

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING FEBRUARY 1, 2024**

CASE No. 24129

PAUL FLOWERS STATE COM #205H WELL

LEA COUNTY, NEW MEXICO



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

**APPLICATION OF MRC HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24129


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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 24129	APPLICANT'S RESPONSE
Date	February 1, 2024
Applicant	MRC Hat Mesa, LLC
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MRC HAT MESA, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Paul Flowers
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-10 S2133280;WOLFCAMP [98033]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	762.81
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> <u>is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description <div style="background-color: yellow; padding: 5px; margin: 5px;"> <p>BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: MRC Hat Mesa, LLC Hearing Date: February 1, 2024 Case No. 24129</p> </div>	Yes. The completed interval of the Paul Flowers State Com 205H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.
Proximity Defining Well: if yes, description	Yes; Paul Flowers State Com 205H. See above.
Applicant's Ownership in Each Tract	Exhibit C-3

Received by OCD: 1/30/2024 11:39:36 AM		Page 4 of 4
Well(s)		
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed	
Well #1	Paul Flowers State Com 205H well SHL: 472' FSL, 1,019' FWL (Unit M) of Section 6, T22S-R33E BHL: 2,750' FNL, 1,254' FWL (Unit K) of Section 30, T21S-R33E Target: Wolfcamp Orientation: South-North Completion: Proximity well	
Horizontal Well First and Last Take Points	Exhibit C-1	
Completion Target (Formation, TVD and MD)	Exhibit C-4	
AFE Capex and Operating Costs		
Drilling Supervision/Month \$	\$8,000	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	Exhibit C	
Requested Risk Charge	200%	
Notice of Hearing		
Proposed Notice of Hearing	Exhibit B	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	Exhibit C-2	
Tract List (including lease numbers and owners)	Exhibit C-3	
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A	
Pooled Parties (including ownership type)	Exhibit C-3	
Unlocatable Parties to be Pooled	N/A	
Ownership Depth Severance (including percentage above & below)	N/A	
Joinder		
Sample Copy of Proposal Letter	Exhibit C-4	
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3	
Chronology of Contact with Non-Joined Working Interests	Exhibit C-5	
Overhead Rates In Proposal Letter	Exhibit C-4	
Cost Estimate to Drill and Complete	Exhibit C-4	
Cost Estimate to Equip Well	Exhibit C-4	

Received by OCD: 1/30/2024 11:39:36 AM Cost Estimate for Production Facilities	Exhibit C-4	Page 5 of 4
Geology		
Summary (including special considerations)	Exhibit D	
Spacing Unit Schematic	Exhibit D-1	
Gunbarrel/Lateral Trajectory Schematic	N/A	
Well Orientation (with rationale)	Exhibit D	
Target Formation	Exhibit D, D-3	
HSU Cross Section	Exhibit D-3	
Depth Severance Discussion	N/A	
Forms, Figures and Tables		
C-102	Exhibit C-1	
Tracts	Exhibit C-2	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3	
General Location Map (including basin)	Exhibit D-1	
Well Bore Location Map	Exhibit D-1	
Structure Contour Map - Subsea Depth	Exhibit D-2	
Cross Section Location Map (including wells)	Exhibit D-2	
Cross Section (including Landing Zone)	Exhibit D-3	
Additional Information		
Special Provisions/Stipulations	N/A	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.		
Printed Name (Attorney or Party Representative):	Paula M. Vance	
Signed Name (Attorney or Party Representative):		
Date:		1/29/2024

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

**APPLICATION OF MRC HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24129

APPLICATION

MRC Hat Mesa, LLC ("MRC" or "Applicant"), through undersigned attorneys, 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 Wolfcamp formation underlying a standard 800-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal well spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Matador Production Company (OGRID No. 228937) as the operator of the proposed horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the proposed **Paul Flowers State Com 205H** well to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in Lot 7 (SW/4 SW/4 equivalent) of Section 6 and a last take point in Lot 3 (NW/4 SW/4 equivalent) of Section 30.
4. The completed interval of the **Paul Flowers State Com 205H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to

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allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.


6. Approval of this application will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 1, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit;
- B. Designating Matador Production Company as operator of this horizontal well spacing unit and the wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- 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% penalty for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR MRC HAT MESA, LLC

CASE _____: **Application of MRC Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 800-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Paul Flowers State Com 205H** well to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in Lot 7 (SW/4 SW/4 equivalent) of Section 6 and a last take point in Lot 3 (NW/4 SW/4 equivalent) of Section 30. The completed interval of the **Paul Flowers State Com 205H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling the well. The subject area is located approximately 26 miles west of Eunice, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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**APPLICATION OF MRC HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24129

SELF-AFFIRMED STATEMENT OF DAVID JOHNS

David Johns, of lawful age and being first duly sworn, declares as follows:

1. My name is David Johns. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record.
3. I am familiar with the application filed by Matador in this case, and I am familiar with the status of the lands in the subject area.
4. In this case, Matador is seeking an order pooling all uncommitted interests in the Wolfcamp formation in the standard 762.81-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying the W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and initially dedicate this Wolfcamp spacing unit to the proposed **Paul Flowers State Com 205H** well to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in the SW/4 SW/4 equivalent (Lot 7) of section 6 and a last take point in the NW/4 SW/4 (Unit L) of Section 30.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129

5. The completed interval of the **Paul Flowers State Com 205H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

6. Matador understands this well will be placed in the WC-025 G-10 S213328O;WOLFCAMP [98033] pool.

7. **Matador Exhibit C-1** contains the Form C-102 for the proposed well.

8. The completed intervals for the proposed well will remain within the standard setbacks required by the statewide rules set forth in 19.15.16.15 NMAC.

9. **Matador Exhibit C-2** identifies the tracts of land comprising the proposed horizontal spacing units. The land in the proposed spacing unit is comprised of state lands.

10. **Matador Exhibit C-3** identifies for the working interest owners that Matador is seeking to pool along with their respective ownership interest in the proposed horizontal spacing unit. **Matador Exhibit C-3** also identifies the overriding royalty interest owners that Matador seeks to pool in this case.

