

**CASE NOS. 22706-22707-22710-22711**

**APPLICATIONS OF MATADOR PRODUCTION COMPANY  
TO AMEND ORDERS  
EDDYCOUNTY, NEW MEXICO**

**EXHIBITS**

*PART I*

1. Applications and Proposed Notices
2. Prior Orders
3. Landman's Affidavits
4. Affidavit of Notice
5. Affidavits of Publication

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NOS. R-21267  
AND R-21267-A, EDDY COUNTY, NEW MEXICO.**Case No. 22706**APPLICATION**

Matador Production Company applies for an order amending Order Nos. R-21267 and R-21267-A, and in support thereof states:

1. Order No. R-21267 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 21 and the N/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill the Michael K & B 2122 Fed. Com. Well No. 121H to a depth sufficient to test the Bone Spring formation. The well has a first take point in the NW/4NW/4 of Section 21 and a last take point in the NE/4NE/4 of Section 22. Order No. R-21267 designates Applicant as operator of the well.
3. This matter was heard on April 16, 2020, and Order No. R-21267 was entered on April 28, 2020. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown." Applicant obtained a one year commencement extension by Order No. R-21267-A.
4. Applicant requests an extension of the drilling deadline due to market conditions which have altered drilling schedules, and the coronavirus situation. In addition, the well unit is in a disputed federal Development Area being formed for drilling in this area, and that is a large

EXHIBIT /




part of the reason applicant hasn't been able to drill yet. Applicant still intends to drill the subject well. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to April 28, 2023.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order amending Order Nos. R-21267 and R-21267-A to extend the well commencement deadline to April 28, 2023.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Matador Production Company

***Application of Matador Production Company to Amend Order Nos. R-21267 and 21267-A, Eddy County, New Mexico.*** Matador Production Company seeks an order amending Order Nos. R-21267 (issued on April 28, 2020) and R-21267-A to extend the well commencement deadline one additional year, to April 28, 2023. Order No. R-21267 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 21 and the N/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, for purposes of drilling the Michael K & B 2122 Fed. Com. Well No. 121H. It required the commencement of drilling within one year of the date of the order unless the operator obtained an extension by amendment of the order for good cause shown, which one year extension was granted by Order No. R-21267-A. Applicant requests an additional extension. The unit is located approximately 13-1/2 miles northeast of Carlsbad, New Mexico.



**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NO. R-21268  
AND R-21268-A, EDDY COUNTY, NEW MEXICO.**Case No. 22707**APPLICATION**

Matador Production Company applies for an order amending Order Nos. R-21268 and R-21268-A, and in support thereof states:


1. Order No. R-21268 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 21 and the S/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill the Michael K & B 2122 Fed. Com. Well No. 122H to a depth sufficient to test the Bone Spring formation. The well has a first take point in the SW/4NW/4 of Section 21 and a last take point in the SE/4NE/4 of Section 22. Order No. R-21268 designates Applicant as operator of the well.
3. This matter was heard on April 16, 2020, and Order No. R-21268 was entered on April 28, 2020. Paragraph 19 of the order No. R-21268 requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown." Applicant obtained a one year commencement extension by Order No. R-21268-A.
4. Applicant requests an extension of the drilling deadline due to market conditions which have altered drilling schedules, and the coronavirus situation. In addition, the well unit is in a disputed federal Development Area being formed for drilling in this area, and that is a large

part of the reason applicant hasn't been able to drill yet. Applicant still intends to drill the subject well. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to April 28, 2023.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order amending Order Nos. R-21268 and R-21268-A to extend the well commencement deadline to April 28, 2023.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Matador Production Company

***Application of Matador Production Company to Amend Order Nos. R-21268 and R-21268-A, Eddy County, New Mexico.*** Matador Production Company seeks an order amending Order Nos. R-21268 (issued on April 28, 2020) and R-21268-A to extend the well commencement deadline one additional year, to April 28, 2023. Order No. R-21268 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 21 and the S/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, for purposes of drilling the Michael K & B 2122 Fed. Com. Well No. 122H. It required the commencement of drilling within one year of the date of the order unless the operator obtained an extension by amendment of the order for good cause shown, which one year extension was granted by Order No. R-21268-A. Applicant requests an additional extension. The unit is located approximately 13-1/2 miles northeast of Carlsbad, New Mexico.



