

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING DECEMBER 16, 2021**

CASE NOS. 22267-22268

FLORENCE STATE COM 23 & 14 #113H & #123H WELLS

LEA COUNTY, NEW MEXICO



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

**APPLICATIONS OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22267 & 22268

TABLE OF CONTENTS

- **Matador Exhibit A:** Compulsory Pooling Application Checklists
- **Matador Exhibit B:** Applications of Matador Production Company for Compulsory Pooling
- **Matador Exhibit C:** Affidavit of Sara Hartsfield, Landman
 - Matador Exhibit C-1: C-102s
 - Matador Exhibit C-2: Land Tract Map
 - Matador Exhibit C-3: Working Interest Ownership
 - Matador Exhibit C-4: Sample Well Proposal Letters with AFE
 - Matador Exhibit C-5: Chronology of Contacts
- **Matador Exhibit D:** Affidavit of Andrew Parker, Geologist
 - Matador Exhibit D-1: Locator map
 - Matador Exhibit D-2: Bone Spring subsea structure & cross-section map
 - Matador Exhibit D-3: Bone Spring stratigraphic cross-section
- **Matador Exhibit E:** Notice Affidavit
- **Matador Exhibit F:** Affidavit of Publication for Each Case

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

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 22267

APPLICATION

Matador Production Company (“Matador” or “Applicant”) (OGRID No. 228937), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 14 and 23, Township 23 South, Range 34 East, Lea County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced spacing unit to the following proposed initial wells: (1) the **Florence State Com #113H well**, and (2) the **Florence State Com #123H well**, which are to be drilled from surface locations in the SW/4 SE/4 (Unit O) of Section 23 to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 14.
3. The completed interval of the wells will comply with statewide setbacks for oil wells.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION COMPANY
Hearing Date: December 16, 2021**

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject acreage.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed initial wells and the proposed horizontal spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Bone Spring formation and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, NM 87504

505-998-4421

505-983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

kaluck@hollandhart.com

**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

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

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 22268

APPLICATION

Matador Production Company (“Matador” or “Applicant”) (OGRID No. 228937), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Sections 14 and 23, Township 23 South, Range 34 East, Lea County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced spacing unit to the following proposed initial wells: (1) the **Florence State Com #114H well**, and (2) the **Florence State Com #124H well**, which are to be drilled from surface locations in the SE/4 SE/4 (Unit P) of Section 23 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 14.
3. The completed interval of the wells will comply with statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject acreage.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed initial wells and the proposed horizontal spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Bone Spring formation and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

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Santa Fe, NM 87504

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505-983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

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

**APPLICATIONS OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22267 and 22268

AFFIDAVIT OF SARA HARTSFIELD

Sara Hartsfield, of lawful age and being first duly sworn, declares as follows:

1. My name is Sara Hartsfield and I am employed by MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Landman.
2. I have previously testified before the New Mexico Oil Conservation Division and my credentials have been accepted as an expert witness in petroleum land matters.
3. I am familiar with the applications filed by Matador in these consolidated cases and the status of the lands in the subject area.
4. In these consolidated cases, Matador seeks orders pooling two standard 320-acre, more or less, horizontal spacing units underlying the E/2 of Sections 14 and 23, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, as follows:

- In **Case No. 22267**, Matador seeks to pool the Bone Spring formation (Antelope Ridge; Bone Spring, West (Pool Code 2209)) in the W/2 E/2 of Sections 14 and 23 to be initially dedicated to the proposed **Florence State 2314 #113H** well (API pending) and **Florence State 2314 #123H** well (API pending), each to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 23 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 14.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION COMPANY
Hearing Date: December 16, 2021**

- In **Case No. 22268**, Matador seeks to pool the Bone Spring formation (Antelope Ridge; Bone Spring, West (Pool Code 2209)) in the E/2 E/2 of Sections 14 and 23 to be initially dedicated to the proposed **Florence State 2314 #114H** well (API pending) and **Florence State 2314 #124H** well (API pending), each to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 23 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 14.
5. **Matador Exhibit C-1** contains the Form C102s for each of the initial wells under these applications.
 6. **Matador Exhibit C-2** identifies the tracts of land comprising each of the proposed horizontal spacing units. The subject acreage is comprised of state and fee lands.
 7. There are no depth severances within the Bone Spring formation underlying this acreage.
 8. **Matador Exhibit C-3** identifies the working interest owners that Matador is seeking to pool in the proposed horizontal spacing units. The working interest owners and ownership percentage is the same in both cases.
 9. **Matador Exhibit C-3** identifies the overriding royalty owners that Matador seeks to pool in these cases. The overriding royalty owners are the same in both cases.
 10. **Matador Exhibit C-4** contains a copy of the well proposal letter and AFE sent to the working interest owners that Matador seeks to pool in these cases. The costs reflected in these AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area in this formation during the respective time periods.

11. In addition to sending well proposal letters and AFEs, I have called or emailed each of the working interest owners Matador seeks to pool in an attempt to reach an agreement with them. As reflected in **Matador Exhibit C-5**, which is a summary of Matador's contacts with the uncommitted working interest owners, I have made contact with each party we seek to pool and attempted to reach voluntary joinder. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted mineral owners that Matador seeks to pool in these cases.

12. I have provided the law firm of Holland & Hart LLP with the names and addresses of the interest owners that Matador seeks to pool and instructed that they be notified of this hearing.

13. Matador requests that the overhead and administrative costs for drilling and producing the proposed wells be set at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

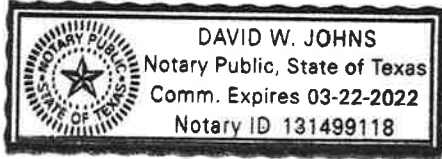
14. **Matador Exhibits C-1 through C-5** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


SARA HARTSFIELD

STATE OF TEXAS)
)
COUNTY OF DALLAS)

SUBSCRIBED and SWORN to before me this 9th day of December
2021 by Sara Hartsfield.



D. W. J.
NOTARY PUBLIC

My Commission Expires:
03/22/2022

EXHIBIT C-1

Revised August 1, 2011

Submit one copy to appropriate

District Office

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

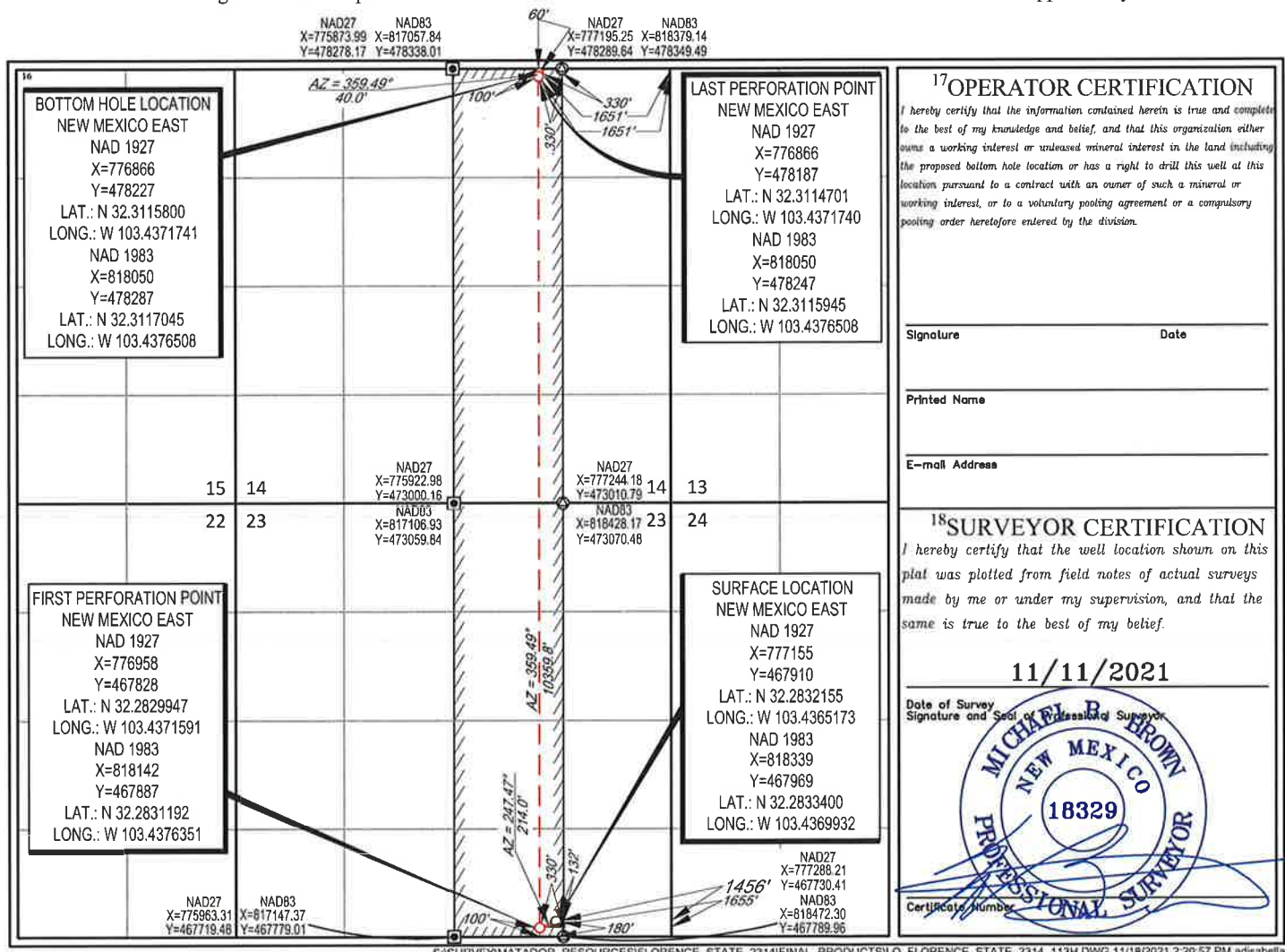
State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 2209		³ Pool Name Antelope Ridge; Bone Spring, West					
⁴ Property Code		⁵ Property Name FLORENCE STATE 2314						⁶ Well Number 113H	
⁷ GRID No. 228937		⁸ Operator Name MATADOR PRODUCTION COMPANY						⁹ Elevation 3381'	
¹⁰ Surface Location									
UL or lot no. 0	Section 23	Township 23-S	Range 34-E	Lot Idn -	Feet from the 180'	North/South line SOUTH	Feet from the 1456'	East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. B	Section 14	Township 23-S	Range 34-E	Lot Idn -	Feet from the 60'	North/South line NORTH	Feet from the 1651'	East/West line EAST	County LEA
¹² Dedicated Acres 320		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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



