. 7377		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3728'
¹⁰ Surface Location					
UL or lot no. P	Section 32	Township 17-S	Range 31-E	Lot Idn -	Feet from the 822'
			North/South line SOUTH	Feet from the 283'	East/West line EAST
			County EDDY		
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. 4	Section 31	Township 17-S	Range 31-E	Lot Idn -	Feet from the 330'
			North/South line SOUTH	Feet from the 100'	East/West line WEST
			County EDDY		
¹² Dedicated Acres 313.53		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.

		<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unless mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 12/7/23 Signature Date</p> <p>Hawks Holder Printed Name hawks.holder@matadorresources.com E-mail Address</p>																																		
<p>NEW MEXICO EAST NAD 1983</p> <table border="1"> <tr> <td>SURFACE LOCATION (SHL)</td> <td>FIRST PERFORATION POINT (FPP)</td> <td>BLM PERF. POINT (BPP)</td> </tr> <tr> <td>822' FSL - SEC. 32</td> <td>330' FSL - SEC. 32</td> <td>330' FSL - SEC. 32</td> </tr> <tr> <td>283' FEL - SEC. 32</td> <td>100' FEL - SEC. 32</td> <td>±0' FWL - SEC. 32</td> </tr> <tr> <td>X=679392 Y=649977</td> <td>X=679578 Y=649486</td> <td>X=674399 Y=649451</td> </tr> <tr> <td>LAT.: N 32.7860136</td> <td>LAT.: N 32.7846614</td> <td>LAT.: N 32.7846259</td> </tr> <tr> <td>LONG.: W 103.8841070</td> <td>LONG.: W 103.8835092</td> <td>LONG.: W 103.9003606</td> </tr> </table> <p>LAST PERFORATION POINT (LPP) BOTTOM HOLE LOCATION (BHL)</p> <p>330' FSL - SEC. 31 100' FWL - SEC. 31 X=669431 Y=649418 LAT.: N 32.7845898 LONG.: W 103.9165257</p>		SURFACE LOCATION (SHL)	FIRST PERFORATION POINT (FPP)	BLM PERF. POINT (BPP)	822' FSL - SEC. 32	330' FSL - SEC. 32	330' FSL - SEC. 32	283' FEL - SEC. 32	100' FEL - SEC. 32	±0' FWL - SEC. 32	X=679392 Y=649977	X=679578 Y=649486	X=674399 Y=649451	LAT.: N 32.7860136	LAT.: N 32.7846614	LAT.: N 32.7846259	LONG.: W 103.8841070	LONG.: W 103.8835092	LONG.: W 103.9003606	<p>¹⁸SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>09/16/2020 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p> Certificate Number</p> <p>NEW MEXICO EAST NAD 1927</p> <table border="1"> <tr> <td>SURFACE LOCATION (SHL)</td> <td>FIRST PERFORATION POINT (FPP)</td> </tr> <tr> <td>X=838213 Y=649913</td> <td>X=633390 Y=649422</td> </tr> <tr> <td>LAT.: N 32.7848953</td> <td>LAT.: N 32.7845430</td> </tr> <tr> <td>LONG.: W 103.8436007</td> <td>LONG.: W 103.8830030</td> </tr> </table> <table border="1"> <tr> <td>BLM PERF. POINT (BPP)</td> <td>LAST PERFORATION POINT (LPP)</td> </tr> <tr> <td>X=633220 Y=649388</td> <td>X=628252 Y=649355</td> </tr> <tr> <td>LAT.: N 32.7845077</td> <td>LAT.: N 32.7844718</td> </tr> <tr> <td>LONG.: W 103.8686523</td> <td>LONG.: W 103.9160189</td> </tr> </table>	SURFACE LOCATION (SHL)	FIRST PERFORATION POINT (FPP)	X=838213 Y=649913	X=633390 Y=649422	LAT.: N 32.7848953	LAT.: N 32.7845430	LONG.: W 103.8436007	LONG.: W 103.8830030	BLM PERF. POINT (BPP)	LAST PERFORATION POINT (LPP)	X=633220 Y=649388	X=628252 Y=649355	LAT.: N 32.7845077	LAT.: N 32.7844718	LONG.: W 103.8686523	LONG.: W 103.9160189
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Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **February, 2024**, 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:

Lot 1, NE/4NW/4, N/2NE/4 of Section 31 & the N/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Containing **313.23** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

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

EXHIBIT
4

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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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 **February 1, 2024**, 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

Signature of Authorized Agent

By: Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 Delaware Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Delaware Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Permian Company

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 RECORD**

MRC Explorers Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Explorers Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Spiral Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Spiral Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____

