

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

Park

Signature

Date

Phone Number

e-mail Address



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

September 3, 2025

VIA ONLINE FILING

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

Re: **Application of Matador Production Company for administrative approval to amend Administrative Order CTB-810 and to surface commingle (lease), oil and gas production from spacing units comprised of the E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico (the "Lands")**

Dear Mr. Chang:

Matador Production Company (OGRID No. 228937) ("Matador"), pursuant to 19.15.12.10 NMAC, seeks administrative approval to amend Administrative Order CTB-810 ("Order CTB-810"), attached as **Exhibit 1**. Order CTB-810 authorizes lease commingling at the **Cimarron Tank Battery** *insofar as all existing and future wells drilled in the following spacing units:*

(a) The 160-acre spacing unit comprised of the W/2 E/2 of Section 16, in the Quail Ridge; Bone Spring [50460] – currently dedicated to the **Cimarron 16 19 34 RN State Com 133H** (API No. 30-025-42979); and

(b) The 160-acre spacing unit comprised of the E/2 E/2 of Section 16, in the Quail Ridge; Bone Spring [50460] – currently dedicated to the **Cimarron 16 19 34 RN State Com 134H** (API No. 30-025-42352).

Matador seeks to add to the amended order the provisions under 19.15.12.10.C(4)(g) NMAC. Additionally, Matador now seeks to amend the terms of Order CTB-810 to add to the terms of the order the production from all existing and future infill wells drilled in the following spacing units:

(a) The 320-acre spacing unit comprised of the E/2 of Section 16, in the Quail Ridge; Bone Spring [50460] – currently dedicated to the **Cimarron State Com 1143H** (API No. 30-025-54347) and **Cimarron State Com 1243H** (API No. 30-025-54346); and

(b) Pursuant to 19.15.12.10.C(4)(g), *from all future additions of pools, leases or leases and pools to the Cimarron Central Tank Battery* with notice provided only to the

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



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

owners of interests to be added.

Oil and gas production from these spacing units will be commingled and sold utilizing the **Cimarron Tank Battery** ("TB") located in the NE/4 NE/4 (Unit A) of Section 16, Township 19 South, Range 34 East. Each well is equipped with a three-phase separator and metered. 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 2 is a land plat showing Matador's current development plan, well pads, and the TB ("Facility Pad") in the subject area. The plat also identifies the wellbores and lease/spacing unit boundaries.

Exhibit 3 is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Mark Gonzales, 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 4 is a well list and C-102 for each of the wells currently permitted or drilled within the existing spacing units.

Exhibit 5 includes relevant communitization agreements.

The application involves wellbores with diverse ownership. The spacing units involved 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 6** 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 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 New Mexico State Land Office ("SLO") since state 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", written over a horizontal line.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

EXHIBIT

1

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-810
Administrative Application Reference No. pMAM1633731104

December 22, 2016

MATADOR PRODUCTION COMPANY

Attention: Ms. Jordan Kessler

Matador Production Company (OGRID 228937) is hereby authorized to surface commingle oil and gas production from the Quail Ridge; Bone Spring Pool (Pool code: 50460) from the following diversely owned state leases located in Township 19 South, Range 34 East, Lea County, New Mexico:

Lease: Cimarron 16 19 34 RN State Well No. 134H Lease: Division Order R-13960
Description: E/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM
Well: Cimarron 16 19 34 RN State Well 134H API 30-025-42352

Lease: Cimarron 16 19 34 RN State Well No. 133H Lease: Division Order R-14097
Description: W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM
Wells: Cimarron 16 19 34 RN State Well 133H API 30-025-42979

The combined project area for these wells includes the E/2 of Section 16, Township 19 South, Range 34, East, NMPM, Lea County, New Mexico.

The commingled oil and gas production from the wells detailed above shall be measured and sold at the combined Cimarron 16 19 34 RN State Well No. 134 H and Cimarron 16 19 34 RN State Well No. 133H Central Tank Battery (CTB), located in the NE/4 NE/4 (U/L A) of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

Production from the subject wells shall be determined as follows:

The oil and gas production from each of the diversely-owned leases shall be measured with allocation meters.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

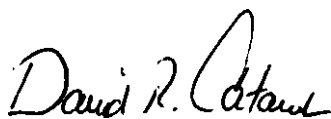
Administrative Order CTB-810
Matador Production Company
December 22, 2016
Page 2 of 2

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

This installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Hobbs District office of the Division prior to implementation of the commingling operations.

Done at Santa Fe, New Mexico, on December 22, 2016.



DAVID R. CATANACH
Director

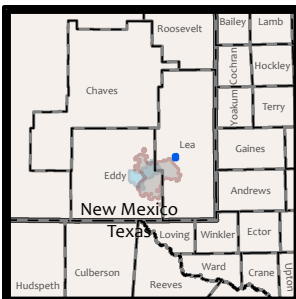
DRC/sad

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office Oil, Gas and Minerals Division – Santa Fe

Cimarron Commingling

Date Published:

7/10/2025



Matador Operated Wells

- Surface Locations
- Bottom Locations
- Horizontal Wellbores

Units

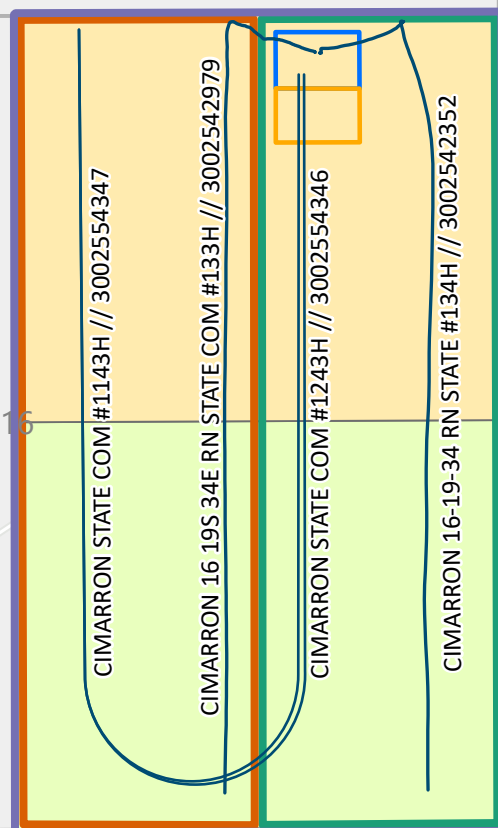
- 160 acre Bone Spring unit being the E2E2 of Section 16, 19S, 34E
- 160 acre Bone Spring unit being the W2E2 of Section 16, 19S, 34E
- 320 acre Bone Spring unit being the E2 of Section 16, 19S, 34E

Lease No.

- E078243
- L029495

Facilities

- Facility Pad
- Well Pad



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

1:15,000

1 inch equals 1,250 feet



Map Prepared by: lillian.yeargins

Date: July 10, 2025

Project: \\gis\UserData\lyeargins\~projects\Commingling\Commingling.aprx

Spatial Reference: GCS WGS 1984

Sources: IHS; ESRI; 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. CTB-810
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 – [50460] QUAIL RIDGE; BONE SPRING
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

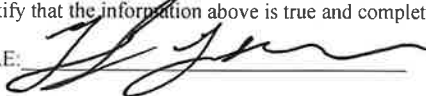
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

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

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

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

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

SIGNATURE:  TITLE: Facilities Engineer DATE: 06/27/2025

TYPE OR PRINT NAME Mark Gonzales TELEPHONE NO.: (915)-240-3468

E-MAIL ADDRESS: mark.gonzales@matadorresources.com

EXHIBIT
3

Matador Production Company

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

Voice 972.371.5489 • Fax 972.371.5201

mark.gonzales@matadorresources.com

Mark Gonzales
Facilities Engineer

July 29, 2025

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

Re: Application of Matador Production Company for administrative approval to Amend Administrative Order CTB-810 to surface commingle (lease) gas and oil production from the spacing unit comprised of the E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico (the "Lands").

