

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING DECEMBER 1, 2022**

**APPLICATION OF E.G.L. RESOURCES INC.  
FOR COMPULSORY POOLING IN  
LEA COUNTY, NEW MEXICO**

**CASE NO. 23214**

**CIMARRON 16 STATE COM #101H  
CIMARRON 16 STATE COM #102H**

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OCD Case 23214

(Cimarron wells)

E.G.L. Resources Inc.

Self-Affirmed Statement

Matthew Langhoff

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(Cimarron wells)  
E.G.L. Resources Inc.  
Self-Affirmed Statement  
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E.G.L. Resources Inc.  
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OCD Case 23214

(Cimarron wells)

E.G.L. Resources Inc.

Self-Affirmed Statement

Matthew Langhoff

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

**APPLICATION OF E.G.L. RESOURCES INC.  
FOR COMPULSORY POOLING IN  
LEA COUNTY, NEW MEXICO**

**CASE NO. 23214**

**SELF-AFFIRMED STATEMENT OF MATTHEW LANGHOFF**

Matthew Langhoff deposes and states:

1. I am a Landman for E.G.L. Resources Inc. ("EGL") and have personal knowledge of the matters and application stated herein. I have not been qualified by the Division as an expert petroleum landman. My educational background and employment experience is as follows: Bachelor of Arts from Texas Tech University, with 6 years working in a variety of roles as a landman for PBEX and affiliated companies. My area of responsibility for EGL includes the area of the application in Lea County in New Mexico.

2. This case is brought pursuant to NMAC 19.15.13.1, which allows a non-operator working interest owner to propose further development of a spacing unit created through compulsory pooling orders of the Division. EGL has proposed the drilling of two 1<sup>st</sup> Bone Spring wells to Matador Production Company and MRC Permian (associated entities), the operators designated pursuant to Orders R-14097, entered on December 14, 2015, and Order R-13960, entered on February 17, 2015. These orders force-pooled the Bone Spring formation underlying the W/2E/2 and the E/2E/2 of Section 16, Township 19 South, Range 34 East, Lea County, NM. Pursuant to these orders, Matador/MRC Permian drilled 3<sup>rd</sup> Bone Springs wells, and have not further developed the two spacing units. Under NMAC 19.15.13.11, EGL has proposed to Matador/MRC Permian, development of the 1<sup>st</sup> Bone Spring and Matador/MRC Permian have declined to drill EGL's proposed 1<sup>st</sup> Bone Spring wells.

Attached are copies of correspondence in accordance with NMAC 19.15.13.1:

- a. **Exhibit 1**—OCD Application 23214;
- b. **Exhibit 2**—Proposal letter dated August 9, 2022;
- c. **Exhibit 3**—Response from Matador/MRC Permian dated October 13, 2022;
- d. **Exhibit 4**—Order R-14097;
- e. **Exhibit 5**—Order R-13960.

3. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.

4. In **Case 23214** Applicant seeks an order pooling all mineral interests within the Quail Ridge, Bone Spring (Pool Code 50460), underlying Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the horizontal

spacing units described below to the following two wells:

**Cimarron 16 State Com #101H**

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit O of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1<sup>st</sup> Bone Spring.

**Cimarron 16 State Com #102H**

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit P of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1<sup>st</sup> Bone Spring.

Attached hereto as **Exhibits 6 and 7** are copies the C-102s for the foregoing wells, together with associated mapping.

5. The parties being pooled and the percent of their interests are shown in **Exhibit 8** for the respective wells. The owners of overriding royalty interests are also identified in **Exhibit 9** and whose interests have been pooled by Orders R-14097 and R-13960.

6. EGL has ascertained through diligent search of the public records that the only working interest owners are the Applicant and Matador/MRC Permian. A copy of the Communication Timeline is attached hereto as **Exhibit 10**.

7. In my opinion, EGL, as a non-operator, has made a good faith effort to promote the drilling of the proposed wells and/or obtain voluntary joinder of Matador/MRC Permian in the proposed wells.

8. **Exhibit 11** is a copy of the Authorization for Expenditure which was sent to Matador/MRC Permian, which was sent on August 9, 2022.

9. The proposal letters identified the proposed first and last take points and approximate TVD of the proposed wells.

10. The estimated cost of the wells set forth therein is fair and reasonable and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico. EGL requests overhead and administrative rates of \$8,500.00/month for drilling a well and \$800.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of New Mexico. EGL requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

11. EGL requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

12. EGL requests that it be designated operator of the wells.

13. The parties EGL is seeking to pool were notified of this hearing.

14. The attachments to this affidavit were prepared by me, or compiled from company business records, or were prepared at my direction.

15. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

16. The granting of this application is in the interests of conservation and the prevention of waste.

17. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in Paragraphs 1-19 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.

November 29, 2022  
DATE

  
MATTHEW LANGHORNE

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

APPLICATION OF E.G.L. RESOURCES INC.  
FOR COMPULSORY POOLING IN  
LEA COUNTY, NEW MEXICO

CASE NO. 23214

APPLICATION FOR COMPULSORY POOLING

E.G.L. RESOURCES INC. (OGRID 192373) applies for an order pooling all mineral interests within the Quail Ridge, Bone Spring (Pool Code 50460), underlying Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. In support of this application, Applicant 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 dedicate the above referenced horizontal spacing unit to the following two initial wells:

**Cimarron 16 State Com #101H**

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit O of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1<sup>st</sup> Bone Spring.

**Cimarron 16 State Com #102H**

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit P of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1<sup>st</sup> Bone Spring.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
4. The requested pooling of interests will avoid the drilling of unnecessary

wells, will prevent waste and will protect correlative rights.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

**WHEREFORE**, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving two initial horizontal wells in this spacing unit;
- C. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and;
- F. Imposing a 200% charge for 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.

PADILLA LAW FIRM, P.A.

By: /s/ Ernest L. Padilla  
Ernest L. Padilla  
P.O. Box 2523  
Santa Fe, New Mexico 87504  
(505) 988-7577  
padillalawnm@outlook.com



August 9, 2022



## E. G. L. Resources, Inc.

Re: Cimarron 16 19 34 RN State Com Unit  
NMOCD Order No. R-13960  
NMOCD Order No. R-14097  
E2 Section 16, T19S, R34E  
Lea County, New Mexico

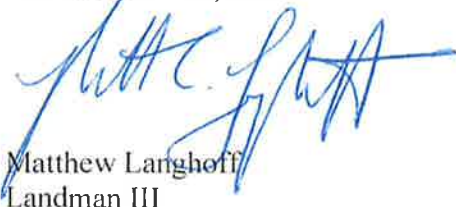
Dear Matador Production Company,

Pursuant to Title 19, Chapter 15, Part 13, Section 11 (19.15.13.11) of the New Mexico Administrative Code, PBEX II, LLC ("PBEX"), the successor in title to a pooled working interest owner via NMOCD Order Numbers: R-13960 and R-14097, hereby proposes the drilling of infill wells in the Cimarron 16 19 34 RN State Com Unit in E/2 Section 16, Township 19 South, Range 34 East, Lea County, New Mexico ("Cimarron 16 19 34 RN State Com Unit"). The infill wells shall be named the Cimarron 16 19 34 RN State Com #101H (W/2 E/2) and #102H (E/2 E/2) wells ("Infill Wells"). The target interval for the Infill Wells shall be the 1<sup>st</sup> Bone Spring Sand in the Bone Spring formation, to a total vertical depth of approximately 9,350' and total measured depth of approximately 15,350'. As Operator of the Cimarron 16 19 34 RN State Com Unit, Matador Production Company ("Matador") shall, within 60 days after receipt of this letter, either propose the Infill Wells at the specified location and depth pursuant to 19.15.13.10 NMAC, or notify PBEX, in writing, that it declines to do so. Please review the attached Authority for Expenditure ("AFE") with the gross amount of \$8,548,936 being the estimated total cost to drill and complete each of the referenced #101H & #102H wells.

Please feel free to call with any questions you may have, 432-894-0967, or email me at [mlanghoff@pbex.com](mailto:mlanghoff@pbex.com). However, if Matador declines to propose the Infill Wells, or fails to commence drilling the well within the time provided by 19.15.13.11(B), PBEX will apply to the New Mexico Oil Conservation Division for an order authorizing the drilling of the proposed Infill Wells under the terms of NMOCD Orders R-13960 and R-14097.