11. There are no depth severances within the Wolfcamp formation for this acreage.

12. While Matador was working to put this unit together, Matador proposed the above well to each of the working interest parties it seeks to pool. **Matador Exhibit C-4** contains a sample well proposal letter that was sent to those parties, along with the AFE sent to working interest owners for each well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

13. In addition to sending well proposal letters and AFEs, I have called or emailed each of the working interest owners Matador seeks to pool. As indicated in **Matador Exhibit C-5**, we

have been able to contact and have discussions with all of the working interest owners we seek to pool.

14. **Matador Exhibit C-5** contains a summary chronology of Matador's contacts and attempted contacts with the uncommitted working interest owners. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted working interest owners that Matador seeks to pool in this case.

15. Matador has made an estimate of overhead and administrative costs for drilling and producing the proposed well. It is \$8,000/month while drilling, and \$800/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. Matador respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.

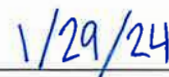
16. I provided Matador's outside counsel, Holland & Hart, a list of names and addresses for the parties that Matador is seeking to pool. In compiling this notice list, Matador conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches.

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

18. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



David Johns



Date

Exhibit C-1

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

Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024 FORM C-102
Case No. 24129 Revised August 1, 2011

Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

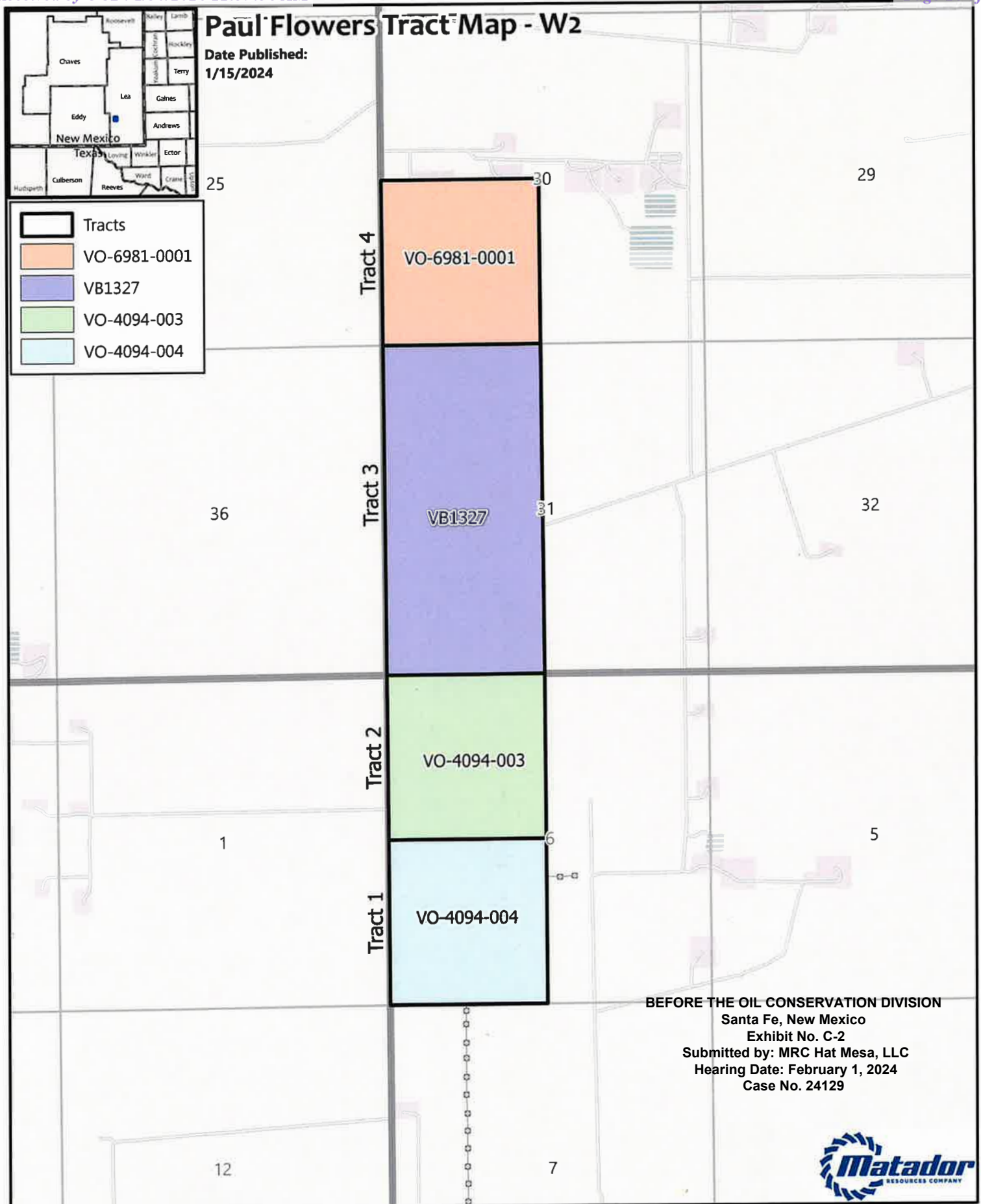
¹ API Number		² Pool Code 98033		³ Pool Name WL-025 G-10 52133280; Wolfcamp	
⁴ Property Code		⁵ Property Name PAUL FLOWERS			⁶ Well Number 205H
⁷ OGRID No. 228937		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3614'
¹⁰ Surface Location					
UL or lot no. M	Section 6	Township 22-S	Range 33-E	Lot Idn -	Feet from the 472'
					North/South line SOUTH
					Feet from the 1019'
					East/West line WEST
					County LEA
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. K	Section 30	Township 21-S	Range 33-E	Lot Idn -	Feet from the 2750'
					North/South line NORTH
					Feet from the 1254'
					East/West line WEST
					County LEA
¹² Dedicated Acres 762.81		¹³ Joint or Infill		¹⁴ Consolidation Code	
				¹⁵ Order No.	