To Whom This May Concern,

Under NMOCD Order No. CTB-810, Matador Production Company ("Matador"), OGRID: 228937, was authorized to surface commingle production from the Bone Spring formation in the W/2 E/2 and E/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Pursuant to this application, Matador seeks to amend Order No. CTB-810 to gain authority to also surface commingle production from additional Bone Spring wells that will be u-turn wells with a spacing unit comprised of the E/2 of Section 16, Township 19 South, Range 34 East.

Specifically, Matador requests to surface commingle existing and upcoming 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 third party 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 Laboratory Services 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 'M. Gonzales', with a long horizontal flourish extending to the right.

Mark Gonzales
Facilities Engineer





9790G	40-10017	Pickard 124 HP	
Sample Point Code	Sample Point Name	Sample Point Location	
Laboratory Services	2024092010	0511	ALEXIS - Spot
Source Laboratory	Lab File No	Container Identity	Sampler
USA	USA	USA	New Mexico
District	Area Name	Field Name	Facility Name
Jun 7, 2024 08:15	Jun 7, 2024 08:15	Jun 7, 2024 15:58	Jun 12, 2024
Date Sampled	Date Effective	Date Received	Date Reported
81.00	12.00	System Administrator	115 @ 79
Ambient Temp (°F)	Flow Rate (Mcf)	Analyst	Press PSI @ Temp °F Source Conditions
Matador Resources	NG		
Operator	Lab Source Description		

Component	Normalized Mol %	Un-Normalized Mol %	GPM
H2S (H2S)	0.0020	0.002	
Nitrogen (N2)	5.9340	5.934	
CO2 (CO2)	0.4170	0.417	
Methane (C1)	73.9620	73.965	
Ethane (C2)	10.9210	10.921	2.9200
Propane (C3)	5.2770	5.277	1.4530
I-Butane (IC4)	0.6500	0.65	0.2130
N-Butane (NC4)	1.5500	1.55	0.4890
I-Pentane (IC5)	0.3860	0.386	0.1410
N-Pentane (NC5)	0.3310	0.331	0.1200
Hexanes Plus (C6+)	0.5700	0.57	0.2470
TOTAL	100.0000	100.0030	5.5830

Method(s): Gas C6+ - GPA 2261, Extended Gas - GPA 2286, Calculations - GPA 2172

Analyzer Information

Device Type:	Gas Chromatograph	Device Make:	Shimadzu
Device Model:	GC-2014	Last Cal Date:	Jun 3, 2024

Gross Heating Values (Real, BTU/ft³)

14.696 PSI @ 60.00 Å°F	14.73 PSI @ 60.00 Å°F		
Dry	Saturated	Dry	Saturated
1,206.9	1,187.3	1,209.7	1,190.000

Calculated Total Sample Properties

GPA2145-16 *Calculated at Contract Conditions

Relative Density Real

Relative Density Ideal

0.7495

0.7473

Molecular Weight

21.6498

C6+ Group Properties

Assumed Composition

C6 - 60.000% C7 - 30.000% C8 - 10.000%

Field H2S

20 PPM

PROTREND STATUS:

Passed By Validator on Jun 13, 2024

DATA SOURCE:

Imported

PASSED BY VALIDATOR REASON:

Close enough to be considered reasonable.

VALIDATOR:

Ashley Russell

VALIDATOR COMMENTS:

OK

**EXHIBIT
B**

API	Well Name & Number	UL or Q/Q	S-T-R	Pool Code
30-025-42979	Cimarron 16 19 34 RN State Com 133H	W/2 E/2	16-19S-34E	Quail Ridge; Bone Spring [50460]
30-025-42352	Cimarron 16 19 34 RN State Com 134H	E/2 E/2	16-19S-34E	Quail Ridge; Bone Spring [50460]
30-025-54347	Cimarron State Com 1143H	E/2	16-19S-34E	Quail Ridge; Bone Spring [50460]
30-025-54346	Cimarron State Com 1243H	E/2	16-19S-34E	Quail Ridge; Bone Spring [50460]

EXHIBIT

4

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: (505) 748-1283 Fax: (505) 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., Sante 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.
Sante Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

HOBBS OCD
MAR 28 2017
RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-0258-42979		² Pool Code 50460	³ Pool Name QUAIL RIDGE;BONE SPRING
⁴ Property Code 316196	⁵ Property Name CIMARRON 16 19S 34E RN State Com		⁶ Well Number #133H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY		⁹ Elevation 3825'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	19-S	34-E	-	250'	NORTH	1015'	EAST	LEA

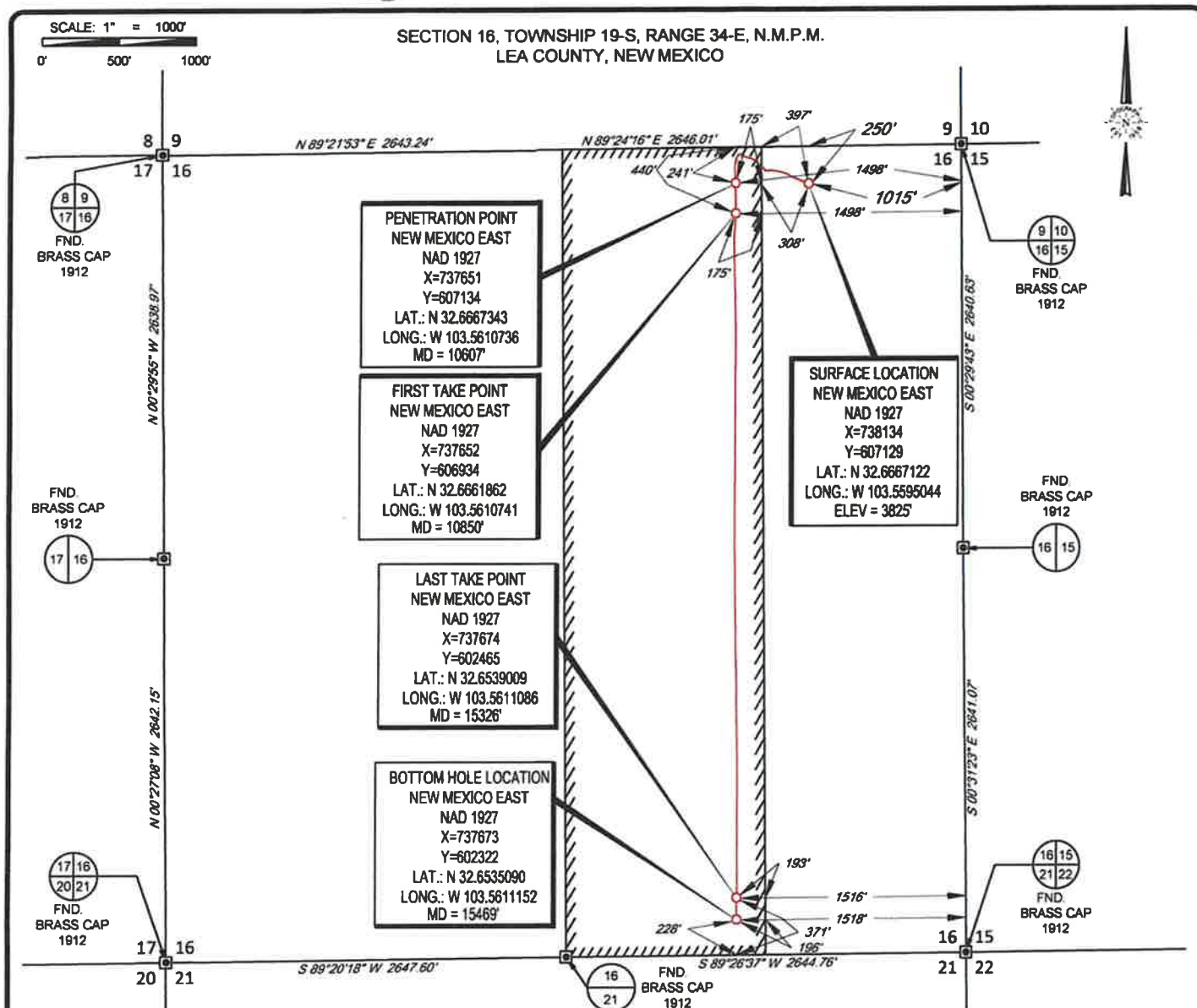
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	19-S	34-E	-	228'	SOUTH	1518'	EAST	LEA

