

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING APRIL 6, 2023**

CASE NOS. 23417-23418

*MARLAN DOWNEY STATE COM #123H WELL
MARLAN DOWNEY STATE COM #124H WELL*

LEA COUNTY, NEW MEXICO



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

**APPLICATIONS OF MRC PERMIAN
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23417 & 23418

TABLE OF CONTENTS

- **MRC Exhibit A:** Compulsory Pooling Application Checklists
- **MRC Exhibit B:** Applications of MRC Permian Company for Compulsory Pooling
- **MRC Exhibit C:** Affidavit of David Johns, Landman
 - MRC Exhibit C-1: Overlap Diagram
 - MRC Exhibit C-2: Overlap Notice (Case No. 23417)
 - MRC Exhibit C-3: Overlap Notice (Case No. 23418)
 - MRC Exhibit C-4: C-102s
 - MRC Exhibit C-5: Land Tract Map
 - MRC Exhibit C-6: Uncommitted Working Interests & ORRI
 - MRC Exhibit C-7: Sample Well Proposal Letters with AFE
 - MRC Exhibit C-8: Chronology of Contacts
- **MRC Exhibit D:** Affidavit of Blake Herber, Geologist
 - MRC Exhibit D-1: Locator map
 - MRC Exhibit D-2: Bone Spring subsea structure & cross-section map
 - MRC Exhibit D-3: Bone Spring stratigraphic cross-section
- **MRC Exhibit E:** Self-Affirmed Statement of Notice
- **MRC Exhibit F:** Affidavit of Publication for the Case


COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23417	APPLICANT'S RESPONSE
Date	April 6, 2023
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MRC PERMIAN COMPANY FOR APPROVAL OF AN OVERLAPPING HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Marlan Downey
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Rock Lake; Bone Spring, South [52769] WC-025 G-06 S233516M; Middle Bone Spring [98246]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	400
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2 SE/4 of Section 4, and the W/2 E/2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-6
Well(s)	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418

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	Marlan Downey State Com #123H well SHL: 2,406' FSL, 1,093' FEL (Unit I) of Section 4 FTP: 2,540' FSL, 1,980' FEL (Unit J) of Section 4 LTP: 100' FSL, 1,980' FEL (Unit O) of Section 16 BHL: 60' FSL, 1,980' FEL (Unit O) of Section 16 Target: Bone Spring Orientation: North-South Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-4
Completion Target (Formation, TVD and MD)	Exhibit C-7
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-5
Tract List (including lease numbers and owners)	Exhibit C-6
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-6
Unlocatable Parties to be Pooled	No
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-6
Chronology of Contact with Non-Joined Working Interests	Exhibit C-8
Overhead Rates In Proposal Letter	Exhibit C-7
Cost Estimate to Drill and Complete	Exhibit C-7
Cost Estimate to Equip Well	Exhibit C-7
Cost Estimate for Production Facilities	Exhibit C-7


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-4
Tracts	Exhibit C-5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-6
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, D-3
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:	4/4/2023

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23418	APPLICANT'S RESPONSE
Date	April 6, 2023
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MRC PERMIAN COMPANY FOR APPROVAL OF AN OVERLAPPING HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Marlan Downey
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Rock Lake; Bone Spring, South [52769] WC-025 G-06 S233516M; Middle Bone Spring [98246]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	400
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 SE/4 of Section 4, and the E/2 E/2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-6
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	Marlan Downey State Com #124H well SHL: 2,406' FSL, 1,063' FEL (Unit I) of Section 4 FTP: 2,540' FSL, 660' FEL (Unit I) of Section 4 LTP: 100' FSL, 660' FEL (Unit P) of Section 16 BHL: 60' FSL, 660' FEL (Unit P) of Section 16 Target: Bone Spring Orientation: North-South Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-4
Completion Target (Formation, TVD and MD)	Exhibit C-7
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
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Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-5
Tract List (including lease numbers and owners)	Exhibit C-6
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-6
Unlocatable Parties to be Pooled	No
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-6
Chronology of Contact with Non-Joined Working Interests	Exhibit C-8
Overhead Rates In Proposal Letter	Exhibit C-7
Cost Estimate to Drill and Complete	Exhibit C-7
Cost Estimate to Equip Well	Exhibit C-7
Cost Estimate for Production Facilities	Exhibit C-7

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-4
Tracts	Exhibit C-5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-6
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, D-3
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:	4/4/2023

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

**APPLICATION OF MRC PERMIAN
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23417

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 SE/4 of Section 4, and the W/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping horizontal 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 overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Marlan Downey State Com #123H** well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 16.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418**

4. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 240-acre, more or less, horizontal well spacing unit comprised of the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #113H well (API: 30-025-46254).

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. The pooling of interests 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 April 6, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of this overlapping horizontal spacing unit and the horizontal well 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: 

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ATTORNEYS FOR MRC PERMIAN COMPANY

Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 SE/4 of Section 4, and the W/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Marlan Downey State Com #123H** well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 16. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 240-acre, more or less, horizontal well spacing unit comprised of the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #113H well (API: 30-025-46254).

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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southwest of Eunice, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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**APPLICATION OF MRC PERMIAN
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23418

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E/2 SE/4 of Section 4, and the E/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed overlapping horizontal 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 overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Marlan Downey State Com #124H** well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16.

4. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 240-acre, more or less, horizontal well spacing unit comprised of the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #114H well (API: 30-025-46255).

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. The pooling of interests 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 April 6, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of this overlapping horizontal spacing unit and the horizontal well 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

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Adam G. Rankin
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Paula M. Vance
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ATTORNEYS FOR MRC PERMIAN COMPANY

Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E/2 SE/4 of Section 4, and the E/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Marlan Downey State Com #124H** well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 240-acre, more or less, horizontal well spacing unit comprised of the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #114H well (API: 30-025-46255).

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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southwest of Eunice, New Mexico.

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

APPLICATIONS OF MRC PERMIAN
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NOS. 23417 and 23418

AFFIDAVIT OF DAVID JOHNS

David Johns, of lawful age and being first duly sworn, states the following:

1. My name is David Johns and I am employed by MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Landman. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. I am familiar with the applications filed by Matador in these consolidated cases and the status of the lands in the subject area.

2. In these cases, Matador seeks an order pooling the uncommitted interests in the Bone Spring formation in the following standard horizontal spacing units:

(a) In **Case 23417**, Matador seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 400-acre, more or less, horizontal well spacing unit comprised of the W/2 SE/4 of Section 4, and the W/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico. The spacing unit will initially be dedicated to the Marlan Downey State Com #123H well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 16.

In addition, this 400-acre horizontal well spacing unit will overlap an existing horizontal well spacing unit covering portions of the subject acreage, being the 240-acre, more or less, horizontal well spacing unit comprised of the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #113H well (API: 30- 025-46254). Matador is the designated operator of this existing horizontal well spacing unit. The proposed spacing unit will have a completed

interval located within the entirety of existing horizontal well spacing unit, among other acreage.

- (b) In **Case 23418**, Matador seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E/2 SE/4 of Section 4, and the E/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico. The spacing unit will initially be dedicated to the Marlan Downey State Com #124H well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16.

In addition, this 400-acre horizontal well spacing unit will overlap an existing horizontal well spacing unit covering portions of the subject acreage, being the 240-acre, more or less, horizontal well spacing unit comprised of the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #114H well (API: 30- 025-46255). Matador is the designated operator of this existing horizontal well spacing unit. The proposed spacing unit will have a completed interval located within the entirety of existing horizontal well spacing unit, among other acreage.

3. A map showing each of the above-referenced overlapping spacing units is attached as **Matador Exhibit C-1**.

4. **Matador Exhibit C-2** contains a copy of the notice that Matador sent to the working interest owners in the existing spacing unit for the Marlan Downey State 04&09-23S-35E AR #113H well (API: 30- 025-46254) well and the proposed spacing unit in Matador's **Case 23417**. Matador has not received written notice of any objection to the notice of overlapping spacing unit.

5. **Matador Exhibit C-3** contains a copy of the notice that Matador sent to the working interest owners in the existing spacing unit for the Marlan Downey State 04&09-23S-35E AR #114H well (API: 30- 025-46255) well and the proposed spacing unit in Matador's **Case 23418**. Matador has not received written notice of any objection to the notice of overlapping spacing unit.

6. **Matador Exhibit C-4** contains draft Form C-102's for the proposed initial wells in each of these standard horizontal spacing units. These forms demonstrate that the completed interval for each well will meet the standard setback requirements for horizontal oil wells.

7. Matador understands that these Wolfcamp wells will be placed in (i) the ROCK LAKE;BONE SPRING, SOUTH [52769] pool for the acreage in Sections 4 and 9, and (ii) the WC-025 G-06 S233516M;MID BONE SPRING [98246] pool for the acreage in Section 16.

8. **Matador Exhibit C-5** identifies the tracts of land comprising each of the proposed horizontal spacing units. The subject acreage is comprised of state acreage.

9. There are no depth severances within the Bone Spring formation underlying this acreage.

10. **Matador Exhibit C-6** identifies the working interest owners that Matador is seeking to pool in each of these proposed horizontal spacing units. **Matador Exhibit C-6** also identifies the overriding royalty interest owners that Matador is seeking to pool in each case.

11. **Matador Exhibit C-7** contains a sample of the well proposal letters and AFEs sent to the working interest owner Matador is seeking to pool. The costs reflected in these AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area in these formations. **Matador Exhibit C-7** also includes a copy of the supplemental notice letter that Matador sent to the working interest owners it seeks to pool clarifying the location of the proposed wells.

(c) **Matador Exhibit C-8** contains a general summary of the contacts with the uncommitted working interest owners that Matador seeks to pool. As indicated in Exhibit C-8, Matador has located and has discussions with each owner that it seeks to pool in both cases. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted working interest owners.

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

(e) Matador has provided the law firm of Holland & Hart LLP with the names and addresses (where available) of the parties that Matador seeks to pool and instructed that they be notified of this hearing.

(f) **Matador Exhibits C-1 through C-8** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NAUGHT.

D. W. J.
David Johns

STATE OF TEXAS)
)
COUNTY OF DALLAS)

SUBSCRIBED and SWORN to before me this 3rd day of April ²⁰²³ ~~2022~~ by David Johns.