We look forward to working with you,

**EGL Resources, Inc.**



Matthew Langhoff  
Landman III

Authority For Expenditure (AFE)

Project: **Money Penny East**  
 Field: [50460] Quail Ridge, Bone Spring  
 Well: Cimarron 16 19 34 RN State Com #101H  
 Location: SHL NW/4 NE/4 of Section 16 T19S-R34E  
 BHL SW/4 SE/4 of Section 16 T19S-R34E  
 Lea County, New Mexico

AFE #  
 TD (MD): 15,350 ft MD  
 TVD: 9,530 ft  
 Drilled Lateral Length: 5,480 ft VS  
 Completed Lateral Length: 5,080 ft  
 Target: 1st Bone Spring

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use constraint.

Prognosis: 1 mi lateral. Completion: 5080' perf interval x 2500 lb/ft (12.7MM lb), 2000 gal/ft (242K bbl), 80 bpm. 25 stages (203'), plug & perf frac. Rigless prep w/ acid crew. ESP for artificial lift.				Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Code	Facilities Intangibles	Total Cost
Permits/ Well Signs					12,000						12,000	
Damages/ Right of Way											0	
Title & Abstracts, Drilling Title Opinion											0	
Survey and Stake Location					6,000						6,000	
Locations and Roads - shared with 2 wells					100,000						100,000	
Frac Pit Shared w/ 2 wells							150,000				150,000	
Conductor (drilled & set)					20,000						20,000	
Mobilization / Demobilization	4 days pre-spud + trucks & cranes / shared w/ 2 wells				115,000						115,000	
Drilling (Day Work)	12 days spud - RR \$25,000 per day				300,000						300,000	
Bits					50,000		3,000				53,000	
Downhole drilling tools & stabilization, survey tool					50,000						50,000	
Mud Logging	7 days \$1,500 per day				10,500						10,500	
Open Hole Surveys/ Gyro											0	
Water well, pump & line, water transfer					5,000		100,000				105,000	
Water/Brine/Mud Hauling					10,000		20,000				30,000	
Fresh Water	\$ 1.50 10,000 bbl drilling				15,000		435,450				450,450	
Brine Water					10,000						10,000	
Fuel	\$ 4.50 2,200 gal/day				118,800		300,000				418,800	
Mud & Chemicals	Water based mud in lateral				150,000		25,000				175,000	
Tubular Inspection	DP Cat IV on 1 strings. Casing: clean, drift, visual 3 strings.				30,000						30,000	
Drill string rental											0	
Casing Crew & LD Machine, CRT					50,000						50,000	
Welding					1,500						1,500	
Cementing					225,000						225,000	
Directional Drilling	9 days spud - RR \$15,000 per day				135,000						135,000	
Wellsite Supervisor					30,000		40,000				70,000	
JOA Overhead	#500/mo				8,500		8,500				17,000	
Open Hole Logs											0	
Solids Control Equipment	\$4,000 per day				48,000						48,000	
Cuttings Haul-off & Disposal					80,000						80,000	
Surface Rental Equipment	\$5,000 /d Drilling. Fracslack, light towers, generators, housing.				60,000		280,000				340,000	
BOP Rental, stripper head											0	
Pulling Unit	5 days, 4000/d							20,000			20,000	
Acidizing	Acid crew to prep toe						20,000				20,000	
Frac	Frac: see Prognosis above.						1,300,000				1,300,000	
Water Transfer							80,000				80,000	
Completion Tools	25 frac plugs						37,500				37,500	
Cased Hole Wireline & Perforating	25 stages, 10k lube						195,000		15,000		210,000	
Cooled Tubing / Snubbing Unit + Tools, Nitrogen							250,000				250,000	
Flowback & Well Testing									75,000		75,000	
Trucking					30,000		30,000				60,000	
Environmental							10,000				10,000	
Materials & Supplies					5,000						5,000	
Contract Labor, Roustabouts	Wellhead field service, NU crews, pit cleaning, battery construction				20,000		10,000			200,000	230,000	
Contingencies, taxes	10%				169,530		329,445		11,000	20,000	529,975	
<b>TOTAL INTANGIBLES</b>					<b>1,864,830</b>		<b>3,623,895</b>		<b>121,000</b>	<b>220,000</b>	<b>5,829,725</b>	

Prognosis: 3 string casing program. Tank battery allocated for 6 wells.				Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Code	Facilities Intangibles	Total Cost
Tubulars	Length	Size	Description	Price/ft FOB Loc								
Surface	1,900	13 3/8	54.5# J55 BTC	\$72.12		137,028						137,028
1st Intermediate	6,000	9 5/8	40# HC L80 BTC	\$62.50		375,000						375,000
2nd Intermediate												0
Production	15,350	5 1/2	20# P110 Sens+rem	\$38.00		583,300						583,300
Tubing	9,000	2 7/8	6.5# L80 EUE	\$9.00					81,000			81,000
Wellhead Equipment						25,000		30,000				55,000
Float Equipment & Centralizers, Wet Shoe						75,000						75,000
Liner hanger, Packer, TAC, other Tools									20,000			20,000
Flowlines, Valves, Fillings, pipeline											15,000	15,000
Tanks	4 oil, 4 water (750 bbl)										175,000	175,000
Battery: Pumps /Valves/Connections											275,000	275,000
Battery: Meters, Automation											125,000	125,000
Separation Equipment									85,000		32,500	117,500
Compressors/Dehydrators											0	0
Gas Meter Run, flare, VRU, Combustor									20,000		100,000	120,000
LACT	Pipeline LACT supplied by oil buyer.										0	0
Spill Containment											25,000	25,000
Artificial Lift	ESP purchase, rental drive								250,000			250,000
Electrical Installation									37,500			37,500
Contingencies, taxes	10%					119,533		3,000		20,600	72,250	215,383
<b>TOTAL TANGIBLES</b>						<b>1,314,861</b>		<b>33,000</b>		<b>514,100</b>	<b>857,250</b>	<b>2,719,211</b>
<b>TOTAL WELL COST</b>						<b>Drilling 3,179,691</b>		<b>Completion 3,656,895</b>		<b>Production 635,100</b>	<b>Facilities 1,077,250</b>	<b>Total 8,548,936</b>

Prepared By: Kelvin Fisher Date: 6/16/22 Drill & Complete 6,836,586

Approval: Kelvin Fisher Date:

Partner Approval Amount:  
 Joint Owner:  
 Working Interest: Joint Owner Approval:

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Ex.A-2-7



Authority For Expenditure (AFE)

Project: **Money Penny East**  
 Field: [50460] Quail Ridge, Bone Spring  
 Well: Cimarron 16 19 34 RN State Com #102H  
 Location: SHL NW/4 NE/4 of Section 16 T19S-R34E  
 BHL SE/4 SE/4 of Section 16 T19S-R34E  
 Lea County, New Mexico

AFE #  
 TD (MD): 15,350 ft MD  
 TVD: 9,530 ft  
 Drilled Lateral Length: 5,480 ft VS  
 Completed Lateral Length: 5,080 ft  
 Target: 1st Bone Spring

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use constraint.

Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Code	Facilities Intangibles	Total Cost
Prognosis: 1 mi lateral. Completion: 5080' perf interval x 2500 lb/ft (12.7MM lb), 2000 gal/ft (242k bbl), 80 bpm. 25 stages (203'), plug & perf frac. Rigless prep w/ acid crew. ESP for artificial lift.								
	12,000							12,000
Permits/ Well Signs								0
Damages/ Right of Way								0
Title & Abstracts, Drilling Title Opinion								0
Survey and Stake Location	6,000							6,000
Locations and Roads - shared with 2 wells	100,000							100,000
Frac Pit Shared w/ 2 wells			150,000					150,000
Conductor (drilled & set)	20,000							20,000
Mobilization / Demobilization 4 days pre-spud + trucks & cranes / shared w/ 2 wells	115,000							115,000
Drilling (Day Work) 12 days spud - RR \$25,000 per day	300,000							300,000
Bits	50,000		3,000					53,000
Downhole drilling tools & stabilization, survey tool	50,000							50,000
Mud Logging 7 days \$1,500 per day	10,500							10,500
Open Hole Surveys/ Gyro								0
Water well, pump & line, water transfer	5,000		100,000					105,000
Water/Brine/Mud Hauling	10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 290,300 bbl compl'n (20% excess)	15,000		435,450					450,450
Brine Water	10,000							10,000
Fuel \$ 4.50 2,200 gal/day 49 Stages	118,800		300,000					418,800
Mud & Chemicals Water based mud in lateral	150,000		25,000					175,000
Tubular Inspection DP: Cat IV on 1 strings. Casing: clean, drift, visual 3 strings.	30,000							30,000
Drill string rental								0
Casing Crew & LD Machine, CRT	50,000							50,000
Welding	1,500							1,500
Cementing	225,000							225,000
Directional Drilling 9 days spud - RR \$15,000 per day	135,000							135,000
Wellsite Supervisor	30,000		40,000					70,000
JOA Overhead 8500/mo	8,500		8,500					17,000
Open Hole Logs								0
Solids Control Equipment \$4,000 per day	48,000							48,000
Cullings Haul-off & Disposal	80,000							80,000
Surface Rental Equipment \$5,000 id Drilling Fracstack, light towers, generators, housing	60,000		280,000					340,000
BOF Rental, stripper head								0
Pulling Unit 5 days, 4000id					20,000			20,000
Acidizing Acid crew to prep toe			20,000					20,000
Frac Frac: see Prognosis above			1,300,000					1,300,000
Water Transfer			80,000					80,000
Completion Tools 25 frac plugs			37,500					37,500
Cased Hole Wireline & Perforating 25 stages, 10k lube.			195,000		15,000			210,000
Coiled Tubing / Snubbing Unit + Tools, Nitrogen			250,000					250,000
Flowback & Well Testing					75,000			75,000
Trucking	30,000		30,000					60,000
Environmental			10,000					10,000
Materials & Supplies	5,000							5,000
Contract Labor, Roustabouts Wellhead field service, NU crews, pit cleaning, battery construction	20,000		10,000				200,000	230,000
Contingencies 10%	169,530		329,445		11,000		20,000	529,975
<b>TOTAL INTANGIBLES</b>	<b>1,864,830</b>		<b>3,623,895</b>		<b>121,000</b>		<b>220,000</b>	<b>5,829,725</b>

Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
Prognosis: 3 string casing program. Tank battery allocated for 6 wells.								
Tubulars Length Size Description Price/ft FOB Loc								
Surface 1,900 13 3/8 54.5# J55 BTC \$72.12	137,028							137,028
1st Intermediate 8,000 9 5/8 40# HC L80 BTC \$62.50	375,000							375,000
2nd Intermediate								0
Production								0
Production 15,350 5 1/2 20# P11U Semi-Perm \$38.00	583,300							583,300
Tubing 9,000 2 7/8 6.5# L80 EUE \$9.00				81,000				81,000
Wellhead Equipment	25,000		30,000					55,000
Float Equipment & Centralizers, Wet Shoe	75,000							75,000
Liner hanger, Packer, TAC, other Tools					20,000			20,000
Flowlines, Valves, Fittings, pipeline							15,000	15,000
Tanks 4 oil, 4 water (750 bbl)							175,000	175,000
Battery: Pumps /Valves/Connections							275,000	275,000
Battery: Meters, Automation							125,000	125,000
Separation Equipment					85,000		32,500	117,500
Compressors/Dehydrators							0	0
Gas Meter Run, flare, VRU, Combustor					20,000		100,000	120,000
LACT Pipeline LACT supplied by oil buyer.							0	0
Spill Containment							25,000	25,000
Artificial Lift ESP purchase, rental drive							0	250,000
Electrical Installation					37,500		37,500	75,000
Contingencies, taxes 10%	119,533		3,000		20,600		72,250	215,383
<b>TOTAL TANGIBLES</b>	<b>1,314,861</b>		<b>33,000</b>		<b>514,100</b>		<b>857,250</b>	<b>2,719,211</b>
<b>TOTAL WELL COST</b>	<b>Drilling 3,179,691</b>		<b>Completion 3,656,895</b>		<b>Production 635,100</b>		<b>Facilities 1,077,250</b>	<b>Total 8,548,936</b>

Prepared By: Kelvin Fisher Date: 6/16/22 Drill & Complete 6,836,586

Approval: Kelvin Fisher Date:

Partner Approval Amount:  
 Joint Owner:  
 Working Interest: Joint Owner Approval:

By execution of this AFE, the above signer is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_

## Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Telephone 972.371.5241 • Fax 972.371.5201  
[spryor@matadorresources.com](mailto:spryor@matadorresources.com)

**Sam Pryor**  
Vice President of Federal Lands

October 13, 2022

Via Certified Mail and Email

Mr. Matthew Langhoff  
E.G.L. Resources, Inc.  
5600 N. May Ave, Suite 320  
Oklahoma City, OK 73122

Re: Matador's Force Pooling Order Nos. R-13960 and R-14097, together comprising the force pooling of the Bone Spring formation in the E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico (the "Pooling Orders").

Dear Mr. Langhoff,

I am writing in response to your August 9, 2022 letter, in which PBEX II, LLC ("PBEX") proposed two infill wells under the Pooling Orders pursuant to NMAC 19.15.13.11. The Pooling Orders established two one-mile spacing units in the Bone Spring formation and Matador previously drilled the initial well under each Order. As I have discussed with you, Matador and Cimarex Energy Co. are working together on the ability to develop this acreage using two-mile laterals (or longer) to the south. The discussions are progressing well, and we anticipate that we will have a finalized plan of development in the coming weeks.

This planned development using longer laterals would reduce a significant amount of waste that would be caused by PBEX's proposed one-mile infill wells. In addition, the economic returns to PBEX and all other working interest owners, as well as the revenues to royalty owners, will be significantly improved by using longer laterals. After receiving your August 9 letter, I discussed these points with you and was surprised that PBEX was unwilling to rescind its August 9 letter. Either way, for these reasons, Matador declines to propose the two one-mile wells identified in your August 9 letter under the Pooling Orders.

Please note that Matador feels strongly that all parties should work towards development using longer laterals and that PBEX's proposals would cause waste and would not be prudent if such longer laterals are a viable option. Accordingly, Matador will vigorously contest any efforts by PBEX to apply for an order from the NMOCD allowing it to drill the proposed one-mile infill wells at this time. We think a contested hearing on this issue would be an inefficient

Ex.A-3-9

use of both company's time and resources, and would much prefer to spend that time discussing PBEX's participation in longer laterals or other potential transactions involving PBEX's interest. We believe the NMOCD's precedent supports Matador's position on this issue; however, in the event PBEX is granted the right to drill the two infill wells, Matador reserves its right to receive proposals for such wells and the opportunity to elect whether to participate in such wells.

If you would like to discuss this matter further, please give me a call anytime.

With kind regards,  
MRC ENERGY COMPANY

  
Sam Pryor

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 15366  
ORDER NO. R-14097**

**APPLICATION OF MATADOR PRODUCTION COMPANY FOR A NON-  
STANDARD SPACING AND PRORATION UNIT, COMPULSORY POOLING  
AND NON-STANDARD LOCATION, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on September 3, 2015, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 14<sup>th</sup> day of December, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Matador Production Company (the "Applicant" or "Matador") seeks approval of a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") in the Quail Ridge; Bone Spring Pool (Pool code 50640) consisting of the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation.

(3) The Unit will be dedicated to Applicant's Cimarron 16 19S 34E RN State Well No. 133H (the "proposed well"; API No. 30-025-Pending), a horizontal well to be drilled from a surface location 250 feet from the North line and 1015 feet from the East line (Unit A) of Section 16 to a terminus 240 feet from the South line and 1506 feet from the East line (Unit O) of Section 16, Township 19 South, Range 34 East, NMPM.

Case No. 15366  
Order No. R-14097  
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(4) Applicant also seeks approval of the completed interval of the proposed well with the first perforation point being 330 feet from the North line and 1506 feet from the East line (Unit B) of Section 16 while the last perforation point is to be located 330 feet from the South line and 1506 feet from the East line (Unit O) of Section 16. The location of the completed interval is unorthodox because the perforated interval is less than 330 feet from the outer boundary of the project area.

(5) The proposed well is within the Quail Ridge; Bone Spring Pool. Spacing in this pool is governed by Division Rule 19.15.15.9(A) NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections.

(6) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) the Bone Spring formation, including the 3<sup>rd</sup> Bone Spring sand, in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well North to South or South to North is appropriate for the Unit;
- (c) all standard units to be included in the Unit are expected to be productive in the Bone Spring, so that formation of the Unit as requested will not impair correlative rights;
- (d) Applicant will utilize the same surface location in Unit A for drilling the proposed well which was used for the existing well, the Cimarron 16 19S 34E RN State Well No. 134H (API No. 30-025-42352). The existing well is located within a 160-acre project area being the E/2 E/2 of Section 16.
- (e) Applicant stated the unorthodox location of the completed interval of the proposed well will provide greater resource recovery in the east half of the section since the existing well was located closer to the eastern boundary of its respective project area.
- (f) Applicant testified that the interest owners for the E/2 E/2 and the W/2 E/2 of Section 16 were common and that Matador was the designated operator for the adjoining project area;
- (g) Applicant provided notice of this application to all uncommitted mineral interest owners by certified mail, return receipt requested, and by publication in a newspaper in general circulation in Lea County, New Mexico, for unlocatable uncommitted mineral interest owners; and



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Order No. R-14097  
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(h) Applicant attempted good faith effort to obtain a voluntary joinder with Amtex Energy, Inc.