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ PENETRATION POINT NEW MEXICO EAST NAD 1927 X=737651 Y=607134 LAT.: N 32.6667343 LONG.: W 103.5610736 MD = 10607' FIRST TAKE POINT NEW MEXICO EAST NAD 1927 X=737652 Y=606934 LAT.: N 32.6661862 LONG.: W 103.5610741 MD = 10850' LAST TAKE POINT NEW MEXICO EAST NAD 1927 X=737674 Y=602465 LAT.: N 32.6539009 LONG.: W 103.5611086 MD = 15326' BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=737673 Y=602322 LAT.: N 32.6535090 LONG.: W 103.5611152 MD = 15469'		¹⁷ OPERATOR CERTIFICATION 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. <i>John Durham</i> Signature Date 03/27/17 John Durham Printed Name jdurham@matadoreresources.com E-mail Address
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief. Date of Survey 03/16/2015 Signature and Seal of Professional Surveyor Certificate Number	

S:\SURVEY\MATADOR_RESOURCES\CIMARRON_STATE_COM_16-19S-34E_RN_133H\FINAL_PRODUCTS\SWD_CIMARRON_STATE_COM_16-19S-34E_RN_133H_C-102.DWG 3/8/2017 9:49:03 AM ccaston



1400 EVERMAN PARKWAY, Ste. 197 - FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 - FAX (817) 744-7548
2163 NORTH BIG SPRING - MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1853 OR (800) 767-1853 - FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM



Michael Blake Brown, P.S. No. 18329
MARCH 06, 2017

CIMARRON STATE COM
16-19S-34E RN #133H
AS-COMPLETED

REVISION:

INT DATE

DATE: 03/06/17

FILE: AD_CIMARRON_STATE_COM_16-19S-34E_RN_133H

DRAWN BY: GLH

SHEET: 1 OF 1

NOTES:

1. ORIGINAL DOCUMENT SIZE: 8 5/8" X 11"

2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, U.S. SURVEY FEET, NORTH AMERICAN DATUM 1927.

3. THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

S:\SURVEY\MATADOR_RESOURCES\CIMARRON_STATE_COM_16-19S-34E_RN_133H\FINAL_PRODUCT\16-19S-34E_RN_133H.DWG 3/6/2017 9:44:36 AM cason

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

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

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1000 Rio Brazos Road, Aztec, NM 87410
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1220 S. St. Francis Dr., Sante Fe, NM 87505
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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Sante Fe, NM 87505

FORM C-102

Revised August 1, 2011

HOBBS OCD

Submit one copy to appropriate

District Office

JUN 24 2015

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name CIMARRON 16 19 34 STATE RN	⁶ Well Number #134H
⁷ OGRID No.	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3825'

¹⁰Surface Location

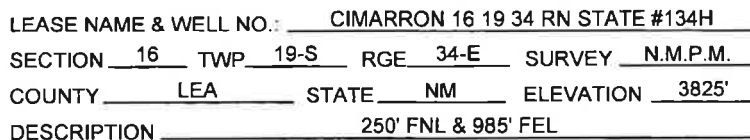
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	19-S	34-E	-	250'	NORTH	985'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	19-S	34-E	-	350'	SOUTH	404'	EAST	LEA

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

¹⁶ SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=738164 Y=607129 LAT.: N 32.6667123 LONG.: W 103.5594071 PENETRATION POINT NEW MEXICO EAST NAD 1927 X=738739 Y=606802 LAT.: N 32.6658010 LONG.: W 103.5575476 MD = 11003' FIRST TAKE POINT NEW MEXICO EAST NAD 1927 X=738777 Y=606540 LAT.: N 32.6650806 LONG.: W 103.5574290 MD = 11271' LAST TAKE POINT NEW MEXICO EAST NAD 1927 X=738785 Y=602582 LAT.: N 32.6542023 LONG.: W 103.5574979 MD = 15231' BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=738786 Y=602455 LAT.: N 32.6538517 LONG.: W 103.5574965 MD = 15359'	¹⁷ OPERATOR CERTIFICATION 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 unleased 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. Signature Chris Carleton Date 6/18/15 Printed Name Chris Carleton E-mail Address ccarleton@matadorresources.com ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief. 12/21/2014 Date of Survey Signature and Seal of Professional Surveyor MICHAEL B. BROWN NEW MEXICO 18329 PROFESSIONAL SURVEYOR Certificate Number
---	---



JUNE 18, 2015



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

CIMARRON 16 19 34 RN STATE #134H AS-COMPLETED	REVISION:	
	INT	DATE
DATE: 06/18/15		
FILE:AD_CIMARRON_STATE_16_19S_34E_RN_134H		
DRAWN BY: MML		
SHEET: 1 OF 1		

NOTES:

1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, U.S. SURVEY FEET, NORTH AMERICAN DATUM 1927.
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY MATADOR PRODUCTION COMPANY. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE EACH OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION		Revised July 9, 2024	
			Submittal Type:	☒ Initial Submittal
				☐ Amended Report ☐ As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-54347	Pool Code 50460	Pool Name QUAIL RIDGE;BONE SPRING
Property Code 337039	Property Name CIMARRON STATE COM	Well Number 1143H
OGRID No. 228937	Operator Name MATADOR PRODUCTION COMPANY	Ground Level Elevation 3826'
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
A	16	19-S	34-E	-	395' N	1105' E	N 32.6664374	W 103.5602919	LEA

Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
B	16	19-S	34-E	-	100' N	2310' E	N 32.6672377	W 103.5642083	LEA

Dedicated Acres 320	Infill or Defining Well -	Defining Well API -	Overlapping Spacing Unit (Y/N) -	Consolidated Code C
Order Numbers			Well Setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
A	16	19-S	34-E	-	50' N	330' E	N 32.6673922	W 103.5577745	LEA

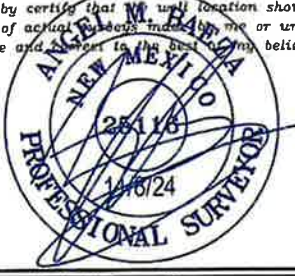
First Take Point (FTP)

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
A	16	19-S	34-E	-	100' N	330' E	N 32.6672548	W 103.5577743	LEA