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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 2209	³ Pool Name Antelope Ridge; Bone Spring, West
⁴ Property Code	⁵ Property Name FLORENCE STATE 2314	⁶ Well Number 123H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3381'

¹⁰Surface Location

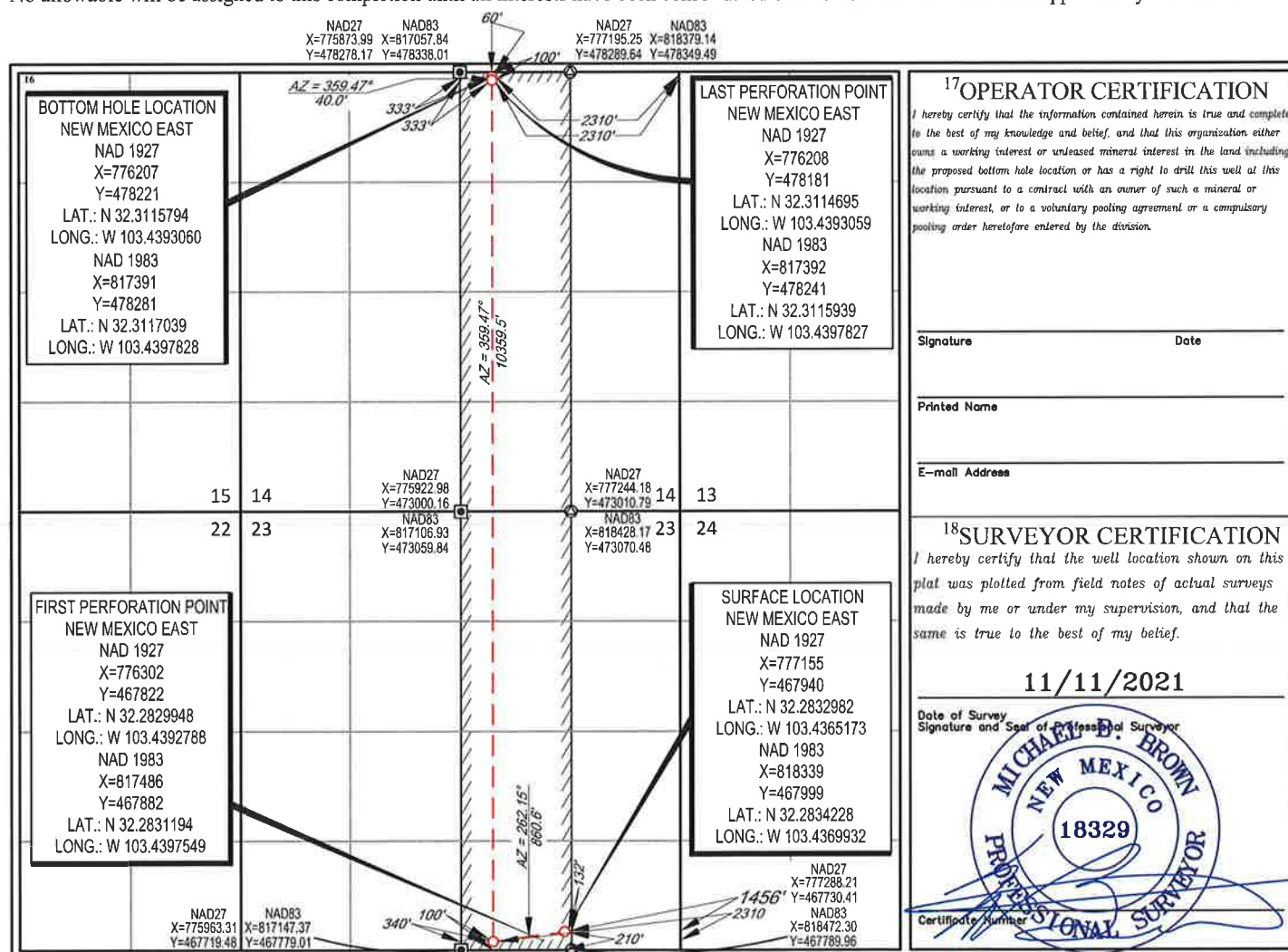
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	23	23-S	34-E	-	210'	SOUTH	1456'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	14	23-S	34-E	-	60'	NORTH	2310'	EAST	LEA

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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 2209	³ Pool Name Antelope Ridge; Bone Spring, West
⁴ Property Code	⁵ Property Name FLORENCE STATE 2314	⁶ Well Number 114H
⁷ GRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3381'

