

**CASE NOS. 22769 & 22770**

**APPLICATIONS OF MATADOR PRODUCTION COMPANY  
TO AMEND ORDER NOS. R-21784 AND r-21785,  
LEA COUNTY, NEW MEXICO**

**EXHIBITS**

1. Application and Proposed Notice in Case No. 22769
2. Pooling Order No. R-21784
3. Landman's Affidavit in Case No. 22769
4. Application and Proposed Notice in Case No. 22770
5. Pooling Order No. R-21785
6. Landman's Affidavit in Case No. 22770
7. Affidavit of Notice (both cases)

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MATADOR PRODUCTION COMPANY TO AMEND ORDER NO. R-21784 FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 22769

**APPLICATION**

Matador Production Company applies for an order amending Order No. R-21784, and in support thereof, states:

1. Order No. R-21784 pooled the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and the E/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M.

2. Applicant proposes to drill the Nina Cortell Fed. Com. Well Nos. 112H, 126H, and 132H to depths sufficient to test the Bone Spring formation, with first take points in the SE/4SW/4 of Section 10 and last take points in the NE/4NW/4 of Section 3.

3. Case No. 21064 was heard on July 15, 2021, and Order No. R-21784 was entered on July 16, 2021. Paragraph 19 of Order No. R-21784 requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of Order No. R-21784 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."


4. Applicant requests another one year extension due to market conditions which have altered drilling schedules, the coronavirus situation, and the Prairie Chicken booming season which limits drilling activities on federal land at this time of year. Applicant still intends to drill the subject wells. Thus good cause exists for Applicant's request for an extension.

EXHIBIT |

5. Applicant requests an extension of the well commencement deadline to July 16, 2023.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order amending Order No. R-21784 to extend the well commencement deadline to July 16, 2023.

Respectfully submitted,



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

Attorney for Matador Production Company

***Application of Matador Production Company to Amend Order No. R-21784, Lea County, New Mexico.*** Matador Production Company seeks an order amending Order No. R-21784, issued on July 15, 2021, to extend the well commencement deadline one year, to July 16, 2023. Order No. R-21784 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and the E/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Nina Cortell Fed. Com. Well Nos. 112H, 126H, and 132H. It requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The unit is located approximately 10 miles south-southeast of Halfway, New Mexico.

Case 22769

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

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

**CASE NO. 21064  
ORDER NO. R-21784**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 15, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

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

**CONCLUSIONS OF LAW**

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

EXHIBIT

2

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

**ORDER**

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

CASE NO. 21064  
ORDER NO. R-21784

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election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
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ADRIENNE SANDOVAL  
DIRECTOR  
AES/jag

Date: 7/16/2021

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ORDER NO. R-21784



**Exhibit A**

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## COMPULSORY POOLING APPLICATION CHECKLIST

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

<b>Case:</b>	<b>21064</b>
<b>Date</b>	<b>July 15, 2021</b>
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company/OGRID No. 228937
Applicant's Counsel:	James Bruce
Case Title:	Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Ostrich Oil and Gas LLC/Ernest L, Padilla ConocoPhillips Company/Holland & Hart LLP
Well Family	Nina Cortell Fed. Com. Well Nos. 126H, 132H, and 112H
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Bilbrey Basin; Bone Spring (Pool Code 5695)
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	E/2W/2 §3 and E/2W/2 §10 -22S-32E, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), if No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibits A-2 and A-3
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Nina Cortell Fed. Com. Well No.126H API No. 30-025-Pending 272 FSL & 1571 FWL §10 BHL: 60 FNL & 1980 FWL §3 FTP: 100 FSL & 1980 FWL §10 LTP: 100 FNL & 1980 FWL §3 Bone Spring/TVD 10950 feet/MD 21114 feet