**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NOS. R-21271  
AND R-21271-A, EDDY COUNTY, NEW MEXICO.**Case No. 22-710**APPLICATION**

Matador Production Company applies for an order amending Order Nos. R-21271 and R-21271-A, and in support thereof states:

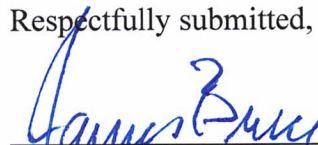
1. Order No. R-21271 pooled mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 21 and the N/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill the Michael K & B 2122 Fed. Com. Well No. 201H to a depth sufficient to test the Wolfcamp formation. The well has a first take point in the NW/4NW/4 of Section 21 and a last take point in the NE/4NE/4 of Section 22. Order No. R-21271 designates Applicant as operator of the well.
3. This matter was heard on April 16, 2020, and Order No. R-21271 was entered on April 30, 2020. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this order for good cause shown." Applicant obtained a one year commencement extension by Order No. R-21271-A.
4. Applicant requests an additional extension of the drilling deadline due to market conditions which have altered drilling schedules, and the coronavirus situation. In addition, the well unit is in a disputed federal Development Area being formed for drilling in this area,

and that is a large part of the reason applicant hasn't been able to drill yet. Applicant still intends to drill the subject well. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to April 30, 2023.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order amending Order Nos. R-21271 and R-21271-A to extend the well commencement deadline to April 30, 2023.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Matador Production Company

***Application of Matador Production Company to Amend Order Nos. R-21271 and R-21271-A, Eddy County, New Mexico.*** Matador Production Company seeks an order amending Order Nos. R-21271 (issued on April 28, 2020) and R-21271-A to extend the well commencement deadline one year, to April 30, 2023. Order No. R-21271 pooled mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 21 and the N/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, for purposes of drilling the Michael K & B 2122 Fed. Com. Well No. 201H. It required the commencement of drilling within one year of the date of the order unless the operator obtained an extension by amendment of the order for good cause shown, which one year extension was granted by Order No. R-21271-A. Applicant requests an additional extension. The unit is located approximately 13-1/2 miles northeast of Carlsbad, New Mexico.



**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NOS. R-21272  
AND R-21272-A, EDDY COUNTY, NEW MEXICO.**Case No. 22711**APPLICATION**

Matador Production Company applies for an order amending Order Nos. R-21272 and R-21272-A, and in support thereof states:

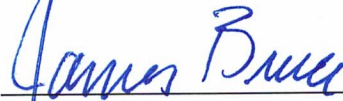
1. Order No. R-21272 pooled mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 21 and the S/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill the Michael K & B 2122 Fed. Com. Well No. 202H to a depth sufficient to test the Wolfcamp formation. The well has a first take point in the SW/4NW/4 of Section 21 and a last take point in the SE/4NE/4 of Section 22. Order No. R-21272 designates Applicant as operator of the well.
3. This matter was heard on April 16, 2020, and Order No. R-21272 was entered on April 30, 2020. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by an amendment of this Order for good cause shown." Applicant obtained a one year commencement extension by Order No. R-21272-A.
4. Applicant requests an additional extension of the drilling deadline due to market conditions which have altered drilling schedules over the last year or so, and the coronavirus situation. In addition, the well unit is in a disputed federal Development Area being formed for

drilling in this area, and that is a large part of the reason applicant hasn't been able to drill yet. Applicant still intends to drill the subject well. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to April 30, 2023.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order amending Order Nos. R-21272 and R-21272-A to extend the well commencement deadline to April 30, 2023.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Matador Production Company

***Application of Matador Production Company to Amend Order Nos. R-21272 and R-21272-A, Eddy County, New Mexico.*** Matador Production Company seeks an order amending Order Nos. R-21272 (issued on April 30, 2020) and R-21272-A to extend the well commencement deadline one additional year, to April 30, 2023. Order No. R-21272 pooled mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 21 and the S/2N/2 of Section 22, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, for purposes of drilling the Michael K & B 2122 Fed. Com. Well No. 202H. It required the commencement of drilling within one year of the date of the order unless the operator obtained an extension by amendment of the order for good cause shown, which one year extension was granted by Order No. R-21272-A. Applicant requests an additional extension. The unit is located approximately 13-1/2 miles northeast of Carlsbad, New Mexico.