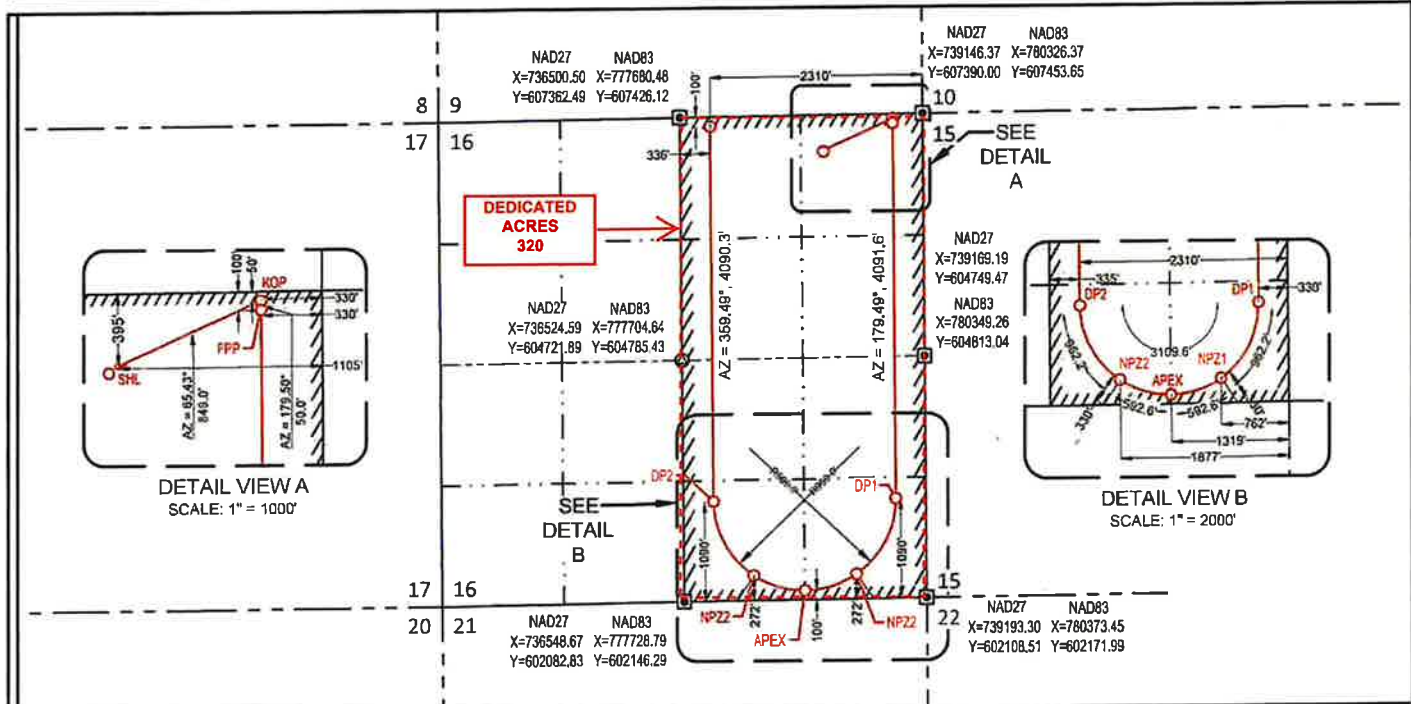
Last Take Point (LTP)

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
B	16	19-S	34-E	-	100' N	2310' E	N 32.6672377	W 103.5642083	LEA

Unitized Area or Area of Uniform Interest -	Spacing Unity Type ☐ Horizontal ☐ Vertical	Ground Floor Elevation
--	---	------------------------

OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division. Signature: <u>HAWKS HOLDER</u> Date: <u>11/20/25</u> Print Name: <u>HAWKS, HOLDER @ MATADORRESOURCES.COM</u> E-mail Address:		SURVEYORS CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  Signature and Seal of Professional Surveyor: _____ Date: _____ Certificate Number: _____ Date of Survey: <u>11/07/2024</u>	
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C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	☒ Initial Submittal ☐ Amended Report ☐ As Drilled
Property Name and Well Number CIMARRON STATE COM 1143H			

**SURFACE LOCATION (SHL)**

NEW MEXICO EAST
 NAD 1983
 X=779225 Y=607047
 LAT.: N 32.6664374
 LONG.: W 103.5602919
 NAD 1927
 X=738045 Y=606984
 LAT.: N 32.6663141
 LONG.: W 103.5597982
 395' FNL 1105' FEL

DEFLECTION POINT (DP1)

NEW MEXICO EAST
 NAD 1983
 X=780034 Y=603259
 LAT.: N 32.6560088
 LONG.: W 103.5577534
 NAD 1927
 X=738853 Y=603195
 LAT.: N 32.6558854
 LONG.: W 103.5572599
 1090' FSL 330' FEL

NON PERF. ZONE (NPZ2)

NEW MEXICO EAST
 NAD 1983
 X=778494 Y=602426
 LAT.: N 32.6537512
 LONG.: W 103.5627759
 NAD 1927
 X=737314 Y=602363
 LAT.: N 32.6536279
 LONG.: W 103.5622823
 272' FSL 1877' FEL

KICK OFF POINT (KOP)

NEW MEXICO EAST
 NAD 1983
 X=779997 Y=607400
 LAT.: N 32.6673922
 LONG.: W 103.5577745
 NAD 1927
 X=738817 Y=607337
 LAT.: N 32.6672689
 LONG.: W 103.5572806
 50' FNL 330' FEL

NON PERF. ZONE (NPZ1)

NEW MEXICO EAST
 NAD 1983
 X=779609 Y=602437
 LAT.: N 32.6537587
 LONG.: W 103.5591511
 NAD 1927
 X=738429 Y=602373
 LAT.: N 32.6536353
 LONG.: W 103.5586576
 272' FSL 762' FEL

DEFLECTION POINT (DP2)

NEW MEXICO EAST
 NAD 1983
 X=778054 Y=603240
 LAT.: N 32.6559955
 LONG.: W 103.5641865
 NAD 1927
 X=736874 Y=603176
 LAT.: N 32.6558722
 LONG.: W 103.5636928
 1090' FSL 2310' FEL

PROPOSED TAKE POINT (PTP)

NEW MEXICO EAST
 NAD 1983
 X=779997 Y=607350
 LAT.: N 32.6672548
 LONG.: W 103.5577743
 NAD 1927
 X=738817 Y=607287
 LAT.: N 32.6671314
 LONG.: W 103.5572804
 100' FNL 330' FEL

U-TURN APEX (APEX)

NEW MEXICO EAST
 NAD 1983
 X=779053 Y=602259
 LAT.: N 32.6532818
 LONG.: W 103.5609621
 NAD 1927
 X=737873 Y=602196
 LAT.: N 32.6531585
 LONG.: W 103.5604686
 100' FSL 1319' FEL

**LAST PERF. POINT (LPP)
BOTTOM HOLE LOCATION (BHL)**

NEW MEXICO EAST
 NAD 1983
 X=778017 Y=607330
 LAT.: N 32.6672377
 LONG.: W 103.5642083
 NAD 1927
 X=736837 Y=607266
 LAT.: N 32.6671145
 LONG.: W 103.5637141
 100' FNL 2310' FEL

SURVEYORS CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

11/07/2024
 Date of Survey



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			Submittal Type:	☒ Initial Submittal
				☐ Amended Report
		☐ As Drilled		

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-54346	Pool Code 50460	Pool Name QUAIL RIDGE;BONE SPRING
Property Code 337039	Property Name CIMARRON STATE COM	Well Number 1243H
OGRID No. 228937	Operator Name MATADOR PRODUCTION COMPANY	Ground Level Elevation 3825'
Surface Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
A	16	19-S	34-E	-	395' N	1075' E	N 32.6664378	W 103.5601946	LEA

Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
B	16	19-S	34-E	-	100' N	2310' E	N 32.6672377	W 103.5642083	LEA

Dedicated Acres 320	Infill or Defining Well -	Defining Well API -	Overlapping Spacing Unit (Y/N) -	Consolidated Code C
Order Numbers			Well Setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
A	16	19-S	34-E	-	50' N	330' E	N 32.6673922	W 103.5577745	LEA

First Take Point (FTP)

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S	Feet from the E/W	Latitude	Longitude	County
A	16	19-S	34-E	-	100' N	330' E	N 32.6672548	W 103.5577743	LEA