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

	<p>NEW MEXICO EAST NAD 1983</p> <p><u>SURFACE LOCATION (SHL)</u></p> <p>472' FSL - SEC. 6 1019' FWL - SEC. 6 X=762537 Y=515423 LAT.: N 32.4149256 LONG.: W 103.6155193</p> <p><u>KICK OFF POINT (KOP)</u></p> <p>50' FSL - SEC. 6 1254' FWL - SEC. 6 X=762775 Y=515002 LAT.: N 32.4137656 LONG.: W 103.6157575</p> <p><u>FIRST PERFORATION POINT (FPP)</u></p> <p>100' FSL - SEC. 6 1254' FWL - SEC. 6 X=762775 Y=515052 LAT.: N 32.4139031 LONG.: W 103.6157576</p> <p><u>LAST PERFORATION POINT (LPP)</u> <u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>2750' FNL - SEC. 30 1254' FWL - SEC. 30 X=762685 Y=528038 LAT.: N 32.4495969 LONG.: W 103.6157668</p>	<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization holds a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>David W. Johns</i> 1/29/24 Signature Date David W. Johns Printed Name djohns@matadorresources.com E-Mail Address</p>
	<p>T-21-S, R-33-E SECTION 30 LOT 1 - 36.14 ACRES LOT 2 - 36.14 ACRES LOT 3 - 36.14 ACRES LOT 4 - 36.14 ACRES SECTION 31 LOT 1 - 36.17 ACRES LOT 2 - 36.24 ACRES LOT 3 - 36.30 ACRES LOT 4 - 36.37 ACRES T-22-S, R-33-E SECTION 6 LOT 1 - 40.03 ACRES LOT 2 - 40.03 ACRES LOT 3 - 40.01 ACRES LOT 4 - 36.39 ACRES LOT 5 - 36.37 ACRES LOT 6 - 36.35 ACRES LOT 7 - 36.33 ACRES</p>	<p>¹⁸SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>11/27/2023 Date of Survey Signature and Seal of Professional Surveyor</p> <p>ANGEL M. BAEZA NEW MEXICO PROFESSIONAL SURVEYOR 25118</p> <p>Certificate Number</p>
	<p>T-21-S, R-33-E SECTION 30 LOT 1 - 36.14 ACRES LOT 2 - 36.14 ACRES LOT 3 - 36.14 ACRES LOT 4 - 36.14 ACRES SECTION 31 LOT 1 - 36.17 ACRES LOT 2 - 36.24 ACRES LOT 3 - 36.30 ACRES LOT 4 - 36.37 ACRES T-22-S, R-33-E SECTION 6 LOT 1 - 40.03 ACRES LOT 2 - 40.03 ACRES LOT 3 - 40.01 ACRES LOT 4 - 36.39 ACRES LOT 5 - 36.37 ACRES LOT 6 - 36.35 ACRES LOT 7 - 36.33 ACRES</p>	<p>NEW MEXICO EAST NAD 1927</p> <p><u>SURFACE LOCATION (SHL)</u></p> <p>X=721255 Y=515362 LAT.: N 32.4149025 LONG.: W 103.6150328</p> <p><u>KICK OFF POINT (KOP)</u></p> <p>X=721593 Y=514942 LAT.: N 32.4136425 LONG.: W 103.6152711</p> <p><u>FIRST PERFORATION POINT (FPP)</u></p> <p>X=721593 Y=514992 LAT.: N 32.4137600 LONG.: W 103.6152712</p> <p><u>LAST PERFORATION POINT (LPP)</u> <u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>X=721593 Y=527977 LAT.: N 32.4494739 LONG.: W 103.6152792</p>
	<p>T-21-S, R-33-E SECTION 30 LOT 1 - 36.14 ACRES LOT 2 - 36.14 ACRES LOT 3 - 36.14 ACRES LOT 4 - 36.14 ACRES SECTION 31 LOT 1 - 36.17 ACRES LOT 2 - 36.24 ACRES LOT 3 - 36.30 ACRES LOT 4 - 36.37 ACRES T-22-S, R-33-E SECTION 6 LOT 1 - 40.03 ACRES LOT 2 - 40.03 ACRES LOT 3 - 40.01 ACRES LOT 4 - 36.39 ACRES LOT 5 - 36.37 ACRES LOT 6 - 36.35 ACRES LOT 7 - 36.33 ACRES</p>	<p>NEW MEXICO EAST NAD 1927</p> <p><u>SURFACE LOCATION (SHL)</u></p> <p>X=721255 Y=515362 LAT.: N 32.4149025 LONG.: W 103.6150328</p> <p><u>KICK OFF POINT (KOP)</u></p> <p>X=721593 Y=514942 LAT.: N 32.4136425 LONG.: W 103.6152711</p> <p><u>FIRST PERFORATION POINT (FPP)</u></p> <p>X=721593 Y=514992 LAT.: N 32.4137600 LONG.: W 103.6152712</p> <p><u>LAST PERFORATION POINT (LPP)</u> <u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>X=721593 Y=527977 LAT.: N 32.4494739 LONG.: W 103.6152792</p>

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Exhibit C-2



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129



Exhibit C-3

Paul Flowers State Com W2 (WCP)			
Summary of Interests			
Matador Working Interest		81.3309%	
Compulsory Pool Interest		18.6691%	
Interest Owners:	Description:	Tract:	Interest:
Oxy USA, Inc.*	Uncommitted Working Interest	2	11.6172%
Oxy Y-1 Company*	Uncommitted Working Interest	2	0.7843%
EOG Y Resources, Inc.*	Uncommitted Working Interest	2	6.2676%
Aep Encap Holdco, LLC*	ORRI	1, 2, & 3	-
AEPXCON Management LLC*	ORRI	1, 2, & 3	-
Charis Royalty F LP*	ORRI	1, 2, & 3	-
DG ROYALTY LLC*	ORRI	1, 2, & 3	-
O'Neill Properties*	ORRI	1 & 2	-
Texas Redhand LLC*	ORRI	1 & 2	-