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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MATADOR PRODUCTION COMPANY**

**CASE NO. 20904  
ORDER NO. R-21267**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on April 16, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

**FINDINGS OF FACT**

1. Matador Production Company ("Operator") submitted an application ("Application") to compulsorily pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

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EXHIBIT

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

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ORDER NO. R-21267

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. Notwithstanding paragraphs 22 and 23, above, by stipulation of the parties, Operator grants EOG Resources the ability to sequentially elect to pay its share of costs for each proposed well. Applicant agrees to submit an AFE to EOG no sooner than 60 days before the commencement of the drilling of each well, and EOG shall have 30 days upon receipt of said AFE to elect to participate and make payment to Applicant of the estimated cost for each well.
25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written



- objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
  30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
  31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
  32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
  33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
  34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
  35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
  36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 4/28/2020

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ORDER NO. R-21267

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**Exhibit "A"**

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
<b>Case:</b>	20904
<b>Date</b>	April 16, 2020
<b>Applicant</b>	Matador Production Company
<b>Designated Operator &amp; OGRID (affiliation if applicable)</b>	Matador Production Company/OGRID No. 228937
<b>Applicant's Counsel:</b>	James Bruce
<b>Case Title:</b>	Application of Matador Production Company for Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	EOG Resources, Inc./Holland & Hart LLP Marathon Oil Permian LLC/Jennifer Bradfute
<b>Well Family</b>	Michael K&B 2122 Fed. Com. Well No. 121H
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring Formation
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	Entire Bone Spring formation
<b>Pool Name and Pool Code:</b>	Getty; Bone Spring/Pool Code 27470
<b>Well Location Setback Rules:</b>	Statewide rules and current horizontal well rules
<b>Spacing Unit Size:</b>	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical)</b>	Horizontal
<b>Size (Acres)</b>	320 acres
<b>Building Blocks:</b>	40 acres
<b>Orientation:</b>	West-East
<b>Description: TRS/County</b>	N/2N/2 §21 and N/2N/2 §22-20S-29E, NMPM, Eddy County
<b>Standard Horizontal Well Spacing Unit (Y/N), If No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: if yes, description</b>	
<b>Applicant's Ownership in Each Tract</b>	Exhibits A-2, A-3, and A-4
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	Michael K&B 2122 Fed. Com. Well No. 121H API No. 30-015-PENDING SHL: 937 FNL & 510 FWL §21 BHL: 330 FNL & 60 FEL §22 FTP: 330 FNL & 100 FWL §21 LTP: 330 FNL & 100 FEL §22 2 <sup>nd</sup> Bone Spring Sand/TVD 8044 feet/MD 18344 feet Completion expected to be standard

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Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit A, page 5 and Exhibit E
Requested Risk Charge	Cost + 200%/Exhibit A-7 and E
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibits A-2 through A-5
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibits A-3 through A-5
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibits A-3 through A-5
Chronology of Contact with Non-Joined Working Interests	Exhibit A-8
Overhead Rates in Proposal Letter	\$8000/\$800
Cost Estimate to Drill and Complete	Exhibit A-7
Cost Estimate to Equip Well	Exhibit A-7
Cost Estimate for Production Facilities	Exhibit A-7
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits A-1 and B
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Laydown/Exhibit B
Target Formation	Bone Spring
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1

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Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-3 through A-6
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-1 and B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	James Bruce
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	April 14, 2020

CASE NO. 20904  
ORDER NO. R-21267

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MATADOR PRODUCTION COMPANY**

**CASE NO. 21812  
ORDER NO. R-21267-A**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 20, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

**FINDINGS OF FACT**

1. Matador Production Company ("Operator") applied to conform Order R-21267 ("Existing Order"), issued in Case No. 20904, with the Division's recently amended order template ("Amended Template"). Operator also seeks a one-year extension until April 28, 2022, to commence drilling and/or completing the subject well(s).
2. Operator is in good standing under state-wide rules and regulations with respect to the Existing Order.
3. Operator has reviewed and agrees to the terms and conditions in the ordering paragraphs of the Amended Template.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law in the Existing Order and replaces the ordering paragraphs 15-35 in the Existing Order as stated below.