(7) No other party appeared at the hearing, or otherwise opposed the granting of this application.

(8) On September 25, 2015, an Entry of Appearance was filed through counsel on behalf of Amtex Energy, Inc. ("Amtex") and William Savage who opposed the application.

(9) Subsequently on October 5, 2015, Matador filed a Motion to Quash Entry of Appearance in response to the September filing. Matador stated that Amtex, being a working interest owner and offset operator, was properly notified per Division rule. Matador was not aware of any title information that would require Mr. Savage (in his individual capacity) to be noticed in the same manner. Matador noted that Mr. Savage was president of Amtex and, therefore, received notification as a working interest owner and as an offset operator. Matador contended that Amtex had sufficient notice along with knowledge of the application in order to have made an appearance at hearing on September 3, 2015, to oppose the application. Matador further stated that notification of Mr. Savage was not required under Division Rule 19.15.4.12(A) NMAC since Mr. Savage was not qualified as a working mineral interest owner.

(10) On October 13, 2015, counsel for Amtex and Mr. Savage filed a Response to Motion to Quash. Amtex stated its correlative property rights were threatened by Matador's compulsory pooling application and that Amtex wished to retain its ability for *de novo* appeal of an order by Division.

(11) Lastly, Applicant filed a Reply in Support of Its Motion to Quash Entry of Appearance on October 22, 2015. Matador provided historical information for consideration in the original filing for entry by Amtex.

The Division concludes as follows:

(12) The filing of the Entry of Appearance by Amtex was 22 days following the formal hearing of Case No. 15366 on September 3, 2015 Docket. Applicant's Exhibit No. 5 documents three return receipt cards (Article Numbers 7014 3490 001 8089 7522, 7014 3490 001 8089 7782, and 7014 3490 001 8089 7713) addressed to Amtex and returned to the Applicant with an endorsed delivery date of August 12, 2015. Applicant testified that additional attempts to contact Amtex by phone were unsuccessful. Based on the delivery date of the return receipt cards, Amtex received proper notice within the 20-day requirement found in Division Rule 19.15.4.9(B) NMAC. Additionally, Amtex made no effort following notice to enter an appearance to protest or request a continuance of the case to adequately prepare a protest of the application. Therefore, Entry of Appearance submitted by Amtex was not timely and should not be considered.



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(13) Approval of the proposed non-standard unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(14) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(15) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(16) There are interest owners in the Unit that have not agreed to pool their interests.

(17) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(18) The proposed unorthodox location of the completed interval will provide for greater resource recovery thereby preventing waste while protecting correlative rights.

(19) Matador should be designated the operator of the proposed well and the Unit.

(20) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(21) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

**IT IS THEREFORE ORDERED THAT:**

(1) A non-standard 160-acre oil spacing and proration unit and project area (the "Unit") is hereby established for the Bone Spring formation [Quail Ridge; Bone Spring Pool (Pool code 50640)] consisting of the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

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Order No. R-14097  
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(2) Pursuant to the application of Matador Production Company, all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to Applicant's Cimarron 16 19S 34E RN State Well No. 133H (the "proposed well"; API No. API No. 30-025-Pending), a horizontal well to be drilled from a surface location 250 feet from the North line and 1015 feet from the East line (Unit A) of Section 16 to a terminus 240 feet from the South line and 1506 feet from the East line (Unit O) of Section 16, Township 19 South, Range 34 East, NMPM. The unorthodox location of the completed interval for the proposed well in the Bone Spring formation is hereby approved.

(4) The operator of the Unit shall commence drilling the proposed well on or before December 31, 2016, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before December 31, 2016, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the spacing units included in the proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those spacing units in which the well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) Matador Production Company (OGRID 228937) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this Order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

Case No. 13366  
Order No. R-14097  
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(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production from the well:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

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(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this Order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this Order shall thereafter be of no further effect.

(19) The operator of the well and the Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) The Entry of Appearance filed by Amtex Energy, Inc. on September 25, 2015, for this case is untimely and no further testimony will be accepted.

(21) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

DAVID R. CATANACH  
Director

SEAL

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 15243  
ORDER NO. R-13960

APPLICATION OF MRC PERMIAN COMPANY FOR APPROVAL OF A NON-  
STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 18, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 17<sup>th</sup> day of February, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) MRC Permian Company (also Matador Resources Company) ("Applicant") seeks approval of a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") in the Bone Spring formation, Quail Ridge-Bone Spring Pool (Pool code: 50460), consisting of the E/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation.

(3) The Unit will be dedicated to Applicant's Cimarron 16 19 34 RN State Well No. 134H (the "proposed well"; API No. 30-025-42352), a horizontal well to be drilled from a surface location 250 feet from the North line and 985 feet from the East line (Unit letter A) of Section 16, to a terminus 240 feet from the South line and 380 feet from the East line (Unit letter P) of Section 16. The completed interval of the proposed well in the Bone Spring formation will be orthodox.

(4) The proposed well is within the Quail Ridge-Bone Spring Pool (Pool code: 50460). Spacing in this pool is governed by statewide Rule 19.15.15.9A. NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-

Case No. 15243  
Order No. R-13960  
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quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections.

(5) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) the Bone Spring formation, including the 3<sup>rd</sup> Sand unit, in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well South to North or North to South is appropriate for the proposed Unit and provides for greater productivity than existing horizontal wells with orientation of East to West or West to East; and
- (c) all quarter-quarter sections to be included in the Unit are expected to be productive in the Bone Spring formation, so that formation of the Unit as requested will not impair correlative rights.

(6) Applicant provided notice of this application to all uncommitted interest owners by certified mail, return receipt requested, and by publication.

(7) MRC Permian Company requested Matador Production Company be designated operator of the proposed well and of the Unit.

(8) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(9) Approval of the proposed non-standard unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(10) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(11) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(12) There are interest owners in the Unit that have not agreed to pool their interests.

(13) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons,

Case No. 15243  
Order No. R-13960  
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this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(14) Matador Production Company should be designated the operator of the proposed well and of the Unit.

(15) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(16) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

**IT IS THEREFORE ORDERED THAT:**

(1) A non-standard 160-acre oil spacing and proration unit (the "Unit") is hereby established for the Bone Spring formation, Quail Ridge-Bone Spring Pool (Pool code: 50460), consisting of the E/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico.

(2) Pursuant to the application of MRC Permian Company, all uncommitted interests, whatever they may be, in the oil and gas located in the Bone Spring formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to the Applicant's **Cimarron 16 19 34 RN State Well No. 134H** (the "proposed well"; API No. 30-025-42352), a horizontal well to be drilled from a surface location 250 feet from the North line and 985 feet from the East line (Unit letter A) of Section 16, to a terminus 240 feet from the South line and 380 feet from the East line (Unit letter P) of Section 16. The completed interval of the proposed well in the Bone Spring formation will be orthodox.

(4) The operator of the Unit shall commence drilling the proposed well on or before February 1, 2016, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before February 1, 2016, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion



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of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the quarter-quarter sections included in the proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which the individual well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on that Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) Matador Production Company (OGRID 228937) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this Order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.



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Order No. R-13960  
Page 5 of 6

(13) The operator is hereby authorized to withhold the following costs and charges from production from each well:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A7-8A-28, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this Order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this order shall thereafter be of no further effect.

