BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING DECEMBER 5, 2024

CASE NO. 24366

CIMARRON STATE COM #1143H & #1243H WELLS

Lea County, New Mexico



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

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

CASE NO. 24366

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- Matador Exhibit B: Affidavit of Anna Thorson, Geologist

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- Matador Exhibit C: Self-Affirmed Statement of Notice
- Matador Exhibit D: Affidavit of Publication

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 24366	APPLICANT'S RESPONSE
Date: December 5, 2024	
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company [OGRID 228937]
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	E.G.L. Resources, Inc
Well Family	Cimarron
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Quail Ridge; Bone Spring (50460)
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South U-turn
Description: TRS/County	E2 of Section 16, T19S, R34E, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in the application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-4
Well(s)	
Name & API (if assigned), surface and bottom hole location,	
footages, completion target, orientation, completion status (standard or non-standard)	BEFORE THE OIL CONSERVATION DIVISIO Santa Fe, New Mexico CP Checklist

eceived by OCD: 11/27/2024 10:45:52 AM	Page 4 of
Well #1	Cimarron State Com 1143H (API No. pending) SHL: 395' FNL & 1105' FEL (Unit A) of Sec. 16, T19S, R34E BHL: 100' FNL & 2310' FEL (Unit B) of Sec. 16, T19S, R34E Completion Target: Bone Spring formation Well Orientation: North-South U-turn Completion Location expected to be: Standard
Well #2	Cimarron State Com 1243H (API No. pending) SHL: 395' FNL & 1075' FEL (Unit A) of Sec. 16, T19S, R34E BHL: 100' FNL & 2310' FEL (Unit B) of Sec. 16, T19S, R34E Completion Target: Bone Spring formation Well Orientation: North-South U-turn Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-5
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
	2001/
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	See filed Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners) If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibits A-3
Pooled Parties (including ownership type)	Exhibit A-4
Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above & below)	N/A N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-6
Overhead Rates In Proposal Letter	Exhibit A-5
Cost Estimate to Drill and Complete	Exhibit A-5
cleased to Intering of 1/27/20124 4:48:59 PM	Exhibit A-5

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<u>eceived by OCD: 11/27/2024 10:45:52 AM</u>	Page 5 of
Cost Estimate for Production Facilities	Exhibit A-5
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
A-202	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-4
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-2, B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information p	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	en la la la companya de la companya
Date:	Tuchal & Hollewers 27-Nov-24

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. <u>24366</u>

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 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this horizontal well spacing unit. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed 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 horizontal spacing unit to the proposed **Cimarron State Com 1143H** and the **Cimarron State Com 1243H** "u-turn" wells to be horizontally drilled from a surface location in the NE4 of Section 16, with first take points in the NE4NE4 (Unit A) of Section 16 and last take points in the NW4NE4 (Unit B) of Section 16.

4. This proposed horizontal well spacing unit will overlap the following existing spacing units:

- A 160-acre horizontal well spacing unit comprised of the W2E2 of Section 16 currently dedicated to the Cimarron 16 19S 34E RN State Com 133H (30-025-42979) operated by Matador Production Company in a different interval of the Bone Spring formation and assigned to the Quail Ridge; Bone Spring Pool (50460); and
- A 160-acre horizontal well spacing unit comprised of the E2E2 of Section 16 currently dedicated to the Cimarron 16 19S 34E RN State Com 134H (30-025-42352) operated by Matador Production Company in a different interval of the Bone Spring formation and assigned to the Quail Ridge; Bone Spring Pool (50460).

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 approval of this overlapping horizontal well spacing unit and 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 May 2, 2024, 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 wells to be drilled thereon;

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- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By:

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

ATTORNEYS FOR MRC PERMIAN COMPANY

CASE ____:

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 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this horizontal well spacing unit. Said unit will be initially dedicated to the proposed Cimarron State Com 1143H and Cimarron State Com 1243H "u-turn" wells to be horizontally drilled from a surface location in the NE4 of Section 16, with first take points in the NE4NE4 (Unit A) of Section 16 and last take points in the NW4NE4 (Unit B) of Section 16. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation:

- A 160-acre horizontal well spacing unit comprised of the W2E2 of Section 16 currently dedicated to the Cimarron 16 19S 34E RN State Com 133H (30-025-42979) operated by Matador Production Company in a different interval of the Bone Spring formation and assigned to the Quail Ridge; Bone Spring Pool (50460); and
- A 160-acre horizontal well spacing unit comprised of the E2E2 of Section 16 currently dedicated to the Cimarron 16 19S 34E RN State Com 134H (30-025-42352) operated by Matador Production Company in a different interval of the Bone Spring formation and assigned to the Quail Ridge; Bone Spring Pool (50460).

Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 17 miles northwest of Monument, New Mexico.

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 NOS. 24366

SELF-AFFIRMED STATEMENT OF HAWKS HOLDER

Hawks Holder, of lawful age and being first duly sworn, declares as follows:

My name is Hawks Holder. I work for MRC Energy Company, an affiliate of MRC
 Permian Company ("MRC"), as a Landman.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record.

3. I am familiar with the application filed by MRC in this case, and I am familiar with the status of the lands in the subject area.

4. In this case, MRC is seeking an order pooling all uncommitted interests in the Bone Spring formation in the standard 320-acre, more or less, horizontal well spacing unit comprised of the E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and initially dedicate this Bone Spring spacing unit to the proposed **Cimarron State Com 1143H** and **Cimarron State Com 1243H** u-turn wells to be horizontally drilled from surface locations in the NE/4 of Section 16, with first take points in the NE/4 NE/4 (Unit A) of Section 16 and last take points in the NW/4 NE/4 (Unit B) of Section 16.

> BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366

5. MRC understands these wells will be placed in the Quail Ridge; Bone Spring (50460) pool.

6. This standard 320-acre horizontal well spacing unit will overlap the following two existing horizontal well spacing units:

- a. a 160 acre horizontal well spacing unit comprised of the W/2 E/2 of Section
 16 that is currently dedicated to the Cimarron 16 19S 34E RN State Com
 133H (30-025-42979) operated by Matador Production Company; and
- b. a 160 acre horizontal well spacing unit comprised of the E/2 E/2 of Section
 16 that is currently dedicated to the Cimarron 16 19S 34E RN State Com
 134H (30-025-42352) operated by Matador Production Company

7. A map showing the overlapping spacing units and TVDs of the existing and proposed wells is attached as **MRC Exhibit A-1**.