Signature of office

Printed: Bryan A. Erman

TITLE: E.V.P. and General Counsel and Head of M&A

Phone number : (972) -371-5469

EXHIBIT “A”

Plat of communitized area covering **313.23** acres in **Lot 1, NE/4NW/4, N/2NE/4 of Section 31 & the N/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.**

Cedar State 3231 Fed Com #121H

Tract 1 NMMN-138864 153.23 Acres	Tract 2 LH-1832-0000 160.00 Acres
Section 31	Section 32

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 1, NE/4NW/4, N/2NE/4 of Section 31 & the N/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-138864

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 1, NE/4NW/4, N/2NE/4

Number of Acres: 153.23

Current Lessee of Record: MRC Permian Company

Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: LH-1832-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: N/2N/2

Number of Acres: 160.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC
Yates Energy Corporation
Jalapeno Corporation
MRC Spiral Resources, LLC
MRC Explorers Resources, LLC
Yates-US Inc.
Nadel and Gussman Capitan, LLC
Colkelan Corporation
Grasslands Energy, LP
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	153.23	48.91
2	160.00	51.09
Total	313.23	100.00%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **February, 2024**, 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:

Lot 2, SE/4NW/4, S/2NE/4 of Section 31 & the S/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Containing **313.33** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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 **February 1, 2024**, 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

Signature of Authorized Agent

By: Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 Delaware Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Delaware Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Permian Company

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 RECORD**

MRC Explorers Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Explorers Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Spiral Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Spiral Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____

Signature of office

Printed: Bryan A. Erman

TITLE: E.V.P. and General Counsel and Head of M&A

Phone number : (972) -371-5469

EXHIBIT “A”

Plat of communitized area covering 313.33 acres in Lot 2, SE/4NW/4, S/2NE/4 of Section 31 & the S/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Cedar State 3231 Fed Com #122H

Tract 1 NMNM-138864 153.33 Acres		Tract 2 LH-1832-0000 120.00 Acres	Tract 3 B0-3627-0043 40.00 Acres
Section 31		Section 32	

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 2, SE/4NW/4, S/2NE/4 of Section 31 & the S/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-138864
Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 2, SE/4NW/4, S/2NE/4
Number of Acres: 153.33
Current Lessee of Record: MRC Permian Company
Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: LH-1832-0000
Description of Land Committed: Township 17 South, Range 31 East,
Section 32: S/2NW/4, SW/4NE/4
Number of Acres: 120.00
Current Lessee of Record: MRC Delaware Resources, LLC
Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC
Yates Energy Corporation
Jalapeno Corporation
MRC Spiral Resources, LLC
MRC Explorers Resources, LLC
Yates-US Inc.
Nadel and Gussman Capitan, LLC
Colkelan Corporation
Grasslands Energy, LP
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle

Tract No. 3

Lease Serial Number: B0-3627-0043

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: SE/4NE/4

Number of Acres: 40.00

Current Lessee of Record: OXY USA WTP Limited Partnership

Name and Percent of Working Interest Owners: OXY USA WTP Limited Partnership
Grasslands Energy, LP
Finley Production Co., LP
MRC Delaware Resources, LLC
Colkelan Corporation
MRC Spiral Resources, LLC
MRC Explorers Resources, LLC
Nadel and Gussman Capitan, LLC

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	153.33	48.93
2	120.00	38.30
3	40.00	12.77
Total	313.33	100.00%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **February, 2024**, 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:

Lot 3, NE/4SW/4, N/2SE/4 of Section 31 & the N/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Containing **313.43** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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 **February 1, 2024**, 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

Signature of Authorized Agent

By: Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 Delaware Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Delaware Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Permian Company

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 RECORD**

MRC Explorers Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Explorers Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Spiral Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Spiral Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____

Signature of office

Printed: Bryan A. Erman

TITLE: E.V.P. and General Counsel and Head of M&A

Phone number : (972) -371-5469

EXHIBIT “A”

Plat of communitized area covering **313.43** acres in **Lot 3, NE/4SW/4, N/2SE/4 of Section 31 & the N/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.**

Cedar State 3231 Fed Com #123H

Section 31		Section 32
Tract 1 NMNM-138864 73.43 Acres	Tract 2 NMNM-068039 80.00 Acres	Tract 3 V0-3018-0000 160.00 Acres

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 3, NE/4SW/4, N/2SE/4 of Section 31 & the N/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-138864

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 3, NE/4SW/4

Number of Acres: 73.43

Current Lessee of Record: MRC Permian Company

Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: NMNM-068039

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: N/2SE/4

Number of Acres: 80.00

Current Lessee of Record: Burlington Resources Oil & Gas Company

Name and Percent of Working Interest Owners: EOG Resources, Inc.
MRC Delaware Resources, LLC
Yates-US, Inc.
Yates Energy Corporation
MRC Explorers Resources, LLC
OXY USA WTP Limited Partnership
Jalapeno Corporation
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle
Nadel and Gussman Capitan, LLC
MRC Spiral Resources, LLC