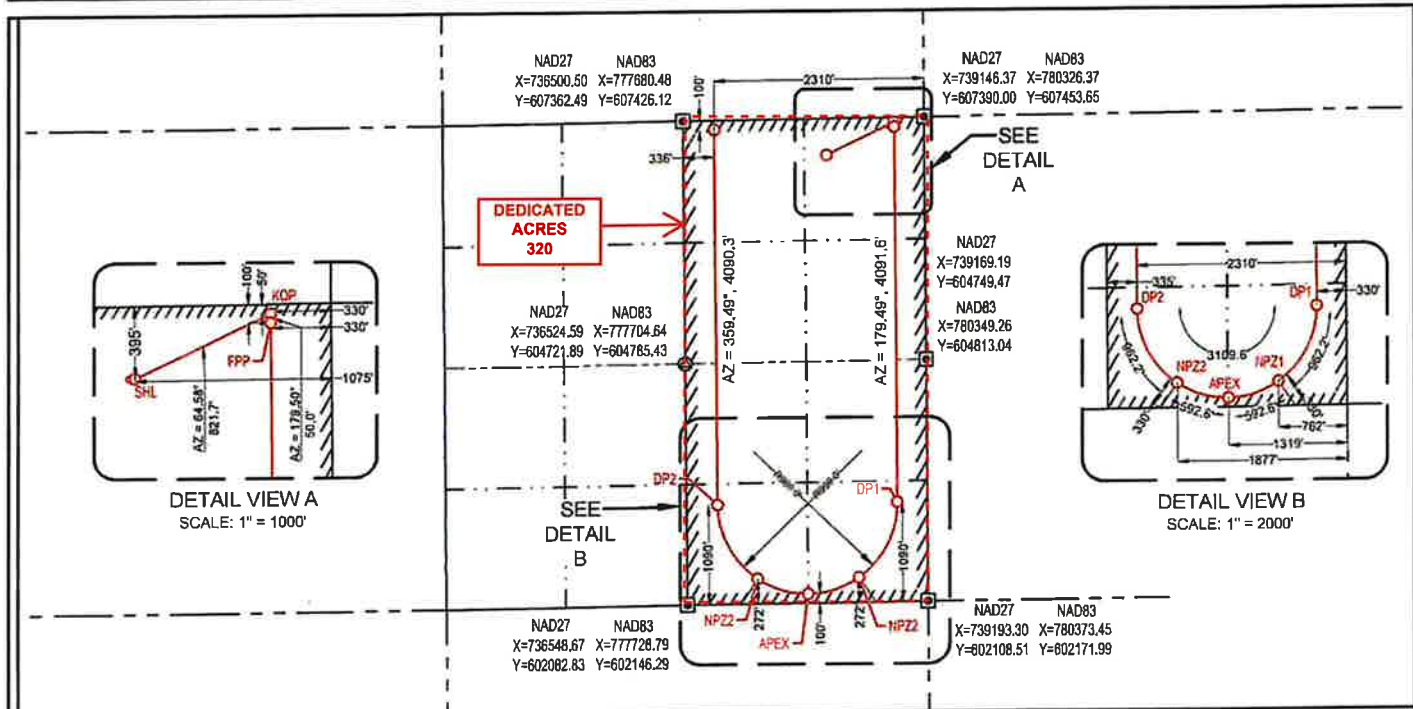
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C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024
	Property Name and Well Number CIMARRON STATE COM 1243H	Submittal Type: ☒ Initial Submittal
		☐ Amended Report ☐ As Drilled

**SURFACE LOCATION (SHL)**

NEW MEXICO EAST
 NAD 1983
 X=779255 Y=607048
 LAT.: N 32.6664378
 LONG.: W 103.5601946
 NAD 1927
 X=738075 Y=606984
 LAT.: N 32.6663145
 LONG.: W 103.5597006
 395' FNL 1075' FEL

KICK OFF POINT (KOP)

NEW MEXICO EAST
 NAD 1983
 X=779997 Y=607400
 LAT.: N 32.6673922
 LONG.: W 103.5577745
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 LONG.: W 103.5577743
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 X=738817 Y=607287
 LAT.: N 32.6671314
 LONG.: W 103.5572804
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 LAT.: N 32.6532818
 LONG.: W 103.5609621
 NAD 1927
 X=737873 Y=602196
 LAT.: N 32.6531585
 LONG.: W 103.5604686
 100' FSL 1319' FEL

NON PERF. ZONE (NPZ2)

NEW MEXICO EAST
 NAD 1983
 X=778494 Y=602426
 LAT.: N 32.6537512
 LONG.: W 103.5627759
 NAD 1927
 X=737314 Y=602363
 LAT.: N 32.6536279
 LONG.: W 103.5622823
 272' FSL 1877' FEL

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NEW MEXICO EAST
 NAD 1983
 X=778054 Y=603240
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 LONG.: W 103.5641865
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 X=736874 Y=603176
 LAT.: N 32.6558722
 LONG.: W 103.5636928
 1090' FSL 2310' FEL

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BOTTOM HOLE LOCATION (BHL)**

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 NAD 1927
 X=736837 Y=607266
 LAT.: N 32.6671145
 LONG.: W 103.5637141
 100' FNL 2310' FEL

SURVEYORS CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

11/07/2024

Date of Survey





EXHIBIT
5

AUBREY DUNN
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Cassie Hahn
Matador Production Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

May 18th, 2016

Re: Communitization Agreement Approval
Cimarron 16-19-34 RN State Com Well #133H
Vertical Extent: Bone Spring
Township: 19 South, Range 34 East, NMPM
Section 16: W2E2
Lea County, New Mexico

Dear Ms. Hahn,

The Commissioner of Public Lands has this date approved the Cimarron 16-19-34 RN State Com Well #133H Communitization Agreement for the Bone Spring formation effective 4/21/2016. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

If we may be of further service, please contact Niranjana Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in blue ink, appearing to read "Aubrey Dunn", is written over the printed name.

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

NEW MEXICO STATE LAND OFFICE**CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

Matador Production Company
Cimarron 16-19-34 RN State Com Well #133H
Vertical Extent: Bone Spring
Township: 19 South, Range: 34 East, NMPM
Section 16 : W2E2
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Consolidation Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 21, 2016**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 18th day of May, 2016.



COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

NEW MEXICO STATE LAND OFFICE**CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

Matador Production Company
Cimarron 16-19-34 RN State Com Well #133H
Vertical Extent: Bone Spring
Township: 19 South, Range: 34 East, NMPM
Section 16 : W2E2
Lea County, New Mexico

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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **18th day of May, 2016**.



COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

NEW MEXICO STATE LAND OFFICE**CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

Matador Production Company
Cimarron 16-19-34 RN State Com Well #133H
Vertical Extent: Bone Spring
Township: 19 South, Range: 34 East, NMPM
Section 16 : W2E2
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Consolidation Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 21, 2016**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **18th day of May, 2016**.



COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

Cimmaron State Com 16-19-34 RN #133H

NM State Land Office
Oil, Gas, & Minerals Division

STATE/STATE OR
STATE/FEE

Revised 'HF, 201

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO)
SS)

COUNTY OF LEA)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of April 21, 2016, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the Commissioner to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring formation (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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 undersigned as follows:

ONLINE version

State/State

December 2014

State/Fee

2016 MAR -2

Cimmaron State Com 16-19-34 RN #133H

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

Township 19 South, Range 34 East, N.M.P.M.

Section 16: W $\frac{1}{2}$ E $\frac{1}{2}$

Lea County, New Mexico

Containing 160.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit "A" showing the acreage, and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.
4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

ONLINE version

December 2014

State/State

State/Fee

5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

6. The commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

8. Matador Production Company shall be the Operator of said communitized area and all matters of operation shall be determined and performed by Matador Production Company.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted 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 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR:

Matador Production Company

Date: 4/21/2014

By:  

Craig N. Adams

Title: Executive Vice President

LESSEE OF RECORD L0-2949-0005:

MRC Permian Company

JF
DRA

Date: 4/21/16

By: [Signature]

Craig N. Adams

Title: Executive Vice President

LESSEE OF RECORD E0-7824-0002:

AMTEX Energy Inc.

Please see attached Compulsory Pooling Order No. R-14097

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS)

)

COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 21st day of April, 2016 by Craig N. Adams, Executive Vice President of **Matador Production Company**, a Texas corporation, on behalf of said corporation.