8. MRC Exhibit A-2 contains the Form C-102s for the two proposed initial wells.

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

10. **MRC Exhibit A-3** identifies the tracts of land comprising the proposed horizontal spacing unit. The land in the proposed spacing unit is comprised entirely of two state leases.

MRC Exhibit A-4 identifies the working interest owner that MRC is seeking to pool along with its ownership interest in the proposed horizontal spacing unit. MRC Exhibit A-4 also includes a list of the overriding royalty interest owners that MRC seeks to pool in this case.

12. There are no depth severances within the Bone Spring formation for this acreage.

13. While MRC was working to put this unit together, MRC proposed the above well to the working interest party it seeks to pool. MRC Exhibit A-5 contains a copy of the well

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proposal letter that was sent to the working interest partner, along with the AFE that was sent for each well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

14. **MRC Exhibit A-6** contains a summary of MRC's contacts with the uncommitted working interest owner we seek to pool in this case. As indicated on MRC Exhibit A-6, MRC has made contact with the working interest owner we seek to pool in this case and has had discussions with that owner in an attempt to reach voluntary joinder. In my opinion, MRC has undertaken good faith efforts to reach an agreement with the uncommitted working interest owner that MRC seeks to pool in this case.

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

16. I provided MRC's outside counsel, Holland & Hart, a list of names and addresses for the parties that MRC is seeking to pool, as well as those parties receiving notice due to the overlapping spacing units. In compiling this notice list, MRC conducted a diligent search of all public records in the county where the proposed wells are located, including computer searches.

17. MRC Exhibits A-1 through A-6 were either prepared by me or compiled under my direction and supervision.

18. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be

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used as written testimony in this case. This statement is made on the date next to my signature

below.

Aller

Hawks Holder

11/25/24

Date

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Exhibit A-1



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Exhibit A-2

C-102 Submit Electronic Via OCD Permitt		Submittal Type:					Revise	ed July 9, 2024			
	WELL LOCATION AND A							DICATION	PLAT		
API Number	Part Data Part Part						ame	Dhe; Bore		0460	
Property Code			Property Name						it is a factor	Well Number	
ropeny conc					CIMAR	RON	STATE CO	VI		Ground Level Elev	143H
OGRID No.	17		Operator Name	MATAI	DOR PI	RODI		MPANY			3826'
Surface Owner:		Tribal Federal					Mineral Owner:	State Fee Tribal	Federal		
					Sui	face	Location				
UL or lot no.	Section	Township	Range	Lot Idn			Feet from the E/W			Longitude	County
A	16	19-S	34-E	-	395'	_	1105' E le Location	N 32.66643	74 11	3.5602919	LEA
UL or lot no.	Section	Township	Range	Lot Idn	Feet from		Fcet from the E/W	Latitude		Longitude	County
B	16	19-S	34-E	-	100'	N	2310' E	N 32.66723	77 W 10	3.5642083	LEA
								** ¹ . /\$#/bt\	Consolidate	d Code	
Dedicated Acres		ning Well Defini	ing Well API				Overlapping Spacing	Unit (Y/N)	Consolidate	-	
320	-						Well Setbacks are un	der Common Ownership	p: Yes No		
Order Numbers					77.1	OGT					
UL or lot no.	Section	Township	Range	Lot Idn			Feet from the E/W	Latitude	1	Longitude	County
A	16	19-S	34-E	-	50'	N	330' E	N 32.66739	22 W 10	3.5577745	LEA
					First "	Take	Point (FTP)				
UL or lot no.	Section	Township	Range	Lot Idn		_	Feet from the E/W	Latitude		Longitude	County
A	16	19-S	34-E	-	100'	Ν	330' E	N 32.66725	i48 W 10	3.5577743	LEA
					Last]	[ake]	Point (LTP)				
UL or lot no.	Section	Township	Range	Lot Idn	10		Feet from the E/W	Latitude		Longitude	County
В	16	19-S	34-E	-	100'	N	2310' E	N 32.66723	677 W 10	03.5642083	LEA
Unitized Area or A	rea of Uniform I	ntrest		Spacing Unity	Турс	Horizont	al 🗌 Vertical	Ground 1	Floor Elevation		
ODEPAT	DR CEPTH	FICATION					SURVEYOR	S CERTIFICA	TION		
I hereby certi	fy that the in	formation con	lained herein the well is a	is true and vertical or t	complete t	o the well.	I hereby certify that it well location shown on this plat was plotted from field notes of actual waters index by the or under my supervision, and that the same is true and water to its on the belief.				d from field lhat the same
that this organ in the land i	nization eith ncluding the	proposed botton	king interest n hole location net with an o	or unleased r a or has a ri wher of a wo	nineral in ght to dri rking inte	iterest Il this crest	is true and	MEXIX	belief.		
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest that this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a working pooling agreement or a compulsory pooling order heretofore entered by the division.					usory						
If this well is a horizontal well, I further certify that this organization has received The consent of at least one lesses or awner of a working interest or other the second experiments of a working interest or the for the least one less the second experiments in which					which	JEF	NADA	ST			
unleased mineral interest in each tract the target pool of jointeenty in any any part of the well's completed interval will be located or obtained a compulsory pooling order from the division					146124 91 ONAL SUP	\$\$/					
offen († 1								MONAL SU			
Signature			Date				Signature and Scal	of Professional Surveyor	r Date		
							Certificate Number	Date of	Survey		
Print Name	BEFOR				SION		Ceruncale Number	Date of	11/07/2024		
E-mail Address		<mark>Santa F</mark>	e, New Mer	xico							
	Sub	mitted by: M			IV						