Preston
NOTARY PUBLIC

My Commission Expires:
3/23/2025

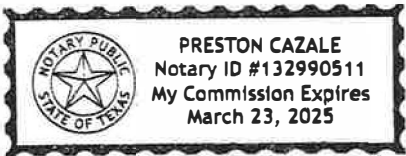
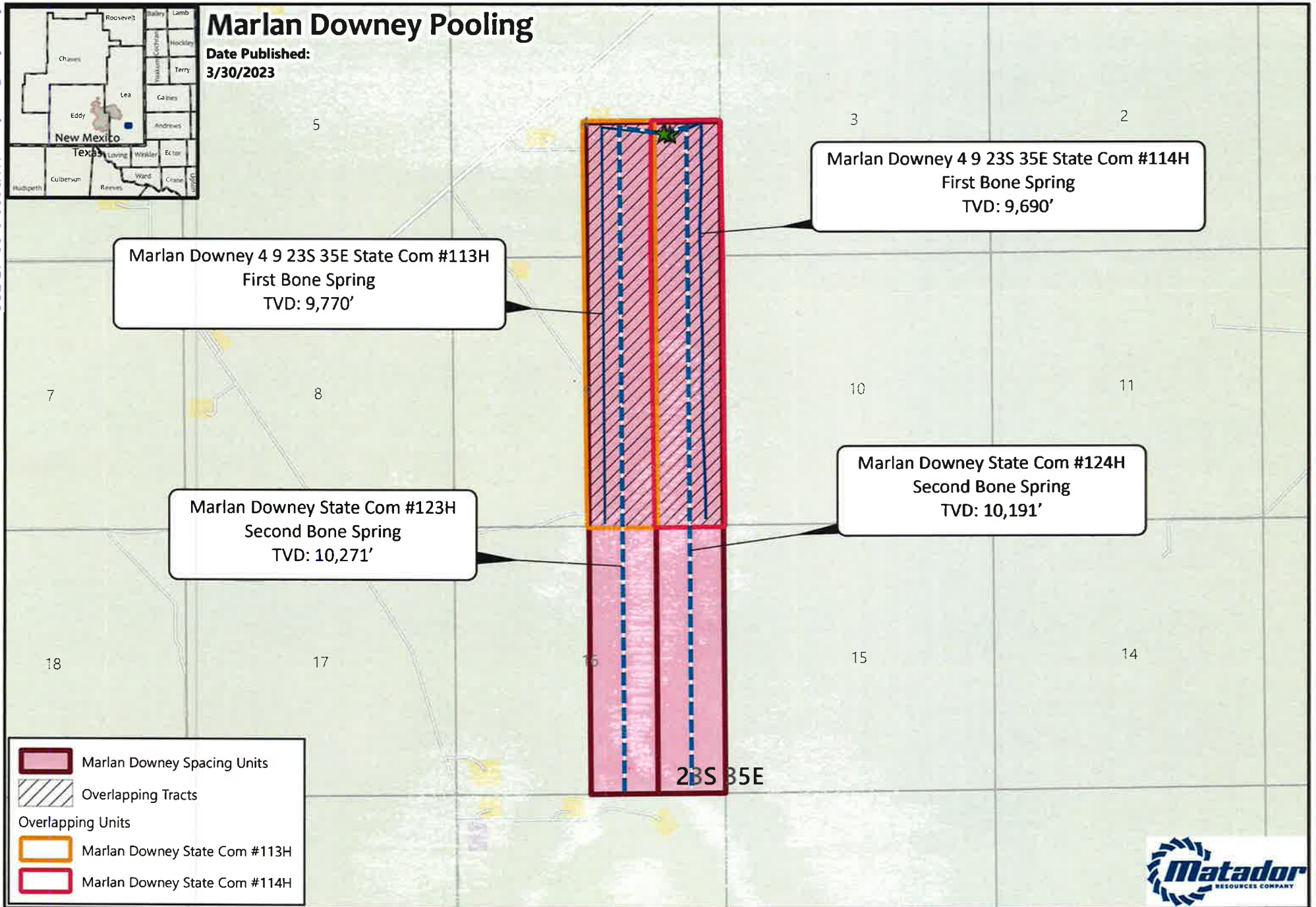


EXHIBIT C-1



1:30,000
 BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C1
 Submitted by: MRC Permian Company
 Hearing Date: April 6, 2023
 Case Nos. 23417 & 23418

EXHIBIT C-2

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**TO ALL WORKING INTEREST OWNERS IN THE AGREAGE AFFECTED BY PROPOSED
OVERLAPPING SPACING UNIT**

March 1, 2023

Re: Notice of Overlapping Spacing Unit
Matador's Marlan Downey State Com #123H

To Whom It May Concern:

Matador Production Company has proposed the above-referenced well for the initial development of the Bone Spring formation under the W/2 E/2 of Sections 9 and 16 and the W/2 SE/4 of Section 4, Township 23 South, Range 35 East, NMPM, Lea County, NM.

This letter is to advise you that this proposed development plan will require the formation of the 400 acre, more or less, spacing unit comprised of the W/2 E/2 of Sections 9 and 16 and the W/2 SE/4 of Section 4, Township 23 South, Range 35 East, NMPM, Lea County, NM, which will initially be dedicated to:

- (i) Matador's Marlan Downey State Com #123H, to be drilled from a surface location within the N/2 SE/4 of Section 4, T-23-S, R-35-E to a bottom hole location within the SW/4 SE/4 of Section 16, T-23-S, R-35-E. This well is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,271'.

Matador's proposed 400-acre spacing unit will overlap the following existing spacing unit and well:

- (i) Matador's Marlan Downey 4 9 23S 35E State Com #113H (API 30-025-46254), drilled from a surface location within NE/4 SE/4 of Section 4, T-23-S, R-35-E to a bottom hole location within SW/4 SE/4 of Section 9, T-23-S, R-35-E. This well is targeting the First Bone Spring of the Bone Spring formation, with an approximate TVD of 9,770'.

Pursuant to NMAC 19.15.16.15.B(9) and 19.15.15.12.B, you have a right to object the overlapping spacing unit by delivering a written statement of objection to our office within twenty (20) days of the mailing of this notice. If no objection is received within this 20-day period, we will proceed with obtaining any remaining regulatory approvals for the proposed spacing unit.

If you have any questions about this matter, please contact me at your convenience.

Sincerely,



David Johns
Senior Landman for Matador Production Company
972-619-1259
djohns@matadorresources.com

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C2
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418

EXHIBIT C-3

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**TO ALL WORKING INTEREST OWNERS IN THE AGREAGE AFFECTED BY PROPOSED
OVERLAPPING SPACING UNIT**

March 1, 2023

Re: Notice of Overlapping Spacing Unit
Matador's Marlan Downey State Com #124H

To Whom It May Concern:

Matador Production Company has proposed the above-referenced well for the initial development of the Bone Spring formation under the E/2 E/2 of Sections 9 and 16 and the E2 SE4 of Section 4, Township 23 South, Range 35 East, NMPM, Lea County, NM.

This letter is to advise you that this proposed development plan will require the formation of the 400 acre, more or less, spacing unit comprised of the E/2 E/2 of Sections 9 and 16 and the E/2 SE/4 of Section 4, Township 23 South, Range 35 East, NMPM, Lea County, NM, which will initially be dedicated to:

- (i) Matador's Marlan Downey State Com #124H, to be drilled from a surface location within the N/2 SE/4 of Section 4, T-23-S, R-35-E to a bottom hole location within the SE/4 SE/4 of Section 16, T-23-S, R-35-E. This well is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,191'.

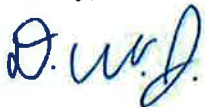
Matador's proposed 400-acre spacing unit will overlap the following existing spacing unit and well:

- (i) Matador's Marlan Downey 4 9 23S 35E State Com #114H (API 30-025-46255), drilled from a surface location within NE/4 SE/4 of Section 4, T-23-S, R-35-E to a bottom hole location within SE/4 SE/4 of Section 9, T-23-S, R-35-E. This well is targeting the First Bone Spring of the Bone Spring formation, with an approximate TVD of 9,690'.

Pursuant to NMAC 19.15.16.15.B(9) and 19.15.15.12.B, you have a right to object the overlapping spacing unit by delivering a written statement of objection to our office within twenty (20) days of the mailing of this notice. If no objection is received within this 20-day period, we will proceed with obtaining any remaining regulatory approvals for the proposed spacing unit.

If you have any questions about this matter, please contact me at your convenience.

Sincerely,



David Johns
Senior Landman for Matador Production Company
972-619-1259
djohns@matadorresources.com

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C3
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418

EXHIBIT C-4

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
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District IV
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Phone: (505) 476-3460 Fax: (505) 476-1462

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 30-025-		² Pool Code 52769		³ Pool Name Rock Lake; Bone Spring South	
⁴ Property Code		⁵ Property Name MARLAN DOWNEY STATE COM			⁶ Well Number 123H
⁷ OGRID No. 2289377347		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3544'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	4	23-S	35-E	-	2406'	SOUTH	1093'	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	23-S	35-E	-	60'	SOUTH	1980'	EAST	LEA