¹⁰Surface Location

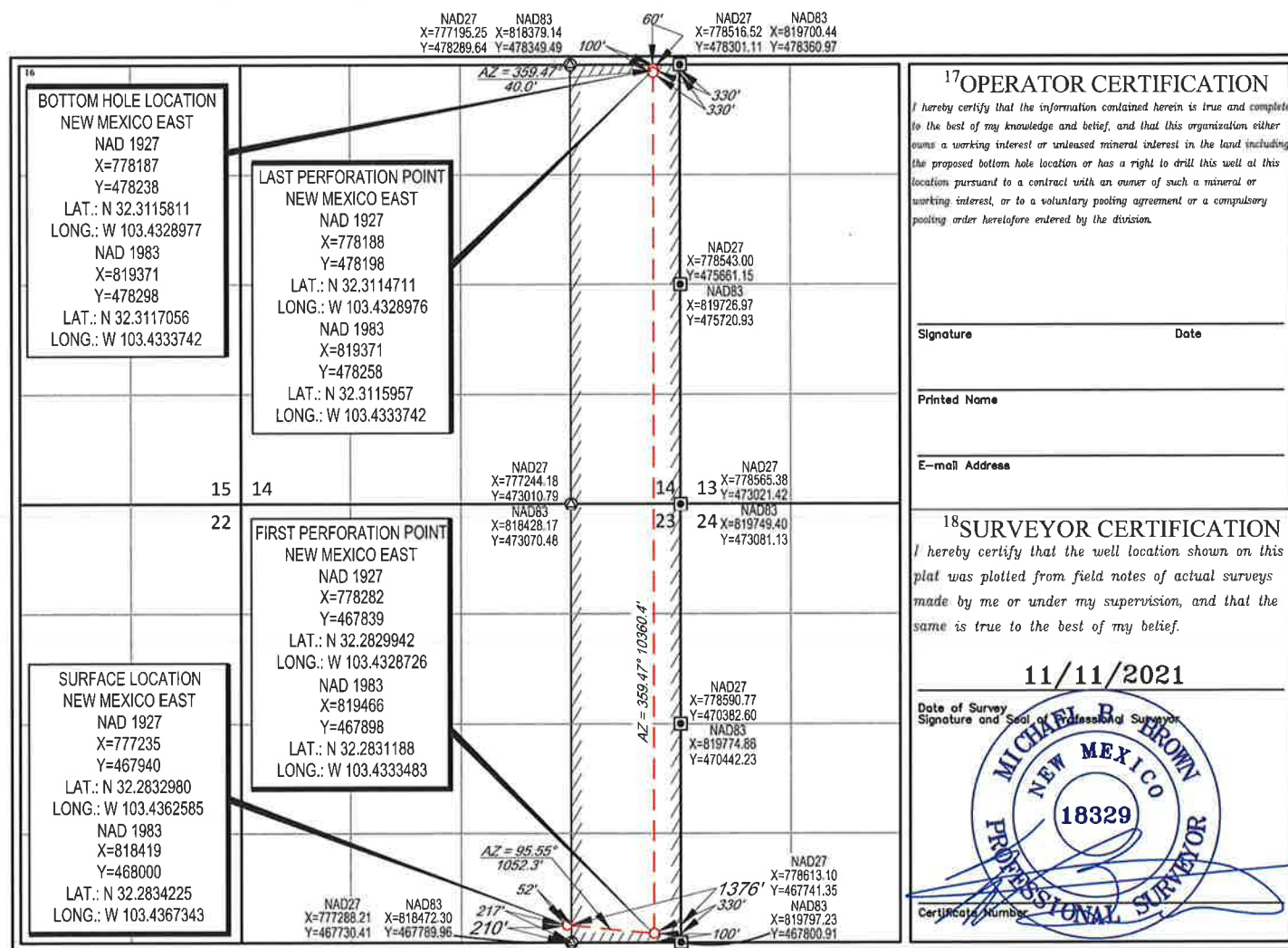
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	23	23-S	34-E	-	210'	SOUTH	1376'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	14	23-S	34-E	-	60'	NORTH	330'	EAST	LEA

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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 2209	³ Pool Name Antelope Ridge; Bone Spring, West
⁴ Property Code	⁵ Property Name FLORENCE STATE 2314	⁶ Well Number 124H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3381'

¹⁰Surface Location

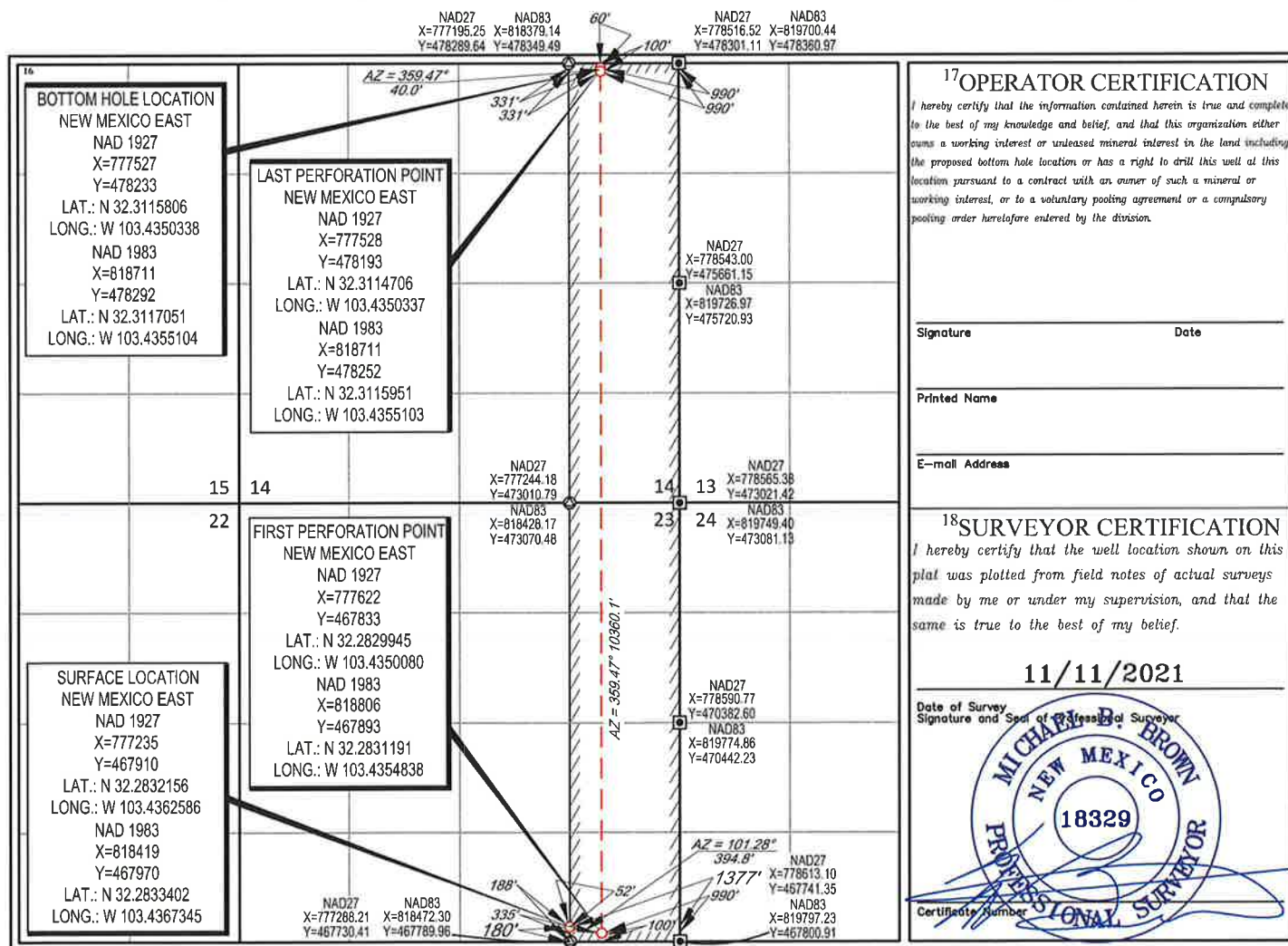
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	23	23-S	34-E	-	180'	SOUTH	1337'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	23	23-S	34-E	-	60'	NORTH	990'	EAST	LEA

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



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EXHIBIT C-2

Legend:

- ~320 Acre Spacing Unit
- Fee
- State Lease LG12088
- State Lease VB11842

Map Labels:

- Chaves
- Eddy
- New Mexico
- Texas
- Culberson
- Loving
- Winkler
- Devon En HBP Mowbourne
- Adobe Fed
- Petrohawk 1/2 L Moore 1/2 HBP
- Mowbourne 3 3 20 to WC 1 5/2
- Devon En HBP
- US L me BHL stone
- Basin Pro Rch
- Supran Fed
- Endeavor
- Chesapeake
- K 5203
- Robert
- HBC
- Contonn al 11 23 21
- COG HBP
- MRC Fe m
- Rusk n O&G to 13 540 State to base of Morrow Jetst eam
- SW/4 ME
- Limestone Basin Pro Rch
- Caiza Pot.
- Contonn al 11 15 21
- EOG Res VB 1858
- Amoco State TB 3914
- Advance Ener VB 145
- Advance Ener to 59
- Advance Ener VB 11519
- Advance Ener VB 1024
- Matador Resources Company

Map Prepared by: agreen
Project: Forced Pooling
Date: 10/21/2021
Coordinate System:

EXHIBIT C-3

Summary of Interests

MRC Permian Company:		58.67946%
Voluntary Joinder:		06.94554%
Compulsory Pool:		34.37500%
Interest Owner:	Description:	Interest:
Caza Petroleum, LLC	Uncommitted Working Interest	34.375000%
Merrion Oil & Gas Corporation	Overriding Royalty Owner	--
Allar Development LLC	Overriding Royalty Owner	--
Martin Joyce	Overriding Royalty Owner	--
Nestegg Energy Corporation	Overriding Royalty Owner	--
Viper Energy Partners LLC	Overriding Royalty Owner	--
Barrett Properties Inc.	Overriding Royalty Owner	--
Royalty Asset Holdings II, LP	Overriding Royalty Owner	--
Susan Marie Thoma	Overriding Royalty Owner	--
GMT New Mexico Royalty Company LLC	Overriding Royalty Owner	--