C-102 Submit Electronically Via OCD Permitting				State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION		Submittal Type:	Revise	d July 9, 2024			
		W	ELL LO	CATIO	N AND AC	REAGE DE	DICATION	PLAT			
API Number	Pool Code Pool						EDGE; BONE	SPRING (50460)		
Property Code			Ргорепу Name		CIMARRO	N STATE CO	M			243H	
OGRID No.	.847		Operator Name	MATA		UCTION CO	MPANY		Ground Level Eleva	tion 825'	
Surface Owner:		Tribal 🗌 Federal					State Fcc Tribal	Federal			
					Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn		Feet from the E/W			Longitude	County LEA	
A	16	19-S	34-E		395' N	1075' E ole Location	N 32.66643	VV 818	103.5601946		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S		Latitude		Longitude	County	
B	16	19-S	34-E		100' N	2310' E	N 32.66723	77 W	103.5642083	LEA	
m 1'	Infil or Dof	ning Well Defin	ng Well API			Overlapping Spacing	g Unit (Y/N)	Consolid	ated Code		
Dedicated Acres 320	mill or Den	ning wen Denn	ing wei Art				Overapping opering out (111)				
Order Numbers						Well Setbacks are under Common Ownership: Yes No					
745					Kick Off	Point (KOP)					
UL or lot no.	Section	Township	Range	Lot Idn		Feet from the E/W	Latitude		Longitude	County	
А	16	19-S	34-E	-	50' N	330' E	N 32.66739	22 W	103.5577745	LEA	
					First Take	Point (FTP)					
UL or lot no.	Section	Township	Range	Lot Idn		Fect from the E/W	Latitude		Longitude	County	
A	16	19-S	34-E	-	100' N	330' E	N 32.66725	548 VV	103.5577743		
						Point (LTP)	T de de		Longitude	County	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the N/S 100' N	Erect from the E/W 2310' E	Latitude N 32.66723	77 W.	103.5642083	LEA	
В	16	19-S	34-E			2310 L	14 52.00720				
Unitized Arca or A	-011-00	(ataunt		Spacing Unity	Type		Ground	Floor Elevation			
Unitized Arca of A	rea or Omnorm i			Spining only	Horizor	tal Vertical					
OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief; and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed boltom hole location or has a right to drill this well at this location pursuant to a contract with an ewner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well. I further certify that this organization has received The consent of al least one lessee or owner of a working interest or wnleased mineral inferest in each tract (in the larget pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division					J hereby cortin notes of schart is true and so	254 VB 146124 TONAL SUF	tion shown on ne or under r ny belief.	this plat was plotted ny supervision, and t	l from field hal the same		
Signature			Date			40.410000000000000000000000000000000000	of Professional Surveyo				
Print Name						Certificate Number	Date o	FSurvey 11/07/2024	ŀ		
E-mail Address	-mail Address										



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Exhibit A-3

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Cimarron State Com U-Turn Wells E/2 of Sec. 16, T19S-R34E

Sec. 10, 1155-11542	
Tract 1 STATE L-2949	
Tract 2 STATE E-7824	

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A-3 Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366

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Exhibit A-4

Cimarron State Com #1143H and #1243					
MRC Permian		50.000000% 50.000000%			
Compulsary Pool					
Owners to be Force Pooled	Description	Tract	Interest		
PBEX II, LLC	WI	2	50.000000%		
Wing Resources VI LLC	ORRI				
Elk Range Royalties II LP	ORRI				
Stewart Royalty, Inc.	ORRI				

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A-4 Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366

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Cimarron State Com U-Turn Wells E/2 of Sec. 16, T19S-R34E

1 Sec. 10, 1155-15-	
Tract 1 STATE L-2949	
Tract 2 STATE E-7824	

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Exhibit A-5

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Cell 806.282.6846 • Office 972.619.4336 • Fax 972-371-5201 hawks.holder@matadorresources.com

Hawks Holder Senior Landman

March 4, 2024

VIA CERTIFIED RETURN RECEIPT MAIL E.G.L. Resources, Inc. 223 W. Wall Street, Suite 900 Midland, Texas 79701

Re: Cimarron State Com #1143H & #1243H (the "Wells") Participation Proposal All of Section 16, Township 19 South, Range 34 East Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Cimarron State Com #1143H and Cimarron State Com #1243H, wells, located in All of Section 16, Township 19 South, Range 34 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 21, 2024.
- Cimarron State Com #1143H: to be drilled from a legal location with a proposed surface hole location in the SE/4NE/4 of Section 16-19S-34E, with a proposed first take point 330' FEL and 100' FNL of Section 16-19S-34E and a proposed last take point 2,310' FEL and 100' FNL of Section 16-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,440' TVD) to a Measured Depth of approximately 20,234'.
- Cimarron State Com #1243H: to be drilled from a legal location with a proposed surface hole location in the SE/4NE/4 of Section 16-19S-34E, with a proposed first take point 330' FEL and 100' FNL of Section 16-19S-34E and a proposed last take point 2,310' FEL and 100' FNL of Section 16-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,220' TVD) to a Measured Depth of approximately 21,014'.

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. A-5 Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366 MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement, which will be provided at a later date, covering All of Section 16, Township 19 South, Range 34 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

for

Hawks Holder

E.G.L. Resources, Inc. hereby elects to:



Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Cimarron State Com #1243H well. _____Not to participate in the Cimarron State Com #1243H.

E.G.L. Resources, Inc.

By:			
Dy.			

Title:

Date: _____

Contact Number:





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:	2/21/2024	AFE NO :	
WELL NAME:	Cimarron State Com #1143H	FIELD:	
OCATION:	Section 16 19S-34E	MD/TVD:	20234'/9440'
OUNTY/STATE:	Lea	LATERAL LENGTH:	about 10,000'
IRC WI:			
EOLOGIC TARGET:	1st Bone Spring		
REMARKS:	Drill and complete a horizontal horseshoe 1st BS well	with about 37 frac stages	