¹² Dedicated Acres 270 400	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>SURFACE LOCATION (SHL)</p> <p>2406' FSL - SEC. 4 1093' FEL - SEC. 4 X=839645 Y=486231 LAT.: N 32.3330251 LONG.: W 103.3675269</p> <p>KICK OFF POINT (KOP)</p> <p>2590' FSL - SEC. 4 1980' FEL - SEC. 4 X=838757 Y=486406 LAT.: N 32.3335280 LONG.: W 103.3703976</p> <p>FIRST PERF. POINT (FPP)</p> <p>2540' FSL - SEC. 4 1980' FEL - SEC. 4 X=838757 Y=486356 LAT.: N 32.3333906 LONG.: W 103.3703977</p> <p>LAST PERF. POINT (LPP)</p> <p>100' FSL - SEC. 16 1980' FEL - SEC. 16 X=838863 Y=473355 LAT.: N 32.2976548 LONG.: W 103.3704326</p> <p>BOTTOM HOLE LOCATION (BHL)</p> <p>60' FSL - SEC. 16 1980' FEL - SEC. 16 X=838863 Y=473315 LAT.: N 32.2975449 LONG.: W 103.3704327</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 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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</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>05/31/2019</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p> <p> ANGEL M. BAEZA NEW MEXICO 28116 PROFESSIONAL SURVEYOR</p> <p>Certificate Number _____</p> <p>NEW MEXICO EAST NAD 1927</p> <table border="1"> <tr> <td> <p>SURFACE LOCATION (SHL)</p> <p>X=798461 Y=486171 LAT.: N 32.3329000 LONG.: W 103.3676532</p> </td> <td> <p>KICK OFF POINT (KOP)</p> <p>X=797572 Y=486346 LAT.: N 32.3334029 LONG.: W 103.3699237</p> </td> </tr> <tr> <td> <p>FIRST PERF. POINT (FPP)</p> <p>X=797573 Y=486208 LAT.: N 32.3328555 LONG.: W 103.3699238</p> </td> <td> <p>LAST PERF. POINT (LPP)</p> <p>X=797678 Y=473295 LAT.: N 32.2975296 LONG.: W 103.3699596</p> </td> </tr> <tr> <td colspan="2"> <p>BOTTOM HOLE LOCATION (BHL)</p> <p>X=797679 Y=473295 LAT.: N 32.2974196 LONG.: W 103.3699597</p> </td> </tr> </table>	<p>SURFACE LOCATION (SHL)</p> <p>X=798461 Y=486171 LAT.: N 32.3329000 LONG.: W 103.3676532</p>	<p>KICK OFF POINT (KOP)</p> <p>X=797572 Y=486346 LAT.: N 32.3334029 LONG.: W 103.3699237</p>	<p>FIRST PERF. POINT (FPP)</p> <p>X=797573 Y=486208 LAT.: N 32.3328555 LONG.: W 103.3699238</p>	<p>LAST PERF. POINT (LPP)</p> <p>X=797678 Y=473295 LAT.: N 32.2975296 LONG.: W 103.3699596</p>	<p>BOTTOM HOLE LOCATION (BHL)</p> <p>X=797679 Y=473295 LAT.: N 32.2974196 LONG.: W 103.3699597</p>	
	<p>SURFACE LOCATION (SHL)</p> <p>X=798461 Y=486171 LAT.: N 32.3329000 LONG.: W 103.3676532</p>	<p>KICK OFF POINT (KOP)</p> <p>X=797572 Y=486346 LAT.: N 32.3334029 LONG.: W 103.3699237</p>						
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	<p>BOTTOM HOLE LOCATION (BHL)</p> <p>X=797679 Y=473295 LAT.: N 32.2974196 LONG.: W 103.3699597</p>							

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C4

Submitted by: MRC Permian Company

Hearing Date: April 6, 2023

Case Nos. 23417 & 23418

District I
1625 N. French Dr., Hobbs, NM 88240
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District III
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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

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 30-025-		² Pool Code 98246		³ Pool Name WC-025 G-06 5233516M; Mid Bone Spring	
⁴ Property Code		⁵ Property Name MARLAN DOWNEY STATE COM			⁶ Well Number 123H
⁷ GRID No. 220937		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3544'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	4	23-S	35-E	-	2406'	SOUTH	1093'	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	23-S	35-E	-	60'	SOUTH	1980'	EAST	LEA

¹² Dedicated Acres 100 488	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>2406' FSL - SEC. 4 1093' FEL - SEC. 4 X=839645 Y=486231 LAT.: N 32.3330251 LONG.: W 103.3675269</p> <p><u>KICK OFF POINT (KOP)</u></p> <p>2590' FSL - SEC. 4 1980' FEL - SEC. 4 X=838757 Y=486406 LAT.: N 32.3335280 LONG.: W 103.3703976</p> <p><u>FIRST PERF. POINT (FPP)</u></p> <p>2540' FSL - SEC. 4 1980' FEL - SEC. 4 X=838757 Y=486356 LAT.: N 32.3333906 LONG.: W 103.3703977</p> <p><u>LAST PERF. POINT (LPP)</u></p> <p>100' FSL - SEC. 16 1980' FEL - SEC. 16 X=838863 Y=473355 LAT.: N 32.2976548 LONG.: W 103.3704326</p> <p><u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>60' FSL - SEC. 16 1980' FEL - SEC. 16 X=838863 Y=473315 LAT.: N 32.2975449 LONG.: W 103.3704327</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 either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</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>05/31/2019</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p> <p> </p> <p>Certificate Number _____</p> <p>NEW MEXICO EAST NAD 1927</p> <table border="1"> <tr> <td><u>SURFACE LOCATION (SHL)</u> X=796461 Y=486171 LAT.: N 32.3329000 LONG.: W 103.3670532</td> <td><u>KICK OFF POINT (KOP)</u> X=797572 Y=486348 LAT.: N 32.3334029 LONG.: W 103.3699237</td> </tr> <tr> <td><u>FIRST PERF. POINT (FPP)</u> X=797573 Y=486296 LAT.: N 32.3333655 LONG.: W 103.3699238</td> <td><u>LAST PERF. POINT (LPP)</u> X=797678 Y=473255 LAT.: N 32.2974158 LONG.: W 103.3699597</td> </tr> <tr> <td colspan="2"><u>BOTTOM HOLE LOCATION (BHL)</u> X=797678 Y=473255 LAT.: N 32.2974158 LONG.: W 103.3699597</td> </tr> </table>	<u>SURFACE LOCATION (SHL)</u> X=796461 Y=486171 LAT.: N 32.3329000 LONG.: W 103.3670532	<u>KICK OFF POINT (KOP)</u> X=797572 Y=486348 LAT.: N 32.3334029 LONG.: W 103.3699237	<u>FIRST PERF. POINT (FPP)</u> X=797573 Y=486296 LAT.: N 32.3333655 LONG.: W 103.3699238	<u>LAST PERF. POINT (LPP)</u> X=797678 Y=473255 LAT.: N 32.2974158 LONG.: W 103.3699597	<u>BOTTOM HOLE LOCATION (BHL)</u> X=797678 Y=473255 LAT.: N 32.2974158 LONG.: W 103.3699597	
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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 30-025-	² Pool Code 52769	³ Pool Name Rock Lake; Bone Spring, South
⁴ Property Code	⁵ Property Name MARLAN DOWNEY STATE COM	⁶ Well Number 124H
⁷ OGRID No. 228737 1821	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3543'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	4	23-S	35-E	-	2406'	SOUTH	1063'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	23-S	35-E	-	60'	SOUTH	660'	EAST	LEA

¹² Dedicated Acres 270 400	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>2406' FSL - SEC. 4 1063' FEL - SEC. 4 X=839675 Y=486232 LAT.: N 32.3330252 LONG.: W 103.3674298</p> <p><u>KICK OFF POINT (KOP)</u></p> <p>2590' FSL - SEC. 4 660' FEL - SEC. 4 X=840076 Y=486419 LAT.: N 32.3335303 LONG.: W 103.3661243</p> <p><u>FIRST PERF. POINT (FPP)</u></p> <p>2540' FSL - SEC. 4 660' FEL - SEC. 4 X=840077 Y=486369 LAT.: N 32.3333929 LONG.: W 103.3661244</p> <p><u>LAST PERF. POINT (LPP)</u></p> <p>100' FSL - SEC. 16 660' FEL - SEC. 16 X=840183 Y=473368 LAT.: N 32.2976568 LONG.: W 103.3661609</p> <p><u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>60' FSL - SEC. 16 660' FEL - SEC. 16 X=840183 Y=473328 LAT.: N 32.2975469 LONG.: W 103.3661610</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 either owns a working interest or an 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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</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>05/31/2019</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p> <p> ANGEL M. BAEZA NEW MEXICO 26116 PROFESSIONAL SURVEYOR</p> <p>Certificate Number _____</p> <p>NEW MEXICO EAST NAD 1927</p> <table border="1"> <tr> <td> <p><u>SURFACE LOCATION (SHL)</u></p> <p>X=798491 Y=486171 LAT.: N 32.3329001 LONG.: W 103.3665560</p> </td> <td> <p><u>KICK OFF POINT (KOP)</u></p> <p>X=798892 Y=486359 LAT.: N 32.3334052 LONG.: W 103.3658505</p> </td> </tr> <tr> <td> <p><u>FIRST PERF. POINT (FPP)</u></p> <p>X=798893 Y=486309 LAT.: N 32.3326778 LONG.: W 103.3658507</p> </td> <td> <p><u>LAST PERF. POINT (LPP)</u></p> <p>X=798938 Y=473308 LAT.: N 32.2975315 LONG.: W 103.3658862</p> </td> </tr> <tr> <td colspan="2"> <p><u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>X=798999 Y=473268 LAT.: N 32.2974216 LONG.: W 103.3656883</p> </td> </tr> </table>	<p><u>SURFACE LOCATION (SHL)</u></p> <p>X=798491 Y=486171 LAT.: N 32.3329001 LONG.: W 103.3665560</p>	<p><u>KICK OFF POINT (KOP)</u></p> <p>X=798892 Y=486359 LAT.: N 32.3334052 LONG.: W 103.3658505</p>	<p><u>FIRST PERF. POINT (FPP)</u></p> <p>X=798893 Y=486309 LAT.: N 32.3326778 LONG.: W 103.3658507</p>	<p><u>LAST PERF. POINT (LPP)</u></p> <p>X=798938 Y=473308 LAT.: N 32.2975315 LONG.: W 103.3658862</p>	<p><u>BOTTOM HOLE LOCATION (BHL)</u></p> <p>X=798999 Y=473268 LAT.: N 32.2974216 LONG.: W 103.3656883</p>	
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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 30-025-		² Pool Code 98246	³ Pool Name WC-025 G-06 S233516M; Mi	
⁴ Property Code	⁵ Property Name MARLAN DOWNEY STATE COM			⁶ Well Number 124H
⁷ OGRID No. 937 284	⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3543'