* Matador is seeking to pool each of the interest owners denoted with an *

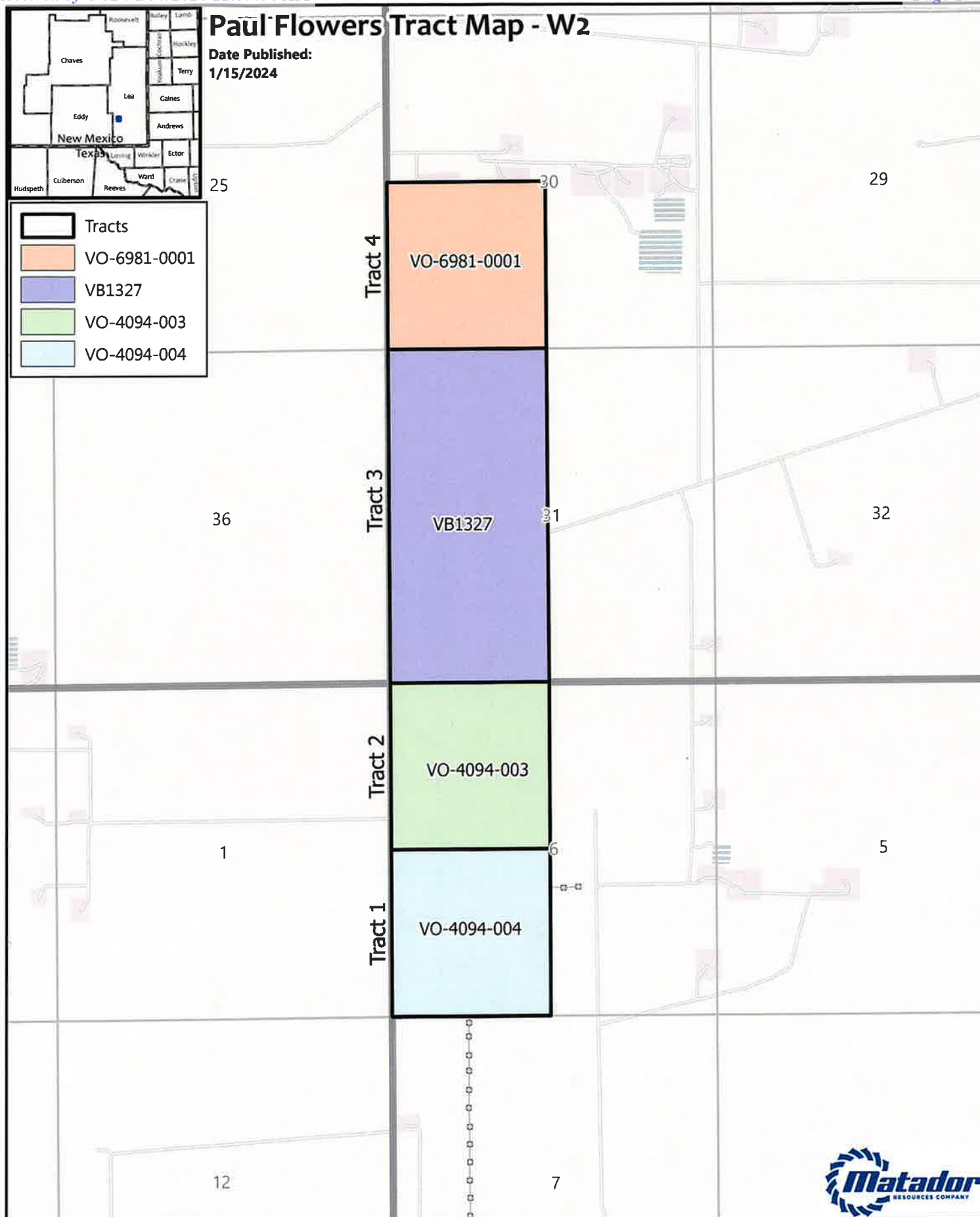


Exhibit C-4

Matador Production Company

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

Voice 972.619.1259 • Fax 214.866.4946

djohns@matadorresources.com

David Johns
Senior Staff Landman

September 25, 2023

VIA CERTIFIED RETURN RECEIPT MAIL

Oxy USA, Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77227

Re: Paul Flowers State Com #111H, #112H, #113H, #114H, #131H, #132H, #134H, #151H, #152H, #153H, #154H, #155H, #158H, #203H, #205H & #208H (the "Wells")
Participation Proposal
Sections 31 & 30, Township 21 South, Range 33 East, Section 6, Township 22 South, Range 33 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Paul Flowers State Com #111H, Paul Flowers State Com #112H, Paul Flowers State Com #113H, Paul Flowers State Com #114H, Paul Flowers State Com #131H, Paul Flowers State Com #132H, Paul Flowers State Com #134H, Paul Flowers State Com #151H, Paul Flowers State Com #152H, Paul Flowers State Com #153H, Paul Flowers State Com #154H, Paul Flowers State Com #155H, Paul Flowers State Com #158H, Paul Flowers State Com #203H, Paul Flowers State Com #205H & Paul Flowers State Com #208H wells, located in Sections 31 & 30, Township 21 South, Range 33 East, Section 6, Township 22 South, Range 33 East, Lea County, New Mexico.

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 sixteen (16) enclosed Authority for Expenditures ("AFE") dated June 21, 2023.

- **Paul Flowers State Com #111H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 330' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.
- **Paul Flowers State Com #112H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 1,650' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,650' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-4
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129

- **Paul Flowers State Com #113H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 2,310' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 2,310' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.
- **Paul Flowers State Com #114H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 990' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 990' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.
- **Paul Flowers State Com #131H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 330' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 24,770'.
- **Paul Flowers State Com #132H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 2,178' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 24,770'.
- **Paul Flowers State Com #134H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 24,770'.
- **Paul Flowers State Com #151H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 330' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,300' TVD) to a Measured Depth of approximately 24,170'.
- **Paul Flowers State Com #152H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 2,178' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,300' TVD) to a Measured Depth of approximately 24,170'.
- **Paul Flowers State Com #153H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FEL and 100' FNL of Section 6-22S-33E, and a proposed last take point located at 2,178' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,675' TVD) to a Measured Depth of approximately 24,545'.

- **Paul Flowers State Com #154H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,300' TVD) to a Measured Depth of approximately 24,170'.
- **Paul Flowers State Com #155H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,675' TVD) to a Measured Depth of approximately 24,545'.
- **Paul Flowers State Com #158H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 660' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 660' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,675' TVD) to a Measured Depth of approximately 24,545'.
- **Paul Flowers State Com #203H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FEL and 100' FNL of Section 6-22S-33E, and a proposed last take point located at 2,178' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,100' TVD) to a Measured Depth of approximately 24,970'.
- **Paul Flowers State Com #205H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,100' TVD) to a Measured Depth of approximately 24,970'.
- **Paul Flowers State Com #208H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 330' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,100' TVD) to a Measured Depth of approximately 24,970'.

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.