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C3

Case Nos. 22267-22268

Submitted by: MATADOR PRODUCTION COMPANY

Hearing Date: December 16, 2021



EXHIBIT C-4

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5446 • Fax 214.866.4946
shartsfield@matadorresources.com

Sara Hartsfield
Senior Landman

January 6, 2021

VIA CERTIFIED RETURN RECEIPT MAIL

Caza Petroleum, LLC
200 N. Loraine St. Suite 1550
Midland, TX 79701

Re: Matador Production Company – Florence State Com 23&14 #113H, #114H, #123H & #124H
(the “Wells”)
Participation Proposal
Sections 23 & 14, Township 23 South, Range 34 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s Florence State Com #113H, Florence State Com #114H, Florence State Com #123H & Florence State Com #124H wells, located in the E2 of Sections 23 and 14, Township 23 South, Range 34 East, Lea County, New Mexico to the Bone Spring formation. This proposal will supersede and replace proposals sent in May of 2019.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the four (4) enclosed Authority for Expenditures (“AFE”) dated January 4, 2021.
- **Florence State Com #113H:** to be drilled from a legal location with a proposed surface hole location in the SW/4SE/4 of Section 23-23S-34E and a proposed bottom hole location in the NW/4NE/4 of Section 14-23S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,760’ TVD) to a Measured Depth of approximately 19,927’.
- **Florence State Com #114H:** to be drilled from a legal location with a proposed surface hole location in the SE/4SE/4 of Section 23-23S-34E and a proposed bottom hole location in the NE/4NE/4 of Section 14-23S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,760’ TVD) to a Measured Depth of approximately 19,927’.
- **Florence State Com #123H:** to be drilled from a legal location with a proposed surface hole location in the SW/4SE/4 of Section 23-23S-34E and a proposed bottom hole location in the NW/4NE/4 of Section 14-23S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,260’ TVD) to a Measured Depth of approximately 20,591’.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C4

Case Nos. 22267-22268

Submitted by: MATADOR PRODUCTION COMPANY

Hearing Date: December 16, 2021

- **Florence State Com #124H:** to be drilled from a legal location with a proposed surface hole location in the SE/4SE/4 of Section 23-23S-34E and a proposed bottom hole location in the NE/4NE/4 of Section 14-23S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,312' TVD) to a Measured Depth of approximately 20,591'.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

Caza Petroleum, LLC will own an approximate 0.34375 working interest in each Well, subject to title verification.

MRC requests that you indicate your election to participate in the drilling and completion of the Wells in the space provided below, sign and return one (1) copy of this letter to the undersigned.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement dated January 5, 2021 by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators covering the E/2 of Section 23 and the E/2 of Section 14, Township 23 South, Range 34 East, Lea County, New Mexico, which has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Wells, please sign and return a copy of the enclosed AFE(s) within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE(s) are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

MRC PERMIAN COMPANY



Sara Hartsfield

Caza Petroleum, LLC hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Florence State Com #113H** well, in the estimated amount of **\$2,967,233.16**.

_____ Not participate in the **Florence State Com #113H**

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Florence State Com #114H** well, in the estimated amount of **\$2,967,233.16**.

_____ Not participate in the **Florence State Com #114H**

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Florence State Com #123H** well, in the estimated amount of **\$2,960,296.28**.

_____ Not participate in the **Florence State Com #123H**

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Florence State Com #124H** well, in the estimated amount of **\$2,960,296.28**.

_____ Not to participate in the **Florence State Com #124H**

Caza Petroleum, LLC

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	January 4, 2021	AFE NO.:	
WELL NAME:	Florence State Com 23&14 #113H	FIELD:	
LOCATION:	Sections 23&14-23S-34E	MD/TVD:	19,927/9,760'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	1st Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 1st Bone Spring Sand well with approximately 50 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500	\$ -	\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	118,000	13,000	25,000	16,667	172,667
Drilling	679,900	-	-	-	679,900
Cementing & Float Equip	183,000	-	-	-	183,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,840	-	3,840
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	45,300	-	-	-	45,300
Mud & Chemicals	255,400	49,000	6,000	-	310,400
Mud / Wastewater Disposal	140,000	-	-	1,000	141,000
Freight / Transportation	12,800	26,700	-	-	39,500
Rig Supervision / Engineering	91,000	102,400	7,200	14,400	215,000
Drill Bits	91,400	-	-	-	91,400
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	98,000	8,500	-	-	106,500
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	11,500	-	-	-	11,500
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	189,380	-	-	-	189,380
Completion Unit, Swab, CTU	-	130,000	16,000	-	146,000
Perforating, Wireline, Slickline	-	173,000	-	-	173,000
High Pressure Pump Truck	-	67,500	6,000	-	73,500
Stimulation	-	1,909,400	-	-	1,909,400
Stimulation Flowback & Disp	-	15,500	260,000	-	275,500
Insurance	29,891	-	-	-	29,891
Labor	97,500	61,000	15,000	5,000	178,500
Rental - Surface Equipment	43,240	284,165	10,000	5,000	342,345
Rental - Downhole Equipment	105,000	86,000	3,000	-	194,000
Rental - Living Quarters	28,300	43,295	-	5,000	76,595
Contingency	193,547	180,225	45,379	5,807	424,957
MaxCom	24,725	-	-	-	24,725
TOTAL INTANGIBLES >	2,612,982	3,891,875	499,169	63,873	7,067,799
TANGIBLE COSTS					
Surface Casing	\$ 44,950	\$ -	\$ -	\$ -	\$ 44,950
Intermediate Casing	210,100	-	-	-	210,100
Drilling Liner	-	-	-	-	-
Production Casing	423,504	-	-	-	423,504
Production Liner	-	-	-	-	-
Tubing	-	-	73,500	-	73,500
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	69,600	5,000	-	74,600
Tanks	-	-	-	29,900	29,900
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	-	104,000	104,000
Surface Pumps	-	-	5,000	17,333	22,333
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	32,667	42,667
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	41,667	41,667
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	2,000	-	2,000
Tank / Facility Containment	-	-	-	7,500	7,500
Flare Stack	-	-	-	13,333	13,333
Electrical / Grounding	-	-	2,000	19,000	21,000
Communications / SCADA	-	-	6,000	1,667	6,667
Instrumentation / Safety	-	-	-	49,500	49,500
TOTAL TANGIBLES >	743,554	69,600	147,500	603,488	1,564,152
TOTAL COSTS >	3,356,435	3,961,475	646,669	667,372	8,631,951

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Bake Hermes	Team Lead - WTX/NM	WTE
Completions Engineer:	Garen Hunt		WTE
Production Engineer:	Jan Mosnes		

MATADOR RESOURCES COMPANY APPROVAL:

Exec. VP & CFO	DEL	Exec. VP - Res Engineering	BMR	Exec. VP & COO - Land & Legal	CNA
President	MVH	Senior VP - Geoscience	NLF	Exec. VP & COO - Operations	BEG

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	Yes	No	(mark one)

The costs on this AFE are estimates only and may not be considered as ceilings on any specific item or the total cost of the project. Funding obligation approved under the AFE may be extended until a year after the well has been completed. The Partner(s) agrees to pay 40 percent share of actual costs incurred, including legal, consulting, regulatory, insurance and all other costs within the terms of the agreement, but not exceeding 10 percent of the total cost of the project. The Partner(s) shall be responsible for obtaining all necessary permits and licenses for the project. The Partner(s) shall be responsible for obtaining all necessary permits and licenses for the project. The Partner(s) shall be responsible for obtaining all necessary permits and licenses for the project.