**ORDER**

9. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
10. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
11. Operator is designated as operator of the Unit and the Well(s).
12. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
13. The Operator shall commence drilling the Well(s) by April 28, 2022, and complete each Well no later than one (1) year after the commencement of drilling the Well.
14. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless Operator obtains an extension by an amendment of this Order for good cause shown.
15. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
16. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
17. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest." The special payment provisions of paragraph 24 of Order R-21267 are incorporated herein and made applicable hereto by reference.
18. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of

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ORDER NO. R-21267-A

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the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

19. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
20. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
21. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
22. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
23. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
24. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
25. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled



Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

26. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
27. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
28. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
29. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 5/26/2021

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ORDER NO. R-21267-A

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MATADOR PRODUCTION COMPANY**

**CASE NO. 20905  
ORDER NO. R-21268**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on April 16, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

**FINDINGS OF FACT**

1. Matador Production Company ("Operator") submitted an application ("Application") to compulsorily pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 20905  
ORDER NO. R-21268

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. Notwithstanding paragraphs 22 and 23, above, by stipulation of the parties, Operator grants EOG Resources the ability to sequentially elect to pay its share of costs for each proposed well. Applicant agrees to submit an AFE to EOG no sooner than 60 days before the commencement of the drilling of each well, and EOG shall have 30 days upon receipt of said AFE to elect to participate and make payment to Applicant of the estimated cost for each well.
25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written



- objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
  30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
  31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
  32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
  33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
  34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
  35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
  36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 4/28/2020

CASE NO. 20905  
ORDER NO. R-21268

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**Exhibit "A"**

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case:</b>	<b>20905</b>
<b>Date</b>	<b>April 16, 2020</b>
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company/OGRID No. 228937
Applicant's Counsel:	James Bruce
Case Title:	Application of Matador Production Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	EOG Resources, Inc./Holland & Hart LLP Marathon Oil Permian LLC/Jennifer Bradfute
Well Family	Michael K&B 2122 Fed. Com. Well No. 122H
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Getty; Bone Spring/Pool Code 27470
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	West-East
Description: TRS/County	S/2N/2 §21 and S/2N/2 §22-20S-29E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibits A-2, A-3, and A-4
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Michael K&B 2122 Fed. Com. Well No. 122H API No. 30-015-PENDING SHL: 938 FNL & 540 FWL §21 BHL: 1651 FNL & 60 FEL §22 FTP: 1651 FNL & 100 FWL §21 LTP: 1651 FNL & 100 FEL §22 2 <sup>nd</sup> Bone Spring Sand/TVD 8044 feet/MD 18344 feet Completion expected to be standard

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ORDER NO. R-21268

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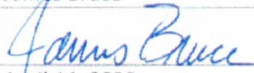


Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit A, page 5 and Exhibit E
Requested Risk Charge	Cost + 200%/Exhibit A-7 and E
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibits A-2 through A-5
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibits A-3 through A-5
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibits A-3 through A-5
Chronology of Contact with Non-Joined Working Interests	Exhibit A-8
Overhead Rates In Proposal Letter	\$8000/\$800
Cost Estimate to Drill and Complete	Exhibit A-7
Cost Estimate to Equip Well	Exhibit A-7
Cost Estimate for Production Facilities	Exhibit A-7
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits A-1 and B
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Laydown/Exhibit B
Target Formation	Bone Spring
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1

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ORDER NO. R-21268

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Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-3 through A-6
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-1 and B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	April 14, 2020

CASE NO. 20905  
ORDER NO. R-21268

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MATADOR PRODUCTION COMPANY**

**CASE NO. 21813  
ORDER NO. R-21268-A**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 20, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

**FINDINGS OF FACT**

1. Matador Production Company ("Operator") applied to conform Order R-21268 ("Existing Order"), issued in Case No. 20905, with the Division's recently amended order template ("Amended Template"). Operator also seeks a one-year extension until April 28, 2022, to commence drilling and/or completing the subject well(s).
2. Operator is in good standing under state-wide rules and regulations with respect to the Existing Order.
3. Operator has reviewed and agrees to the terms and conditions in the ordering paragraphs of the Amended Template.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law in the Existing Order and replaces the ordering paragraphs 15-35 in the Existing Order as stated below.

