

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

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

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

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

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

Form C-101
August 1, 2011
Permit 246915

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240		2. OGRID Number 228937
		3. API Number 30-025-44361
4. Property Code 319578	5. Property Name FLORENCE STATE 23 23 34 AR	6. Well No. 121H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	23	23S	34E	M	185	S	380	W	Lea

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	23	23S	34E	D	240	N	329	W	Lea

9. Pool Information

ANTELOPE RIDGE;BONE SPRING, WEST	2209
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3416
16. Multiple N	17. Proposed Depth 15200	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 6/19/2018
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☐ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	850	900	0
Int1	12.25	9.625	40	5100	1800	0
Prod	8.75	5.5	20	15150	2700	3600

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	3000	Cameron
Double Ram	10000	5000	Cameron
Pipe	10000	5000	Cameron

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Ava Monroe	Approved By: Paul Kautz
Title: Engineering Tech	Title: Geologist
Email Address: amonroe@matadorresources.com	Approved Date: 1/11/2018 Expiration Date: 1/11/2020
Date: 1/10/2018 Phone: 972-371-5218	Conditions of Approval Attached

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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 23-23S-34E AR	⁶ Well Number #121H
⁷ GRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3416'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	23	23-S	34-E	-	185'	SOUTH	380'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	23	23-S	34-E	-	240'	NORTH	329'	WEST	LEA

¹² Dedicated Acres 160.03	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.

	<p>LAST PERFORATION POINT NEW MEXICO EAST NAD 1983 X=814796 Y=472710 LAT.: N 32.2964518 LONG.: W 103.4483324 NAD 1927 X=773612 Y=472651 LAT.: N 32.2963274 LONG.: W 103.4478556</p>	<p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1983 X=814795 Y=472800 LAT.: N 32.2966991 LONG.: W 103.4483328 NAD 1927 X=773611 Y=472741 LAT.: N 32.2965748 LONG.: W 103.4478559</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sara Hartsfield</i> 12.8.17 Signature Date Sara Hartsfield Printed Name shartsfield@matadorresources.com E-mail Address</p>
	<p>FIRST PERFORATION POINT NEW MEXICO EAST NAD 1983 X=814839 Y=468089 LAT.: N 32.2837493 LONG.: W 103.4483145 NAD 1927 X=773655 Y=468030 LAT.: N 32.2836249 LONG.: W 103.4478380</p>	<p>SURFACE LOCATION NEW MEXICO EAST NAD 1983 X=814886 Y=467944 LAT.: N 32.2833508 LONG.: W 103.4481663 NAD 1927 X=773702 Y=467885 LAT.: N 32.2832264 LONG.: W 103.4476898</p>	<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>11/28/2017 Date of Survey Signature and Seal of Professional Surveyor Stan W. Lloyd Certificate Number 19642</p>

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Oil Conservation Division
1220 South St. Francis Dr.
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Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

☒ Original

Operator & OGRID No.: Matador Production Company (228937)

☐ Amended

Date: 12/6/17

Reason for Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Florence State 23 23S 24E AR No. 121H	30-025-*****	UL-M Sec 23 T23S R34E	185' S 380' W	+/- 1,000	~30 days	Flare ~30 days on flowback before turn into TB. Time est. depends on sales connect and well cleanup.

Gathering System and Pipeline Notification

The wells will be connected to a production facility after flowback operations are complete so long as the gas transporter system is in place. The gas produced from the production facility should be connected to an Energy Transfer Partners gathering system. It will require ~2,500' of pipeline to connect each facility to the Energy Transfer Partners gathering system. Matador Production Company periodically provides a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future to Energy Transfer Partners. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify Energy Transfer Partners. Additionally, the gas produced from the well will be processed at a processing plant further downstream and, although unanticipated, any issues with downstream facilities could cause flaring at the wellhead. The actual flow of the gas will be based on compression operating parameters and gathering system pressures measured when the well starts producing.

Flowback Strategy

After the fracture treatment/completion operations (flowback), the well will be produced to temporary production tanks and the gas will be flared or vented. During flowback, the fluids and sand content will be monitored. If the produced fluids contain minimal sand, then the well will be turned to production facilities. The gas sales should start as soon as the well starts flowing through the production facilities, unless there are operational issues on the midstream system at that time. Based on current information, it is Matador's belief the system will be able to take the gas upon completion of the well.

Safety requirements during cleanout operations may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Operating a generator will only utilize a portion of the produced gas and the remainder of gas would still need to be flared.
 - Power Company has to be willing to purchase gas back and if they are willing they require a 5 year commitment to supply the agreed upon amount of power back to them. With gas decline rates and unpredictability of markets it is impossible to agree to such long term demands. If the demands are not met then operator is burdened with penalty for not delivering.
- Compressed Natural Gas – On lease
 - Compressed Natural Gas is likely to be uneconomic to operate when the gas volume declines.
- NGL Removal – On lease
 - NGL Removal requires a plant and is expensive on such a small scale rendering it uneconomic and still requires residue gas to be flared.

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Form APD Comments

Permit 246915

PERMIT COMMENTS

Operator Name and Address: MATADOR PRODUCTION COMPANY [228937] One Lincoln Centre Dallas, TX 75240		API Number: 30-025-44361
		Well: FLORENCE STATE 23 23 34 AR #121H

Created By	Comment	Comment Date
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Form APD Conditions

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Permit 246915

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: MATADOR PRODUCTION COMPANY [228937] One Lincoln Centre Dallas, TX 75240	API Number: 30-025-44361
	Well: FLORENCE STATE 23 23 34 AR #121H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
pkautz	1)- The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 45 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104
pkautz	It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD.
pkautz	Stage Tool - 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.