228937 7273

¹⁰Surface Location

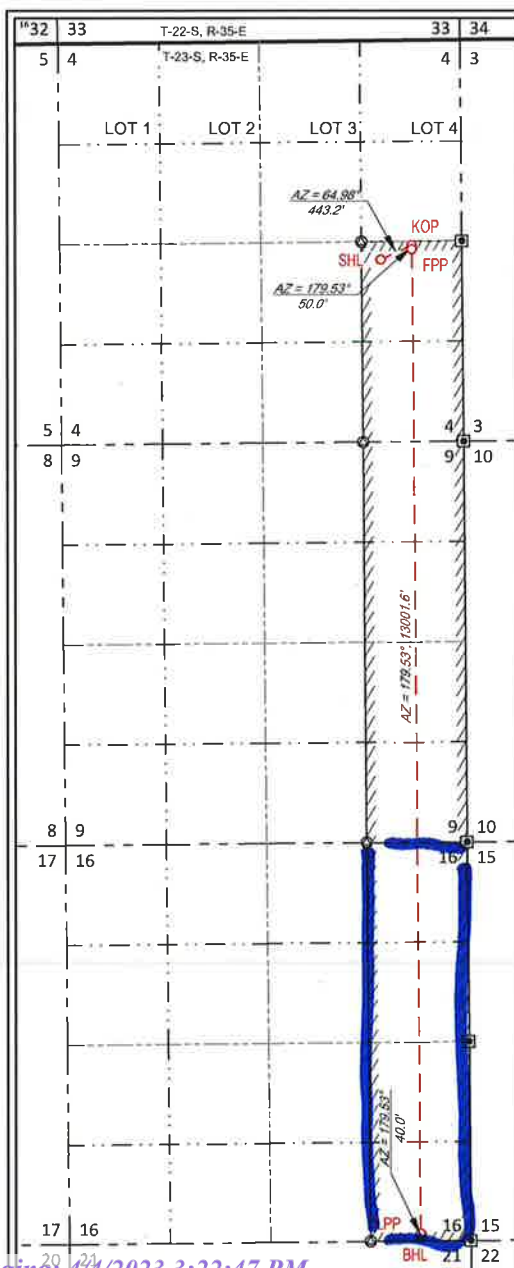
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	4	23-S	35-E	-	2406'	SOUTH	1063'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	23-S	35-E	—	60'	SOUTH	660'	EAST	LEA

¹¹ Dedicated Acres	¹² Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
0.000			

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.

NEW MEXICO EAST
NAD 1983

SURFACE LOCATION (SHL)

2406' FSL - SEC. 4
1063' FEL - SEC. 4
X=839675 Y=486232
LAT.: N 32.3330252
LONG.: W 103.3674298

KICK OFF POINT (KOP)

2590' FSL - SEC. 4
660' FEL - SEC. 4
X=840076 Y=486419
LAT.: N 32.3335303
LONG.: W 103.3661243

FIRST PERF. POINT (FPP)

2540' FSL - SEC. 4
660' FEL - SEC. 4
X=840077 Y=486369
LAT.: N 32.3333929
LONG.: W 103.3661244

LAST PERF. POINT (LPP)

100' FSL - SEC. 16
660' FEL - SEC. 16
X=840183 Y=473368
LAT.: N 32.2976568
LONG.: W 103.3661609

BOTTOM HOLE LOCATION (BHL)

60' FSL - SEC. 16
660' FEL - SEC. 16
X=840183 Y=473328
LAT.: N 32.2975469
LONG.: W 103.3661610

¹⁷OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
-----------	------

Printed Name _____

E-mail Address

18 SURVEYOR CERTIFICATION

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

05/31/2019

Date of Survey
Signature and Seal of Professional Surveyor

Certificate Number NEW MEXICO EAST
NAD 1927

SURFACE LOCATION (SHL)
X=79B491 Y=48B171
LAT: N 32.3320001
LONG: W 103.568560

FIRST PERF. POINT (FPP)
X=796893 Y=486309
LAT.: N 32 3332876
LONG.: W 103 3848109

BOTTOM HOLE LOCATION (BHL)
X=758299 Y=473268
LAT: N 32 2974216
LONG: W 103 3656883

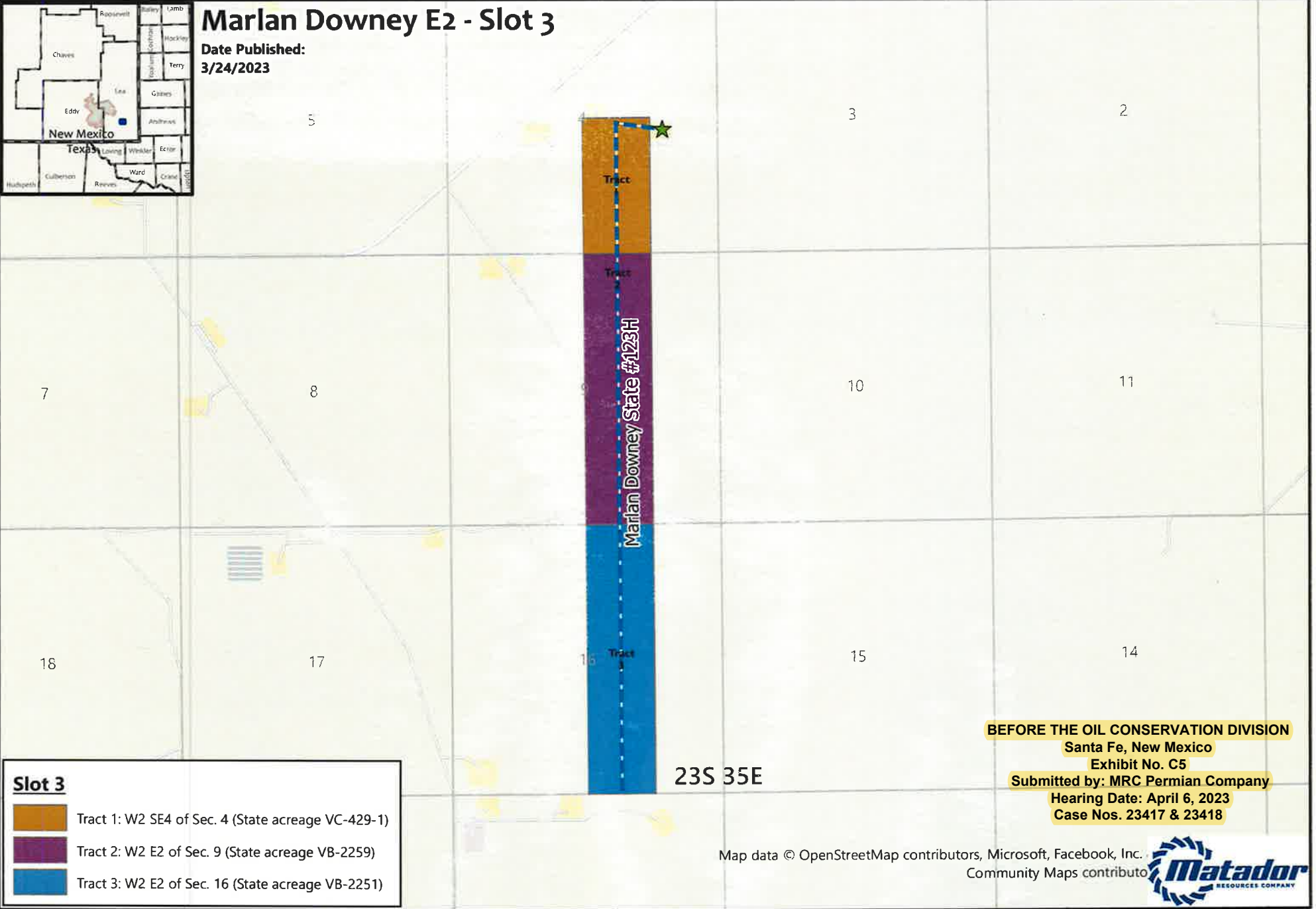
X=798892 Y=486359
LAT: N 32.3331057
LONG: W 103.3656505

LAST PERF. POINT (PP)
X=798998 Y=473308
LAT.: N 32 2975315
LONG. W 103 3656882

EXHIBIT C-5

Marlan Downey E2 - Slot 3

Date Published:
3/24/2023



Slot 3

- Tract 1: W2 SE4 of Sec. 4 (State acreage VC-429-1)
- Tract 2: W2 E2 of Sec. 9 (State acreage VB-2259)
- Tract 3: W2 E2 of Sec. 16 (State acreage VB-2251)

23S 35E

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C5
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418

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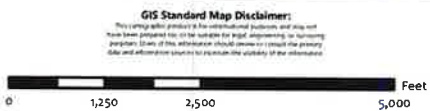
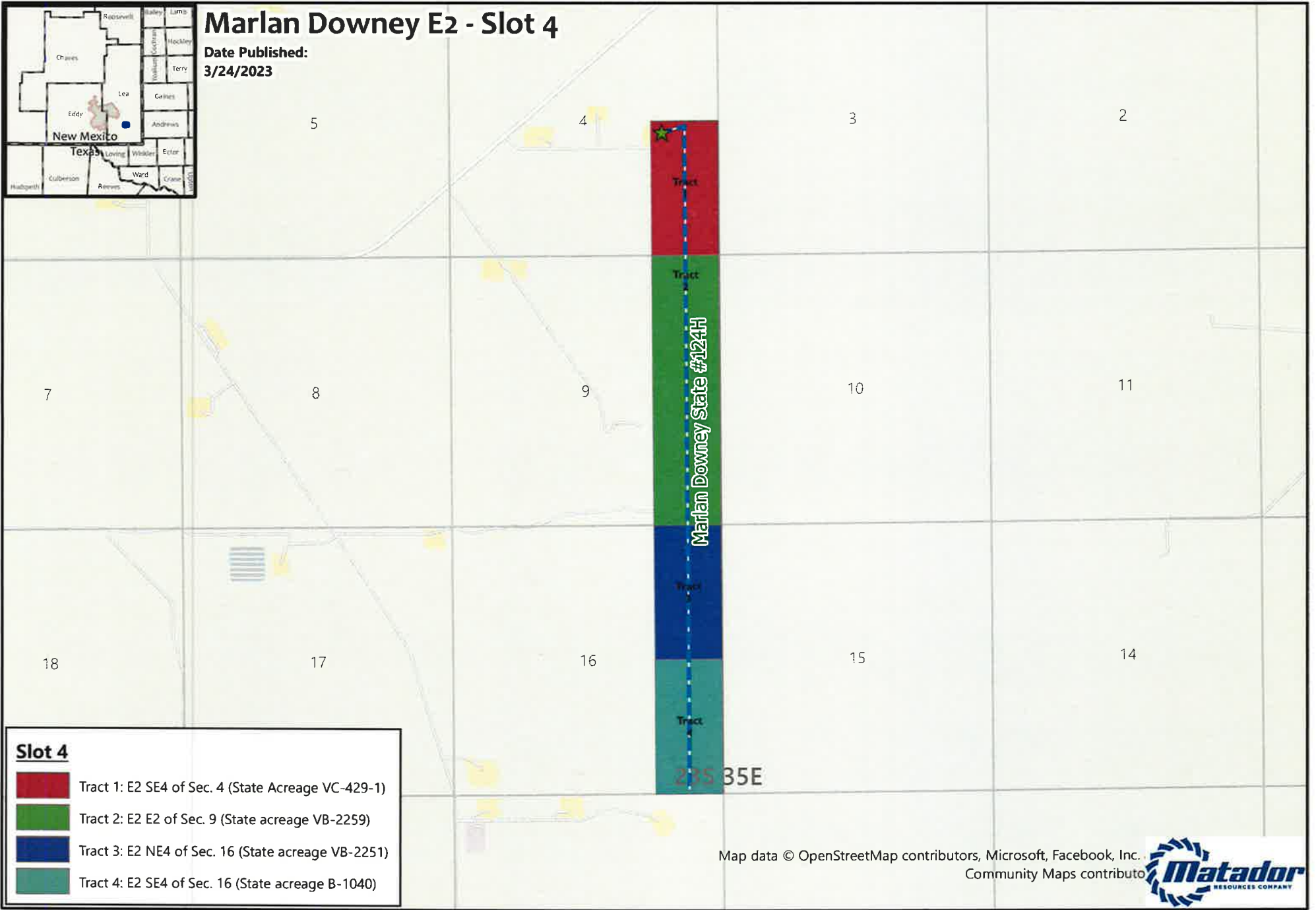
GIS Standard Map Disclaimer:

This cartographic product is for informational purposes only and may not have been prepared for or be suitable for legal engineering or surveying purposes. Users of this information should review or consult the geographic data and information sources to ascertain the quality of the information.



1:30,000
1 inch equals 2,500 feet

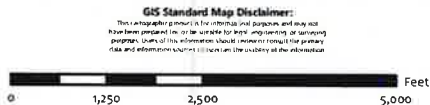
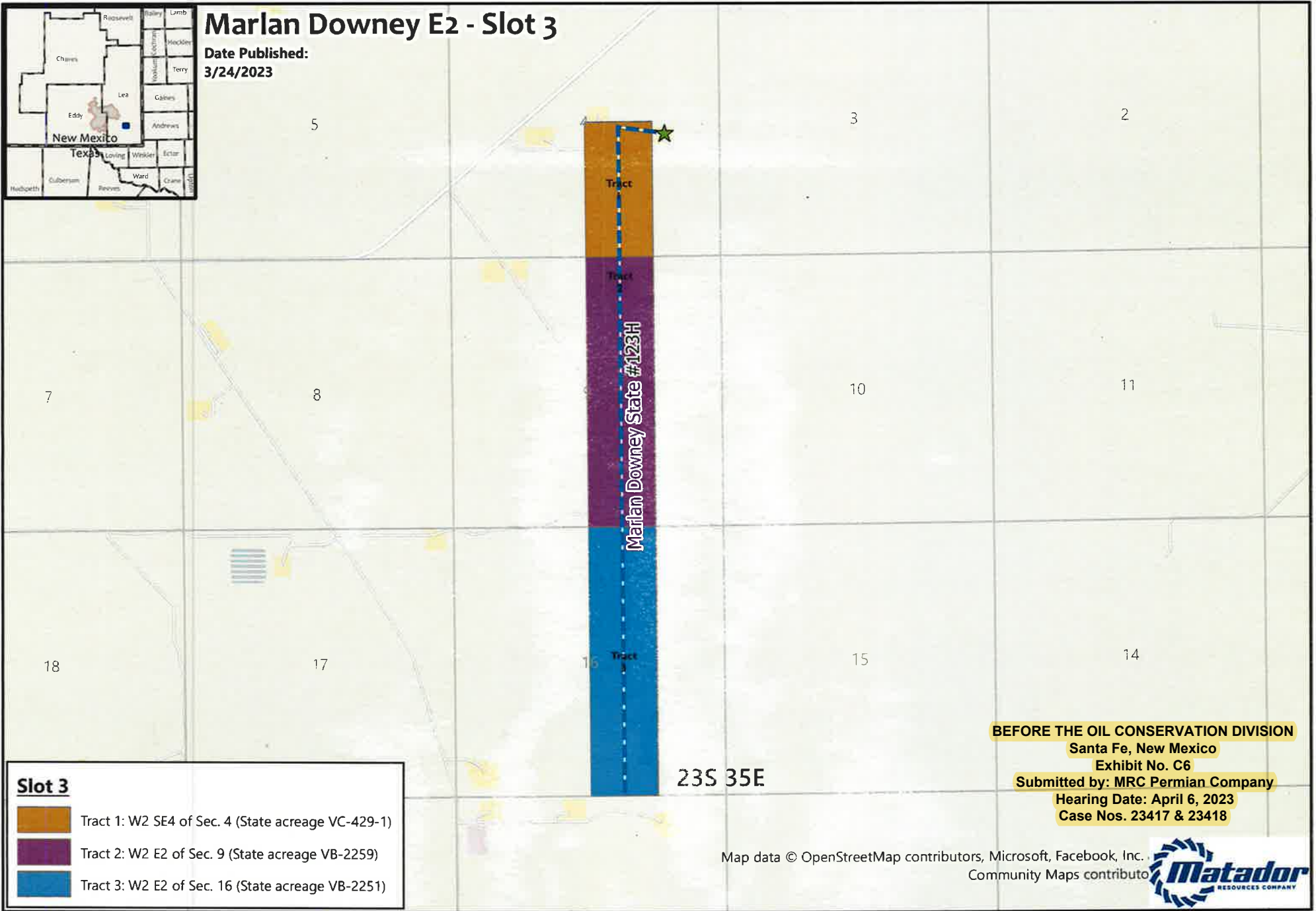
Map Prepared by: thudgins
Date: March 24, 2023
Project: \\GIS\UserData\thudgins\temp\Projects\20230320_MarlanDowney\MarlanDowney.aprx
Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office; GIS Department;
Texas Cooperative Wildlife Collection; Texas A&M University;
United States Census Bureau (TIGER);



1:30,000
 1 inch equals 2,500 feet

Map Prepared by: thudgins
 Date: March 24, 2023
 Project \\GIS\UserData\thudgins\temp\Projects\20230320_MarlanDowney\MarlanDowney.aprx
 Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
 Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office, GIS Department;
 Texas Cooperative Wildlife Collection, Texas A&M University;
 United States Census Bureau (TIGER)

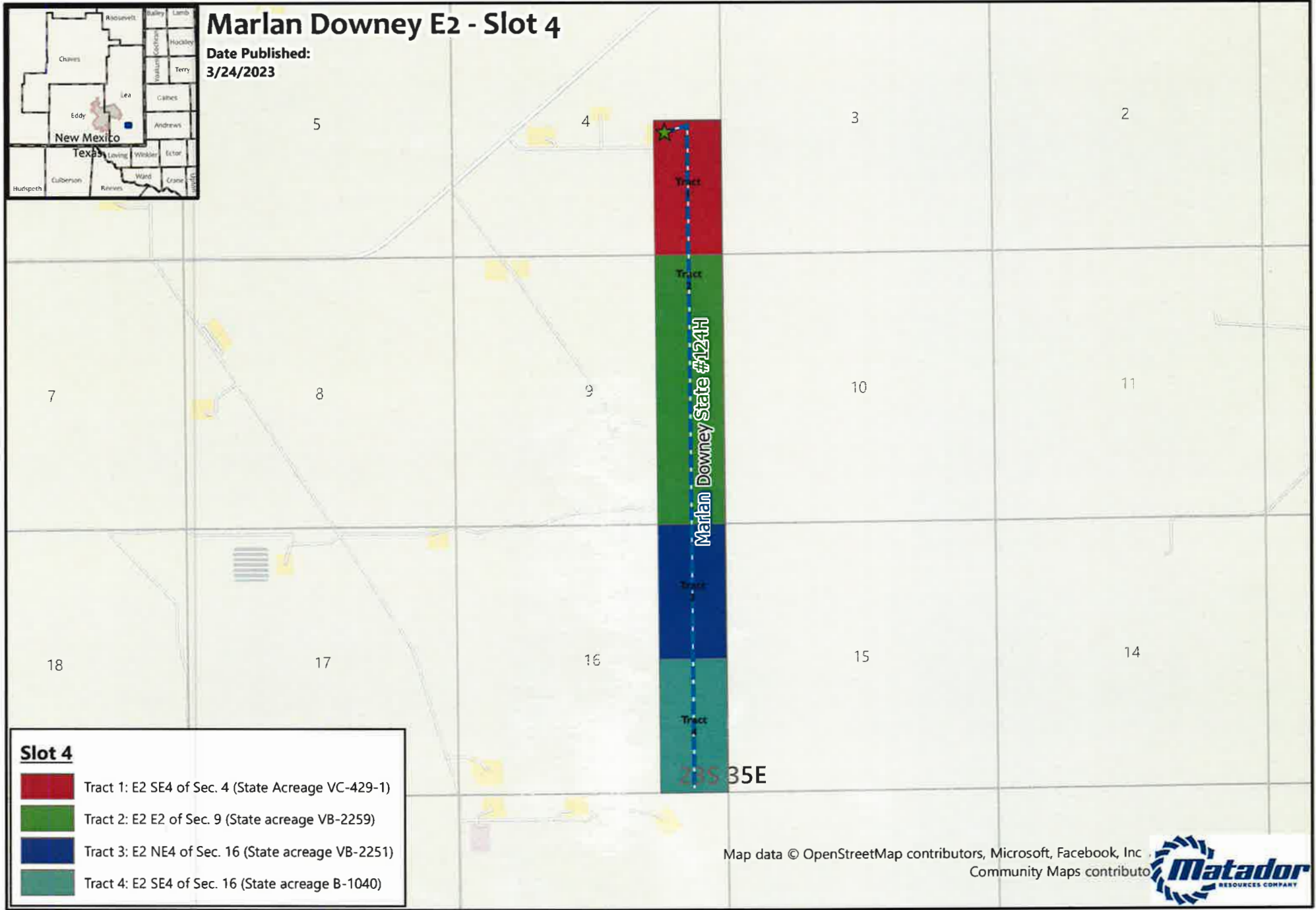
EXHIBIT C-6



1:30,000
 1 inch equals 2,500 feet

Map Prepared by: thudgins
 Date: March 24, 2023
 Project: \\GIS\UserData\thudgins\--temp\Projects\20230320_MarlanDowney\MarlanDowney.aprx
 Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
 Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office, GIS Department;
 Texas Cooperative Wildlife Collection; Texas A&M University;
 United States Census Bureau (TIGER);

Case 23417			
Summary of Interests			
Matador Working Interest*		60.0000%	
Compulsory Pool Interest		40.0000%	
Interest Owners:	Description:	Tract:	Interest:
MR NM Operating LLC	Uncommitted WI & ORRI	3	5.5000%
Chief Capital (O&G) II LLC	Uncommitted WI & ORRI	3	5.5000%
Marlin Operating, LLC	Uncommitted WI & ORRI	3	29.0000%



GIS Standard Map Disclaimer:
 This is a computer-generated map and may not be accurate. It is not intended for use in any legal proceeding or for any other purpose where accuracy is critical. The user assumes all responsibility for the use of this map and information shown on it.