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ORDER NO. R-21784

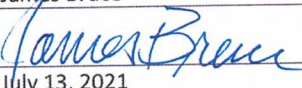
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	<p>Nina Cortell Fed. Com. Well No.132H                  API No. 30-025-44552                  242 FSL &amp; 1571 FWL §10                  BHL: 60 FNL &amp; 2310 FWL §3                  FTP: 100 FSL &amp; 2310 FEL §10                  LTP: 100 FNL &amp; 2310 FEL §3                  Bone Spring/TVD 11900 feet/MD 22067 feet</p> <p>Nina Cortell Fed. Com. Well No.112H                  API No. 30-025-Pending                  242 FSL &amp; 1491 FWL §10                  BHL: 60 FNL &amp; 1980 FWL §3                  FTP: 100 FSL &amp; 1980 FWL §10                  LTP: 100 FNL &amp; 1980 FWL §3                  Bone Spring/TVD 10050 feet/MD 20250 feet</p>
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	Cost + 200%/Exhibit A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit D
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-1
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-2
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Yes
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A
Overhead Rates In Proposal Letter	
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Received by OCD: 7/14/2021 10:08:16 AM Cost Estimate to Equip Well	Exhibit A-4	Page 25 of 28
Cost Estimate for Production Facilities	Exhibit A-4	
<b>Geology</b>		
Summary (including special considerations)	Exhibit C	
Spacing Unit Schematic	Exhibit C-2	
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-3	
Well Orientation (with rationale)	Standup/Exhibit C	
Target Formation	Bone Spring	
HSU Cross Section	Exhibit C-3	
Depth Severance Discussion	Not Applicable	
<b>Forms, Figures and Tables</b>		
C-102	Exhibit A-1	
Tracts	Exhibit A-2	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3	
General Location Map (including basin)	Exhibit C-1	
Well Bore Location Map	Exhibit C-2	
Structure Contour Map - Subsea Depth	Exhibit C-2	
Cross Section Location Map (including wells)	Exhibit C-2	
Cross Section (including Landing Zone)	Exhibit C-3	
<b>Additional Information</b>		
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>		
Printed Name (Attorney or Party Representative):	James Bruce	
Signed Name (Attorney or Party Representative):		
Date:	July 13, 2021	

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CASE NO. 21064  
ORDER NO. R-21784

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

APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NO. R-~~21666~~,  
LEA COUNTY, NEW MEXICO. 21784

CASE NO. 22769  
(Order R-21784)

AFFIDAVIT OF ROBERT HELBING

Robert Helbing, of lawful age and being first duly sworn, declares as follows:

1. My name is Robert Helbing. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record.
3. I am familiar with the application filed by Matador in this newly filed case and the status of the development efforts for the pooled spacing unit.
4. Under Case No. 21064, the Division entered Order R-21784 on July 16, 2021. This Order created a standard 320-acre horizontal well spacing unit in the Bone Spring formation (Bilbrey Basin; Bone Spring [5695]) underlying the E/2 W/2 of Sections 10 and 3, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The Order further dedicated the **Nina Cortell Fed Com Well No. 126H and Nina Cortell Fed Com Well No. 132H** as the initial wells in the spacing unit and required the commencement of drilling by July 16, 2022.
5. Matador is eager to develop this acreage and has previously filed applications for federal APDs for the initial wells, but those permits have not yet been approved. Once approved,

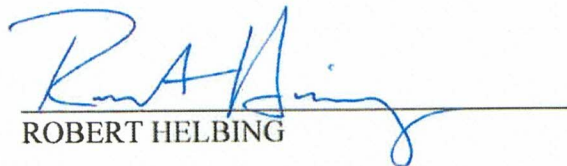
EXHIBIT 3

Matador intends to promptly drill the initial wells under the order. Good cause therefore exists to extend the deadline to commence drilling under the order for a year, until July 16, 2023.

6. None of the working interest owners that remain subject to these pooling orders have been asked at this time to make an election on the applicable well, or to pay their estimated share of the costs to drill, complete and equip the applicable well.

7. The granting of this application will prevent waste and protect correlative rights.

FURTHER AFFIANT SAYETH NOT.

  
ROBERT HELBING

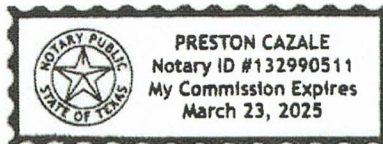
STATE OF TEXAS )  
 )  
COUNTY OF Dallas )

SUBSCRIBED and SWORN to before me this 8<sup>th</sup> day of June 2022 by  
Robert Helbing.

  
NOTARY PUBLIC

My Commission Expires:

3/23/2025



**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NO. R-21785  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

Case No. 22770

**APPLICATION**

Matador Production Company applies for an order amending Order No. R-21785, and in support thereof, states:

1. Order No. R-21785 pooled the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and the E/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M.

2. Applicant proposes to drill the Nina Cortell Fed. Com. Well No. 202H to a depth sufficient to test the Wolfcamp formation, with a first take point in the SE/4SW/4 of Section 10 and a last take point in the NE/4NW/4 of Section 3.

3. Case No. 21065 was heard on July 15, 2021, and Order No. R-21785 was entered on July 16, 2021. Paragraph 19 of Order No. R-21785 requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of Order No. R-21785 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."

4. Applicant requests another one year extension due to market conditions which have altered drilling schedules, the coronavirus situation, and the Prairie Chicken booming season which limits drilling activities on federal land at this time of year. Applicant still intends to drill the subject wells. Thus good cause exists for Applicant's request for an extension.

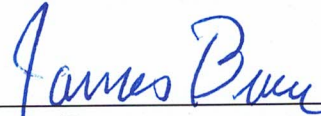
EXHIBIT

4

5. Applicant requests an extension of the well commencement deadline to July 16, 2023.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order amending Order No. R-21785 to extend the well commencement deadline to July 16, 2023.