INTANGIBLE COSTS Int / Legal / Regulatory Cocation, Surveys & Damages Jrilling Cemening & Float Equip Cemening Cemeni	17,500 84,550 1,123,363 341,000 24,750 168,900 342,805 235,500 168,900 22,550 168,000 130,000 130,000 130,000 130,000 130,000 15,000	\$ 13,000 6,000 65,000 35,750 93,000 479,393 450,000 170,000 224,008 117,000	s 15,000 1 	6 10,000 1 10,000 10,000 1,000 5,400 1,000 	5 27.55 122.55 122.57 122.57 123.38 341,06 84,06 84,06 24,77 168,95 407,76 2250,05 58,22 239,47 1250,05 649,33 567,72 150,00 27,72 150,00 27,72 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75 150,00 27,75
And Exception Registrony Control of the second seco	84,500 1,123,383 341,000 24,750 168,900 242,995 235,000 22,500 168,000 130,000 76,250 15,000 76,250 15,000 	5 000 65,000 35,750 93,000 479,393 450,000 170,000 224,008	15,000	<u>1,000</u> 5,400	1,123,34 341,06 8,0,07 24,75 169,95 407,85 236,002 236,002 231,42 231,42 133,00 689,33 667,22 15,00 15,00 15,00 15,00
Irilling & Float Equip Iremening & Float Equip Goging / Formation Evaluation Mud Logging Aud Circulation System Mud X Chemicals Mud / Wastewater Disposal Tright / Transportation Ug Supervision / Engineering Mul & Power Vater Prog & Completion Overhead Magging & Abandonment Directional Drilling, Surveys Completion Unit, Swab, CTU Perforating, Wirelline, Slickline High Pressure Pump Truck Stimulation Flowback & Disp nsurance .abor	1.123,363 341,000 24,750 165,900 342,895 235,000 22,500 166,000 130,000, 210,000 76,250 15,000	65,000 35,750 93,600 479,393 450,000 170,000 224,008	45,000	5,400	341,00 8,00 24,75 168,90 407,85 236,00 58,22 281,42 135,00 609,03 5627,22 15,00 55,22 15,00 55,22 15,00 55,22 15,00 55,22 15,00 55,22 15,00 55,22 15,00 55,000 55,0000 55,000 50,000 50,0000 50,000 50,000 50,00000000
Evenenting & Float Equip Ggling / Formation Evaluation Und Logging Und Schemicals Und & Chemicals Und & Chemicals Und Wastewater Disposal Unit Bits Und & Chemicals Unit Bits Und & Chemicals Unit Bits Unit & Power Unit & Power Unit & Power Unit & Completion Overhead Unit Guide & Abandonment United Intervent Uni	241,000 24,750 163,900 342,805 235,000 22,500 168,000 130,000 210,000 76,250 15,000 320,059	65,000 35,750 93,600 479,393 450,000 170,000 224,008	45,000	5,400	8,00 24,75 168,95 407,85 235,05 58,22 291,45 135,00 6,09,33 527,25 15,00 328,65
ogging / Formation Evaluation fuel Logging fuel Carculation System fuel & Chemicals fuel & Chemicals fuel & Chemicals fuel & Power fuel & Completion Overhead fueging & Abandonment fuel & Power fuel & CTU foressure Pump Truck fuel & CTU f	24,750 165,900 242,895 235,500 222,500 168,000 130,000 210,000 76,250 15,000 328,659	65,000 35,750 93,600 479,393 450,000 170,000 224,008	45,000	5,400	24,75 168,95 407,85 236,05 58,22 281,44 130,05 689,33 627,25 15,00
	165 900 342,865 235,500 188,000 130,000 76,250 15,000 320,559	65,000 35,750 93,600 479,393 450,000 170,000 224,008	45,000	5,400	168.90 407,85 236,00 58,22 281,44 130,00 689,33 527,22 15,00 328,61
tud & Circulation System tud & Chemicals tud / Wastewater Disposal raight / Transportation Ig Supervision / Engineering inil Bits uel & Power //ater //logging & Abandonment uircetional Drilling, Surveys completion Init, Swab, CTU verforating, Wriellee, Slickline ligh Pressure Pump Truck ilmulation Flowback & Disp subor	165 900 342,865 235,500 188,000 130,000 76,250 15,000 320,559	35,750 93,000 476,393 450,000 170,000 224,008	45,000	5,400	407,81 236,02 281,40 130,00 689,33 527,22 15,00
Jud & Chemicals Lud / Wastewater Disposal Jud A Wastewater Disposal Ig Supervision / Engineering Vill Bits Lud & Power Vater Urig & Completion Overhead Lugging & Abandonment Directional Drilling, Surveys Completion Unit, Swab, CTU Verforating, Wirelline, Slickline Ligh Pressure Pump Truck Limulation Flowback & Disp Subrance Jabor	342,895 235,500 22,500 168,000 210,000 76,250 15,000 328,659	35,750 93,000 476,393 450,000 170,000 224,008	45,000	5,400	407,81 236,02 281,40 130,00 689,33 527,22 15,00
Lud / Wastewater Disposal raight / Transportation Ig Supervision / Engineering Uril Bits uel & Power Vater Urig & Completion Overhead Urgging & Abandonment Directional Drilling, Surveys Completion Unit, Swab, CTU Verforsting, Wireline, Slickline Light Pressure Pump Truck Limulation Flowback & Disp subrace Jobor	235 000 22,500 168,000 130,000 210,000 76,250 15,000 320,059	35,750 93,000 476,393 450,000 170,000 224,008	45,000	5,400	236.00 58.22 281.40 133.00 689.33 527.23 15.00
raight / Transportation Ug Supervision / Engineering Uit Bits Uit & Power User User Uugging & Abandonment Uitrectional Drilling, Surveys Directional Drilling, Surveys Directional Drilling, Surveys Userforating, Writeline, Slickline Ugh Pressure Pump Truck Uitrulation Flowback & Disp nsurance Labor	22,500 168,000 130,000 76,250 15,000 328,059	93,000 476,393 450,000 	45,000	5,400	58,22 281,40 130,00 680,33 527,22 15,00
Ilg Supervision / Engineering	168,000 130,000 210,000 76,250 15,000 328,659	93,000 476,393 450,000 	45,000	1,000	281.4 130,0 619.3 527.2 15,0
rill Bits uel & Power Vater Usging & Abandonment Urgging & Abandonment Urgcing, Surveys Completion Unit, Swab, CTU Perforating, Wrellie, Slickline High Pressure Pump Truck Ulmulation Hitmulation Surance Abor	130,000 210,000 76,250 15,000 320,059	479,393 450,000 170,000 224,008	45,000	1,000	130,0 689,3 527,2 15,0 328,6
iuel & Power Vater Vater Volg & Completion Overhead Volgging & Abandonment Completion Unit, Swab, CTU Perforating, Writeline, Slickline Sigh Pressure Pump Truck Slimulation Flowback & Disp nsurance Abor	210,000 76,250 15,000 320,659	450,000 170,000 224,008		1,000	689.3 527.2 15.0
Vater Vater Vater Vater Vater Varging & Abandonment Virectional Drilling, Surveys Completion Unit, Swab, CTU Verforating, Vitelline, Slickline Vigh Pressure Pump Truck Slimulation Slimulation Flowback & Disp nsurance Abor	76,250 15,000 328 655	450,000 170,000 224,008		1,000	527,2 15.0
Vater Vater Vater Vater Vater Varging & Abandonment Virectional Drilling, Surveys Completion Unit, Swab, CTU Verforating, Vitelline, Slickline Vigh Pressure Pump Truck Slimulation Slimulation Flowback & Disp nsurance Abor	15.000 328 659	170,000			15.0
brig & Completion Overhead	328 659	170,000			328.6
Ilugging & Abandonment Directional Drilling, Surveys Completion Unit, Swab, CTU Perforating, Wireline, Slickline Igh Pressure Pump Truck Slimulation Slimulation Flowback & Disp nsurance Jobor	:	224,068			
Directional Drilling, Surveys Completion Unit, Swab, CTU Completion Unit, Swab, CTU Ligh Pressure Pump Truck Limulation Limulation Flowback & Disp Limulation Flowback & Disp Limulation Elements Limulation Flowback & Disp Limulation Flowb	:	224,068			
Completion Unit, Swab, CTU erforating, Wretine, Slichtne ligh Pressure Pump Truck ilimulation ilimulation Flowback & Disp nsurance abor	:	224,068			214.0
Verforating, Wireline, Slickline		224,068			213,0
ligh Pressure Pump Truck Illmulation Illmulation Flowback & Disp Isurance Abor				-	239,0
ilmulation		117,000			117.0
Limulation Flowback & Disp nsurance .abor	;				2,515,0
abor		2,515,074	107 500		143.0
abor		15,500	127,500		12,7
abor	12,747				402.7
	203,000	59,750	135,000	5,000	
Rental - Surface Equipment	143,277	325,130	70,000	5,000	543,4
Rental - Downhole Equipment	193,450	91,000		-	284,4
	51,800	52,705	25,000	5,000	134,5
Rental - Living Quarters	391,923	164,947	44,750	4,240	605.8
Contingency	26,640				26,6
Operations Center				46,640	9,729,3
TOTAL INTANGIBLES >	4,311,154 COS15	4,679,316 COSTS	492,250 COSTS	COSTS	COSYS
TANGIBLE COSTS	88,593		5	\$	\$ 98.5
Surface Casing 5	375,250	· · · · · · · · · · · · · · · · · · ·			375,2
ntermediate Casing	013,255				
Drilling Liner					
Production Casing	886,017				855,0
Production Liner					225.0
Tubing	7.00		225,000		128.5
Wellhead	83,500		45,000		
Packers, Liner Hangers		120,897	5,000		125,6
				55,000	55,0
Tanks				160,700	180,7
Production Vessels	1941		40,000	120,000	160,0
Flow Lines					
Rod string			370,009		370.0
Artificial Lift Equipment			district of	55,000	55.0
Compressor	(*)		<u>-</u> -	64,000	64,0
nstallation Costs				30,000	40.0
Surface Pumps			10,000		7,4
Von-controllable Surface	400		5,000	2,000	
Von-controllable Downhole			-		
			-		
Downhole Pumps	· ·		16,000	128,500	144.
Measurement & Meter Installation			100,000	75,000	175,0
Gas Conditioning / Dehydration			20,000	175,000	195,0
nterconnecting FacIlity Piping					
Gathering / Bulk Lines			5,000		5,0
valves, Dumps, Controllers					17,
Fank / Facility Containment			-	17,500	
			· · · · · ·	87,500	87.
Flare Stock			45,000	97,300	142,
Electrical / Grounding			5,000	16,250	21,3
Communications / SCADA			12,500	69,100	B:,
Instrumentation / Safety	1,445,761	120,897	903,500	1,172,850	3,643,
TOTAL TANGIBLES > TOTAL COSTS >	5,756,915	5,000,213	1,395,750	1,219,490	13,372,