1:30,000
 1 inch equals 2,500 feet

Map Prepared by: thudgins
 Date: March 24, 2023
 Project: \\GIS\UserData\thudgins\temp\Projects\20230320_MarlanDowney\MarlanDowney.aprx
 Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
 Sources: IHS; ESRI; US DOI BLM Carlsbad NM Field Office, GIS Department;
 Texas Cooperative Wildlife Collection - Texas A&M University;
 United States Census Bureau (TIGER);

Marlan Downey Slot 4 (E2 SE4 of S4, E2 E2 of S9, E2 E2 of S16, 23S, 35E)			
Summary of Interests			
Matador Working Interest*			60.0000%
Voluntary Joinder			0.0000%
Anticipated Voluntary Joinder			0.0000%
Compulsory Pool Interest			40.0000%
Interest Owners:	Description:	Tract:	Interest:
MR NM Operating LLC	Uncommitted WI & ORRI	3 & 4	3.0957%
Chief Capital (O&G) II LLC	Uncommitted WI & ORRI	3 & 4	3.0957%
Marlin Operating, LLC	Uncommitted WI & ORRI	3 & 4	16.3227%
Leaco New Mexico Exploration and Production LLC	Uncommitted WI	4	10.0000%
XTO Delaware Basin, LLC	Uncommitted WI	4	6.2280%
Occidental Permian Limited Partnership	Uncommitted WI	4	1.2580%
Thru Line BPEOR NM, LLC	ORRI	4 -	
Keystone (RMB) BPEOR NM, LLC	ORRI	4 -	
Keystone (CTAM) BPEOR NM, LLC	ORRI	4 -	
BMT I BPEOR NM, LLC	ORRI	4 -	
BMT II BPEOR NM, LLC	ORRI	4 -	

EXHIBIT C-7

MRC Permian 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
Landman

February 7, 2023

VIA CERTIFIED RETURN RECEIPT MAIL

LeaCo New Mexico Exploration and Production, LLC
2000 Post Oak Boulevard, Suite 110
Houston, TX 77056

Re: Marlan Downey State Com #123H & #124H (the "Wells")
Participation Proposal
SE/4 of Section 4, and E/2 of Sections 9 & 16, Township 23 South, Range 35 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Marlan Downey State Com #123H & Marlan Downey State Com #124H wells, located in SE/4 of Section 4, and E/2 of Sections 9 & 16, Township 23 South, Range 35 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 two (2) enclosed Authority for Expenditures ("AFE") dated February 2, 2023.
- **Marlan Downey State Com #123H:** to be drilled from a legal location with a proposed surface hole location in the N/2SE/4 of Section 4-23S-35E, a proposed first take point located at 100' FNL and 1,980' FEL of Section 4-23S-35E, and a proposed last take point located at 100' FSL and 1,980' FEL of Section 16-23S-35E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,350' TVD) to a Measured Depth of approximately 23,400'.
- **Marlan Downey State Com #124H:** to be drilled from a legal location with a proposed surface hole location in the N/2SE/4 of Section 4-23S-35E, a proposed first take point located at 100' FNL and 660' FEL of Section 4-23S-35E, and a proposed last take point located at 100' FSL and 660' FEL of Section 16-23S-35E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,350' TVD) to a Measured Depth of approximately 23,400'.

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.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C7
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418

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. The proposed Operating Agreement dated January 1, 2023, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators, covers certain depths in the SE/4 of Section 4, and E/2 of Sections 9 & 16, Township 23 South, Range 35 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

LeaCo New Mexico Exploration and Production, LLC hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Marlan Downey State Com #123H** well.

_____ Not to participate in the **Marlan Downey State Com #123H**

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Marlan Downey State Com #124H** well.

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

LeaCo New Mexico Exploration and Production, LLC

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY


ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	February 2nd, 2023	AFE NO.:	
WELL NAME:	Marlen Downey State Com 124H	FIELD:	
LOCATION:	Sections 4, 9, & 16-23S-35E	MD/TVD:	23400/10350
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	12,300
MRC Wt:			
GEOLOGIC TARGET:	Second Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 2.5 mile long Second Bone Spring sand target with about 57 frac stages		

	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	156,333	13,000	15,000	14,286	198,619
Drilling	990,600	-	-	-	990,600
Cementing & Float Equip	284,000	-	-	-	284,000
Logging / Formation Evaluation	-	3,780	3,000	-	6,780
Flowback - Labor	-	-	18,160	-	18,160
Flowback - Surface Rentals	-	-	153,950	-	153,950
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	25,000	-	-	-	25,000
Mud Circulation System	59,900	-	-	-	59,900
Mud & Chemicals	395,000	54,500	21,500	-	471,000
Mud / Wastewater Disposal	175,000	-	2,000	1,000	178,000
Freight / Transportation	12,750	62,000	3,000	-	77,750
Rig Supervision / Engineering	149,600	104,200	10,000	1,800	265,600
Drill Bits	115,400	-	-	-	115,400
Fuel & Power	243,600	719,022	3,000	-	965,622
Water	35,000	1,115,625	2,000	1,000	1,153,625
Drig & Completion Overhead	10,000	-	-	-	10,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	338,900	-	-	-	338,900
Completion Unit, Swab, CTU	-	167,500	12,000	-	179,500
Perforating, Wireline, Slickline	-	280,326	-	-	280,326
High Pressure Pump Truck	-	87,000	5,000	-	92,000
Stimulation	-	3,882,432	-	-	3,882,432
Stimulation Flowback & Disp	-	15,500	195,000	-	210,500
Insurance	14,508	-	-	-	14,508
Labor	158,600	56,250	20,000	5,000	247,750
Rental - Surface Equipment	141,785	311,345	17,000	5,000	475,135
Rental - Downhole Equipment	189,000	94,500	-	-	283,500
Rental - Living Quarters	51,120	46,465	-	5,000	102,585
Contingency	182,151	314,101	49,061	4,309	549,622
Operations Center	26,014	-	-	-	26,014
TOTAL INTANGIBLES >	3,825,164	7,337,548	539,671	47,394	11,749,776
TANGIBLE COSTS					
Surface Casing	\$ 223,800	\$ -	\$ -	\$ -	\$ 223,800
Intermediate Casing	726,585	-	-	-	726,585
Drilling Liner	-	-	-	-	-
Production Casing	1,609,320	-	-	-	1,609,320
Production Liner	-	-	-	-	-
Tubing	-	-	160,000	-	160,000
Wellhead	73,000	-	55,000	-	128,000
Packers, Liner Hangers	-	70,352	6,000	-	76,352
Tanks	-	-	-	21,000	21,000
Production Vessels	-	-	-	118,010	118,010
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	325,000	-	325,000
Compressor	-	-	-	15,800	15,800
Installation Costs	-	-	-	64,000	64,000
Surface Pumps	-	-	5,000	17,500	22,500
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	11,000	24,000	35,000
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	105,000	105,000
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	2,000	-	2,000
Tank / Facility Containment	-	-	-	5,714	5,714
Flare Stack	-	-	-	21,600	21,600
Electrical / Grounding	-	-	62,000	72,000	134,000
Communications / SCADA	-	-	5,000	7,200	12,200
Instrumentation / Safety	-	-	-	28,800	28,800
TOTAL TANGIBLES >	2,632,705	70,352	631,000	622,624	3,956,681
TOTAL COSTS >	6,457,869	7,407,899	1,170,671	670,019	16,706,457

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermes	Team Lead - WTX/NM	
Completions Engineer:	Garrett Hunt	CSC	
Production Engineer:	Jan Fredrik Mosnes		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFD	DEL	EVP COO- Drilling, Completion and Production	BC
Executive VP, Legal	CA	SVP Geoscience	ELF
President	MWH		

NON OPERATING PARTNER APPROVAL:

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

This project is not an AFE in a strict sense, but it is a document that is used to authorize the expenditure of funds for the project. It is not a contract and does not create a legal obligation. It is a document that is used to authorize the expenditure of funds for the project. It is not a contract and does not create a legal obligation. It is a document that is used to authorize the expenditure of funds for the project. It is not a contract and does not create a legal obligation.

AFE - Version 3

MRC Permian 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
Landman

March 15, 2023

VIA CERTIFIED RETURN RECEIPT MAIL

MR NM Operating, LLC
5950 Berkshire Lane, Suite 1000
Dallas, TX 75225

Re: Marlan Downey State Com #123H & #124H (the "Wells")
Participation Proposal
SE/4 of Section 4, and E/2 of Sections 9 & 16, Township 23 South, Range 35 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") previously proposed the drilling of Matador Production Company's Marlan Downey State Com #123H and Marlan Downey State Com #124H wells, located in SE/4 of Section 4, and E/2 of Sections 9 & 16, Township 23 South, Range 35 East, Lea County, New Mexico.

In connection with the above, please note that the subject participation proposal listed the Marlan Downey State Com #123H and Marlan Downey State Com #124H with respective first take points of 100' FNL and 1,980' FEL and 100' FNL and 660' FEL of Section 4-23S-35E. I am writing to clarify that the respective first take point will actually be located 2,540' FSL and 1,980' FEL and 2,540' FSL and 660' FEL of Section 4-23S-35E.

No other clarification was made to the proposal and no modification has been made to the AFE previously included in the original proposal.

Please contact me if you have any questions.