(19) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Case No. 15243  
Order No. R-13960  
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*David R. Catanach*

DAVID R. CATANACH  
Director

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
 AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<b>1 API Number</b>		<b>2 Pool Code</b>		<b>3 Pool Name</b>			
<b>4 Property Code</b>		<b>5 Property Name</b> CIMARRON 16 19 34 STATE COM				<b>6 Well Number</b> 101H	
<b>7 OGRID No.</b> 192373		<b>8 Operator Name</b> E.G.L. RESOURCES INC.				<b>9 Elevation</b> 3824'	

**10 Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	19-S	34-E		250'	NORTH	1360'	EAST	LEA

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	16	19-S	34-E		100'	SOUTH	2310'	EAST	LEA

<b>12 Dedicated Acres</b>	<b>13 Joint or Infill</b>	<b>14 Consolidation Code</b>	<b>15 Order No.</b>
---------------------------	---------------------------	------------------------------	---------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

**SURFACE HOLE LOCATION (SHL)**  
NEW MEXICO EAST - NAD 83  
X=778968.65 LAT.= 32.66683356° N  
Y=607189.47 LONG.= 103.56112044° W  
NEW MEXICO EAST - NAD 27  
X=737788.66 LAT.= 32.66671026° N  
Y=607125.82 LONG.= 103.56062643° W  
250' FNL, 1360' FEL - SECTION 16

**FIRST TAKE POINT (FTP)**  
NEW MEXICO EAST - NAD 83  
X=778017.41 LAT.= 32.66723759° N  
Y=607329.56 LONG.= 103.56420809° W  
NEW MEXICO EAST - NAD 27  
X=736837.44 LAT.= 32.66711432° N  
Y=607265.92 LONG.= 103.56371396° W  
100' FNL, 2310' FEL - SECTION 16

**LAST TAKE POINT (LTP)**  
**BOTTOM HOLE LOCATION (BHL)**  
NEW MEXICO EAST - NAD 83  
X=778062.64 LAT.= 32.65327437° N  
Y=602249.53 LONG.= 103.56418068° W  
NEW MEXICO EAST - NAD 27  
X=736882.53 LAT.= 32.65315111° N  
Y=602186.04 LONG.= 103.56368710° W  
100' FSL, 2310' FEL - SECTION 16

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

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

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

Date of Survey 10/28/2022

Signature and Seal of Professional Surveyor:

Certificate No. \_\_\_\_\_

**CORNER DATA**  
NEW MEXICO EAST - NAD 83  
A - FOUND 2" IRON PIPE W/ 2" BRASS CAP N:607396.87° E:775037.38°  
B - FOUND 1" IRON ROD N:607426.06° E:777680.46°  
C - FOUND 2" IRON PIPE W/ 2" BRASS CAP N:607453.63° E:780326.42°  
D - FOUND 2" IRON PIPE W/ 2" BRASS CAP N:604813.01° E:780349.18°  
E - FOUND 2" IRON PIPE W/ 2" BRASS CAP N:602171.97° E:780373.45°  
F - FOUND 1-1/2" IRON PIPE N:602146.28° E:777728.80°  
G - FOUND 1/2" IRON ROD W/ 2" BRASS CAP N:602115.63° E:775081.25°  
H - FOUND 1" IRON PIPE W/ 2" BRASS CAP N:604757.86° E:775080.35°

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name			
4 Property Code		5 Property Name CIMARRON 16 19 34 STATE COM				6 Well Number 102H	
7 OGRID No. 192373		8 Operator Name E.G.L. RESOURCES INC.				9 Elevation 3824'	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	19-S	34-E		280'	NORTH	1360'	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	19-S	34-E		100'	SOUTH	330'	EAST	LEA

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
--------------------	--------------------	-----------------------	--------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

**SURFACE HOLE LOCATION (SHL)**  
NEW MEXICO EAST - NAD 83  
X=778968.91 LAT.= 32.66675111° N  
Y=607159.47 LONG.= 103.56112031° W  
NEW MEXICO EAST - NAD 27  
X=737788.92 LAT.= 32.66662780° N  
Y=607095.82 LONG.= 103.56062631° W  
280' FNL, 1360' FEL - SECTION 16

**FIRST TAKE POINT (FTP)**  
NEW MEXICO EAST - NAD 83  
X=779997.30 LAT.= 32.66725471° N  
Y=607350.20 LONG.= 103.55777415° W  
NEW MEXICO EAST - NAD 27  
X=738817.31 LAT.= 32.66713136° N  
Y=607286.54 LONG.= 103.55728024° W  
100' FNL, 330' FEL - SECTION 16

**LAST TAKE POINT (LTP)**  
**BOTTOM HOLE LOCATION (BHL)**  
NEW MEXICO EAST - NAD 83  
X=780042.55 LAT.= 32.65328764° N  
Y=602268.76 LONG.= 103.55774774° W  
NEW MEXICO EAST - NAD 27  
X=738862.42 LAT.= 32.65316430° N  
Y=602205.25 LONG.= 103.55725437° W  
100' FSL, 330' FEL - SECTION 16

CORNER DATA  
NEW MEXICO EAST - NAD 83

A. FOUND 2" IRON PIPE W/ 2" BRASS CAP N:607396.87° E:775037.38°	E. FOUND 2" IRON PIPE W/ 2" BRASS CAP N:602171.97° E:780373.45°
B. FOUND 1" IRON ROD N:607426.06° E:777680.46°	F. FOUND 1-1/2" IRON PIPE N:602146.28° E:777728.80°
C. FOUND 2" IRON PIPE W/ 2" BRASS CAP N:607453.63° E:780326.42°	G. FOUND 1/2" IRON ROD W/ 2" BRASS CAP N:602115.63° E:775081.25°
D. FOUND 2" IRON PIPE W/ 2" BRASS CAP N:604813.01° E:780349.18°	H. FOUND 1" IRON PIPE W/ 2" BRASS CAP N:604757.86° E:775060.35°

**17 OPERATOR CERTIFICATION**

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

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

---

**18 SURVEYOR CERTIFICATION**

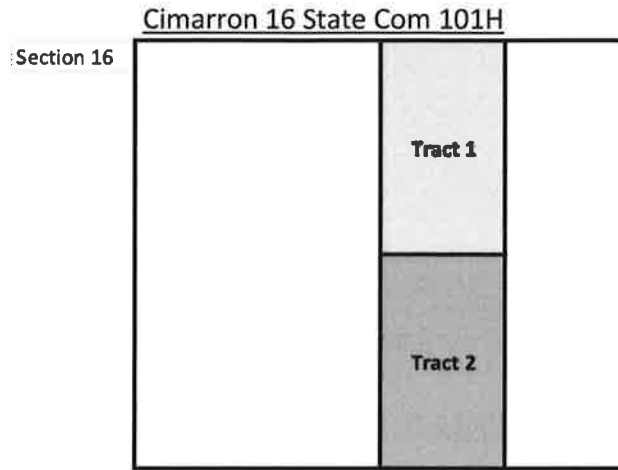
*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Date of Survey: 10/28/2022

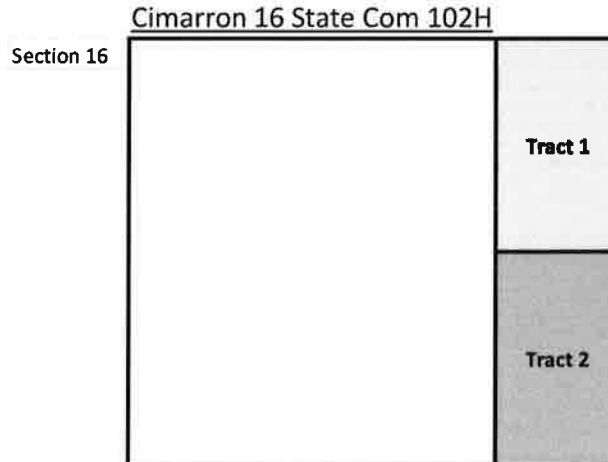
Signature and Seal of Professional Surveyor:

Certificate Number \_\_\_\_\_

Case No. 23214, Cimarron 16 State Com 101H and 102H  
E2 Section 16-19S-34E  
Land Plat



Tract 1 – W2NE4 Section 16 - Lease L-2949-5  
MRC Permian Co. – 100.00% (50.00% Unit WI)  
Tract 2 – W2SE4 Section 16 - Lease E-7824  
PBEX II, LLC – 100.00% (50.00% Unit WI)



Tract 1 – E2NE4 Section 16 - Lease L-2949-5  
MRC Permian Co. – 100.00% (50.00% Unit WI)  
Tract 2 – E2SE4 Section 16 - Lease E-7824  
PBEX II, LLC – 100.00% (50.00% Unit WI)

**WI Owners**

MRC Permian – 50.00%  
5400 Lyndon B Johnson Fwy., Ste. 1500  
Dallas, TX 75240

PBEX II, LLC – 50.00%  
223 W. Wall St, Ste 900  
Midland, TX 79701

**ORRI Owners**

Charis Royalty F, LP  
PO Box 3418  
Midland, TX 79702

Stewart Royalty, Inc.  
Six Desta Drive, Suite 2725  
Midland, TX 79705

Platform Energy IV, LLC  
PO Box 2078  
Abilene, TX 79604

MP Trieb Royalty, LLC  
4621 Evergreen St.  
Bellaire, TX 77401

MA Trieb Royalty, LLC  
4110 Herschel Ave.  
Dallas, TX 75219

Foran Oil Company  
5400 LBJ Freeway, Ste 1500  
Dallas, TX 75240

Sage Resources, Ltd.  
4835 N. Lin

## Communication Timeline

Case No. 23214, Cimarron 16 State Com 101H and 102H

E2 Section 16-19S-34E

August 10, 2022 – Email with well proposal (and a hard copy of the well proposals and AFEs delivered 8/15/2022) were sent to Matador Resources (“MRC”) for the Cimarron 16 19 34 RN State Com wells. EGL Resources/PBEX clarified that these wells were being proposed pursuant to Title 19, Chapter 15, Part 13, Section 11 of the New Mexico Administrative Code (infill wells proposed by a pooled working interest owner).