AFE - Version 4

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	January 4, 2021	APE NO.:	
WELL NAME:	Florence State Com 23&14 #123H	FIELD:	
LOCATION:	Sections 23&14-23S-34E	MD/TVD:	20,591'/10,260'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 2nd Bone Spring Sand well with approximately 50 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 61,500	\$ -	\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	118,000	13,000	25,000	16,667	172,667
Drilling	892,650	-	-	-	892,650
Cementing & Float Equip	183,000	-	-	-	183,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,840	-	3,840
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	45,938	-	-	-	45,938
Mud & Chemicals	255,400	49,000	6,000	-	310,400
Mud / Wastewater Disposal	140,000	-	-	1,000	141,000
Freight / Transportation	12,600	26,700	-	-	39,500
Rlg Supervision / Engineering	62,625	102,400	7,200	14,400	216,625
Drill Bits	73,400	-	-	-	73,400
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	99,750	8,500	-	-	108,250
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	11,750	-	-	-	11,750
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	195,024	-	-	-	195,024
Completion Unit, Swab, CTU	-	130,000	16,000	-	146,000
Perforating, Wireline, Slickline	-	173,000	-	-	173,000
High Pressure Pump Truck	-	67,500	6,000	-	73,500
Stimulation	-	1,959,400	-	-	1,959,400
Stimulation Flowback & Disp	-	15,500	260,000	-	275,500
Insurance	30,697	-	-	-	30,697
Labor	97,500	61,000	15,000	5,000	178,500
Rental - Surface Equipment	44,180	284,105	10,000	5,000	343,285
Rental - Downhole Equipment	72,000	86,000	3,000	-	161,000
Rental - Living Quarters	28,588	43,295	-	5,000	76,883
Contingency	119,638	180,225	45,379	5,807	351,048
MaxCom	25,283	-	-	-	25,283
TOTAL INTANGIBLES >	2,512,390	3,941,875	499,169	63,873	7,017,307
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 44,950	\$ -	\$ -	\$ -	\$ 44,950
Intermediate Casing	227,300	-	-	-	227,300
Drilling Liner	-	-	-	-	-
Production Casing	437,116	-	-	-	437,116
Production Liner	-	-	-	-	-
Tubing	-	-	75,000	-	75,000
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	69,600	5,000	-	74,600
Tanks	-	-	-	29,900	29,900
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	-	104,000	104,000
Surface Pumps	-	-	5,000	17,333	22,333
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	32,667	42,667
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	41,667	41,667
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	-	-	-
Tank / Facility Containment	-	-	-	7,500	7,500
Flare Stack	-	-	-	13,333	13,333
Electrical / Grounding	-	-	2,000	19,000	21,000
Communications / SCADA	-	-	5,000	1,667	6,667
Instrumentation / Safety	-	-	147,000	49,500	49,500
TOTAL TANGIBLES >	774,366	69,600	107,000	603,498	1,594,464
TOTAL COSTS >	3,286,756	4,011,475	645,169	667,372	8,611,711

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermes
Completions Engineer:	Garrett Hunt
Production Engineer:	Jan Mosier

Team Lead - WTX/NM WTF
WTF

MATADOR RESOURCES COMPANY APPROVAL:

Exec. VP & CFO	Exec. VP - Res Engineering	Exec. VP & COO - Land & Legal
DEL	BMR	CNA
President	Senior VP - Geoscience	Exec. VP & COO - Operations
MVH	NLF	BEG

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____

Signed by: _____ Date: _____

Title: _____ Approval: Yes _____ No _____ (mark one)

[illegible]

AFF - Version 4

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	January 4, 2021	AFE NO.:	
WELL NAME:	Florence State Com 23&14 #114H	FIELD:	
LOCATION:	Sections 23&14-23S-34E	MD/TVD:	19,927/9,760'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	1st Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 1st Bone Spring Sand well with approximately 50 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 61,500		\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	118,000	13,000	25,000	10,667	172,667
Drilling	679,900				679,900
Cementing & Float Equip	183,000				183,000
Logging / Formation Evaluation		3,500	3,000		6,500
Flowback - Labor			3,840		3,840
Flowback - Surface Rentals			71,750		71,750
Flowback - Rental Living Quarters					
Mud Logging	37,500				37,500
Mud Circulation System	45,300				45,300
Mud & Chemicals	255,400	49,000	6,000		310,400
Mud / Wastewater Disposal	140,000			1,000	141,000
Freight / Transportation	12,800	26,700			39,500
Rig Supervision / Engineering	91,000	102,400	7,200	14,400	215,000
Drill Bits	91,400				91,400
Drill Bit Purchase					
Fuel & Power	99,000	8,500			106,500
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	11,500				11,500
Plugging & Abandonment					
Directional Drilling, Surveys	189,380				189,380
Completion Unit, Swab, CTU		130,000	10,000		140,000
Perforating, Wireline, Slickline		173,000			173,000
High Pressure Pump Truck		67,500	6,000		73,500
Stimulation		1,909,400			1,909,400
Stimulation Flowback & Disp		15,500	290,000		275,500
Insurance	29,691				29,691
Labor	97,500	61,000	15,000	5,000	178,500
Rental - Surface Equipment	43,240	284,105	10,000	5,000	342,345
Rental - Downhole Equipment	106,000	86,000	3,000		195,000
Rental - Living Quarters	26,300	43,265		5,000	76,565
Contingency	193,547	160,225	45,379	5,807	424,957
MaxCom	24,725				24,725
TOTAL INTANGIBLES >	2,612,882	3,891,875	499,169	63,873	7,067,799
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 44,850				\$ 44,850
Intermediate Casing	210,100				210,100
Drilling Liner					
Production Casing	423,504				423,504
Production Liner					
Tubing			73,500		73,500
Wellhead	65,000		25,000		90,000
Packers, Liner Hangers		69,600	5,000		74,600
Tanks				29,900	29,900
Production Vessels				122,432	122,432
Flow Lines				120,000	120,000
Rod string					
Artificial Lift Equipment			20,000		20,000
Compressor				42,500	42,500
Installation Costs				104,000	104,000
Surface Pumps			5,000	17,333	22,333
Non-controllable Surface				2,000	2,000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			10,000	32,667	42,667
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				41,667	41,667
Gathering / Bulk Lines					
Valves, Dumps, Controllers			2,000		2,000
Tank / Facility Containment				7,500	7,500
Flare Stack				13,333	13,333
Electrical / Grounding			2,000	19,000	21,000
Communications / SCADA			5,000	1,667	6,667
Instrumentation / Safety				49,500	49,500
TOTAL TANGIBLES >	743,554	69,600	147,500	603,496	1,564,152
TOTAL COSTS >	3,356,435	3,961,475	646,669	667,372	8,631,951

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Blake Hermes Team Lead - WT/NM WTE
 Completions Engineer: Garrett Hunt WTE
 Production Engineer: Jan Moines

MATADOR RESOURCES COMPANY APPROVAL:

Exec VP & CFO DEL Exec VP - Res Engineering BMR Exec VP & COO - Land & Legal CNA
 President MVR Senior VP - Geoscience NLF Exec VP & COO - Operations BEG

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____
 Signed by: _____ Date: _____
 Title: _____ Approval: Yes _____ No (mark one) _____

The costs for this AFE are estimates only and they will be submitted as a budget to the sponsor for approval. "Sponsor" is defined as the party who has the right to use the AFE. The sponsor agrees to have its representative share of actual costs incurred, including "scope" costs, if any, for the AFE and will submit the AFE to the sponsor for approval. The sponsor will be responsible for the AFE and will be responsible for the AFE. The sponsor will be responsible for the AFE and will be responsible for the AFE.

AFE - Version 4

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	January 4, 2021	AFE NO.:	
WELL NAME:	Florence State Com 23&14 #124H	FIELD:	
LOCATION:	Sections 23&14-23S-34E	MD/TVD:	20,591'/10,312'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 2nd Bone Spring Sand well with approximately 50 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500		\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	118,000	13,000	25,000	16,667	172,667
Drilling	692,650				692,650
Cementing & Float Equip	183,000				183,000
Logging / Formation Evaluation		3,500	3,000		6,500
Flowback - Labor			3,840		3,840
Flowback - Surface Rentals			71,750		71,750
Flowback - Rental Living Quarters					
Mud Logging	37,500				37,500
Mud Circulation System	45,938				45,938
Mud & Chemicals	255,400	49,000	6,000		310,400
Mud / Wastewater Disposal	140,000			1,000	141,000
Freight / Transportation	12,600	26,700			39,300
Rig Supervision / Engineering	92,625	102,400	7,200	14,400	216,625
Drill Bits	73,400				73,400
Drill Bit Purchase					
Fuel & Power	99,750	8,500			108,250
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	11,750				11,750
Plugging & Abandonment					
Directional Drilling, Surveys	195,024				195,024
Completion Unit, Swab, CTU		130,000	16,000		146,000
Perforating, Wireline, Stickline		173,000			173,000
High Pressure Pump Truck		67,500	6,000		73,500
Stimulation		1,959,400			1,959,400
Stimulation Flowback & Disp		15,500	260,000		275,500
Insurance	30,887				30,887
Labor	97,500	61,000	15,000	5,000	178,500
Rental - Surface Equipment	44,180	284,105	10,000	5,000	343,285
Rental - Downhole Equipment	72,000	85,000	3,000		160,000
Rental - Living Quarters	28,588	43,295		5,000	76,883
Contingency	119,638	180,225	45,379	5,807	351,048
MaxCom	25,263				25,263
TOTAL INTANGIBLES >	2,512,390	3,941,875	499,169	63,873	7,017,307
TANGIBLE COSTS					
Surface Casing	\$ 44,950				\$ 44,950
Intermediate Casing	227,300				227,300
Drilling Liner					
Production Casing	437,116				437,116
Production Liner					
Tubing			75,000		75,000
Wellhead	65,000		25,000		90,000
Packers, Liner Hangers		69,600	5,000		74,600
Tanks				29,900	29,900
Production Vessels				122,432	122,432
Flow Lines				120,000	120,000
Rod string					
Artificial Lift Equipment			20,000		20,000
Compressor				42,500	42,500
Installation Costs				104,000	104,000
Surface Pumps			5,000	17,333	22,333
Non-controllable Surface				2,000	2,000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			10,000	32,667	42,667
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				41,667	41,667
Gathering / Bulk Lines					
Valves, Dumps, Controllers					
Tank / Facility Containment				7,500	7,500
Flare Stack				13,333	13,333
Electrical / Grounding			2,000	18,000	20,000
Communications / SCADA			5,000	1,667	6,667
Instrumentation / Safety				49,500	49,500
TOTAL TANGIBLES >	774,365	69,600	147,000	603,498	1,594,464
TOTAL COSTS >	3,286,756	4,011,475	646,169	667,372	8,611,771