Sincerely,

MRC Permian Company

David Johns



Enclosure(s)

EXHIBIT C-8

CASE 23417

Marlan Downey Slot 3 (W2 SE4 of S4, W2 E2 of S9, W2 E2 of S16, 23S, 35E)

Uncommitted Working Interest Owner

1. MR NM Operating LLC

In addition to sending well proposals, Matador has had discussions with MR NM Operating LLC regarding their interest and we are continuing to discuss voluntary joinder.

2. Chief Capital (O&G) II LLC

In addition to sending well proposals, Matador has had discussions with Chief Capital (O&G) II LLC regarding their interest and we are continuing to discuss voluntary joinder.

3. Marlin Operating, LLC

In addition to sending well proposals, Matador has had discussions with Marlin Operating, LLC regarding their interest and we are continuing to discuss voluntary joinder.

CASE 23418

Marlan Downey Slot 4 (E2 SE4 of S4, E2 E2 of S9, E2 E2 of S16, 23S, 35E)

Uncommitted Working Interest Owner

1. MR NM Operating LLC

In addition to sending well proposals, Matador has had discussions with MR NM Operating LLC regarding their interest and we are continuing to discuss voluntary joinder.

2. Chief Capital (O&G) II LLC

In addition to sending well proposals, Matador has had discussions with Chief Capital (O&G) II LLC regarding their interest and we are continuing to discuss voluntary joinder.

3. Marlin Operating, LLC

In addition to sending well proposals, Matador has had discussions with Marlin Operating, LLC regarding their interest and we are continuing to discuss voluntary joinder.

4. Leaco New Mexico Exploration and Production LLC

In addition to sending well proposals, Matador has had discussions with Leaco New Mexico Exploration and Production LLC regarding their interest and we are continuing to discuss voluntary joinder.

5. XTO Delaware Basin, LLC

In addition to sending well proposals, Matador has had discussions with XTO Delaware Basin, LLC regarding their interest and we are continuing to discuss voluntary joinder.

6. Occidental Permian Limited Partnership

In addition to sending well proposals, Matador has had discussions with Occidental Permian Limited Partnership regarding their interest and we are continuing to discuss voluntary joinder.

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

**APPLICATIONS OF MRC PERMIAN
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 23417 and 23418

AFFIDAVIT OF BLAKE HERBER

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

1. My name is Blake Herber and I am employed by MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Staff 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 applications filed by Matador in these cases and 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 units with a black box shaded in yellow, with the larger area identified in a red box.
5. The target interval for the initial wells in these proposed spacing units is the Second Bone Spring of the Bone Spring formation.
6. **Matador Exhibit D-2** is a subsea structure map that I prepared for the top of the Bone Spring formation. The contour interval is 50 feet. The structure map shows the Bone Spring formation dipping to the southwest. The structure appears consistent across the proposed spacing

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418**

unit and I do not observe any faulting, pinch outs, or other geologic impediments to horizontal drilling.

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

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

10. In my opinion, the stand-up orientation is the preferred orientation for development in this area for Bone Spring wells because the maximum horizontal stress is east-west in this area.

11. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to production from this 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 applications 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 NAUGHT

BEH
Blake Herber

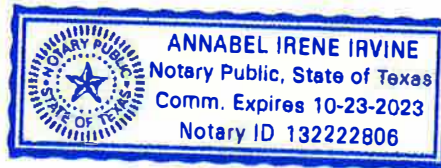
STATE OF TEXAS)
)
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before me this 28th day of March 2023 by Blake Herber.

Annabel Irvine
NOTARY PUBLIC

My Commission Expires:

10-23-2023



Santa Fe, New Mexico

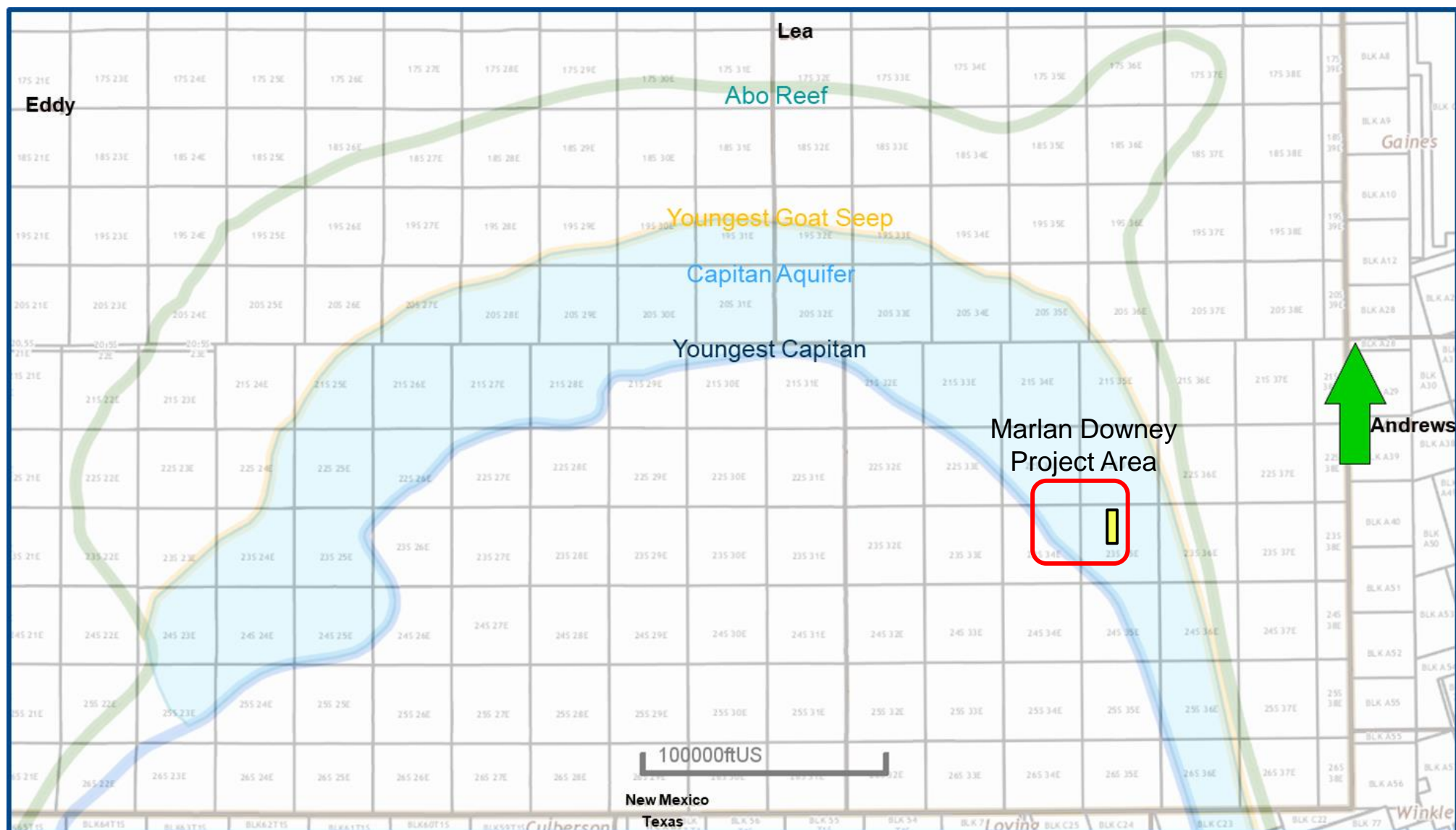
Exhibit No. D-1

Submitted by: MRC Permian Company

Hearing Date: April 6, 2023

Case Nos. 23417 & 23418

Locator Map



**Rock Lake; Bone Spring, South (Pool Code 52769)
WC-025 G-06 S233516M; Middle Bone Spring (Pool Code 98246)
Structure Map (Top Bone Spring Subsea) A – A' Reference Line**