**ORDER**

9. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
10. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
11. Operator is designated as operator of the Unit and the Well(s).
12. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
13. The Operator shall commence drilling the Well(s) by April 28, 2022, and complete each Well no later than one (1) year after the commencement of drilling the Well.
14. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless Operator obtains an extension by an amendment of this Order for good cause shown.
15. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
16. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
17. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest." The special payment provisions of paragraph 24 of Order R-21268 are incorporated herein and made applicable hereto by reference.
18. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of

CASE NO. 21813  
ORDER NO. R-21268-A

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the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

19. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
20. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
21. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
22. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
23. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
24. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
25. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

26. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
27. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
28. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
29. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 5/26/2021

CASE NO. 21813  
ORDER NO. R-21268-A

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MATADOR PRODUCTION COMPANY**

**CASE NO. 20908  
ORDER NO. R-21271**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on April 16, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

**FINDINGS OF FACT**

1. Matador Production Company ("Operator") submitted an application ("Application") to compulsorily pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.



10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. Notwithstanding paragraphs 22 and 23, above, by stipulation of the parties, Operator grants EOG Resources the ability to sequentially elect to pay its share of costs for each proposed well. Applicant agrees to submit an AFE to EOG no sooner than 60 days before the commencement of the drilling of each well, and EOG shall have 30 days upon receipt of said AFE to elect to participate and make payment to Applicant of the estimated cost for each well.
25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written



- objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
  30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
  31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
  32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
  33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
  34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
  35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
  36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 4/30/2020

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**Exhibit "A"**

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case:</b>	<b>20908</b>
<b>Date</b>	<b>April 16, 2020</b>
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company/OGRID No. 228937
Applicant's Counsel:	James Bruce
Case Title:	Application of Matador Production Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	EOG Resources, Inc./Holland & Hart LLP Marathon Oil Permian LLC/Jennifer Bradfute
Well Family	Michael K&B 2122 Fed. Com. Well No. 201H
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Wolfcamp formation
Pool Name and Pool Code:	Burton Flat; Wolfcamp, East Oil/Pool Code 98315
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	West-East
Description: TRS/County	N/2N/2 §21 and N/2N/2 §22-20S-29E, NMPPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	EXHIBIT
Applicant's Ownership in Each Tract	Exhibits A-2, A-3, and A-4
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	Michael K&B 2122 Fed. Com. Well No. 201H API No. 30-015-PENDING SHL: 907 FNL & 510 FWL §21 BHL: 330 FNL & 60 FEL §22 FTP: 330 FNL & 100 FWL §21 LTP: 330 FNL & 100 FEL §22 Upper Wolfcamp/TVD 9375 feet/MD 19675 feet Completion expected to be standard

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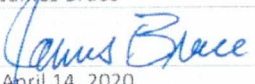
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Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit A, page 45 and Exhibit E
Requested Risk Charge	Cost + 200%/Exhibit A-7 and E
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibits A-2 through A-5
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibits A-3 through A-5
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibits A-3 through A-5
Chronology of Contact with Non-Joined Working Interests	Exhibit A-8
Overhead Rates In Proposal Letter	\$8000/\$800
Cost Estimate to Drill and Complete	Exhibit A-7
Cost Estimate to Equip Well	Exhibit A-7
Cost Estimate for Production Facilities	Exhibit A-7
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits A-1 and B
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Laydown/Exhibit B
Target Formation	Wolfcamp
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1

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Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-3 through A-6
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-1 and B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	
<b>CERTIFICATION:</b> I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	April 14, 2020

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