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermes	Team Lead - WTX/NM	<u>WTE</u>
Completions Engineer:	Garrett Hunt		WTE
Production Engineer:	Jan Mosnes		

MATADOR RESOURCES COMPANY APPROVAL:

Exec. VP & CFO	<u>DEL</u>	Exec. VP - Res Engineering	<u>BMR</u>	Exec. VP & COO - Land & Legal	<u>CNA</u>
President	<u>MVH</u>	Senior VP - Geoscience	<u>NLF</u>	Exec. VP & COO - Operations	<u>BEG</u>

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	Yes	No	(mark one)

The parties to this AFE are intended to be and may, but are not intended to be, binding on any specific date in the life of the AFE. The AFE may be amended or modified at any time by the parties to the AFE. The AFE is intended to be a non-binding document and is not intended to be a contract. The AFE is intended to be a non-binding document and is not intended to be a contract. The AFE is intended to be a non-binding document and is not intended to be a contract.

AFE - Version 4

EXHIBIT C-5

Summary of Communication – Florence State Com 113H, 123H, 114H, 124H

1. Caza Petroleum, LLC

In addition to sending well proposals and a proposed Joint Operating Agreement, Matador has had multiple phones with Caza in regard to the development of this acreage. In October, Matador and Caza met in person, in Houston, to further discuss. Voluntary joinder discussions are ongoing.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C5
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION COMPANY
Hearing Date: December 16, 2021

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

**APPLICATIONS OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22267 and 22268

AFFIDAVIT OF ANDREW PARKER

Andrew Parker, of lawful age and being first duly sworn, declares as follows:

1. My name is Andrew Parker and I am employed by MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Vice President of Geology.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. I am familiar with the applications filed by Matador in these consolidated cases and have conducted a geologic study of the lands in the subject area.
3. The target intervals for the initial wells in the proposed spacing units are the First Bone Spring and Second Bone Spring sands of the Bone Spring formation.
4. **Matador Exhibit D-1** is a locator map outlining the horizontal spacing units with a black box shaded in yellow, with the larger area identified in a red box.
5. **Matador Exhibit D-2** is a subsea structure map that I prepared for the top of the Bone Spring formation. The contour interval is 50 feet. The structure map shows the Bone Spring formation gently dipping to the east. The structure appears consistent across the proposed spacing unit and I do not observe any faulting, pinch outs, or other geologic impediments to horizontal drilling.
6. Also included on Matador Exhibit D-2 is a line of cross section from A to A'.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION COMPANY
Hearing Date: December 16, 2021**

7. **Matador Exhibit D-3** is a structural cross-section that I prepared displaying open-hole logs run over the Bone Spring formation from the three representative wells denoted from A to A'. For each well in the cross-section, the following logs are included, when available: gamma ray, caliper, resistivity, and porosity. The proposed target interval of each of the respective proposed wells is labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted intervals, within the Bone Spring formation, are consistent in thickness across the entirety of the proposed spacing unit.

8. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells within the Bone Spring formation in the area of the spacing units proposed in these cases.

9. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to production from each respective horizontal spacing unit.

10. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

11. Approving Matador's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

12. **Matador Exhibits D-1 through 3** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT



ANDREW PARKER

STATE OF TEXAS)

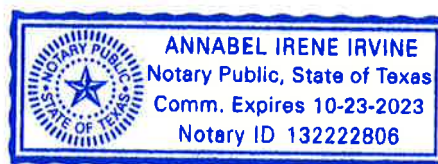
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before me this 9th December 10st day of ~~October~~ 2021 by
Andrew Parker.

Annabel Williams 
NOTARY PUBLIC

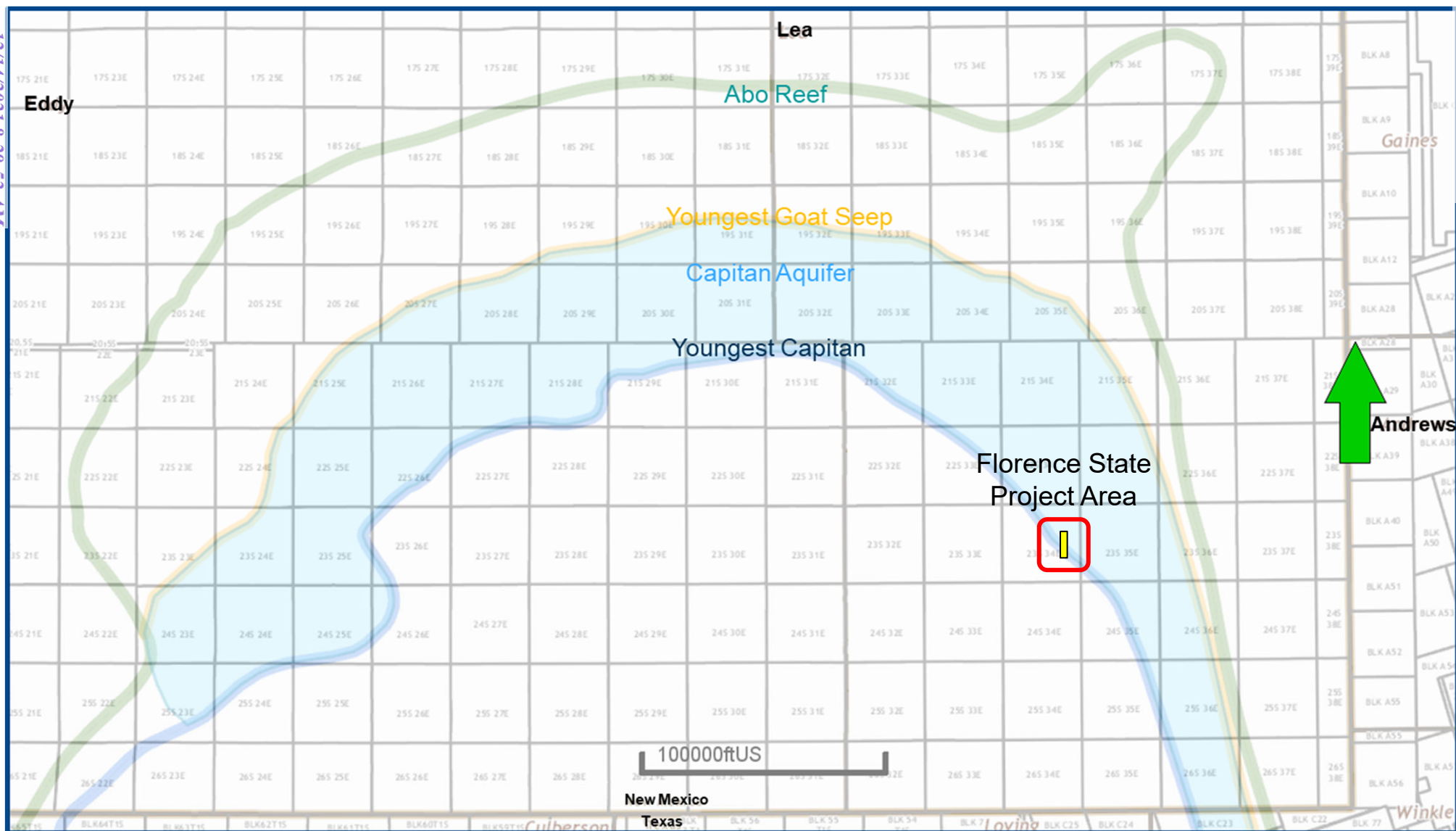
My Commission Expires:

10/23/2023



Locator Map

Exhibit D-1



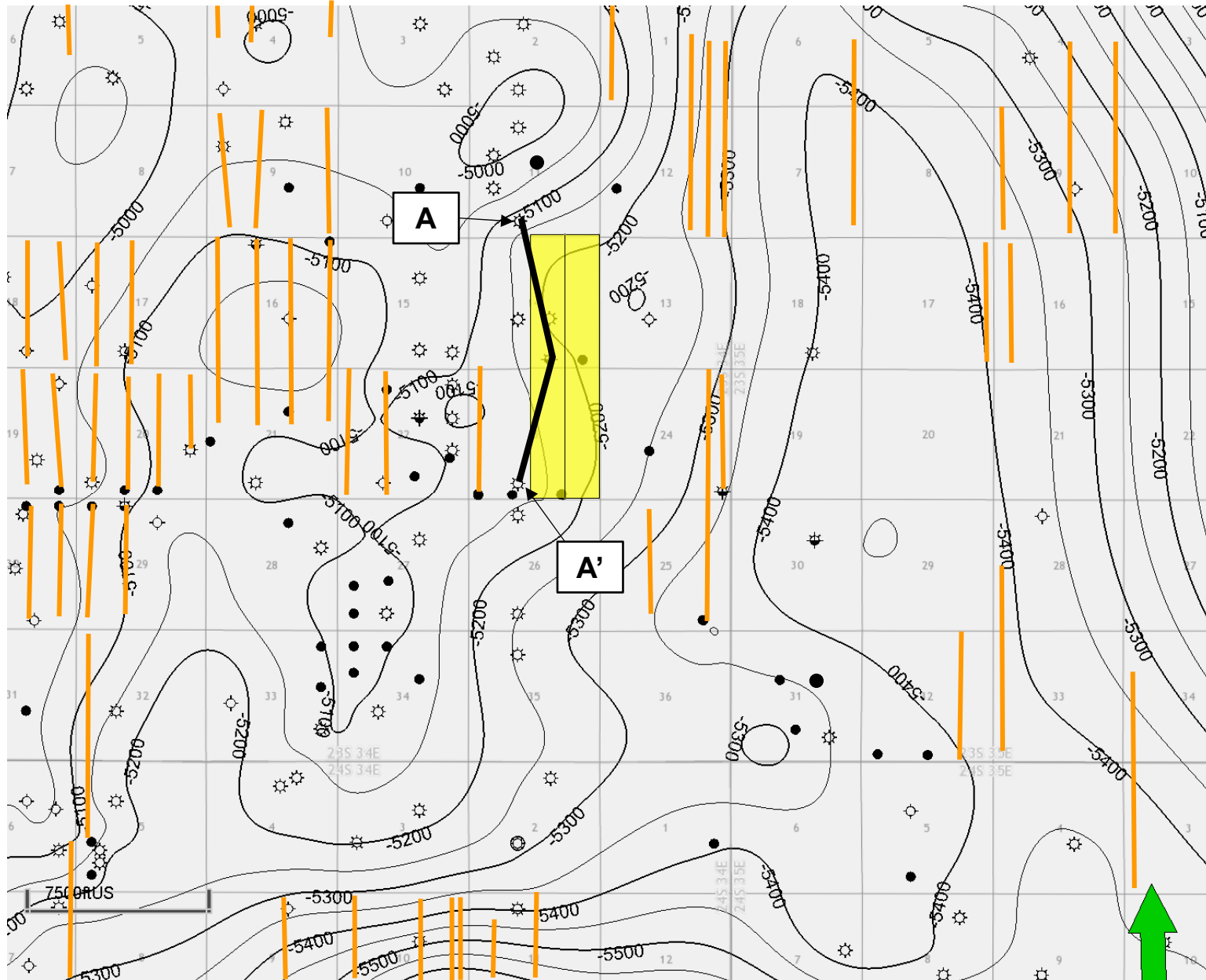
Florence State #113H, #123H, #114H and #124H

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D1
 Case Nos. 22267-22268
 Submitted by: MATADOR PRODUCTION COMPANY
 Hearing Date: December 16, 2021



D-1

Antelope Ridge; Bone Spring, West (Pool Code 2209) Structure Map (Top Bone Spring Subsea) A – A' Reference Line



Map Legend

Bone Spring Wells



Project Area



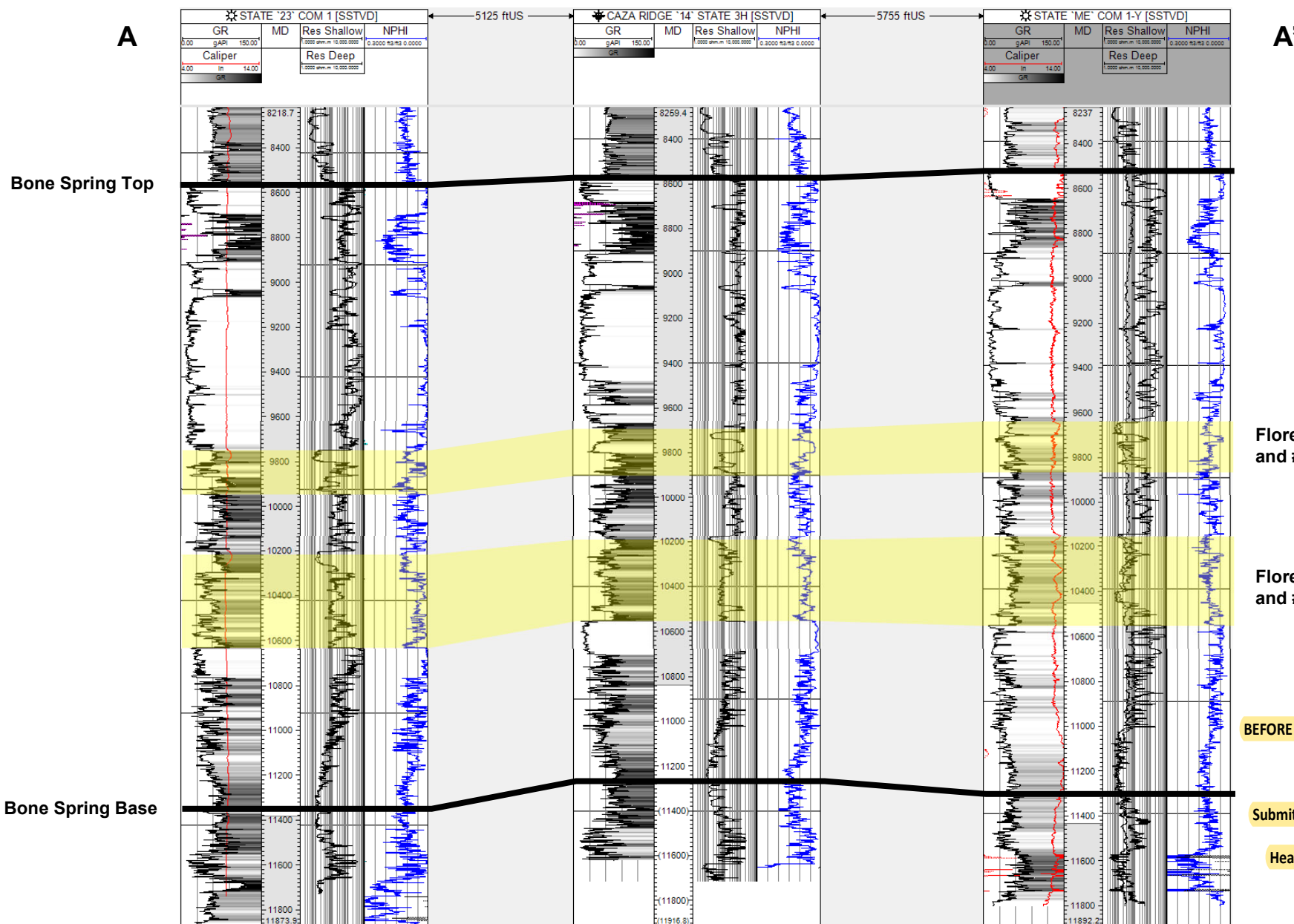
C. I. = 50'

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D2
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION
COMPANY
Hearing Date: December 16, 2021

Antelope Ridge; Bone Spring, West (Pool Code 2209) Structural Cross-Section A – A'

Exhibit D-3

Received by OCD: 12/13/2021 3:30:37 PM



Florence State #113H, #123H, #114H and #124H



D-3

Page 37 of 43

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D3
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION
COMPANY
Hearing Date: December 16, 2021

Released to Imaging: 12/14/2021 8:29:52 AM

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


**APPLICATIONS OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22267-22268

AFFIDAVIT


STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Kaitlyn A. Luck, attorney in fact and authorized representative of Matador Production Company, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Kaitlyn A. Luck

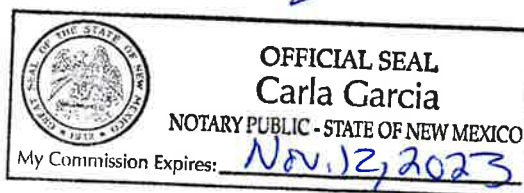
SUBSCRIBED AND SWORN to before me this 13th day of December, 2021 by Kaitlyn A. Luck.