My Commission Expires: 2/2019

[Signature]

Notary Public

STATE OF TEXAS)
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 24th day of April, 2016 by Craig N. Adams, Executive Vice President of **MRC Permian Company**, a Texas corporation, on behalf of said corporation.

My Commission Expires: 2/2019

Cassie Hahn

Notary Public



EXHIBIT "A"

Attached to and made part of the Communitization Agreement dated April 21, 2016, by and between Matador Production Company and the State of New Mexico, covering the W½E½ of Section 16, Township 19S, Range 34E, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: Matador Production Company

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

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands
Lessee of Record: MRC Permian Company
Lease Serial No: L0-2949-0005
Date of Lease: October 20, 1918
Description of
Lands Committed: Township 19 South, Range 34 East, N.M.P.M.
Section 16: Lots B and G
Lea County, New Mexico
Number of Acres: 80.00 acres

TRACT NO. 2:

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands
Lessee of Record: AMTEX Energy Inc.
Lease Serial No: E0-7824-0001
Date of Lease: February 16, 1954
Description of
Lands Committed: Township 19 South, Range 34 East, N.M.P.M.
Section 16: Lots J and O
Lea County, New Mexico
Number of Acres: 80.00 acres

RECAPITULATION

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	80.00	50.000000%
No. 2	80.00	50.000000%
Total:	160.00	100.000000%

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 15366
ORDER NO. R-14097

APPLICATION OF MATADOR PRODUCTION COMPANY FOR A NON-STANDARD SPACING AND PRORATION UNIT, COMPULSORY POOLING AND NON-STANDARD LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 3, 2015, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 14th day of December, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Matador Production Company (the "Applicant" or "Matador") seeks approval of a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") in the Quail Ridge; Bone Spring Pool (Pool code 50640) consisting of the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation.

(3) The Unit will be dedicated to Applicant's Cimarron 16 19S 34E RN State Well No. 133H (the "proposed well"; API No. 30-025-Pending), a horizontal well to be drilled from a surface location 250 feet from the North line and 1015 feet from the East line (Unit A) of Section 16 to a terminus 240 feet from the South line and 1506 feet from the East line (Unit O) of Section 16, Township 19 South, Range 34 East, NMPM.

01:06 PM 07 MAY 2016

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Order No. R-14097
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(4) Applicant also seeks approval of the completed interval of the proposed well with the first perforation point being 330 feet from the North line and 1506 feet from the East line (Unit B) of Section 16 while the last perforation point is to be located 330 feet from the South line and 1506 feet from the East line (Unit O) of Section 16. The location of the completed interval is unorthodox because the perforated interval is less than 330 feet from the outer boundary of the project area.

(5) The proposed well is within the Quail Ridge; Bone Spring Pool. Spacing in this pool is governed by Division Rule 19.15.15.9(A) NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections.

(6) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) the Bone Spring formation, including the 3rd Bone Spring sand, in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well North to South or South to North is appropriate for the Unit;
- (c) all standard units to be included in the Unit are expected to be productive in the Bone Spring, so that formation of the Unit as requested will not impair correlative rights;
- (d) Applicant will utilize the same surface location in Unit A for drilling the proposed well which was used for the existing well, the Cimarron 16 19S 34E RN State Well No. 134H (API No. 30-025-42352). The existing well is located within a 160-acre project area being the E/2 E/2 of Section 16.
- (e) Applicant stated the unorthodox location of the completed interval of the proposed well will provide greater resource recovery in the east half of the section since the existing well was located closer to the eastern boundary of its respective project area.
- (f) Applicant testified that the interest owners for the E/2 E/2 and the W/2 E/2 of Section 16 were common and that Matador was the designated operator for the adjoining project area;
- (g) Applicant provided notice of this application to all uncommitted mineral interest owners by certified mail, return receipt requested, and by publication in a newspaper in general circulation in Lea County, New Mexico, for unlocatable uncommitted mineral interest owners; and

Oh 16 NW 6- NW 910Z

(h) Applicant attempted good faith effort to obtain a voluntary joinder with Amtex Energy, Inc.

(7) No other party appeared at the hearing, or otherwise opposed the granting of this application.

(8) On September 25, 2015, an Entry of Appearance was filed through counsel on behalf of Amtex Energy, Inc. ("Amtex") and William Savage who opposed the application.

(9) Subsequently on October 5, 2015, Matador filed a Motion to Quash Entry of Appearance in response to the September filing. Matador stated that Amtex, being a working interest owner and offset operator, was properly notified per Division rule. Matador was not aware of any title information that would require Mr. Savage (in his individual capacity) to be noticed in the same manner. Matador noted that Mr. Savage was president of Amtex and, therefore, received notification as a working interest owner and as an offset operator. Matador contended that Amtex had sufficient notice along with knowledge of the application in order to have made an appearance at hearing on September 3, 2015, to oppose the application. Matador further stated that notification of Mr. Savage was not required under Division Rule 19.15.4.12(A) NMAC since Mr. Savage was not qualified as a working mineral interest owner.

(10) On October 13, 2015, counsel for Amtex and Mr. Savage filed a Response to Motion to Quash. Amtex stated its correlative property rights were threatened by Matador's compulsory pooling application and that Amtex wished to retain its ability for *de novo* appeal of an order by Division.

(11) Lastly, Applicant filed a Reply in Support of Its Motion to Quash Entry of Appearance on October 22, 2015. Matador provided historical information for consideration in the original filing for entry by Amtex.

The Division concludes as follows:

(12) The filing of the Entry of Appearance by Amtex was 22 days following the formal hearing of Case No. 15366 on September 3, 2015 Docket. Applicant's Exhibit No. 5 documents three return receipt cards (Article Numbers 7014 3490 001 8089 7522, 7014 3490 001 8089 7782, and 7014 3490 001 8089 7713) addressed to Amtex and returned to the Applicant with an endorsed delivery date of August 12, 2015. Applicant testified that additional attempts to contact Amtex by phone were unsuccessful. Based on the delivery date of the return receipt cards, Amtex received proper notice within the 20-day requirement found in Division Rule 19.15.4.9(B) NMAC. Additionally, Amtex made no effort following notice to enter an appearance to protest or request a continuance of the case to adequately prepare a protest of the application. Therefore, Entry of Appearance submitted by Amtex was not timely and should not be considered.

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(13) Approval of the proposed non-standard unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(14) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(15) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(16) There are interest owners in the Unit that have not agreed to pool their interests.

(17) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(18) The proposed unorthodox location of the completed interval will provide for greater resource recovery thereby preventing waste while protecting correlative rights.

(19) Matador should be designated the operator of the proposed well and the Unit.

(20) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(21) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre oil spacing and proration unit and project area (the "Unit") is hereby established for the Bone Spring formation [Quail Ridge; Bone Spring Pool (Pool code 50640)] consisting of the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

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Case No. 15366
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(2) Pursuant to the application of Matador Production Company, all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to Applicant's **Cimarron 16 19S 34E RN State Well No. 133H** (the "proposed well"; API No. 30-025-Pending), a horizontal well to be drilled from a surface location 250 feet from the North line and 1015 feet from the East line (Unit A) of Section 16 to a terminus 240 feet from the South line and 1506 feet from the East line (Unit O) of Section 16, Township 19 South, Range 34 East, NMPM. The unorthodox location of the completed interval for the proposed well in the Bone Spring formation is hereby approved.

(4) The operator of the Unit shall commence drilling the proposed well on or before December 31, 2016, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before December 31, 2016, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the spacing units included in the proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those spacing units in which the well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) Matador Production Company (OGRID 228937) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this Order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

2016 MAY -9 AM 9:02

Case No. 15366
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(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production from the well:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

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(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this Order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this Order shall thereafter be of no further effect.

(19) The operator of the well and the Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) The Entry of Appearance filed by Amtex Energy, Inc. on September 25, 2015, for this case is untimely and no further testimony will be accepted.