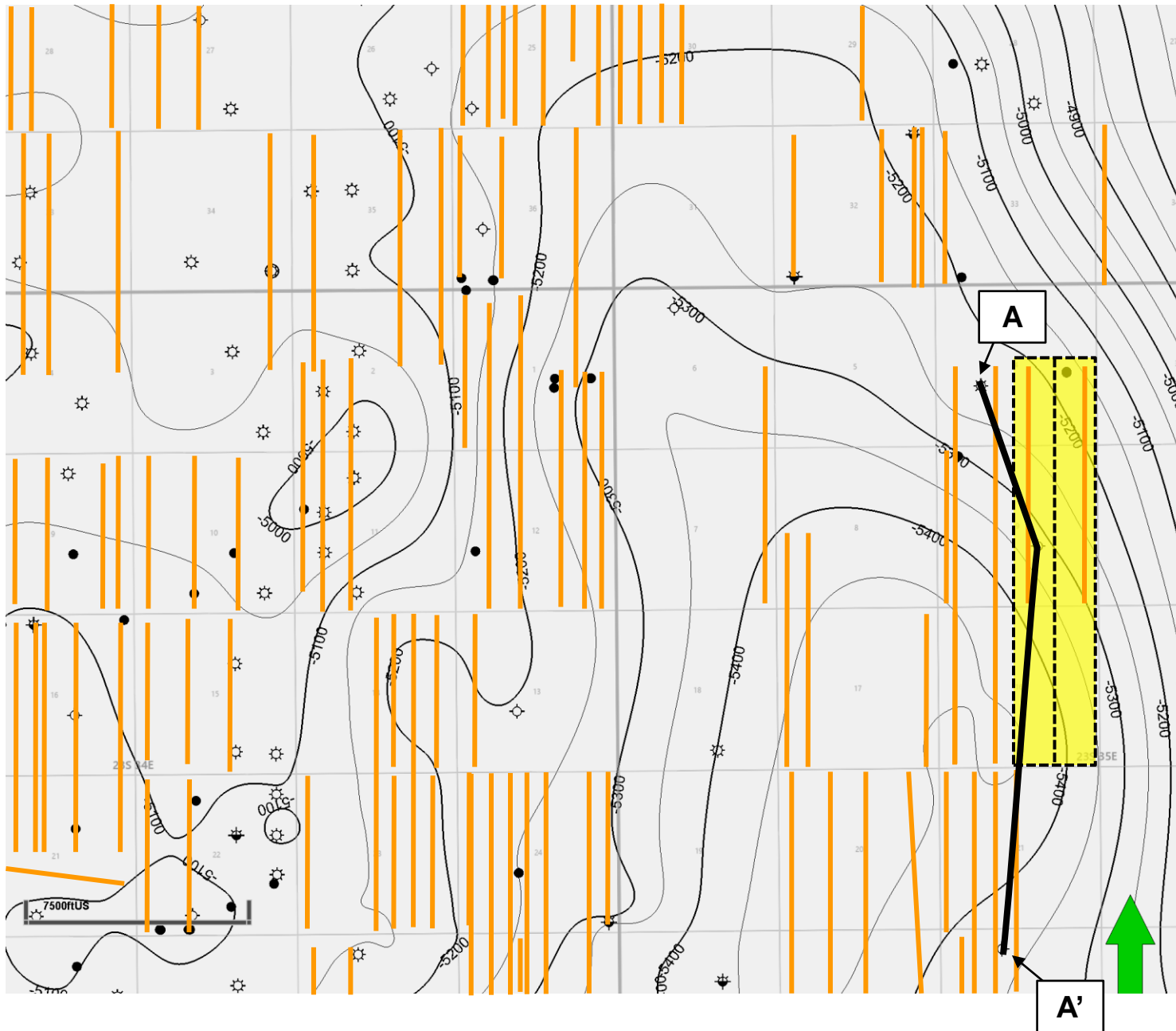
Santa Fe, New Mexico

Exhibit No. D-2

Submitted by: MRC Permian Company

Hearing Date: April 6, 2023

Case Nos. 23417 & 23418



Map Legend

Bone Spring Wells



Project Area



C. I. = 50'

Santa Fe, New Mexico
Exhibit No. D-3
Submitted by: MRC Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418



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

**APPLICATIONS OF MRC PERMIAN
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23417 & 23418

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

1. I am attorney in fact and authorized representative of MRC Permian Company (“MRC”), the Applicant herein. I have personal knowledge of the matters addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced applications and notice of the hearing on these applications was sent by certified mail to the affected parties on the date set forth in the letters attached hereto.

3. The spreadsheets attached hereto contain the names of the parties to whom notice was provided.

4. The spreadsheets attached hereto contain the information provided by the United States Postal Service on the status of the delivery of this notice as of March 31, 2023.

5. I caused a notice to be published to all parties subject to these compulsory pooling proceedings. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication for each case is attached as Exhibit F.

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 these cases. 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 Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418**



Paula M. Vance

4/4/23

Date



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

March 17, 2023

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS AND ALL
 WORKING INTEREST OWNERS AFFECTED BY THE PROPOSED
 OVERLAPPING SPACING UNIT**

**Re: Application of MRC Permian Company for Approval of an Overlapping Well
 Spacing Unit and Compulsory Pooling, Lea County, New Mexico: Marlan
 Downey State Com #123H well**

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on April 6, 2023, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <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 DJohns@matadorresources.com.

Sincerely,

Paula M. Vance
ATTORNEY FOR MRC PERMIAN COMPANY

T 505.988.4421 F 505.983.6043
 110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
 Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming



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

March 17, 2023

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS AND ALL
WORKING INTEREST OWNERS AFFECTED BY THE PROPOSED
OVERLAPPING SPACING UNIT**

**Re: Application of MRC Permian Company for Approval of an Overlapping Well
Spacing Unit and Compulsory Pooling, Lea County, New Mexico: *Marlan
Downey State Com #124H well***

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on April 6, 2023, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

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

Sincerely,

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

Paula M. Vance
ATTORNEY FOR MRC PERMIAN COMPANY

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

MRC_Marlan Downey 123H well
Case No 23417 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765831786783	MR NM Operating LLC	5950 Berkshire Ln	Dallas	TX	75225-5846	Your item was delivered to an individual at the address at 9:43 am on March 21, 2023 in DALLAS, TX 75225.
9414811898765831786738	Marlin Operating, LLC	2460 Greenbough Ln	Southlake	TX	76092-5528	Your item was picked up at the post office at 5:50 pm on March 28, 2023 in SOUTHLAKE, TX 76092.
9414811898765831786776	Chief Capital O&G II LLC	8111 Westchester Dr Ste 900	Dallas	TX	75225-6146	Your item was delivered to the front desk, reception area, or mail room at 11:12 am on March 21, 2023 in DALLAS, TX 75225.

MRC_Marlan Downey 124H well
Case No 23418 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765831786912	MR NM Operating LLC	5950 Berkshire Ln	Dallas	TX	75225-584	Your item was delivered to an individual at the address at 9:43 am on March 21, 2023 in DALLAS, TX 75225.
9414811898765831786950	Marlin Operating, LLC	2460 Greenbough Ln	Southlake	TX	76092-552	Your item was picked up at the post office at 5:50 pm on March 28, 2023 in SOUTHLAKE, TX 76092.
9414811898765831786967	Leaco New Mexico Exploration & Production LLC	2000 Post Oak BoulevardSuite 100	Houston	TX	77056	Your item was delivered to an individual at the address at 1:18 pm on March 21, 2023 in HOUSTON, TX 77056.
9414811898765831786929	XTO Delaware Basin, LLC	2277 Springwoods Village Pkwy	Spring	TX	77389	Your item was delivered to an individual at the address at 9:37 am on March 21, 2023 in SPRING, TX 77389.
9414811898765831786905	Occidental Permian Limited Partnership	580 Westlake Park Blvd	Houston	TX	77079-266	Your item departed our USPS facility in ALBUQUERQUE, NM 87101 on March 29, 2023 at 6:45 pm. The item is currently in transit to the destination.
9414811898765831786998	Chief Capital O&G II LLC	8111 Westchester Dr Ste 900	Dallas	TX	75225-614	Your item was delivered to the front desk, reception area, or mail room at 11:12 am on March 21, 2023 in DALLAS, TX 75225.
9414811898765831786943	Thru Line BPEOR NM, LLC	201 Main StreetSuite 2700	Fort Worth	TX	76102	Your item was delivered to the front desk, reception area, or mail room at 10:23 am on March 22, 2023 in FORT WORTH, TX 76102.
9414811898765831786981	Keystone RMB BPEOR NM, LLC	201 Main StreetSuite 2700	Fort Worth	TX	76102	Your item was delivered to the front desk, reception area, or mail room at 10:23 am on March 22, 2023 in FORT WORTH, TX 76102.
9414811898765831786936	Keystone CTAM BPEOR NM, LLC	201 Main StreetSuite 2700	Fort Worth	TX	76102	Your item was delivered to the front desk, reception area, or mail room at 10:23 am on March 22, 2023 in FORT WORTH, TX 76102.
9414811898765831786974	BMT I BPEOR NM, LLC	201 Main StreetSuite 2700	Fort Worth	TX	76102	Your item was delivered to the front desk, reception area, or mail room at 10:23 am on March 22, 2023 in FORT WORTH, TX 76102.
9414811898765831786615	BMT II BPEOR NM, LLC	201 Main StreetSuite 2700	Fort Worth	TX	76102	Your item was delivered to the front desk, reception area, or mail room at 10:23 am on March 22, 2023 in FORT WORTH, TX 76102.

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
March 21, 2023
and ending with the issue dated
March 21, 2023.



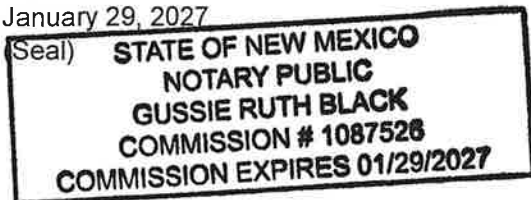
Publisher

Sworn and subscribed to before me this
21st day of March 2023.



Business Manager

My commission expires
January 29, 2027



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

LEGAL NOTICE
March 21, 2023

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. The hearing will be conducted remotely on **Thursday, April 6, 2023, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@emnrd.nm.gov. Documents filed in the case 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 Marlene Salvidrez at Marlene.Salvidrez@emnrd.nm.gov, or the New Mexico Relay Network at 1-800-659-1779, no later than **March 26, 2023**.

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

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m649446d197c12fc21cc13fb9d6afa3> Webinar number: 2491 510 1304

Join by video system: 24915101304@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: 2491 510 1304

Panelist password: SVM35WY9Z6G (78635999 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 interest owners subject to pooling proceedings and all working interest owners affected by the proposed overlapping spacing unit, including: MR NM Operating LLC; Marlin Operating, LLC; and Chief Capital (O&G) II LLC.

Case No. 23417: Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 SE/4 of Section 4, and the W/2 E/2 of Section 9 and 16; Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Marlan Downey State Com #123H** well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 16. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 240-acre, more or less, horizontal well spacing unit comprised of the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marlan Downey State 04&09-23S-35E AR #113H well (API: 30-025-46254).

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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southwest of Eunice, New Mexico.
#00276861

67100754

00276861

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 Permian Company
Hearing Date: April 6, 2023
Case Nos. 23417 & 23418

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
March 21, 2023
and ending with the issue dated
March 21, 2023.


Publisher

Sworn and subscribed to before me this
21st day of March 2023.


Business Manager

My commission expires
January 29, 2027



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

LEGAL NOTICE March 21, 2023

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

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Join by video system: 24915101304@nmemnrd.webex.com
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Join by phone: 1-844-992-4726 United States Toll Free
+1-408-418-9388 United States Toll
Access code: 2491 510 1304

Panelist password: SVM35WY9Z6G (78635999 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 interest owners subject to pooling proceedings and all working interest owners affected by the proposed overlapping spacing unit, including: MR NM Operating LLC; Marlin Operating, LLC; Leaco New Mexico Exploration and Production LLC; XTO Delaware Basin, LLC; Occidental Permian Limited Partnership; Chief Capital (O&G) II LLC; Thru Line BPEOR NM, LLC; Keystone (RMB) BPEOR NM, LLC; Keystone (CTAM) BPEOR NM, LLC; BMT I BPEOR NM, LLC; and BMT II BPEOR NM, LLC.

Case No. 23418: Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E/2 SE/4 of Section 4, and the E/2 E/2 of Section 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Marian Downey State Com #124H** well, to be horizontally drilled from a surface location in the N/2 SE/4 of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

• 240-acre, more or less, horizontal well spacing unit comprised of the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, Township 23 South, Range 35 East, dedicated to the Marian Downey State 04&09-23S-35E AR #114H well (API: 30-025-46255).

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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southwest of Eunice, New Mexico.

#00276859

67100754

00276859

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