Tract No. 3

Lease Serial Number: V0-3018-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: N/2S/2

Number of Acres: 160.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC
MRC Explorers Resources, LLC
Colkelan Corporation
MRC Spiral Resources, LLC
Harry B. Hinkle
Rejar, LLC
Nadel and Gussman Capitan, LLC
Jalapeno Corporation
Grasslands Energy, LP

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	73.43	23.43
2	80.00	25.52
3	160.00	51.05
Total	313.43	100.00%

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **February, 2024**, 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:

Lot 4, SE/4SW/4, S/2SE/4 of Section 31 & the S/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Containing **313.53** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

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.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

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 **February 1, 2024**, 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

Signature of Authorized Agent

By: Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A 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 Delaware Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Delaware Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Explorers Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Explorers Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

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

MRC Spiral Resources, LLC

By: _____

Bryan A. Erman E.V.P. and General Counsel and Head of M&A
Print Name

Date: _____

ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this ____ day of _____, 2024, before me, a Notary Public for the State of Texas, personally appeared Bryan A. Erman, known to me to be the E.V.P. and General Counsel and Head of M&A of MRC Spiral Resources, LLC, the limited liability company that executed the foregoing instrument and acknowledged to me such limited liability company executed the same.

(SEAL)

My Commission Expires

Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____

Signature of office

Printed: Bryan A. Erman

TITLE: E.V.P. and General Counsel and Head of M&A

Phone number : (972) -371-5469

EXHIBIT “A”

Plat of communitized area covering **313.53** acres in **Lot 4, SE/4SW/4, S/2SE/4 of Section 31 & the S/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.**

Cedar State 3231 Fed Com #124H

Section 31	Section 32
Tract 1 NMNM-068039 153.53 Acres	Tract 2 V0-3018-0000 160.00 Acres

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 4, SE/4SW/4, S/2SE/4 of Section 31 & the S/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-068039

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 4, SE/4SW/4, S/2SE/4

Number of Acres: 153.53

Current Lessee of Record: Burlington Resources Oil & Gas Company

Name and Percent of Working Interest Owners: EOG Resources, Inc.
MRC Delaware Resources, LLC
Yates-US, Inc.
Yates Energy Corporation
MRC Explorers Resources, LLC
OXY USA WTP Limited Partnership
Jalapeno Corporation
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle
Nadel and Gussman Capitan, LLC
MRC Spiral Resources, LLC

Tract No. 2

Lease Serial Number: V0-3018-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: S/2S/2

Number of Acres: 160.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC

MRC Explorers Resources, LLC
Colkelan Corporation
MRC Spiral Resources, LLC
Harry B. Hinkle
Rejar, LLC
Nadel and Gussman Capitan, LLC
Jalapeno Corporation
Grasslands Energy, LP

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	153.53	48.97
2	160.00	51.03
Total	313.53	100.00%

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE

Revised June, 2022

ONLINE Version

COMMUNITIZATION AGREEMENT

API Initial Well: 30-0_____ - _____

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,"

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 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, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, 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 Lot 1, NE/4NW/4, N/2NE/4 of Section 31 & the N/2N/2 of Section 32,

Sect(s) 31&32, T 17S, R 31E, NMPM Eddy County, NM

containing 313.23 acres, more or less, and this agreement shall include only the

Bone Spring Formation

or pool, underlying said lands and the oil and gas

(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 **February** _____ Month **1st** Day, **2024** 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/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-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 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: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A for Matador Production Company, on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

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

MRC Permian Company

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Permian Company on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

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

MRC Delaware Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Delaware Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

MRC Explorers Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Explorers Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

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

MRC Spiral Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Spiral Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

EXHIBIT “A”

Plat of communitized area covering 313.23 acres in Lot 1, NE/4NW/4, N/2NE/4 of Section 31 & the N/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Cedar State 3231 Fed Com #121H

Tract 1 NMNM-138864 153.23 Acres	Tract 2 LH-1832-0000 160.00 Acres
Section 31	Section 32

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 1, NE/4NW/4, N/2NE/4 of Section 31 & the N/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-138864

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 1, NE/4NW/4, N/2NE/4

Number of Acres: 153.23

Current Lessee of Record: MRC Permian Company

Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: LH-1832-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: N/2N/2

Number of Acres: 160.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC
Yates Energy Corporation
Jalapeno Corporation
MRC Spiral Resources, LLC
MRC Explorers Resources, LLC
Yates-US Inc.
Nadel and Gussman Capitan, LLC
Colkelan Corporation
Grasslands Energy, LP
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle

ONLINE
version

State/State

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	153.23	48.91
2	160.00	51.09
Total	313.23	100.00%

ONLINE
version

State/State

10

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE

Revised June, 2022

ONLINE Version

COMMUNITIZATION AGREEMENT

API Initial Well: 30-0_____ - _____

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,"

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 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, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, 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 Lot 2, SE/4NW/4, S/2NE/4 of Section 31 & the S/2N/2 of Section 32,

Sect(s) 31&32, T 17S, R 31E, NMPM Eddy County, NM

containing 313.33 acres, more or less, and this agreement shall include only the

Bone Spring Formation

or pool, underlying said lands and the oil and gas

(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 **February** _____ Month **1st** Day, **2024** 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/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-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 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: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A for Matador Production Company, on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

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

MRC Permian Company

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Permian Company on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

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

MRC Delaware Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Delaware Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

MRC Explorers Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Explorers Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

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

MRC Spiral Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Spiral Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

EXHIBIT “A”

Plat of communitized area covering 313.33 acres in Lot 2, SE/4NW/4, S/2NE/4 of Section 31 & the S/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Cedar State 3231 Fed Com #122H

Tract 1 NMNM-138864 153.33 Acres	Tract 2 LH-1832-0000 120.00 Acres	Tract 3 B0-3627-0043 40.00 Acres
Section 31	Section 32	

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 2, SE/4NW/4, S/2NE/4 of Section 31 & the S/2N/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-138864

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 2, SE/4NW/4, S/2NE/4

Number of Acres: 153.33

Current Lessee of Record: MRC Permian Company

Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: LH-1832-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: S/2NW/4, SW/4NE/4

Number of Acres: 120.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC
Yates Energy Corporation
Jalapeno Corporation
MRC Spiral Resources, LLC
MRC Explorers Resources, LLC
Yates-US Inc.
Nadel and Gussman Capitan, LLC
Colkelan Corporation
Grasslands Energy, LP
Petro-Yates, Inc.
Rejar, LLC

ONLINE
version

State/State

Harry B. Hinkle

Tract No. 3

Lease Serial Number: B0-3627-0043

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: SE/4NE/4

Number of Acres: 40.00

Current Lessee of Record: OXY USA WTP Limited Partnership

Name and Percent of Working Interest Owners: OXY USA WTP Limited Partnership
Grasslands Energy, LP
Finley Production Co., LP
MRC Delaware Resources, LLC
Colkelan Corporation
MRC Spiral Resources, LLC
MRC Explorers Resources, LLC
Nadel and Gussman Capitan, LLC

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	153.33	48.93
2	120.00	38.30
3	40.00	12.77
Total	313.33	100.00%

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE

Revised June, 2022

ONLINE Version

COMMUNITIZATION AGREEMENT

API Initial Well: 30-0_____ - _____

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,"

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 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, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, 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 Lot 3, NE/4SW/4, N/2SE/4 of Section 31 & the N/2S/2 of Section 32,

Sect(s) 31&32, T 17S, R 31E, NMPM Eddy County, NM

containing 313.43 acres, more or less, and this agreement shall include only the

Bone Spring Formation

or pool, underlying said lands and the oil and gas

(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 **February** _____ Month **1st** Day, **2024** 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/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-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 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: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A for Matador Production Company, on behalf of said corporation.

Signature of Notarial Officer

My commission expires _____

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

MRC Permian Company

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Permian Company on behalf of said corporation.

Signature of Notarial Officer

My commission expires _____

ONLINE
version

State/State

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

MRC Delaware Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Delaware Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

MRC Explorers Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Explorers Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

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

MRC Spiral Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Spiral Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

EXHIBIT “A”

Plat of communitized area covering **313.43** acres in **Lot 3, NE/4SW/4, N/2SE/4 of Section 31 & the N/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.**

Cedar State 3231 Fed Com #123H

Section 31		Section 32
Tract 1 NMNM-138864 73.43 Acres	Tract 2 NMNM-068039 80.00 Acres	Tract 3 V0-3018-0000 160.00 Acres

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 3, NE/4SW/4, N/2SE/4 of Section 31 & the N/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-138864

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 3, NE/4SW/4

Number of Acres: 73.43

Current Lessee of Record: MRC Permian Company

Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: NMNM-068039

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: N/2SE/4

Number of Acres: 80.00

Current Lessee of Record: Burlington Resources Oil & Gas Company

Name and Percent of Working Interest Owners: EOG Resources, Inc.
MRC Delaware Resources, LLC
Yates-US, Inc.
Yates Energy Corporation
MRC Explorers Resources, LLC
OXY USA WTP Limited Partnership
Jalapeno Corporation
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle
Nadel and Gussman Capitan, LLC
MRC Spiral Resources, LLC