August 18, 2022 – Emails were exchanged between EGL Resources/PBEX and MRC, and there was a phone conversation between MRC and EGL Resources/PBEX. EGL Resources/PBEX explained that it was proposing wells as a pooled working interest owner because there were proven formations within the pooled units that had not been drilled or developed by MRC, and no development plans including those formations had been communicated by MRC since it drilled wells in the pooled unit.

October 10, 2022 – Phone call between MRC and EGL Resources/PBEX discussing the letter and the infill well proposals: MRC mentioned ongoing conversations with offset operator trying to have Section 16 included in longer laterals, but mentioned no development plans of its own including Section 16, and no specific timing or plans were referenced for development/drilling Section 16 by offset operator, but only a desire to include Section 16 in development including longer laterals. EGL Resources/PBEX verbally offered to acquire MRC’s interest via trade or sale.

October 13, 2022 – Email with letter dated October 13, 2022, received from MRC in response to EGL Resources/PBEX’s August 9<sup>th</sup> letter. Again, no infill wells were proposed by MRC and no timing or plans for developing/drilling Section 16 were communicated by MRC pertaining to its own development, or any offset operator(s).

Ex.A-10-29



Authority For Expenditure (AFE)

Project: Money Penny East  
 Field: [50460] Quall Ridge, Bone Spring  
 Well: Cimarron 16 19 34 RN State Com #101H  
 Location: SHL NW/4 NE/4 of Section 16 T19S-R34E  
 BHL SW/4 SE/4 of Section 16 T19S-R34E  
 Lea County, New Mexico

AFE #  
 TD (MD): 15,350 ft MD  
 TVD: 9,530 ft  
 Drilled Lateral Length: 5,480 ft VS  
 Completed Lateral Length: 5,080 ft  
 Target: 1st Bone Spring

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use constraint.

Prognosis: 1 mi lateral. Completion: 5080' perf interval x 2500 lb/H [12.7MM lb], 2000 gal/H (242k bbl), 80 bpm. 25 stages (203'), plug & perf frac. Rigless prep w/ acid crew. ESP for artificial lift.	Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Code	Facilities Intangibles	Total Cost
Permits/ Well Signs		12,000							12,000
Damages/ Right of Way									0
Title & Abstracts/ Drilling Title Opinion									0
Survey and Stake Location		8,000							8,000
Locations and Roads - shared with 2 wells		100,000							100,000
Frac Pit Shared w/ 2 wells				150,000					150,000
Conductor (drilled & set)		70,000							70,000
Mobilization / Demobilization 4 days pre-spud + trucks & cranes / shared w/ 2 wells		115,000							115,000
Drilling (Day Work) 12 days spud - RR \$25,000 per day		300,000							300,000
Blis 50,000 3,000		50,000		3,000					53,000
Downhole drilling tools & stabilization, survey tool		50,000							50,000
Mud Logging 7 days \$1,600 per day		10,500							10,500
Open Hole Surveys/ Gyro									0
Water w/ pump & line, water transfer		5,000		100,000					105,000
Water/Brine/Mud Hauling		10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 290,300 bbl comp'n (20% excess)		15,000		435,450					450,450
Brine Water		10,000							10,000
Fuel \$ 4.50 2,200 gal/day 49 Stages		118,800		300,000					418,800
Mud & Chemicals Water based mud in lateral.		160,000		25,000					175,000
Tubular Inspection DP: Cat IV on 1 strings, Casing: clean, drift, visual 3 strings.		30,000							30,000
Drill string rental									0
Casing Crew & LD Machine, CRT		50,000							50,000
Welding		1,500							1,500
Cementing		225,000							225,000
Directional Drilling 2 days spud - RR \$15,000 per day		135,000							135,000
Wellbore Supervisor		30,000		40,000					70,000
JOA Overhead 8500/mo		8,500		8,500					17,000
Open Hole Logs									0
Solids Control Equipment \$4,000 per day		48,000							48,000
Cuttings Haul-off & Disposal		80,000							80,000
Surface Rental Equipment \$5,000 @ Drilling Frac stack, light towers, generators, housing		60,000		280,000					340,000
BOP Rental, stripper head									0
Pulling Unit 5 days, 4000/l						20,000			20,000
Acidizing Acid crew to prep toe.				20,000					20,000
Frac Frac: see Prognosis above.				1,300,000					1,300,000
Water Transfer				80,000					80,000
Completion Tools 25 frac plugs				37,500					37,500
Cased Hole Wireline & Perforating 25 stages, 10k lbs.				195,000		15,000			210,000
Cooled Tubing / Scrubbing Unit Tools, Nitrogen				250,000					250,000
Flowback & Well Testing						75,000			75,000
Trucking		30,000		30,000					60,000
Environmental				10,000					10,000
Materials & Supplies		5,000							5,000
Contract Labor, Hourly/Trade Wellhead test service, NU crews, pig cleaning, battery construction		20,000		10,000			200,000		230,000
Contingencies 10%		169,530		329,445		11,000	20,000		529,975
<b>TOTAL INTANGIBLES</b>		<b>1,864,830</b>		<b>3,623,895</b>		<b>121,000</b>	<b>220,000</b>		<b>5,829,725</b>

Prognosis: 3 string casing program. Tank battery allocated for 6 wells.	Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
Tubular Length Size Description Price/ft FOB Loc									
Surface 1,900 13 3/8 54 5# J55 BTC \$72.12		137,028							137,028
1st Intermediate 8,000 9 5/8 40# HC L80 BTC \$82.50		375,000							375,000
2nd Intermediate									0
Production									0
Production 15,350 5 1/2 20# P110 Semi-Prem \$38.00		583,300							583,300
Tubing 8,000 2 7/8 6.5# L80 ELIE \$9.00						81,000			81,000
Wellhead Equipment		25,000		30,000					55,000
Final Equipment & Controllers, West Shore		75,000							75,000
Liner hanger, Packur, TAC, other Tools						20,000			20,000
Flowlines, Valves, Fittings, pipelines							15,000		15,000
Tanks 4 oil, 4 water (750 bbl)							175,000		175,000
Battery, Pumps /Valves/Connections							275,000		275,000
Battery, Meters, Automation							125,000		125,000
Separation Equipment						85,000	32,500		117,500
Compressors/Dehydrators							0		0
Gas Meter Run, Burn, VRU, Combustor						20,000	100,000		120,000
LACT Pipeline LACT supplied by oil buyer							0		0
Spill Containment							25,000		25,000
Artificial Lift ESP purchase, rental drive.						250,000	0		250,000
Electrical Installation						37,500	37,500		75,000
Contingencies, taxes 10%		119,533		3,000		20,600	72,250		215,383
<b>TOTAL TANGIBLES</b>		<b>1,314,861</b>		<b>33,000</b>		<b>514,100</b>	<b>857,250</b>		<b>2,719,211</b>
<b>TOTAL WELL COST</b>		<b>3,179,691</b>		<b>3,656,895</b>		<b>635,100</b>	<b>1,077,250</b>		<b>8,548,936</b>

Prepared By: Kelvin Fisher Date: 6/16/22 Drill & Complete 6,836,586

Approval: Kelvin Fisher Date:

Partner Approval Amount:

Joint Owner: Working Interest: Joint Owner Approval:

By execution of this AFE, the above signed agreement to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit O of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: Date:



**Project:** Moneypenny East  
**Field:** [50460] Quail Ridge, Bone Spring  
**Well:** Cimarron 16 19 34 RN State Com #1021F  
**Location:** SHL NW/4 NE/4 of Section 16 T19S-R34E  
 BHL SE/4 SE/4 of Section 16 T19S-R34E  
 Lea County, New Mexico

**Authority For Expenditure (AFE)**

**AFE #**  
**TD (MD):** 15,350 ft MD  
**TVD:** 9,530 ft  
**Drilled Lateral Length:** 5,480 ft VS  
**Completed Lateral Length:** 5,080 ft  
**Target:** 1st Bone Spring

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural/regulatory or any other surface use constraint.