PREPARED BY MATADOR PRODUCTION COMPANY: 705 Team Lead - WTX/NM Dolling Engineer. Juin Nayo APW Completions Engineer: Production Engineer: W/II Station Josh Bryani MATADOR RESOURCES COMPANY APPROVAL: Co-COO SVP Operations EVP. Co-COO <u>____</u> EVH Reservoir _______ NON OPERATING PARTNER APPROVAL: Tax ID: ____ Working Interest (%) Company Name Dale: Signed by: ____ No (mark one) Approval: Yes _____ Title

MATADOR PRODUCTION COMPANY

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

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

DATE:	2/21/2024	AFE NO :	
WELL NAME:	Cimarron State Com #1243H	FIELD:	
LOCATION:	Section 16 19S-34E	MD/TVD:	21014'/10220'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 10,000'
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring		

Drill and complete a horizontal horseshoe 2nd BS well with about 37 frac stages REMARKS:

INTANGIBLE COSTS		COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
and / Legal / Regulatory	5	17,500	\$	\$	\$ 10,000	\$ 27,50
ocation, Surveys & Damages	5	84,500	13,000	15,000	10,000	122,50
		1.054.613				1,054,61
Inilling		341,000				341,00
Cementing & Float Equip			8,000			8,00
ngging / Formation Evaluation		24,750				24,75
Aud Logging		168.900				166.90
and Circulation System		342,895	65,000			407,89
lud & Chemicals		235.000			1,000	236,00
hud / Wastewater Disposal		22,500	35,750			58,25
reight / Transportation		163,000	93,000	15,000	5,400	281,40
Rig Supervision / Engineering		130,000	55,000	10,000		130,00
Drill Bits			479,393			689,35
uel & Power		210,000	450,000		1,000	527_2
Vater		76,250	430,000		1,000	15,00
orig & Completion Overhead		15,000				
lugging & Abandonment						339,11
Directional Drilling, Surveys		339,189		16.600		215,00
Completion Unit, Swab, CTU			170,000	45,000		
erforating, Wireline, Slickline		/XS	224,068	15,000		239,0
tigh Pressure Pump Truck			117,000			117,0
Stimulation			2,515,074			2,515,0
Stimulation Flowback & Disp		1.1	15,500	127,500		143,00
nsurance		13,239				13,23
		203,000	59,750	70,000	5,000	337,7
abor		143,277	325,130	90,000	5,000	563,4
Rental - Surface Equipment		193,450	91,000		-	284,4
tental - Downhole Equipment		51,600	52,705	70.000	5,000	179,5
Rental - Living Quarters		386,150	164,947	44,750	4,240	600,0
Contingency		26,640	104,041			26,5
Operations Center		Contraction of the local division of the loc	000000000	100 000	45,640	9,665,1
	OTAL INTANGIBLES >	4,247,653	4,675,316 COSTS	492,250 COS1S	COSIS	COSTS
TANGIBLE COSTS		COSIS	CUSIS		*	\$ 66.5
Surface Casing	s	98,593	>	2	·	405.6
ntermediate Casing		405,678				
-		405.678				-
Drilling Liner	_	405.678 681,584				-
Intermediate Casing Drilling Liner Production Casing	=					-
Drilling Liner Production Casing	=	B81,584		130 000		681,5
Orllling Liner Production Casing Production Liner	=	681,584		130,000		681,5
Orilling Liner Production Casing Production Liner Fublng		B81,584		45,000		681,5 130,0 128,5
Orlling Liner Production Casing Production Liner Fubling Weilhead		681,584	120.897		66.000	661.5 130.0 122.5 125.8
Drilling Liner Production Casing Production Liner Fubing Veilinead Packers, Liner Hangers		681,584	120,897	45,000	55,000	681,5 130,0 128,5 125,8 550,0
Drilling Liner Production Casing Production Liner Tubing Veilhead Packers, Liner Hangers Tanks		831,584 833,523	120,897	45,000	180,700	681.5 130,0 123,5 125,8 555,0 180,7
Orlling Liner Production Casing Production Liner Jubing Vellhead Jackers, Liner Hangers Fanks roduction Vessels		83,523	120,897	45,000		681.5 130,0 123,5 125,8 555,0 180,7
Drilling Liner Production Casing Production Liner Fubing Veilhead ackers, Liner Hangers Fanks Production Vessels Tow Lines		881,594 83,593	120,897	45,000 5,000 	180,700	881,5 130,0 128,5 125,8 55,0 160,7 160,7
Drilling Liner Production Casing Production Liner Tubing Vellhead Packers, Liner Hangers Tanks Production Vessels Glow Lines Rod string		881,594 83,593	120.897	45,000 5,000 	180,700	681,5 130,0 128,5 125,5 55,7 160,7 160,7 220,0
Drilling Liner Production Casing Production Liner Tubing Vellhead Packers, Liner Hangers Garks Production Vessels How Lines Rod string Nufficial Lift Equipment		831,584 83,593	120,897	45,000 5,000 	180,700 120,000 55,000	861.5 130.0 128.5 125.6 55.0 180.7 160.0 320.0 65.0
Drilling Liner Production Casing Production Liner Yubing Velihead Jackers, Liner Hangers Sanks Froduction Vessels How Lines Rod string Antificial Litt Equipment Som pressor		831,584 83,593	120,897	45,000 5,000 	180,700 120,000 55,000 64,000	081.5 1300.0 128.5 125.6 55.5 (126.7 160.7 160.7 160.7 160.6 55.6 65.6 65.6