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State/State

Tract No. 3

Lease Serial Number: V0-3018-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: N/2S/2

Number of Acres: 160.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC
MRC Explorers Resources, LLC
Colkelan Corporation
MRC Spiral Resources, LLC
Harry B. Hinkle
Rejar, LLC
Nadel and Gussman Capitan, LLC
Jalapeno Corporation
Grasslands Energy, LP

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	73.43	23.43
2	80.00	25.52
3	160.00	51.05
Total	313.43	100.00%

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State/State

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NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE

Revised June, 2022

ONLINE Version

COMMUNITIZATION AGREEMENT

API Initial Well: 30-0_____ - _____

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,"

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 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, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, 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 Lot 4, SE/4SW/4, S/2SE/4 of Section 31 & the S/2S/2 of Section 32,

Sect(s) 31&32, T 17S, R 31E, NMPM Eddy County, NM

containing 313.53 acres, more or less, and this agreement shall include only the

Bone Spring Formation

or pool, underlying said lands and the oil and gas

(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 **February** _____ Month **1st** Day, **2024** 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/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations; provided, that the one-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 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: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A for Matador Production Company, on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

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

MRC Delaware Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Delaware Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer
My commission expires _____

ONLINE
version

State/State

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

MRC Explorers Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Explorers Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer

My commission expires _____

MRC Spiral Resources, LLC

By: Bryan A. Erman - E.V.P. and General Counsel and Head of M&A
Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2024, by Bryan A. Erman, as E.V.P. and General Counsel and Head of M&A, for MRC Spiral Resources, LLC on behalf of said limited liability company.

Signature of Notarial Officer

My commission expires _____

ONLINE
version

State/State

EXHIBIT “A”

Plat of communitized area covering **313.53** acres in **Lot 4, SE/4SW/4, S/2SE/4 of Section 31 & the S/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.**

Cedar State 3231 Fed Com #124H

Section 31	Section 32
Tract 1 NMNM-068039 153.53 Acres	Tract 2 V0-3018-0000 160.00 Acres

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated February 1, 2024, embracing the following described land in Lot 4, SE/4SW/4, S/2SE/4 of Section 31 & the S/2S/2 of Section 32, Township 17S, Range 31E, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: NMNM-068039

Description of Land Committed: Township 17 South, Range 31 East,
Section 31: Lot 4, SE/4SW/4, S/2SE/4

Number of Acres: 153.53

Current Lessee of Record: Burlington Resources Oil & Gas Company

Name and Percent of Working Interest Owners: EOG Resources, Inc.
MRC Delaware Resources, LLC
Yates-US, Inc.
Yates Energy Corporation
MRC Explorers Resources, LLC
OXY USA WTP Limited Partnership
Jalapeno Corporation
Petro-Yates, Inc.
Rejar, LLC
Harry B. Hinkle
Nadel and Gussman Capitan, LLC
MRC Spiral Resources, LLC

Tract No. 2

Lease Serial Number: V0-3018-0000

Description of Land Committed: Township 17 South, Range 31 East,
Section 32: S/2S/2

Number of Acres: 160.00

Current Lessee of Record: MRC Delaware Resources, LLC

Name and Percent of Working Interest Owners: Finley Production Co., LP
MRC Delaware Resources, LLC

ONLINE
version

State/State

MRC Explorers Resources, LLC
Colkelan Corporation
MRC Spiral Resources, LLC
Harry B. Hinkle
Rejar, LLC
Nadel and Gussman Capitan, LLC
Jalapeno Corporation
Grasslands Energy, LP

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	153.53	48.97
2	160.00	51.03
Total	313.53	100.00%