(21) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director

2016 MAR 6 - 11:40 AM

NEW MEXICO STATE LAND OFFICE**CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Matador Production Company
Cimarron 16-19-34 RN State #134H
Vertical Extent: Bone Spring
Township: 19 South, Range: 34 East, NMPM
Section 16 : E2E2
Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Consolidation Agreement for the development and operation of acreage which is described within the referenced Agreement dated **January 1, 2015**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 7th day of August, 2015.



COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

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

**STATE/STATE OR
STATE/FEE**
Revised Dec. 2014

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO)
 ss)

COUNTY OF LEA

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of
January 1, 2015, by and between the parties subscribing, ratifying or consenting hereto,
such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the Commissioner to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring Formation

formation (hereinafter referred to as "said formation") in and under
the land hereinafter described cannot be independently developed and operated in conformity with
the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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 undersigned as follows:

ONLINE version
December 2014

State/State
State/Fee

1

2015 AUG 3 PM 9 35

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

Subdivisions E/2 E/2

Of Sect 16 Twnshp 19S Rng 34E NMPM Lea County, NM

containing 160 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.
4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

ONLINE version
December 2014

State/State
State/Fee

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5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

6. The commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

8. Matador Production Company shall be the Operator of said communitized area and all matters of operation shall be determined and performed by Matador Production Company

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are

thereafter conducted 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 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

Operator Matador Production Company

By

Craig N. Adams

Executive Vice President of Land & Legal

DRA
76

Lessees of Record

MRC Permian Company

By

Craig N. Adams

Executive Vice President of Land & Legal

DRA
76

AMTEX Energy, INC.

Please see attached Compulsory Pooling
Order No. R-13960

ONLINE version

State/State

December 2014

State/Fee

State/State or

State/Fee Communitization

Acknowledgment in an Individual Capacity

State of)
SS)
County of)

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of)
SS)
County of)

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated

by and between , Matador Production Company , AMTEX Energy, INC.

Company covering

the Subdivisions E/2 E/2 ,

Sect 16 , Twnshp 19S , Rnge 34E , NMPM LEA County, NM

OPERATOR of Communitized Area:

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

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: MRC Permian Company

Serial No. of Lease: L-2949

Date of Lease: May 20, 1969

Description of Lands Committed:

Subdivisions: E/2 NE/4

Sect 16 Twnshp 19S Rng 34E NMPM LEA County NM

No. of Acres: 80

TRACT NO. 2

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: AMTEX Energy, INC.

Serial No. of Lease: E-7824

Date of Lease: 2/16/1954

Description of Lands Committed: E/2 SE/4

Subdivisions:

Sect 16 Twnshp 19S Rng 34E NMPM LEA County NM

No. of Acres: 80

ONLINE version

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State/Fee

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TRACT NO. 3

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands Committed:

Subdivisions:

Sect Twnshp Rng NMPM County NM

No. of Acres:

TRACT NO. 4

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands Committed:

Subdivisions:

Sect Twnshp Rng NMPM County NM

No. of Acres:

RECAPITULATION

Tract number		Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	80		50%
No. 2	80		50%
No. 3			
No. 4			

Note: When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. Please be advised that payments will be drafted from your account immediately upon receipt.

ONLINE version

State/State

December 2014

State/Fee

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15243
ORDER NO. R-13960**

APPLICATION OF MRC PERMIAN COMPANY FOR APPROVAL OF A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 18, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 17th day of February, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) MRC Permian Company (also Matador Resources Company) ("Applicant") seeks approval of a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") in the Bone Spring formation, Quail Ridge-Bone Spring Pool (Pool code: 50460), consisting of the E/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation.

(3) The Unit will be dedicated to Applicant's Cimarron 16 19 34 RN State Well No. 134H (the "proposed well"; API No. 30-025-42352), a horizontal well to be drilled from a surface location 250 feet from the North line and 985 feet from the East line (Unit letter A) of Section 16, to a terminus 240 feet from the South line and 380 feet from the East line (Unit letter P) of Section 16. The completed interval of the proposed well in the Bone Spring formation will be orthodox.

(4) The proposed well is within the Quail Ridge-Bone Spring Pool (Pool code: 50460). Spacing in this pool is governed by statewide Rule 19.15.15.9A. NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-

Case No. 15243
Order No. R-13960
Page 2 of 6

quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections.

(5) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) the Bone Spring formation, including the 3rd Sand unit, in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well South to North or North to South is appropriate for the proposed Unit and provides for greater productivity than existing horizontal wells with orientation of East to West or West to East; and
- (c) all quarter-quarter sections to be included in the Unit are expected to be productive in the Bone Spring formation, so that formation of the Unit as requested will not impair correlative rights.

(6) Applicant provided notice of this application to all uncommitted interest owners by certified mail, return receipt requested, and by publication.

(7) MRC Permian Company requested Matador Production Company be designated operator of the proposed well and of the Unit.

(8) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(9) Approval of the proposed non-standard unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(10) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(11) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(12) There are interest owners in the Unit that have not agreed to pool their interests.

(13) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons,

Case No. 15243
Order No. R-13960
Page 3 of 6

this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(14) Matador Production Company should be designated the operator of the proposed well and of the Unit.

(15) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(16) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre oil spacing and proration unit (the "Unit") is hereby established for the Bone Spring formation, Quail Ridge-Bone Spring Pool (Pool code: 50460), consisting of the E/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico.

(2) Pursuant to the application of MRC Permian Company, all uncommitted interests, whatever they may be, in the oil and gas located in the Bone Spring formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to the Applicant's **Cimarron 16 19 34 RN State Well No. 134H** (the "proposed well"; API No. 30-025-42352), a horizontal well to be drilled from a surface location 250 feet from the North line and 985 feet from the East line (Unit letter A) of Section 16, to a terminus 240 feet from the South line and 380 feet from the East line (Unit letter P) of Section 16. The completed interval of the proposed well in the Bone Spring formation will be orthodox.

(4) The operator of the Unit shall commence drilling the proposed well on or before February 1, 2016, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before February 1, 2016, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion

of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the quarter-quarter sections included in the proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which the individual well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on that Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) Matador Production Company (OGRID 228937) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this Order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

2015 AUG 3 AM 9 35

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Order No. R-13960
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(13) The operator is hereby authorized to withhold the following costs and charges from production from each well:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 70-8A7-8A-28, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this Order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this order shall thereafter be of no further effect.

(19) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

2015 AUG 3 AM 9:35

Case No. 15243
Order No. R-13960
Page 6 of 6

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director

SEAL

**New Mexico State Land Office
Oil, Gas, & Minerals Division****STATE/STATE OR
STATE/FEE**

Revised August 2024

COMMUNITIZATION AGREEMENT

ONLINE Version

API #: 30-025_____ - 54347_____

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of June [month], **2025**, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Bone Spring** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

Cimarron State Com #1143 & #1243 – State Comm Agreement

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

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: E2 of Section 16

Of Sect(s): 16 Twp: 19 S Rng: 34 E NMPM Lea County, NM

Containing 320.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

Cimarron State Com #1143 & #1243 – State Comm Agreement

4. **Matador Production Company** shall be the operator of the said communitized area ("Operator") and all matters of operation shall be determined and performed by **Matador Production Company**. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner's share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as 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 applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled

upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such 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. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such 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 this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

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 instruments, 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. 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.