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, which will be provided at a later date, covering the Sections 31 & 30, Township 21 South, Range 33 East, Section 6, Township 22 South, Range 33 East, Lea County, New Mexico, and 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 AFEs within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs 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



David Johns

Oxy USA, Inc. hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #111H** well.
_____ Not to participate in the **Paul Flowers State Com #111H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #112H** well.
_____ Not to participate in the **Paul Flowers State Com #112H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #113H** well.
_____ Not to participate in the **Paul Flowers State Com #113H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #114H** well.
_____ Not to participate in the **Paul Flowers State Com #114H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #131H** well.
_____ Not to participate in the **Paul Flowers State Com #131H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #132H** well.
_____ Not to participate in the **Paul Flowers State Com #132H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #134H** well.
_____ Not to participate in the **Paul Flowers State Com #134H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #151H** well.
_____ Not to participate in the **Paul Flowers State Com #151H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #152H** well.
_____ Not to participate in the **Paul Flowers State Com #152H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #153H** well.
_____ Not to participate in the **Paul Flowers State Com #153H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #154H** well.
_____ Not to participate in the **Paul Flowers State Com #154H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #155H** well.
_____ Not to participate in the **Paul Flowers State Com #155H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #158H** well.
_____ Not to participate in the **Paul Flowers State Com #158H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #203H** well.
_____ Not to participate in the **Paul Flowers State Com #203H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #205H** well.
_____ Not to participate in the **Paul Flowers State Com #205H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador
Production Company's **Paul Flowers State Com #208H** well.
_____ Not to participate in the **Paul Flowers State Com #208H**.

Oxy USA, Inc.

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) 371-5251

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE: June 21, 2023
WELL NAME: Paul Flowers State Com #205H
LOCATION: 6-22S-33E 31&30-21S-33E
COUNTY/STATE: Lea, NM
MRC Wt:
GEOLOGIC TARGET: Wolfcamp A
REMARKS: Drill, complete and equip a 2.5 mile horizontal Wolfcamp A well with approximately 51 stages

AFE NO.:
FIELD:
MD/TVD: 24,970/12,100'
LATERAL LENGTH: 12,300

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 58,000		\$ 10,000	\$ 10,000	\$ 78,000
Location, Surveys & Damages	145,000	13,000	15,000	12,500	185,500
Drilling	1,145,622				1,145,622
Cementing & Float Equip	270,000				270,000
Logging / Formation Evaluation		3,780	3,000		6,780
Flowback - Labor			19,950		19,950
Flowback - Surface Rentals			121,250		121,250
Flowback - Rental Living Quarters			10,000		10,000
Mud Logging	37,500				37,500
Mud Circulation System	56,688				56,688
Mud & Chemicals	401,850	50,000	21,500		483,350
Mud / Wastewater Disposal	225,000		2,000	1,000	228,000
Freight / Transportation	18,700	60,000	3,000		81,700
Rig Supervision / Engineering	145,500	102,800	10,000	1,800	260,100
Drill Bits	110,200				110,200
Drill Bit Purchase			2,000		2,000
Fuel & Power	211,750	672,258	2,000		886,008
Water	65,000	1,115,625		1,000	1,181,625
Drill & Completion Overhead	16,750				16,750
Plugging & Abandonment			9,000		9,000
Directional Drilling, Surveys	294,670	185,000	7,000		486,670
Completion Unit, Swab, CTU		246,062	5,000		251,062
Perforating, Wireline, Slickline			70,000		70,000
High Pressure Pump Truck		3,657,843	221,000		3,878,843
Stimulation		15,500			15,500
Stimulation Flowback & Disp			10,000		10,000
Insurance	37,455	67,000	20,000	5,000	129,455
Labor	197,503	313,385		10,000	520,888
Rental - Surface Equipment	109,593	103,000			212,593
Rental - Downhole Equipment	173,750	48,465	49,171	5,000	276,386
Rental - Living Quarters	63,705	307,368		4,630	375,703
Contingency	190,820				190,820
MaxCom	32,361				32,361
TOTAL INTANGIBLES >	4,607,213	7,338,895	540,881	50,530	11,837,519
TANGIBLE COSTS					
Surface Casing	\$ 157,744				\$ 157,744
Intermediate Casing	684,033				684,033
Drilling Liner					
Production Casing	917,801				917,801
Production Liner					
Tubing	80,000		256,000		336,000
Wellhead			45,000		45,000
Packers, Liner Hangers		67,383	6,000		73,383
Tanks				79,200	79,200
Production Vessels				133,318	133,318
Flow Lines				120,000	120,000
Rod string					
Artificial Lift Equipment			30,000		30,000
Compressor				33,750	33,750
Installation Costs			130,000		130,000
Surface Pumps			10,000	18,977	28,977
Non-controllable Surface				2,000	2,000
Non-controllable Downhole					
Downhole Pumps			11,000	34,182	45,182
Measurement & Meter Installation					
Gas Conditioning / Dehydration				72,727	72,727
Interconnecting Facility Piping					
Gathering / Bulk Lines					
Valves, Dumps, Controllers			5,000		5,000
Tank / Facility Containment				16,000	16,000
Flare Stack				30,825	30,825
Electrical / Grounding			2,000	61,300	63,300
Communications / SCADA			10,000	10,000	20,000
Instrumentation / Safety				34,500	34,500
TOTAL TANGIBLES >	1,819,578	67,383	375,000	776,560	3,038,521
TOTAL COSTS >	5,826,791	7,306,278	915,881	827,510	14,876,459

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Blake Hermes
Completions Engineer: Trace Saba
Production Engineer: Jan Moates

Team Lead - WTX/NM
CSC

MATADOR RESOURCES COMPANY APPROVAL:

Exec. VP & CFO: _____
President: _____

Exec. VP & COO - Land & Legal: _____
Senior VP - Geoscience: _____
Exec. VP & COO - Operations: _____

NON OPERATING PARTNER APPROVAL:

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

Signed by: _____ Date: _____

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

The undersigned hereby certifies that the information contained herein is true and correct to the best of their knowledge and belief, and that the undersigned is authorized to execute this agreement on behalf of the undersigned. The undersigned hereby certifies that the information contained herein is true and correct to the best of their knowledge and belief, and that the undersigned is authorized to execute this agreement on behalf of the undersigned.

AFE - Version 4

Exhibit C-5

Summary of Communications Paul Flowers State Com Wolfcamp (W2)

Uncommitted Working Interest Owner

1. Oxy USA, Inc.

In addition to sending well proposals, Matador has had discussions with **Oxy USA, Inc.** regarding their interest and we are continuing to discuss voluntary joinder.