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version

State/State

9

EOG Resources, Inc.	P.O. Box 2267	Midland	TX	79702
Yates-US Inc.	P.O. Box 2323	Roswell	NM	88202-2323
Yates Energy Corporation	P.O. Box 2323	Roswell	NM	88202-2323
Jalapeno Corporation	P.O. Box 1608	Albuquerque	NM	87103
OXY USA WTP Limited Partnership	6 Desta Drive, Suite 6000	Midland	TX	79705
NexGen Capital Resources, LLC	20405 State Highway 249, Suite 820	Houston	TX	77070
Northern Oil and Gas, Inc.	4350 Baker Rd, Suite 400	Minneonka	MN	55343
PDIII Exploration, Ltd.	P.O. Box 871	Midland	TX	79702
CJM Resources, LP	508 Wall St., Suite 1250	Midland	TX	79701
KREW Family Investments, LLC	114 Acorn Ln.	Aledo	TX	76008
Finley Production Co., L.P.	1308 Lake Street	Fort Worth	TX	76102
Grasslands Energy LP	5128 Apache Plume Rd., Suite 300	Fort Worth	TX	76109-1506
Pearson-Sibert Oil Co. of Texas	136 S. El Camino Drive, Suite 216	Beverly Hills	CA	90212
A. F. Gilmore Company	P.O. Box 480314	Los Angeles	CA	90048
Janet Barr Fitting, Trustee of the Robert D. Fitting Trust	P.O. Box 50582	Midland	TX	79710
Fort Worth Royalty Company	1315 W. 10th Street	Fort Worth	TX	76102
Gregg Alan Groves, Trustee of the Groves Family Trust	3404 Woodhaven	Midland	TX	79707
Platform Energy IV, LLC	810 Texas Ave	Lubbock	TX	79401
Yates Energy Royalty Interests LLC	P.O. Box 2323	Roswell	NM	88202-2323
Sally Jo Roberts (a/k/a Sally Meador-Roberts)	P.O. Box 4245	Midland	TX	79704
Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508
New Mexico State Land Office	P.O. Box 1148	Santa Fe	NM	87504
New Mexico State Land Office	310 Old Santa Fe Trail	Santa Fe	NM	87501
E. B. Hall	No Address			
Rodney O. Thompson	No Address			



Paula M. Vance
Associate
Phone (505) 988-4421
Fax (505) 819-5579
pmvance@hollandhart.com

April 19, 2024

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Matador Production Company for administrative approval to surface commingle (lease commingle) oil and gas production from spacing units comprised of Sections 31 & 32, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico (the "Lands")

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 the date this application is received by 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:

Kyle Perkins
Matador Production Company
(972) 371-5202
kperkins@matadorresources.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance".

Paula M. Vance
**ATTORNEY FOR MATADOR PRODUCTION
COMPANY**

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

MRC - Cedar State Commingling
Postal Delivery Report

9414811898765401728540	EOG Resources, Inc.	PO Box 2267	Midland	TX	79702-2267	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401728533	Yates-US Inc.	PO Box 2323	Roswell	NM	88202-2323	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727253	Yates Energy Corporation	PO Box 2323	Roswell	NM	88202-2323	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727222	Jalapeno Corporation	PO Box 1608	Albuquerque	NM	87103-1608	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.
9414811898765401727246	OXY USA WTP Limited Partnership	6 Desta Dr Ste 6000	Midland	TX	79705-5602	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727239	NexGen Capital Resources, LLC	20405 State Highway 249 Ste 820	Houston	TX	77070-2893	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.

MRC - Cedar State Commingling
Postal Delivery Report

9414811898765401727857	Northern Oil and Gas, Inc.	4350 Baker Rd Ste 400	Minnetonka	MN	55343-8628	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 21, 2024 at 12:41 am. The item is currently in transit to the destination.
9414811898765401727826	PDIII Exploration, Ltd.	PO Box 871	Midland	TX	79702-0871	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727895	CJM Resources, LP	508 W Wall St Ste 1250	Midland	TX	79701-5069	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727888	KREW Family Investments, LLC	114 Acorn Ln	Aledo	TX	76008-2572	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727871	Finley Production Co., L.P.	1308 Lake St	Fort Worth	TX	76102-4505	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727758	Grasslands Energy LP	5128 Apache Plume Rd Ste 300	Fort Worth	TX	76109-1506	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.

MRC - Cedar State Commingling
Postal Delivery Report

9414811898765401727727	Pearson-Sibert Oil Co. of Texas	136 El Camino Dr Ste 216	Beverly Hills	CA	90212-2705	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.
9414811898765401727741	A. F. Gilmore Company	PO Box 480314	Los Angeles	CA	90048-1314	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.
9414811898765401727772	Janet Barr Fitting, Trustee of the Robert D. Fitting Trust	PO Box 50582	Midland	TX	79710-0582	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727956	Fort Worth Royalty Company	1315 W 10th St	Fort Worth	TX	76102-3437	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727901	Gregg Alan Groves, Trustee of the Groves Family Trust	3404 Woodhaven Dr	Midland	TX	79707-4535	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727949	Platform Energy IV, LLC	810 Texas Ave	Lubbock	TX	79401-2724	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.