Arrilling Liner Production Casing Production Liner uping Vellhead Veckers, Liner Hangers anks Production Vessels How Lines Kod string urificial Lift Equipment Compressor restallation Costs		831,584 83,593	120.897	45,000 5,000 	180,700 120,000 55,000 64,000 30,000	661.5 130. 128. 135. 155. 160. 520. 555. 554. 644. 440.
Arriling Liner roduction Casing roduction Liner ubing relihead ackers, Liner Hangers anks roduction Vessels tow Lines kod string urificial Lint Equipment compressor nstallation Costs surface Pumps		831,584 83,593	120,897	45,000 5,000 	180,700 120,000 55,000 64,000	661,5 120,0 122,5 125,5 55,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 160,0 120,0 125,0 1
Ing Liner roduction Casing roduction Liner ubing fellhead ackers, Liner Hangers anks roduction Vessels tow Lines tod string rifficial Lift Equipment tompressor restallation Costs unface Pumps ion-controllable Surface		83,592 83,592	120.897	45,000 5,000 40,000 320,000 10,000	180,700 120,000 55,000 64,000 30,000	681, 1300, 128, 125, 155, 160, 160, 160, 160, 160, 160, 160, 160
brilling Liner production Casing Production Liner Unbing Vellhead ackers, Liner Hangers anks production Vessels itow Lines Rod string Aufficial Lint Equipment Dompressor netalilation Costs Surface Pumps Von-controllable Surface Non-controllable Surface		83,503 83,503 - - - - - - - - - - - - - - - - - - -	120.897	45,000 5,000 40,000 10,000 10,000 10,000 5,000	180,700 120,000 55,000 64,000 30,000	661,5 130,0 128,0 125,0 55,0 180,0 160,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 180,0 190,0 190,0 190,0 190,0 190,0 190,0 192,0 1
Arilling Liner roduction Casing voluction Liner ubing velihead ackers, Liner Hangers anks voduction Vessels tow Lines tow L		83,503 83,503 	120,897	45,000 5,000 40,000 320,000 10,000 10,000 5,000	180,700 120,000 55,000 64,000 30,000 2,000	661. 130. 128. 125. 55. 180. 160.0 100.0 160.0 1
Arilling Liner roduction Casing roduction Liner ubing Yellhead tackers, Liner Hangers anks roduction Vessels tow Lines Rod string rufficial Lift Equipment compressor netallation Costs Surface Pumps ton-controllable Surface ton-controllable Surface ton-controllable Surface ton-controllable Downhole bownhole Pumps		83,503 83,503 - - - - - - - - - - - - - - - - - - -		45,000 5,000 40,000 10,000 10,000 10,000 5,000	180,700 120,000 55,000 64,000 30,000 2,000 128,500	661,5 120,0 1225,2 1255,0 180,7 160,7 160,7 160,7 160,7 160,7 160,7 160,7 144,2 144,2
Arilling Liner roduction Casing Production Liner Wellead ackers, Liner Hangers anks roduction Vessels tow Lines tod string winficial Lift Equipment compressor nstallation Costs Surface Pumps ton-controllable Surface Jon-controllable Surface Jon-controllable Surface Jon-controllable Surface Jon-controllable Surface Jon-controllable Surface Jon-controllable Downhole Downhole Pumps Kessurement 5 Meter Installat Sas Conditioning / Dehydration	n	83,503 83,503 		45,000 5,000 40,000 10,000 10,000 5,000 16,000	180,700 120,000 64,000 30,000 2,000 126,500 75,000	881.5 1200. 128,5 125,5 555,5 160,7 160,5
Arilling Liner roduction Casing Production Liner Wellead ackers, Liner Hangers anks roduction Vessels tow Lines tod string wifficial Lift Equipment compressor nstallation Costs surface Pumps ton-controllable Surface jon-controllable Surface Jon-controllable Surface Jon-controllable Downhole Downhole Pumps Kessurement 5 Meter Installat Sas Conditioning / Dehydratio	n	83,503 83,503 		45,000 5,000 40,000 10,000 10,000 5,000 10,000 5,000 16,000 20,000	180,700 120,000 55,000 64,000 30,000 2,000 128,500	681.5 1300 128, 125,5 55,5 180, 180,5 190,5 190,5 190,5 190,5 190,5 100,
Arilling Liner roduction Casing voluction Liner ubing velihead ackers, Liner Hangers anks voduction Vessels tow Lines tow L	n	83,503 83,503 	120.897	45,000 5,000 40,000 10,000 10,000 5,000 10,000 5,000 16,000 20,000	180,700 120,000 55,000 64,000 2,000 2,000 128,500 75,000	081.5 1300 128.5 125.6 55.5 160.7 160.7 55.5 64.6 40.0 7.7 144.5 75.6 195.5
Ing Liner roduction Casing roduction Liner ubing Veilhead ackers, Liner Hangers anks roduction Vessels tow Lines tod string utificial Lift Equipment inficial Lift Equipment i	n	83,503 83,503 		45,000 5,000 40,000 320,000 10,000 5,000 	180,700 120,000 64,000 30,000 2,000 128,500 75,000	881.5 1200 128,5 125,5 555, 1800,1 160,5 550,0 551, 540,0 7,7 144,5 755, 195,5 195,5 195,5
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Drilling Engineer: Completions Engineer; Production Engineer:	Julia Mayol Will Sjahan Josh Bryani	Team Lead - WTX/NM	APW	
MATADOR RESOURCES COM	PANY APPROVAL:			
President_ EVP, Co-COO EVM: Reservoir	BEG CA WTE	Chief Geologist	NLF	
NON OPERATING PARTNER A	PPROVAL:			
Company Name		Wor	king Interest (%):	Tax ID:
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Exhibit A-6