Prognosis: 3 mi lateral. Completion: 5080' perf interval x 2500 lb/n (12.7KMAIb), 2000 gal/n (242k bbl), 80 bpm. 25 stages (203'), plug & perf frac. Rigless prep w/ acid crew. ESP for artificial lift.

	Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Code	Facilities Intangibles	Total Cost
Permits/ Well Signs		12,000							12,000
Damages/ Right of Way									0
Title & Abstracts, Drilling Title Opinion									0
Survey and Stake Location		6,000							6,000
Locations and Roads - shared with 2 wells		100,000							100,000
Frac Pit Shared w/ 2 wells				150,000					150,000
Conductor (drilled & set)		20,000							20,000
Mobilization / Demobilization 4 days pre-spud + trucks & cranes / shared w/ 2 wells		115,000							115,000
Drilling Day Work 12 days spud - RR \$25,000 per day									300,000
Downhole drilling tools & stabilization, survey tool		50,000		3,000					53,000
Mud Logging 7 days \$1,500 per day		10,500							10,500
Open Hole Surveyal Gyro									0
Water well pump & line, water transfer		5,000		100,000					105,000
Water/Brine/Mud Hauling		10,000		20,000					30,000
Fresh Water \$ 1.50 10,000 bbl drilling 290,300 bbl comp'n (20% excess)		15,000		435,450					450,450
Brine Water		10,000							10,000
Fuel \$ 4.50 2,200 gal/day 49 Stages		118,800		360,000					478,800
Mud & Chemical Water based mud in lateral		150,000		25,000					175,000
Tubular Inspection DP, Cat IV on 1 strings. Casing: clean, drift, visual 3 strings.		30,000							30,000
Drill string rental									0
Casing Crew & LD Machine, CRT		50,000							50,000
Welding		1,500							1,500
Cementing		225,000							225,000
Directional Drilling 0 days spud - RR \$15,000 per day		135,000							135,000
Wellsite Supervisor		30,000		40,000					70,000
JOA Overhead 8500/mo		8,500		8,500					17,000
Open Hole Logs									0
Solids Control Equipment \$4,000 per day		48,000							48,000
Outfalls Haul-off & Disposal									80,000
Surface Rental Equipment		60,000		280,000					340,000
BCP Rental, slipper head									0
Pulling Unit 5 days, 4000id						20,000			20,000
Acidizing Acid crew to prep log				20,000					20,000
Frac Frac: see Prognosis above.				1,300,000					1,300,000
Water Transfer				80,000					80,000
Completion Tools 25 frac plugs				37,500					37,500
Cased Hole Wellbore & Perforating 25 stages, 10k lube.				195,000		15,000			210,000
Cooled Tubing / Snubbing Unit + Tools, Nitrogen				250,000					250,000
Flowback & Well Testing						75,000			75,000
Trucking		30,000		30,000					60,000
Environmental				10,000					10,000
Materials & Supplies		5,000							5,000
Contract Labor, Roughabouts Wellhead field service NU crews, pit dewatering, battery construction		20,000		10,000				200,000	230,000
Contingencies 10%		169,530		329,445		11,000		20,000	529,975
<b>TOTAL INTANGIBLES</b>		<b>1,864,820</b>		<b>3,623,895</b>		<b>121,000</b>		<b>220,000</b>	<b>5,829,725</b>

Prognosis: 3 string casing program. Tank battery allocated for 6 wells.

	Code	Drilling Tangibles	Code	Completion Tangibles	Code	Production Tangibles	Code	Facilities Tangibles	Total Cost
Tubulars Length Size Description Price/ft FOB Loc									
Surface 1.890 13 3/8 54.5# J55 BTC \$72.12		137,028							137,028
1st Intermediate 6,000 9 5/8 40# HC L80 BTC \$62.50		375,000							375,000
2nd Intermediate									0
Production									0
Production 15,350 5 1/2 20# P110 S&W-Prod \$38.00		583,300							583,300
Tubing 0.000 2 7/8 6.5# L80 FUEL \$9.00						81,000			81,000
Wellhead Equipment		25,000		30,000					55,000
Float Equipment & Centralizers, Wet Shoe		75,000							75,000
Liner hanger, Packer, TAC, other Tools						20,000			20,000
Flowlines, Valves, Fittings, pipeline								15,000	15,000
Tanks 4 oil 4 water (750 bbl)								175,000	175,000
Battery: Pumps/Valves/Connections								275,000	275,000
Battery: Meter, Automation								125,000	125,000
Separation Equipment						85,000		32,500	117,500
Compressors/Dehydrators								0	0
Gas Meter Run, flare, VRU, Combustor						20,000		100,000	120,000
LACT Pipeline LACT supplied by oil buyer								0	0
Spill Containment								25,000	25,000
Artificial Lift ESP purchase, rental drive						250,000		0	250,000
Electrical Installation						37,500		0	37,500
Contingencies, taxes 10%		119,535		3,000		20,000		72,250	215,385
<b>TOTAL TANGIBLES</b>		<b>1,314,661</b>		<b>33,000</b>		<b>514,100</b>		<b>857,250</b>	<b>2,719,211</b>
<b>TOTAL WELL COST</b>		<b>3,179,481</b>		<b>3,656,895</b>		<b>635,100</b>		<b>1,077,250</b>	<b>8,548,936</b>

Prepared By: Kelvin Fisher Date: 6/16/22 Drill & Complete 5,836,586

Approval: Kelvin Fisher

Partner Approval Amount:  
 Joint Owner:  
 Working Interest: Joint Owner Approval:

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_

# Table of Contents

## **Exhibit B**

OCD Case 23214  
(Cimarron wells)  
E.G.L. Resources Inc.  
Self-Affirmed Statement  
Matthew Pardee

### Page Numbers

1) Self-Affirmed Statement	1-3
2) Exhibit 1 Area of Interest and Analogs	4
3) Exhibit 2 1 <sup>st</sup> Sand Depth TVDSS and Analogs	5
4) Exhibit 3 Cross Section	6
5) Exhibit 4 1 <sup>st</sup> Sand Isopach and Analogs	7
6) Exhibit 5 1 <sup>st</sup> Sand Lateral Target Net Pay and Analogs	8

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

**APPLICATION OF E.G.L. RESOURCES INC.  
FOR COMPULSORY POOLING IN  
LEA COUNTY, NEW MEXICO**

**CASE NO. 23214**

**SELF-AFFIRMED STATEMENT OF MATTHEW PARDEE**

Matthew Pardee deposes and states:

1. I am over the age of 18, I am a Geologist for E.G.L. Resources, Inc. (“EGL”), and have personal knowledge of the matters stated herein.

2. I am a Geologist for E.G.L. Resources, Inc. (“E.G.L.”), and have personal knowledge of the matters stated herein. I have not been qualified by the Division as an expert Petroleum Geologist. My educational background and employment experience is as follows. I attained my BSc. Geology degree from Salem State University. While working as a Geophysical Tech at Chesapeake I attended Graduate level courses focused on Geophysics at Oklahoma State University. I have worked in a professional capacity in Geoscience in the Energy industry focusing on Oil and Gas exploration, production, and drilling for 9 years. The following geological plats are attached hereto:

a. Area of Interest and Analogs;

Shows the acreage in question and the area of interest around it with relevant horizontal wellbores with a line of cross section and the data points used for mapping the target formation.

b. Bone Spring 1<sup>st</sup> Sand Depth TVD SS and Analogs;

Shows the acreage in question and the area of interest around it with relevant horizontal wellbores with a line of cross section and the data points used for

mapping the target formation with the Sub Sea Depth contours of the top of the Bone Spring 1<sup>st</sup> Sand overlaid.

c. Cross Section;

Shows the general character of the log response to the target formation and illustrates the relative depth and thickness of the target formation.

d. Bone Spring 1<sup>st</sup> Sand Isopach and Analogs;

Shows the acreage in question and the area of interest around it with relevant horizontal wellbores with a line of cross section and the data points used for mapping the target formation with the Isopach (Thickness) contours of the Bone Spring 1<sup>st</sup> Sand overlaid.

e. Bone Spring 1<sup>st</sup> Sand Lateral Target Net Pay and Analogs;

Shows the acreage in question and the area of interest around it with relevant horizontal wellbores with a line of cross section and the data points used for mapping the target formation with the thickness of calculated Net Pay contours of the Bone Spring 1<sup>st</sup> Sand overlaid.