MRC - Cedar State Commingling
Postal Delivery Report

9414811898765401727932	Yates Energy Royalty Interests LLC	PO Box 2323	Roswell	NM	88202-2323	Your item arrived at our USPS facility in DENVER CO DISTRIBUTION CENTER on April 20, 2024 at 10:35 pm. The item is currently in transit to the destination.
9414811898765401727659	Sally Jo Roberts a/k/a Sally Meador-Roberts	PO Box 4245	Midland	TX	79704-4245	Your item arrived at our DENVER CO DISTRIBUTION CENTER origin facility on April 20, 2024 at 10:40 pm. The item is currently in transit to the destination.
9414811898765401727628	Bureau of Land Management	301 Dinosaur Trl	Santa Fe	NM	87508-1560	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.
9414811898765401727697	New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504-1148	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.
9414811898765401727635	New Mexico State Land Office	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	Your package is moving within the USPS network and is on track to be delivered by the expected delivery date. It is currently in transit to the next facility.

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Paula M. Vance](#)
Cc: [McClure, Dean, EMNRD](#); [Clelland, Sarah, EMNRD](#); [Rikala, Ward, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle O](#); [Walls, Christopher](#); [Lamkin, Baylen L.](#)
Subject: Approved Administrative Order CTB-1131
Date: Thursday, March 20, 2025 2:32:39 PM
Attachments: [CTB1131 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1131 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
30-015-55200	Cedar State 32 31 Federal Com #121H	N/2 N/2 N/2 N/2	31-17S-31E 32-17S-31E	56405
30-015-55204	Cedar State 32 31 Federal Com #122H	S/2 N/2 S/2 N/2	31-17S-31E 32-17S-31E	56405
30-015-55205	Cedar State 32 31 Federal Com #123H	N/2 S/2 N/2 S/2	31-17S-31E 32-17S-31E	56405
30-015-55206	Cedar State 32 31 Federal Com #124H	S/2 S/2 S/2 S/2	31-17S-31E 32-17S-31E	56405

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



PO Box 631667 Cincinnati, OH 45263-1667

AFFIDAVIT OF PUBLICATION

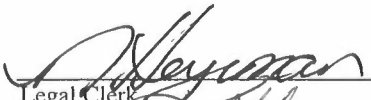
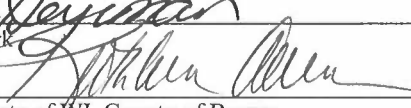
Joe Stark
Holland And Hart
110 N Guadalupe ST # 1
Santa Fe NM 87501-1849

STATE OF WISCONSIN, COUNTY OF BROWN

The Carlsbad Current Argus, a newspaper published in the city of Carlsbad, Eddy County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

04/19/2024

and that the fees charged are legal.
Sworn to and subscribed before on 04/19/2024

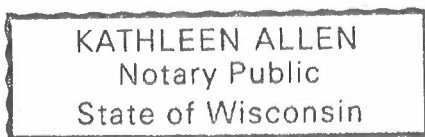

Legal Clerk

Notary, State of WI, County of Brown
1-2-25

My commission expires

Publication Cost: \$364.40
Order No: 10085607 # of Copies:
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PO Box 631667 Cincinnati, OH 45263-1667

AFFIDAVIT OF PUBLICATION

Joe Stark
Holland And Hart
110 N Guadalupe ST # 1
Santa Fe NM 87501-1849

STATE OF WISCONSIN, COUNTY OF BROWN

The Carlsbad Current Argus, a newspaper published in the city of Carlsbad, Eddy County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

04/19/2024

and that the fees charged are legal.

Sworn to and subscribed before on 04/19/2024

Legal Clerk

Notary, State of WI, County of Brown

My commission expires

Publication Cost: \$179.80

Order No: 10085676

of Copies:

Customer No: 1360634

1

PO #:

THIS IS NOT AN INVOICE!*Please do not use this form for payment remittance.*

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Legal Notice (Publication)

To: All affected parties, including: EOG Resources, Inc.; Yates-US Inc.; Yates Energy Corporation; Jalapeno Corporation; OXY USA WTP Limited Partnership; NexGen Capital Resources, LLC; Northern Oil and Gas, Inc.; PDIII Exploration, Ltd.; CJM Resources, LP; KREW Family Investments, LLC; Finley Production Co., LP; Pearson-Sibert Oil Co. of Texas; A.F. Gilmore Company; Janet Barr Fitting, Trustee of the Robert D. Fitting Trust; E.B. Hall, his or her heirs and devisees; Fort Worth Royalty Company; Gregg Alan Groves, Trustee of the Groves Family Trust; Rodney O. Thompson, his heirs and devisees; Platform Energy IV, LLC; Yates Energy Royalty Interests LLC; Sally Jo Roberts, her heirs and devisees; State of New Mexico Commissioner of Public Lands; and Bureau of Land Management.