2. Oxy Y-1 Company

In addition to sending well proposals, Matador has had discussions with **Oxy Y-1 Company** regarding their interest and we are continuing to discuss voluntary joinder.

3. EOG Y Resources, Inc.

In addition to sending well proposals, Matador has had discussions with **EOG Y Resources, Inc.** regarding their interest and we are continuing to discuss voluntary joinder.

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

**APPLICATION OF MRC HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 24129

AFFIDAVIT OF BLAKE HERBER

Blake Herber, of lawful age and being first duly sworn, declares as follows:

1. My name is Blake Herber. I work for MRC Energy Company, an affiliate of both MRC Hat Mesa, LLC and Matador Production Company ("Matador"), as a Senior Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by MRC Hat Mesa, LLC in this case, and I have conducted a geologic study of the lands in the subject area.
4. **Matador Exhibit D-1** is a locator map outlining the horizontal spacing unit with a black box shaded in yellow, with the larger area identified in a red box.
5. In this case, Matador intends to develop the Wolfcamp A of the Wolfcamp formation.
6. **Matador Exhibit D-2** is a subsea structure map prepared off the top of the Wolfcamp formation. The contour interval is 50 feet. The structure map shows the Wolfcamp formation gently dipping to the southeast. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129

7. Also included on Matador Exhibit D-2 is a line of cross section from A to A'.

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

9. In my opinion, the standup orientation is the preferred orientation for development in this area for Wolfcamp wells because the maximum horizontal stress is east-west in this area.

10. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells within the Wolfcamp formation in the area of the spacing unit proposed in this case.

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

12. 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.

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

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

FURTHER AFFIANT SAYETH NOT.



BLAKE HERBER

STATE OF TEXAS)
)
COUNTY OF DALLAS)

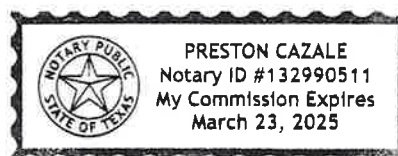
SUBSCRIBED and SWORN to before me this 17th day of January 2024 by
Blake Herber.



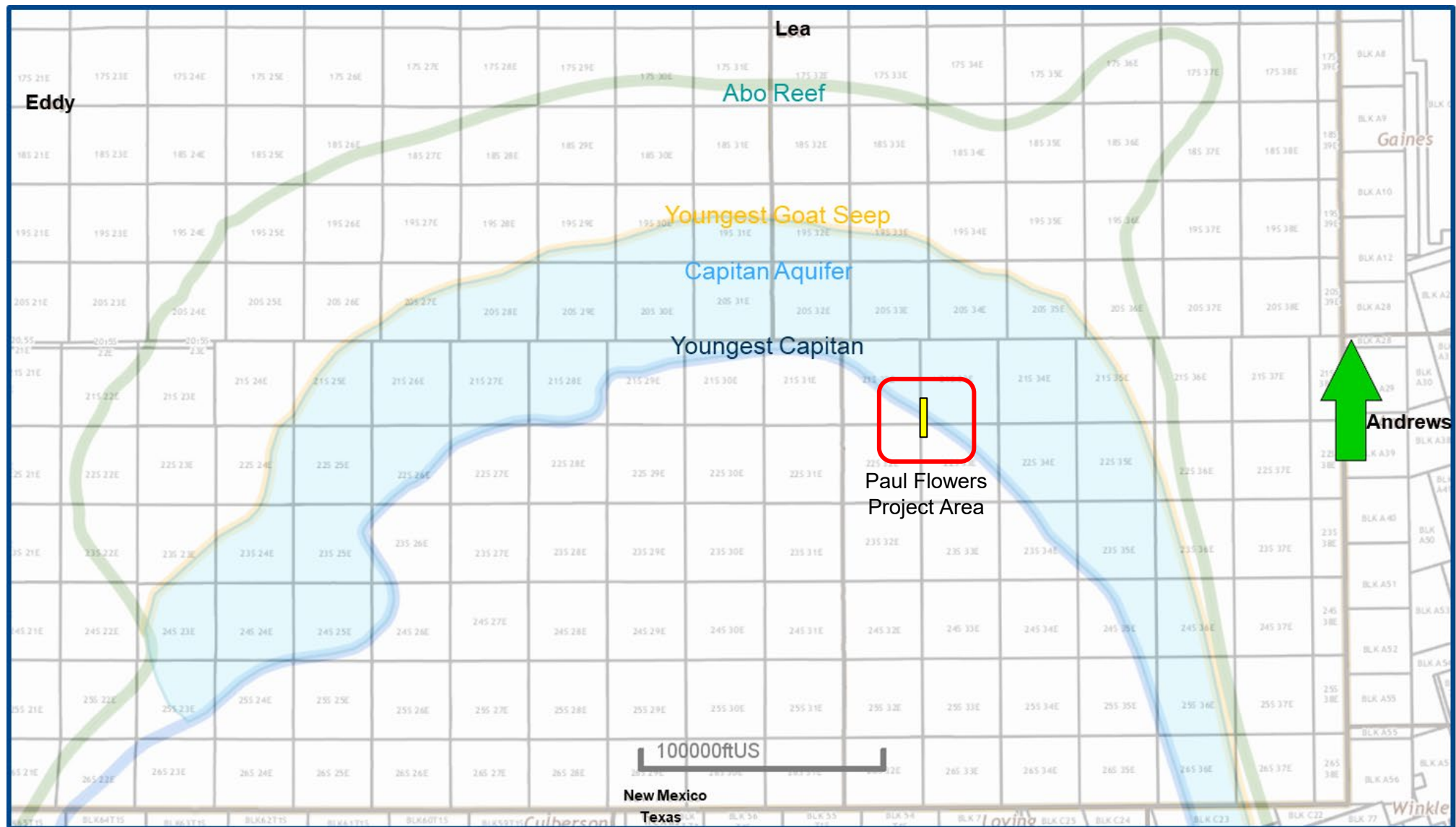
NOTARY PUBLIC

My Commission Expires:

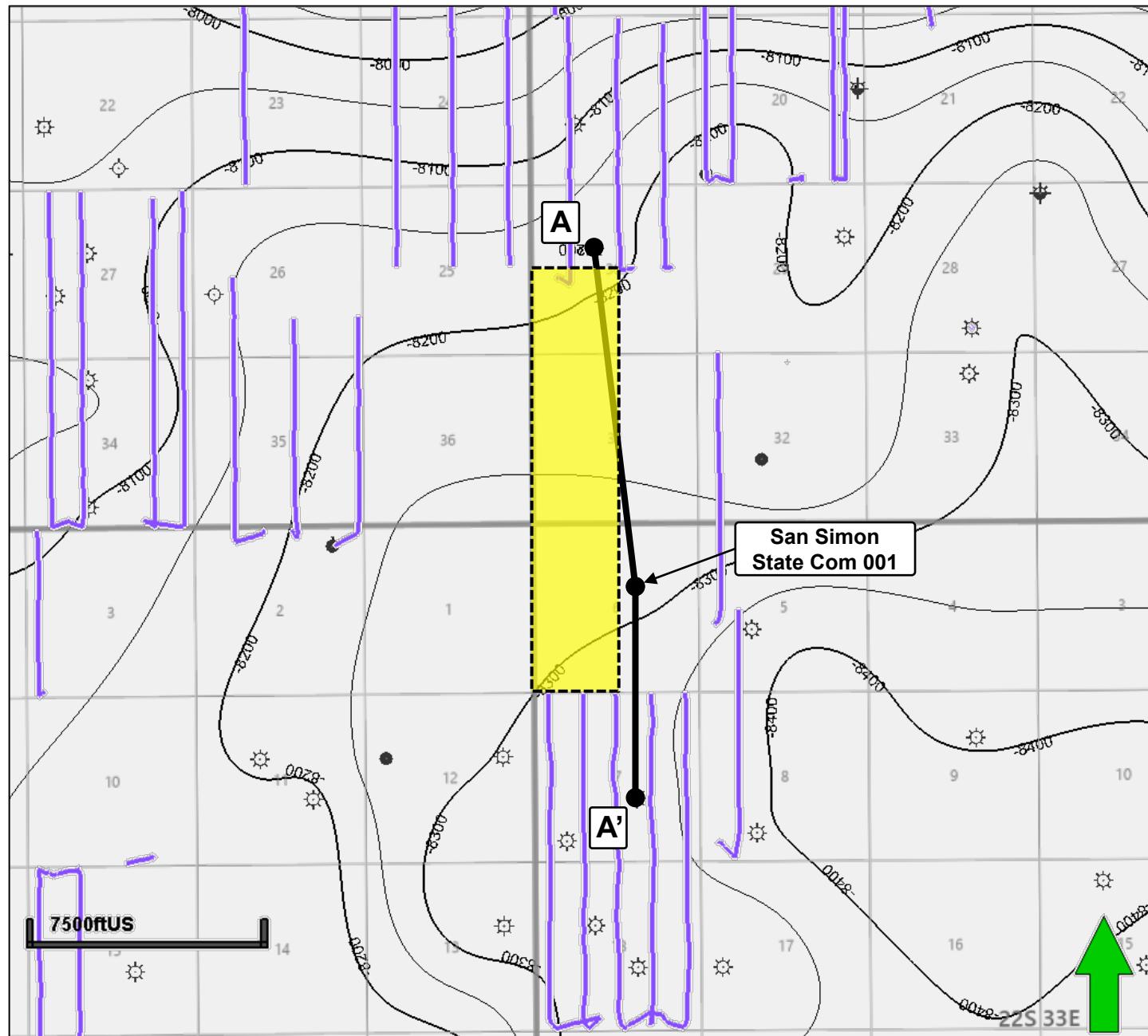
3/23/2025



Locator Map



Structure Map (Top Wolfcamp Subsea) A – A' Reference Line



Map Legend

Wolfcamp Wells

—

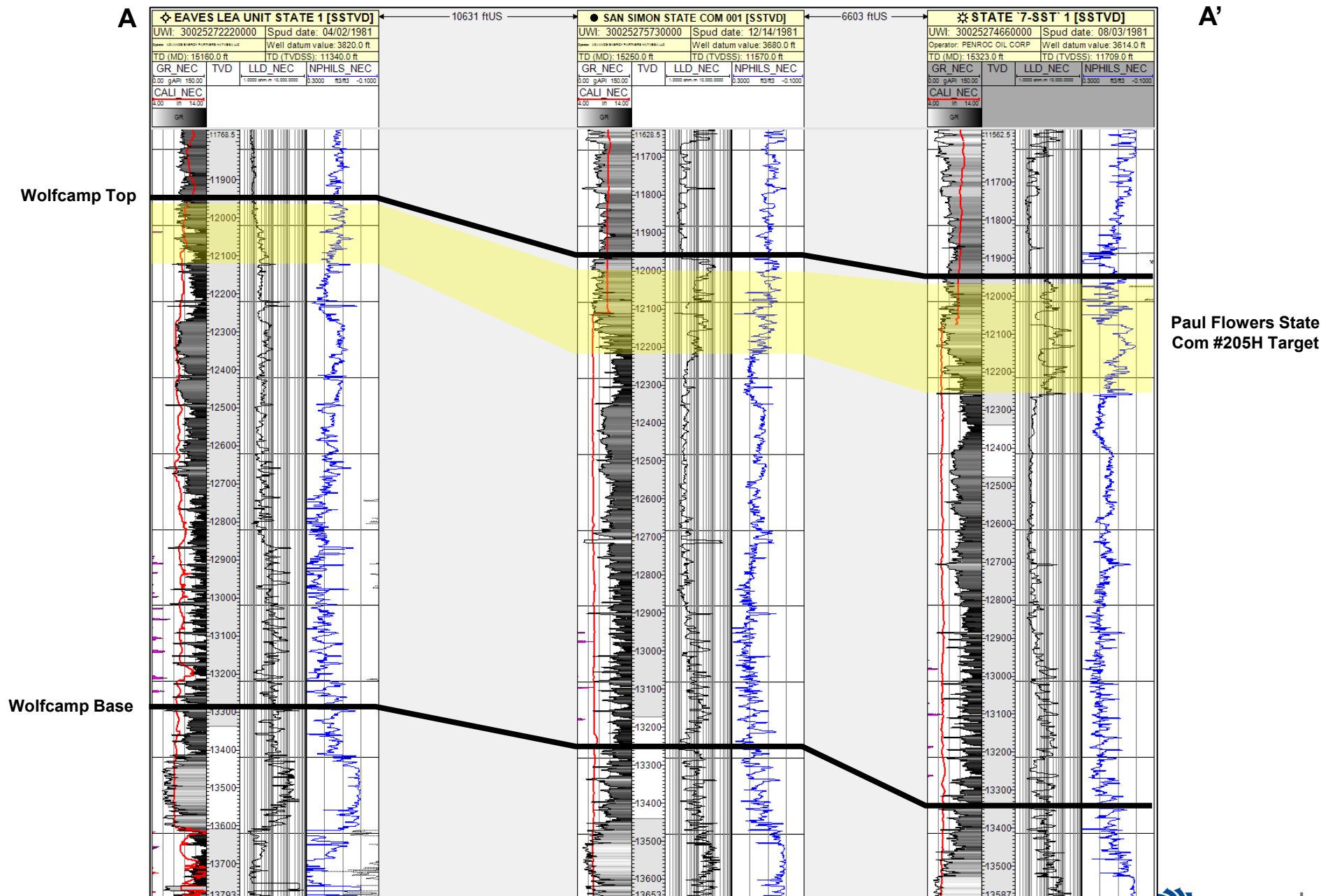
Project Area



C. I. = 50'

WC-025 G-10 S2133280; WOLFCAMP (Pool Code 98033) Structural Cross-Section A – A'

Exhibit No. D-3
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129



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

**APPLICATION OF MRC HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24129

**SELF-AFFIRMED STATEMENT OF
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of MRC Hat Mesa, LLC (“Matador”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.
2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.
3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.
4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of January 26, 2024.
5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached herein.
6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129**



Paula M. Vance

1/29/2024

Date



Paula M. Vance
Associate
Phone (505) 988-4421
Email: pmvance@hollandhart.com

January 12, 2024

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of MRC Hat Mesa, LLC for Compulsory Pooling, Lea County,
New Mexico: Paul Flowers State Com 205H**

Ladies & Gentlemen:

This letter is to advise you that MRC Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on February 1, 2024, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

The State of New Mexico Oil Conservation Division hearing will be held in a hybrid format with both in-person and virtual participation options. The hearing will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Ave., Santa Fe, New Mexico, starting at 8:15 a.m. Virtual access to the Division's public hearing is available as follows:
<https://www.emnrd.nm.gov/ocd/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 to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact David Johns at (972) 619-1259 or at djohns@matadorresources.com.

Sincerely,

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

Paula M. Vance
ATTORNEY FOR MRC HAT MESA, LLC

MRC - Paul Flowers 205H well - Case no. 24129
Postal Delivery Report

9414811898765493433056	Oxy USA, Inc.	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on January 19, 2024 at 5:43 pm.
9414811898765493433063	Oxy Y-1 Company	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on January 20, 2024 at 4:48 pm.
9414811898765493433025	EOG Y Resources, Inc.	5509 Champions Dr	Midland	TX	79706-2843	Your item was picked up at a postal facility at 8:37 am on January 18, 2024 in MIDLAND, TX 79702.
9414811898765493433094	Aep Encap Holdco, LLC	9651 Katy Fwy Ste 600	Houston	TX	77024-1590	Your item was delivered to the front desk, reception area, or mail room at 10:30 am on January 19, 2024 in HOUSTON, TX 77024.
9414811898765493433049	AEPXCON Management LLC	2619 Robinhood St	Houston	TX	77005-2431	We attempted to deliver your item at 12:06 pm on January 18, 2024 in HOUSTON, TX 77005 and a notice was left because an authorized recipient was not available.
9414811898765493433087	Charis Royalty F LP	PO Box 470158	Fort Worth	TX	76147-0158	Your item has been delivered and is available at a PO Box at 8:29 am on January 18, 2024 in FORT WORTH, TX 76147.