Notary Public

My Commission Expires:

Nov. 12, 2023



**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Case Nos. 22267-22268
Submitted by: MATADOR PRODUCTION COMPANY
Hearing Date: December 16, 2021**



Kaitlyn A. Luck
Phone (505) 988-4421
kaluck@hollandhart.com

October 15, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Matador Production Company for compulsory pooling,
Lea County, New Mexico.
Florence State Com 23 & 14 #113H & #123H wells**

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on November 4, 2021 beginning at 8:15 a.m., until it is concluded. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/oed/hearing-info/>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed online or in person at the Division's Santa Fe office and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Sara Hartsfield, at (972) 371-5446, or shartsfield@matadorresources.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sara Hartsfield".

**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

Colorado

Idaho

Montana

Nevada

New Mexico

Utah

Washington, D.C.

Wyoming



Kaitlyn A. Luck
Phone (505) 988-4421
kaluck@hollandhart.com

October 15, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Matador Production Company for compulsory pooling,
Lea County, New Mexico.
Florence State Com 23 & 14 #114H & #124H wells**

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division.

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Sincerely,

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**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 - Florence State Com 23 14 113H, 123H, 114H, H
Case Nos. 22267-22268 postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765850505488	Merrion Oil & Gas Corporation	610 Reilly Ave	Farmington	NM	87401-2634	Your item was delivered to an individual at the address at 11:44 am on October 18, 2021 in FARMINGTON, NM 87401.
9414811898765850505587	Strategic Energy Income Fund IV, LP	1521 N Cooper St Ste 400	Arlington	TX	76011-5537	Your item was delivered to an individual at the address at 11:13 am on October 18, 2021 in ARLINGTON, TX 76011.
9414811898765850505532	Highland Texas Energy Company	11886 Greenville Ave Ste 106	Dallas	TX	75243-3569	Your item was delivered to the front desk, reception area, or mail room at 11:24 am on October 19, 2021 in DALLAS, TX 75243.
9414811898765850502210	Susan Marie Thoma	PO Box 329	Elbert	CO	80106-0329	Your item was picked up at the post office at 1:51 pm on October 18, 2021 in ELBERT, CO 80106.
9414811898765850502258	GMT New Mexico Royalty Company LLC	1560 Broadway Ste 2000	Denver	CO	80202-5138	Your item was delivered to the front desk, reception area, or mail room at 11:54 am on October 18, 2021 in DENVER, CO 80202.
9414811898765850502265	GMT New Mexico Royalty Company LLC	1209 N Orange St	Wilmington	DE	19801-1120	Your item was picked up at a postal facility at 6:48 am on October 20, 2021 in WILMINGTON, DE 19801.
9414811898765850505433	Allar Development LLC	PO Box 1567	Graham	TX	76450-7567	Your item was picked up at the post office at 10:10 am on October 18, 2021 in GRAHAM, TX 76450.
9414811898765850505471	Martin Joyce	PO Box 2142	Roswell	NM	88202-2142	Your item was picked up at the post office at 12:15 pm on October 19, 2021 in ROSWELL, NM 88201.
9414811898765850505518	Nestegg Energy Corporation	2308 Sierra Vista Rd	Artesia	NM	88210-9409	Your item has been delivered to an agent for final delivery in ARTESIA, NM 88210 on October 19, 2021 at 10:42 am.
9414811898765850505556	Viper Energy Partners LLC	515 Central Park Dr Ste 100	Oklahoma City	OK	73105-1756	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765850505563	Barrett Properties Inc.	PO Box 1185	Alto	NM	88312-1185	Your item was picked up at the post office at 11:10 am on October 19, 2021 in ALTO, NM 88312.
9414811898765850505525	Royalty Asset Holdings II, LP	5956 Sherry Ln Ste 1221	Dallas	TX	75225-8065	Your item was delivered to the front desk, reception area, or mail room at 3:51 pm on October 19, 2021 in DALLAS, TX 75225.
9414811898765850505501	Caza Petroleum, LLC	16945 Northchase Dr Ste 1430	Houston	TX	77060-2133	Your item was delivered to an individual at the address at 3:38 pm on October 19, 2021 in HOUSTON, TX 77060.
9414811898765850505594	Caza Petroleum, LLC	200 N Loraine St Ste 1550	Midland	TX	79701-4765	Your item was delivered to an individual at the address at 4:26 pm on October 18, 2021 in MIDLAND, TX 79701.

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 24, 2021
and ending with the issue dated
October 24, 2021.



Publisher

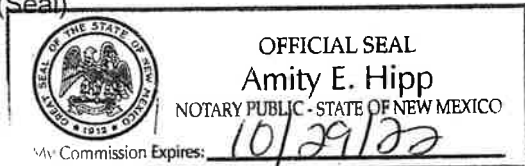
Sworn and subscribed to before me this
24th day of October 2021.



Circulation Clerk

My commission expires
October 29, 2022

(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGALS

LEGALS

LEGAL NOTICE
October 24, 2021

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, November 4, 2021, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **October 24, 2021**.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e12bd776b32e14edf7deee3425ea99347>
Event number: 2497 665 1056
Event password: JYvf8wjp55w

Join by video: 24976651056@nmemnrd.webex.com
Numeric Password: 256526
You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 2497 665 1056

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Merrion Oil & Gas Corporation; Allar Development LLC; Martin Joyce, his heirs and devisees; Nestegg Energy Corporation; Viper Energy Partners LLC; Barrett Properties Inc.; Royalty Asset Holdings II, LP; Caza Petroleum, LLC; Strategic Energy Income Fund IV, LP; Highland (Texas) Energy Company; Susan Marie Thoma, her heirs and devisees; and GMT New Mexico Royalty Company LLC.

Case No. 22267: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 14 and 23, Township 23 South, Range 34 East, Lea County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial wells: (1) the Florence State Com #113H well, and (2) the Florence State Com #123H well, which are to be drilled from surface locations in the SW/4 SE/4 (Unit O) of Section 23 to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 14. The completed interval of the wells will comply with statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 20 miles northwest of Jal, New Mexico. #36964

67100754

00259804

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Case Nos. 22267-22268

Submitted by: MATADOR PRODUCTION COMPANY
Hearing Date: December 16, 2021

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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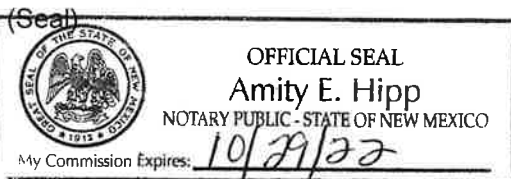
Beginning with the issue dated
October 24, 2021
and ending with the issue dated
October 24, 2021.


Publisher

Sworn and subscribed to before me this
24th day of October 2021.


Circulation Clerk

My commission expires
October 29, 2022



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LEGAL NOTICE
October 24, 2021

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL
CONSERVATION DIVISION SANTA FE, NEW MEXICO

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STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Merrion Oil & Gas Corporation; Allar Development LLC; Martin Joyce, his heirs and devisees; Nestegg Energy Corporation; Viper Energy Partners LLC; Barrett Properties Inc.; Royalty Asset Holdings II, LP; Caza Petroleum, LLC; Strategic Energy Income Fund IV, LP; Highland (Texas) Energy Company; Susan Marie Thoma, her heirs and devisees; and GMT New Mexico Royalty Company LLC.

Case No. 22268: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 E/2 of Sections 14 and 23, Township 23 South, Range 34 East, Lea County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial wells: (1) the Florence State Com #114H well, and (2) the Florence State Com #124H well, which are to be drilled from surface locations in the SE/4 SE/4 (Unit P) of Section 23 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 14. The completed interval of the wells will comply with statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 20 miles northwest of Jal, New Mexico. #36965

67100754

00259805

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208