Application of Matador Production Company for administrative approval to surface commingle (lease commingling) oil and gas production from spacing units comprised of Sections 31 & 32, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico (the "Lands"). Matador Production Company (OGRID No. 228937), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (lease) diversely owned oil and gas production at the Cedar State Tank Battery insofar as all existing and future infill wells drilled in the following spacing units:

(a) The 313.23-acre spacing unit comprised of Lot 1, NE/4 NW/4, and the N/2 NE/4 (N/2 N/2 equivalent) of Section 31 and the N/2 N/2 of Section 32, in the Shugart; Bone Spring, North [56405] - currently dedicated to the Cedar State 3231 Fed Com #121H (API. No. 30-015-PENDING);

(b) The 313.33-acre spacing unit comprised of Lot 2, SE/4 NW/4, and the S/2 NE/4 (S/2 N/2 equivalent) of Section 31 and the S/2 N/2 of Section 32, in the Shugart; Bone Spring, North [56405] - currently dedicated to the Cedar State 3231 Fed Com #122H (API. No. 30-015-PENDING);

(c) The 313.53-acre spacing unit comprised of Lot 3, NE/4 SW/4, and the N/2 SE/4 (N/2 S/2 equivalent) of Section 31 and the N/2 S/2 of Section 32, in the Shugart; Bone Spring, North [56405] - currently dedicated to the Cedar State 3231 Fed Com #123H (API. No. 30-015-PENDING);

(d) The 313.53-acre spacing unit comprised of Lot 4, SE/4 SW/4, and the S/2 SE/4 (S/2 S/2 equivalent) of Section 31 and the S/2 S/2 of Section 32, in the Shugart; Bone Spring, North [56405] - currently dedicated to the Cedar State 3231 Fed Com #124H (API. No. 30-015-PENDING); and

(e) Pursuant to 19.15.12.10.C(4)(g), from all future additions of pools, leases or leases and pools to the Cedar State Tank Battery (located in the SE/4 SE/4 of Section 32, Township 17 South, Range 31 East) with notice provided only to the owners of interests to be added.

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 Kyle Perkins, Matador Production Company, (972) 371-5202 or KPerkins@matadorresources.com.

April 19, 2024 #10085676

**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-1131**

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 as described 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. 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10 C.(4)(g) NMAC.
6. 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 as described in Exhibit A.
7. 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 (“CA Pooled Area”), as described in Exhibit A.

CONCLUSIONS OF LAW

8. 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.

9. 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.
10. 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.
11. 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.
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) NMAC and 19.15.12.10 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 oil and gas production from the pools, leases, and wells as described in Exhibit A.

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

2. For each CA Pooled Area described in Exhibit A, 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 a 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 CA 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 commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

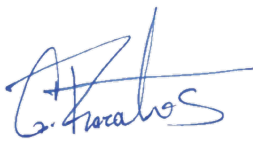
Applicant shall allocate the oil and gas production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA 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.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described 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.
4. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
5. 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.
6. 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.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10 C.(2) NMAC.
8. 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.

9. 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, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
10. If a well is not included in Exhibit A but produces from a pool and lease as described 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, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. 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).
13. 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**



**GERASIMOS RAZATOS
DIRECTOR (ACTING)**

DATE: 3/14/2025

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-1131**

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

Central Tank Battery: **Cedar State Tank Battery**

Central Tank Battery Location: **UL P, Section 32, Township 17 South, Range 31 East**

Gas Title Transfer Meter Location: **UL P, Section 32, Township 17 South, Range 31 East**

Pools

Pool Name	Pool Code
SHUGART; BONE SPRING, NORTH	56405

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
PROPOSED CA Bone Spring BLM	N/2 N/2	31-17S-31E
	N/2 N/2	32-17S-31E
PROPOSED CA Bone Spring NMNM 106381115	S/2 N/2	31-17S-31E
	S/2 N/2	32-17S-31E
PROPOSED CA Bone Spring NMNM 106381116	N/2 S/2	31-17S-31E
	N/2 S/2	32-17S-31E
PROPOSED CA Bone Spring NMNM 106381119	S/2 S/2	31-17S-31E
	S/2 S/2	32-17S-31E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-55200	Cedar State 32 31 Federal Com #121H	N/2 N/2	31-17S-31E	56405
		N/2 N/2	32-17S-31E	
30-015-55204	Cedar State 32 31 Federal Com #122H	S/2 N/2	31-17S-31E	56405
		S/2 N/2	32-17S-31E	
30-015-55205	Cedar State 32 31 Federal Com #123H	N/2 S/2	31-17S-31E	56405
		N/2 S/2	32-17S-31E	
30-015-55206	Cedar State 32 31 Federal Com #124H	S/2 S/2	31-17S-31E	56405
		S/2 S/2	32-17S-31E	

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/oed/contact-us>

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

CONDITIONS

Action 337093

CONDITIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 337093
	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 email us at OCD.Engineer@emnrd.nm.gov .	3/20/2025