MRC - Paul Flowers 205H well - Case no. 24129
Postal Delivery Report

9414811898765493433032	DG ROYALTY LLC C/O Endeavor Energy Resources Lp	110 N Marienfeld St Ste 200	Midland	TX	79701-4412	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765493433070	ONeill Properties	410 W Ohio Ave	Midland	TX	79701-4331	Your item was delivered to an individual at the address at 1:14 pm on January 22, 2024 in MIDLAND, TX 79701.
9414811898765493433414	Texas Redhand LLC	410 W Ohio Ave	Midland	TX	79701-4331	Your item was delivered to an individual at the address at 1:36 pm on January 16, 2024 in MIDLAND, TX 79701.

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Blake Ovard, Editor 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
January 17, 2024
and ending with the issue dated
January 17, 2024.


Editor

Sworn and subscribed to before me this
17th day of January 2024.


Business Manager

My commission expires
January 29, 2027

(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 publication has been made.

LEGAL NOTICE
January 17, 2024

**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 cases. The hearings will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform (sign-in information below) on Thursday, February 1, 2024, beginning at 8:15 a.m. To participate in the hearings, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Sheila Apodaca, at Sheila.Apodaca@emnrd.nm.gov. Documents filed in these cases may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.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 Sheila Apodaca at Sheila.Apodaca@emnrd.nm.gov, or the New Mexico Relay Network at 1-800-659-1779, no later than January 22, 2024.

Persons may view and participate in the hearings through the following link: <https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mebd90f968526fc5f785d1ce1d16f8879>

Webinar number: 2480 175 1754

Join by video system: Dial 24801751754@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your webinar number.

Join by phone: 1-844-992-4726 United States Toll Free
+1-408-418-9388 United States Toll

Access code: 2480 175 1754

Panelist password: JQjGcxpM862 (57542976 from phones and video systems)

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 affected interest owners, including: Oxy USA, Inc.; Oxy Y-1 Company; EOG Y Resources, Inc.; Aep Encap Holdco, LLC; AEPXCON Management LLC; Charis Royalty LP; DG ROYALTY LLC; O'Neill Properties, and Texas Redhand LLC.

Case No. 24129: Application of MRC Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 800-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 of Section 31 and the SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Paul Flowers State Com 205H** well to be horizontally drilled from a surface hole location in the SW/4 of Section 6, with a first take point in Lot 7 (SW/4 SW/4 equivalent) of Section 6 and a last take point in Lot 3 (NW/4 SW/4 equivalent) of Section 30. The completed interval of the Paul Flowers State Com 205H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling the well. The subject area is located approximately 26 miles west of Eunice, New Mexico.
#00286545

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. F
Submitted by: MRC Hat Mesa, LLC
Hearing Date: February 1, 2024
Case No. 24129