Summary of Communication – Cimarron State Com #1143H & #1243

PBEX II, LLC:

- 3/4/2024: Proposals mailed via Certified Mail.
- 3/8/2024: Proposals delivered (received signed return receipt).
- 8/26/2024: Joint Operating Agreement sent via email.
- 8/26/2024-11/6/2024: Discussed PBEX's potential participation in the wells or possibility for some other deal.

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

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

CASE NO. 24366

SELF-AFFIRMED STATEMENT OF ANNA THORSON

1. My name is Anna Thorson. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Geologist.

2. I graduated from The University of the South in 2016 with a bachelor's degree in geology. Following graduation, I took graduate coursework at Louisiana State University for about one year before attending Baylor University where I earned a Master's degree in geology in 2019. After receiving my Master's, I interned with Anadarko Petroleum during the Summer of 2019 and then started working for Matador in November 2019 as a geologist. Since I have been at Matador, I have been working as a geologist in the Delaware Basin, including in Eddy and Lea Counties, New Mexico. As part of my employment for Matador, I am also required to complete at least 40 hours of continuing education each year. I am also a member of the American Association of Petroleum Geologists, the West Texas Geological Society, and the Dallas Geological Society.

3. I am familiar with the application filed by MRC in this case, and I have conducted a geologic study of the lands in the subject area.

4. MRC Exhibit B-1 is a locator map outlining the horizontal spacing unit with a black box shaded in yellow, with the larger area identified in a red box.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. B Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366 5. In this case, MRC intends to develop the First Bone Spring and Second Bone Spring of the Bone Spring formation, respectively.

6. **MRC Exhibit B-2** is a subsea structure map prepared off the top of the Bone Spring formation. The contour interval is 50 feet. The structure map shows the Bone Spring formation gently dipping to the south/southeast. The structure appears consistent across the proposed wellbore paths. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

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

8. MRC Exhibit B-3 is a structural cross-section 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: gamma ray, caliper, resistivity, and porosity, where available. The proposed target intervals for the proposed wells are labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted intervals, within the Bone Spring formation, are consistent in thickness across the entirety of the proposed spacing unit.

9. In my opinion, the standup well orientation is the preferred orientation for development in this area for Bone Spring wells based on the maximum horizontal stress orientation in the area.

10. 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 unit proposed in this case.

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

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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. In my opinion, approving MRC's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. MRC Exhibits B-1 through B-3 were either prepared by me or compiled under my direction and supervision.

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

Anna Thorson

<u>11 - 25 - 2024</u> Date

Released to Imaging: 11/27/2024 4:48:59 PM

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. B-1 Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366

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Locator Map



Cimarron State Com #1143H & Cimarron State Com #1243H Released to Imaging: 11/27/2024 4:48:59 PM

▲Qutail Ridge, Bothe Opring (Pool Code 50460) Structure Map (Top Bone Spring Subsea) A – A' Reference Line





Quail Ridge; Bone Spring (Pool Code 50460) Structural Cross Section A – A' Reference Line

BEFORE THE OIL CONSERVATION DIAISION Santa Fe, New Mexico Exhibit No. B-3 Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366





Cimarron State Com #1143H & Cimarron State Com #1243H Released to Imaging: 11/27/2024 4:48:59 PM

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

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

CASE NO. 24366

SELF-AFFIRMED STATEMENT OF MICHAEL H. FELDEWERT

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

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of November 11, 2024.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding and request for approval of an overlapping spacing unit. An affidavit of publication from the publication's legal clerk with a copy of the notice of publication is attached herein.