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19-7-64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19-7-64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Operator: **Matador Production Company**

By: Kyle Perkins – Senior Vice President & Assistant General Counsel
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 _____, 2025, by Kyle Perkins, as Senior Vice President & Assistant General Counsel for Matador Production Company, a Texas corporation, on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

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

MRC Permian Company

By: Kyle Perkins – Senior Vice President & Assistant General Counsel
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 _____, 2025, by Kyle Perkins, as Senior Vice President & Assistant General Counsel, for MRC Permian Company, a Texas corporation, on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

NMSLO Communitization Agreement Self-Certification for Federal, Fee or Tribal Interests

Approval of this Communitization Agreement does not constitute an adjudication of any federal, Tribal or private interests, and neither the Commissioner of Public Lands nor the State Land Office warrant or certify that the information supplied by the party submitting this agreement is accurate with regard to all private, Tribal or federal interests. The responsibility of the Commissioner and State Land Office is to protect and adjudicate only the State Land Office interests during the processing of Communitization Agreements. The State Land Office will only verify the accuracy of state leases in the proposed Communitization Agreement. All non-state interests must be certified by the Operator.

As Operator of **Cimarron State Com #1143**, **Chris Carleton** on behalf of **Matador Production Company** hereby certifies that all lessees and/or working interest owners that are parties to this Communitization Agreement, as shown on Exhibit A, have the legal rights and interests they claim to the private or federal or Tribal leases subject to this Communitization Agreement and **Matador Production Company** has obtained written consent and authority to enter into this Agreement on their behalf. Written consent/signatures of lessees and/or other interest owners will be made available to the State Land Office immediately upon request. Any misrepresentation or material omission by the Operator in this respect will be grounds to void the Communitization Agreement.

OPERATOR: **Matador Production Company**

BY: **Chris Carleton – Senior Vice President of Land**

(Signature of Authorized Agent)

Acknowledgment in a Representative Capacity

STATE OF TEXAS) §

COUNTY OF DALLAS) §

This instrument was acknowledged before me on _____, 2025, by Chris Carleton, as Senior Vice President of Land for Matador Production Company, a Texas corporation, on behalf of said corporation.

Signature of Notarial Officer
My commission expires _____

EXHIBIT “A”

Plat of communitized area covering **320.00** acres in the **E2 of Section 16, Township 19 South, Range 34 East, Lea County, New Mexico.**

Cimarron State Com #1143 – API# 30-025-54347

Cimarron State Com #1243 – API# 30-025-54346

Section 16-19S-34E	Tract 1 L0-2949-0005 160.00 acres
	Tract 2 E0-7824-0003 160.00 acres

Cimarron State Com #1143 & #1243 – State Comm Agreement

EXHIBIT “B”

Attached to and made a part of that certain Communitization Agreement dated **June 1, 2025**, embracing the following described land in the **E2 of Section 16, Township 19 South, Range 34 East, Lea County, New Mexico.**

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

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

Lease Serial Number: L0-2949-0005

Description of Land Committed: Township 19 South, Range 34 East,
Section 16: NE4

Number of Acres: 160.00 acres

Current Lessee of Record: MRC Permian Company

Name and Percent of Working Interest Owners: MRC Permian Company

Tract No. 2

Lease Serial Number: E0-7824-0003

Description of Land Committed: Township 19 South, Range 34 East,
Section 16: SE4

Number of Acres: 160.00 acres

Current Lessee of Record: EGL Resources, Inc.

Name and Percent of Working Interest Owners: PBEX II, LLC

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	160.00	50.00%
2	160.00	50.00%
Total	320.00	100.00%

Charis Royalty F, LP	PO Box 93983	Southlake TX	76092
Elk Range Royalties II, LP	2110 Farrington Street	Dallas TX	75207
Foran Oil Company	One Lincoln Centre, 5400 LBJ Freeway, Suite 1500	Dallas TX	75240
MA Trieb Royalty, LLC	4110 Herschel Ave	Dallas TX	75219
New Mexico State Land Office	310 Old Santa Fe Trail	Santa Fe NM	87501
PBEX II, LLC	223 W. Wall Street, Suite 900	Midland TX	79701
Stewart Royalty, Inc.	PO Box 50690	Midland TX	79710
Wing Resources VI, LLC	2100 McKinney Avenue, Suite 1540	Dallas TX	75201

EXHIBIT

6



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

August 25, 2025

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Matador Production Company for administrative approval to amend Administrative Order CTB-810 and to surface commingle (lease), oil and gas production from spacing units comprised of the E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea 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. Division rules require that a copy of this application be provided to you (there are no documents in this notice packet for you to sign). 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:

Hawks Holder
Matador Production Company
(972) 619-4336
hawks.holder@matadorresources.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance", written over a horizontal line.

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 - Cimarron Commingling
Postal Delivery Report

9414811898765479058495	Charis Royalty F, LP	PO Box 93983	Southlake	TX	76092-0119	Your item was returned to the sender on August 29, 2025 at 11:44 am in SOUTHLAKE, TX 76092 because the addressee was not known at the delivery address noted on the package.
9414811898765479058440	Elk Range Royalties II, LP	2110 Farrington St	Dallas	TX	75207-6502	Your item was delivered to the front desk, reception area, or mail room at 12:33 pm on August 29, 2025 in DALLAS, TX 75207.
9414811898765479058488	Foran Oil Company	5400 Lbj Fwy Ste 1500 One Lincoln Centre	Dallas	TX	75240-1017	Your item was delivered to the front desk, reception area, or mail room at 11:14 am on August 29, 2025 in DALLAS, TX 75240.
9414811898765479058433	MA Trieb Royalty, LLC	4110 Herschel Ave	Dallas	TX	75219-3012	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765479058471	New Mexico State Land Office	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	Your item was picked up at the post office at 7:40 am on August 29, 2025 in SANTA FE, NM 87501.
9414811898765479058518	PBEX II, LLC	223 W Wall St Ste 900	Midland	TX	79701-4567	Your item arrived at our USPS facility in HARTFORD CT DISTRIBUTION CENTER on September 1, 2025 at 10:39 pm. The item is currently in transit to the destination.
9414811898765479058556	Stewart Royalty, Inc.	PO Box 50690	Midland	TX	79710-0690	Your item arrived at the MIDLAND, TX 79705 post office at 8:43 am on August 30, 2025 and is ready for pickup. Your item may be picked up at CLAYDESTA, 612 VETERANS AIRPARK LN, MIDLAND, TX 797059998, M-F 0800-1700.
9414811898765479058563	Wing Resources VI, LLC	2100 McKinney Ave Ste 1540	Dallas	TX	75201-2140	Your item was delivered to the front desk, reception area, or mail room at 10:11 am on August 29, 2025 in DALLAS, TX 75201.

**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-810-A**

ORDER

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

FINDINGS OF FACT

1. Matador Production Company (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools and leases in accordance with 19.15.12.10(C)(4)(g) NMAC.
5. 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.
6. 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.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

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 and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from the pools and leases 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, as applicable, 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. This Order supersedes Order CTB-810.
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. If Applicant recovers oil or gas production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.
6. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.
7. 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.
8. 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.
9. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
11. 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.
12. 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.
13. 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.

14. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
15. 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).
16. 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**



**ALBERT C. S. CHANG
DIRECTOR**

DATE: 08/21/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-810-A**

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

Central Tank Battery: **Cimarron Tank Battery**

Central Tank Battery Location: **UL A, Section 16, Township 19 South, Range 34 East**

Gas Title Transfer Meter Location: **UL A, Section 16, Township 19 South, Range 34 East**

Pools

Pool Name	Pool Code
QUAIL RIDGE;BONE SPRING	50460

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring SLO 203453 PUN 1347266	E2E2	16-19S-34E
CA Bone Spring SLO 203591 PUN 1356357	W2E2	16-19S-34E
CA Bone Spring SLO 205343 PUN 1410718	E2	16-19S

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-42979	CIMARRON 16 19 34 RN STATE COM #133H	W2E2	16-19S-34E	50460
30-025-42352	CIMARRON 16 19 34 RN STATE #134H	E2E2	16-19S-34E	50460
30-025-54347	CIMARRON STATE COM #119H	E2	16-19S-34E	50460
30-025-54346	CIMARRON STATE COM #129H	E2	16-19S-34E	50460

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 502586

CONDITIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 502586
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 .	8/28/2026