Respectfully submitted,



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

Attorney for Matador Production Company

***Application of Matador Production Company to Amend Order No. R-21785, Lea County, New Mexico.*** Matador Production Company seeks an order amending Order No. R-21785, issued on July 15, 2021, to extend the well commencement deadline one year, to July 16, 2023. Order No. R-21785 pooled mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and the E/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Nina Cortell Fed. Com. Well No. 202H. It requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The unit is located approximately 10 miles south-southeast of Halfway, New Mexico.

Case 22770



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

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

**CASE NO. 21065  
ORDER NO. R-21785**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 15, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

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

**CONCLUSIONS OF LAW**

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

EXHIBIT

5

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

**ORDER**

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

CASE NO. 21065  
ORDER NO. R-21785

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election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
\_\_\_\_\_  
ADRIENNE SANDOVAL  
DIRECTOR  
AES/jag

Date: 7/16/2021

CASE NO. 21065  
ORDER NO. R-21785

Page 4 of 7

## Exhibit A

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case:</b>	<b>21065</b>
<b>Date</b>	<b>July 15, 2021</b>
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company/OGRID No. 228937
Applicant's Counsel:	James Bruce
Case Title:	Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Ostrich Oil and Gas LLC/Ernest L, Padilla ConocoPhillips Company/Holland & Hart LLP
Well Family	Nina Cortell Fed. Com. Well No. 202H
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp Formation
Pool Name and Pool Code:	WC-025 G-09 S233216K; Upper Wolfcamp (Pool Code 98166)
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	E/2W/2 §3 and E/2W/2 §10 -22S-32E, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibits A-2 and A-3
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	Nina Cortell Fed. Com. Well No.202H API No. 30-025-Pending 242 FSL & 1461 FWL §10 BHL: 60 FNL & 1650 FWL §3 FTP: 100 FSL & 1650 FWL §10 LTP: 100 FNL & 1650 FWL §3 Wolfcamp/TVD 12200 feet/MD 22350 feet
Horizontal Well First and Last Take Points	See above

CASE NO. 21065  
ORDER NO. R-21785

Page 5 of 7

Completion Target (Formation; FVD and MD)	See above	Page 27 of 28
<b>AFE Capex and Operating Costs</b>		
Drilling Supervision/Month \$	\$8000	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	Exhibit A	
Requested Risk Charge	Cost + 200%/Exhibit A	
<b>Notice of Hearing</b>		
Proposed Notice of Hearing	Exhibit D	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-1	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-2	
<b>Ownership Determination</b>		
Land Ownership Schematic of the Spacing Unit	Exhibit A-2	
Tract List (including lease numbers and owners)	Exhibit A-3	
Pooled Parties (including ownership type)	Exhibit A-3	
Unlocatable Parties to be Pooled	Yes	
Ownership Depth Severance (including percentage above & below)	None	
<b>Joinder</b>		
Sample Copy of Proposal Letter	Exhibit A-4	
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit A-3	
Chronology of Contact with Non-Joined Working Interests	Exhibit A	
Overhead Rates In Proposal Letter		
Cost Estimate to Drill and Complete	Exhibit A-4	
Cost Estimate to Equip Well	Exhibit A-4	
Cost Estimate for Production Facilities	Exhibit A-4	
<b>Geology</b>		
Summary (including special considerations)	Exhibit C	
Spacing Unit Schematic	Exhibits C-4	
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-5	
Well Orientation (with rationale)	Standup/Exhibit C	
Target Formation	Wolfcamp	
HSU Cross Section	Exhibit C-5	
Depth Severance Discussion	Not Applicable	
<b>Forms, Figures and Tables</b>		
C-102	Exhibit A-1	
Tracts	Exhibit A-2	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3	
General Location Map (including basin)	Exhibit C-1	
Well Bore Location Map	Exhibit C-4	

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CASE NO. 21065  
ORDER NO. R-21785

<i>Received by OCD: 7/14/2021 10:08:16 AM</i> Structure Contour Map - Subsea Depth	Exhibit C-4	<i>Page 28 of 28</i>
Cross Section Location Map (including wells)	Exhibit C-4	
Cross Section (including Landing Zone)	Exhibit C-5	
<b>Additional Information</b>		
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>		
Printed Name (Attorney or Party Representative):	James Bruce	
Signed Name (Attorney or Party Representative):	<i>James Bruce</i>	
Date:	July 13, 2021	

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CASE NO. 21065  
ORDER NO. R-21785

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

APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NO. R-~~21666~~,  
LEA COUNTY, NEW MEXICO. 21785

CASE NO. 22770  
(Order R-21785)

AFFIDAVIT OF ROBERT HELBING

Robert Helbing, of lawful age and being first duly sworn, declares as follows:

1. My name is Robert Helbing. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record.
3. I am familiar with the application filed by Matador in this newly filed case and the status of the development efforts for the pooled spacing unit.
4. Under Case No. 21065, the Division entered Order R-21785 on July 16, 2021. This Order created a standard 320-acre horizontal well spacing unit in the Wolfcamp formation (WC-025 G-09 S233216K; Upper Wolfcamp [98166]) underlying the E/2 W/2 of Sections 10 and 3, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The Order further dedicated the **Nina Cortell Fed Com Well No. 202H** as the initial well in the spacing unit and required the commencement of drilling by July 16, 2022.
5. Matador is eager to develop this acreage and has previously filed an application for federal APD for the initial well, but the permit has not yet been approved. Once approved, Matador



intends to promptly drill the initial well under the order. Good cause therefore exists to extend the deadline to commence drilling under the order for a year, until July 16, 2023.

6. None of the working interest owners that remain subject to these pooling orders have been asked at this time to make an election on the applicable well, or to pay their estimated share of the costs to drill, complete and equip the applicable well.

7. The granting of this application will prevent waste and protect correlative rights.

FURTHER AFFIANT SAYETH NOT.

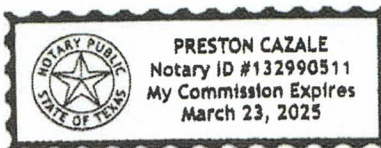
*Robert Helbing*  
\_\_\_\_\_  
ROBERT HELBING

STATE OF TEXAS                    )  
  )  
COUNTY OF Dallas                    )

SUBSCRIBED and SWORN to before me this 8<sup>th</sup> day of June 2022 by Robert Helbing.

*Preston Cazale*  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
3/23/2025



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

APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NO. R-21784,  
LEA COUNTY, NEW MEXICO.

Case No. 22769

APPLICATION OF MATADOR PRODUCTION  
COMPANY TO AMEND ORDER NO. R-21785,  
LEA COUNTY, NEW MEXICO.

Case No. 22770

SELF-AFFIRMED STATEMENT OF NOTICE

COUNTY OF SANTA FE    )  
  ) ss.  
STATE OF NEW MEXICO )

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Matador Production Company.
3. Matador Production Company has conducted a good faith, diligent effort to find the name and correct addresses of the interest owners entitled to receive notice of the applications filed herein.
4. Notice of the application was provided to the interest owner, at its last known address, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.
5. Matador Production has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 6/15/22

James Bruce  
James Bruce

EXHIBIT 7

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

ATTACHMENT 

May 26, 2022

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

ConocoPhillips Company  
925 North Eldridge Parkway  
Houston, Texas 77079

Ladies and gentlemen:

Enclosed are copies of the following applications filed with the New Mexico Oil Conservation Division by Matador Production Company (“Matador”), seeking orders extending well commencement deadlines to July 16, 2023 in the following cases:

1. Case 22768: Matador Production Company seeks an order amending Order No. R-21783, issued on July 15, 2021, to extend the well commencement deadline one year, to July 16, 2023. Order No. R-21783 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 3 and the W/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Nina Cortell Fed. Com. Well Nos. 125H and 131H;
2. Case 22769: Matador Production Company seeks an order amending Order No. R-21784, issued on July 15, 2021, to extend the well commencement deadline one year, to July 16, 2023. Order No. R-21784 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and the E/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Nina Cortell Fed. Com. Well Nos. 112H, 126H, and 132H; and
3. Case 22770: Matador Production Company seeks an order amending Order No. R-21785, issued on July 15, 2021, to extend the well commencement deadline one year, to July 16, 2023. Order No. R-21785 pooled mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 3 and the E/2W/2 of Section 10, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Nina Cortell Fed. Com. Well No. 202H.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, June 16, 2022. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to [emnrd.state.nm.us/OCD/hearings](http://emnrd.state.nm.us/OCD/hearings) or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement five business days before the hearing date. This statement may be filed online with the Division at [ocd.hearings@state.nm.us](mailto:ocd.hearings@state.nm.us), and should include: The name of the party and his or her attorney; a concise statement of the case; the name of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

A handwritten signature in blue ink that reads "James Bruce". The signature is written in a cursive style with a large initial "J".

James Bruce

Attorney for Matador Production Company

*Not Posters*

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <i>x [Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Adriano Turner</i> C. Date of Delivery <i>6/2/22</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> <p>ConocoPhillips Company 925 North Eldridge Parkway Houston, Texas 77079</p> </div>	
<p>2. Article Number (Transfer from service label)</p> <p style="text-align: center;">7021 0950 0002 0372 1724</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Restricted Delivery</p>	
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053</p> <p style="text-align: right;"><i>Mar - [Signature]</i> Domestic Return Receipt</p>	