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

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit C Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366

Michael H. Feldewert

_____ <u>11/27/24</u> Date

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Holland & Hart

Michael H. Feldewert Partner Phone (505) 988-4421 mfeldewert@hollandhart.com

April 12, 2024

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 Horizonal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico: Cimarron State Com 1143H and 1243H wells

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 May 2, 2024, and the status of the hearing can be monitored through the Division's website at <u>https://www.emnrd.nm.gov/ocd/</u>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the 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 Hawks Holder at (972) 619-4336 or at hawks.holder@matadorresources.com.

Sincerely,

Michael H. Feldewert ATTORNEY FOR MRC PERMIAN COMPANY Contact

Location 110 North Guadalupe, Suite 1 Santa Fe, NM 87501-1849 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208 Contact p: 505.988.4421 | f: 505.983.6043 www.hollandhart.com

Holland & Hart LLP Anchorage Aspen Billings Boise Boulder Cheyenne Denver Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

MRC - Cimarron 1143H and 1243H wells - Case no. 24366 Postal Delivery Report

						Your item was delivered to an individual at the address at
9414811898765406490794	FGL Resources Inc	223 W Wall St Ste 900	Midland	тх	79701-4567	11:44 am on April 18, 2024 in MIDLAND, TX 79701.
5414011050705400450754			Wildiana		/5/01 450/	Your item was delivered to an
						individual at the address at
						2:15 pm on April 16, 2024 in
9414811898765406490787	Stewart Royalty, Inc.	4011 N Midland Dr	Midland	тх	79707-3534	MIDLAND, TX 79707.
						Your item was picked up at a
						postal facility at 9:33 am on
						April 19, 2024 in MIDLAND, TX
9414811898765406490770	PBEX II, LLC	PO Box 10250	Midland	тх	79702-7250	
						Your package will arrive later
						than expected, but is still on
						its way. It is currently in
9414811898765406490954	Philip C. Vogel	146 W Shore Dr	Montgomery	ΤХ	77356-8601	transit to the next facility.
						Your package will arrive later
						than expected, but is still on
						its way. It is currently in
9414811898765406490923	Sally Meador Roberts	PO Box 4245	Midland	ТΧ	79704-4245	transit to the next facility.
						Your item was delivered to
						the front desk, reception area,
						or mail room at 10:16 am on
						April 17, 2024 in DALLAS, TX
9414811898765406490992	Wing Resources VI LLC	2100 McKinney Ave Ste 1540	Dallas	ТΧ	75201-2140	
						Your item was delivered to an
						individual at the address at
						3:10 pm on April 15, 2024 in
9414811898765406490985	Elk Range Royalties II LP	2110 Farrington St	Dallas	ТΧ	75207-6502	DALLAS, TX 75207.
						Your item was picked up at a
						postal facility at 7:42 am on
						April 17, 2024 in SANTA FE,
9414811898765406490657	New Mexico State Land Office	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	NM 87501.

LEGAL NOTICE April 17, 2024

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

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).

Affidavit of Publication

Beginning with the issue dated April 17, 2024 and ending with the issue dated April 17, 2024.

lan A

Publisher

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



Business Manager

My commission expires anuary 29, 2027 (Seal)STATE OF NEW MEXICO NOTARY PUBLIC **GUSSIE RUTH BLACK** COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027

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 publication has been made.

SANTA FE, NEW MEXICO The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. The hearings will be conducted in a hybrid fashion, both in-person at the Energy, hearings will be conducted in a hybrid fashion, both in-person at the Energy, hearings Natural Resources Department, Wendell Chino Building, Pecos Hall, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, Virtual meeting platform (sign-in information below) on Thursday, May 2, 2024, virtual meeting platform (sign-in information below) on Thursday, May 2, 2024, beginning at 8:15 a.m. To participate in the hearings, see the instructions posted below. The docket may be viewed at https://www.emnrd.nm.gov/cod/hearing-info/ or obtained from Sheila Apodaca, at Sheila.Apodaca@emrrd.nm.gov/ D o c u ments filed in these cases may be viewed at https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Sheila Apodaca at Sheila.Apodaca@emnrd.nm.gov, or the New Mexico Relay Network at 1-800-659-1779, no later than April 23, 2024.

Persons may view and participate in the hearings through the following link: https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb94d4cbb59aecc4afa169a f37804897c

Webinar number: 2489 789 5950

Join by video system:

Vol 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: 2489 789 5950 Panelist password: JxfK9urrh47 (59359877 from phones and video systems)

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

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

To: All affected interest owners, including: EGL Resources, Inc.; Stewart Royalty, Inc.; PBEX II, LLC; Philip C. Vogel, his heirs and devisees; Sally Meador Roberts, her heirs and devisees; Wing Resources VI LLC; Elk Range Royalties II LP, and New Mexico State Land Office.

Case No. 24366: Application of MRC Permian Company for Approval of an Case No. 24366: 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 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this horizontal well spacing unit. Said unit will be initially dedicated to the proposed Cimarron State Com 1143H and Cimarron State Com 1243H "u-turn" wells to be horizontally drilled from a surface location in the NE4 of Section 16, with first take points in the NE4NE4 (Unit A) of Section 16 and last take points in the NW4NE4 (Unit B) of Section 16. This proposed horizontal well spacing unit will overlap the following existing soacing units in the Bone Spring formation:

A 160-acre horizontal well spacing unit comprised of the V2E2 of Section 16 currently dedicated to the Cimaron 16 19S 34E RN State Com 133H (30-025-42979) operated by Matador Production Company in a different interval of the Bone Spring formation and assigned to the Quail Ridge; Bone Spring Pool

60460); and • A 160-acre horizontal well spacing unit comprised of the E2E2 of Section 16 currently dedicated to the Cimarron 16 19S 34E RN State Com 134H (30-025-42352) operated by Matador Production Company in a different interval of the Bone Spring formation and assigned to the Quail Ridge; Bone Spring Pool

Solite Spring Foundation and assigned to the cuair hidge, both Spring Foundation (50460). Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 17 miles northwest of Monument, New Mexico.

HULLAND

110 N GUADALUPE ST., STE. 1 SANTA FE, NM 87501

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit D Submitted by: MRC Permian Company Hearing Date: December 5, 2024 Case No. 24366