3. I conclude from the maps that:

a. The horizontal spacing units are justified from a geologic standpoint.

b. The target zone is continuous and of relatively uniform thickness across the well unit.

c. Each quarter-quarter section in the well unit will contribute more or less equally to production.

d. There is no faulting or other geologic impediment in the area which will affect the drilling of the subject wells.

4. I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 4 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.

11/29/2022

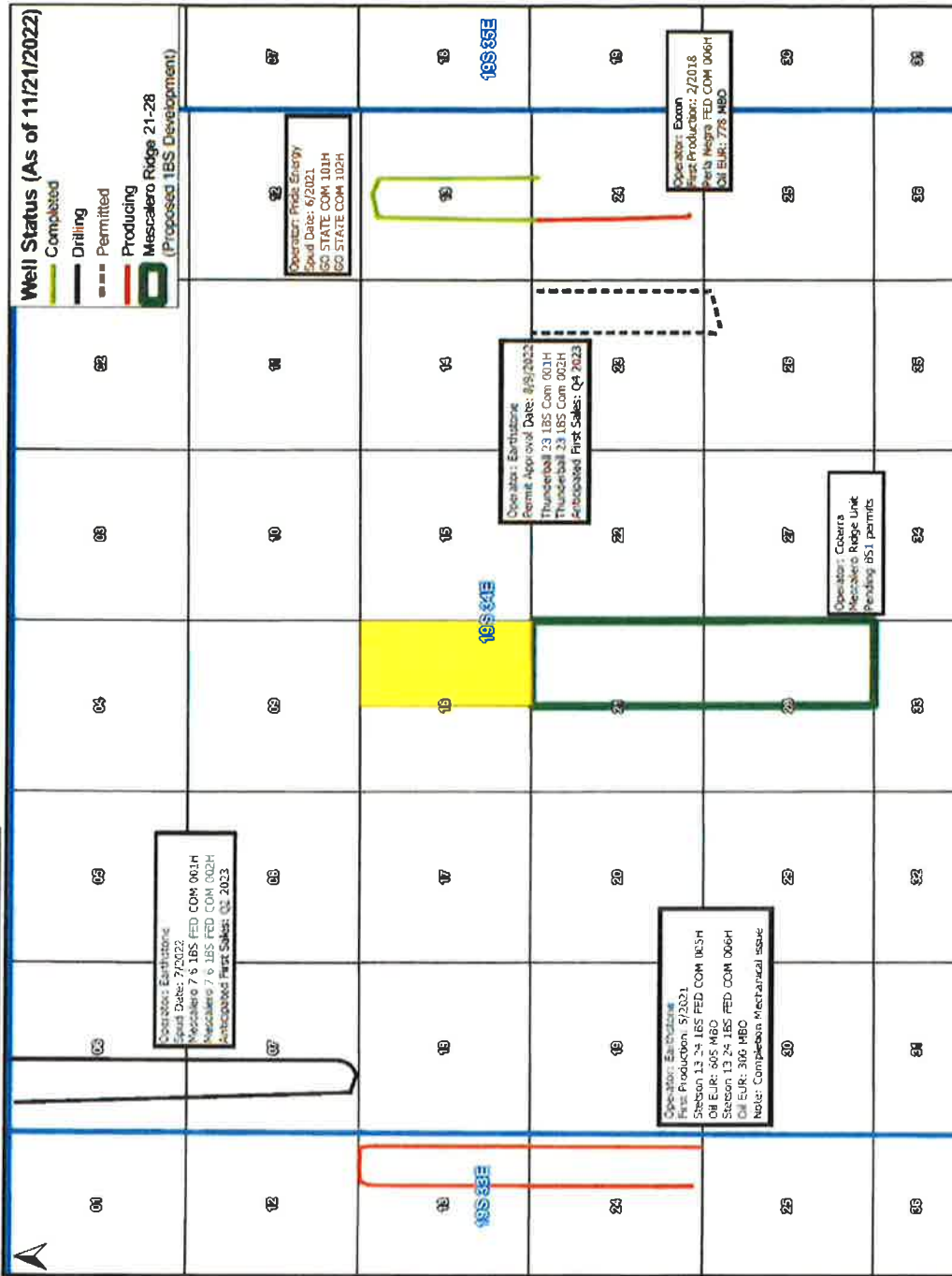
DATE

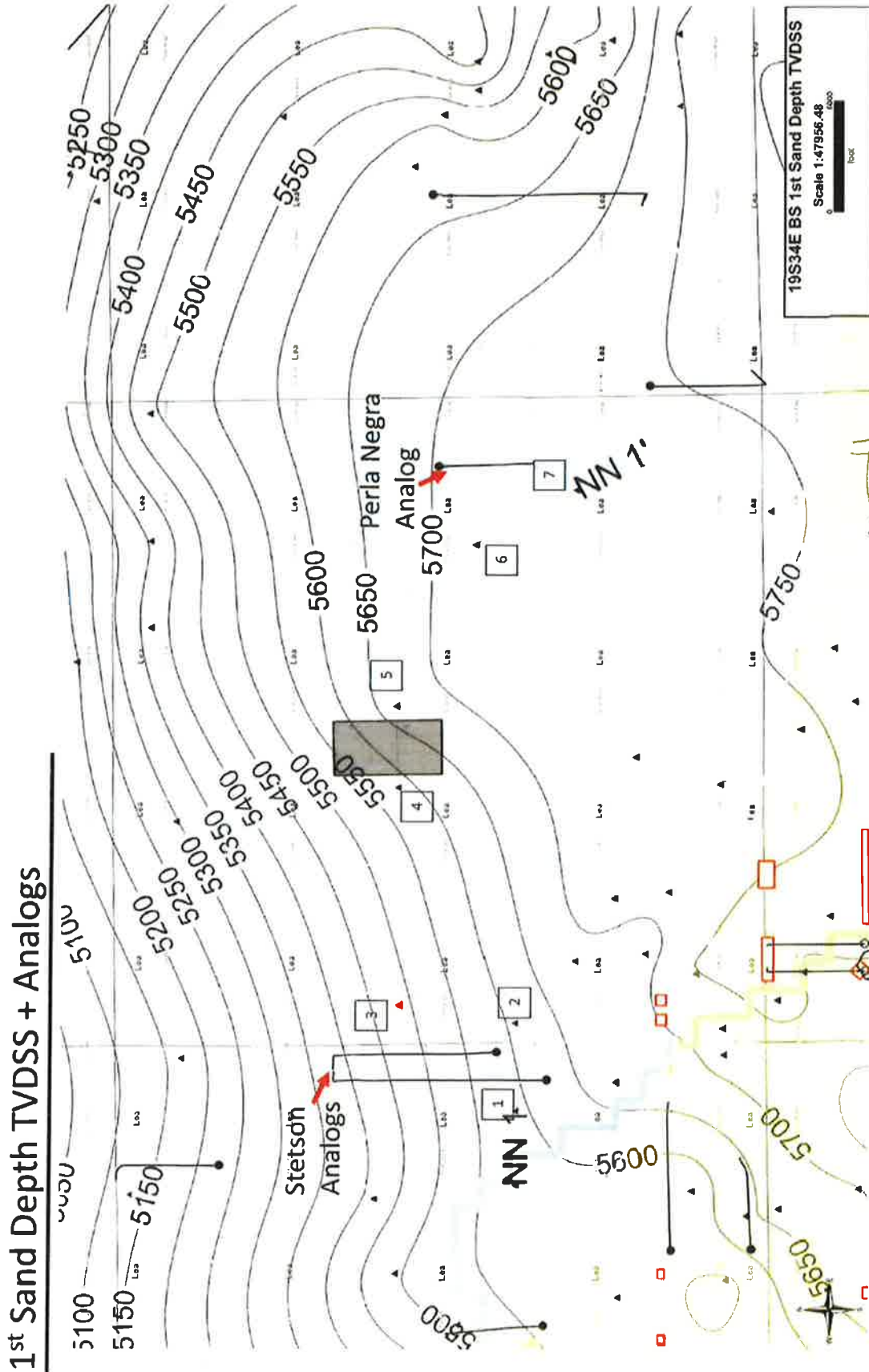
A handwritten signature in black ink, appearing to be 'MP' with a long horizontal stroke extending to the right.

MATTHEW PARDEE



AOI + Analogs

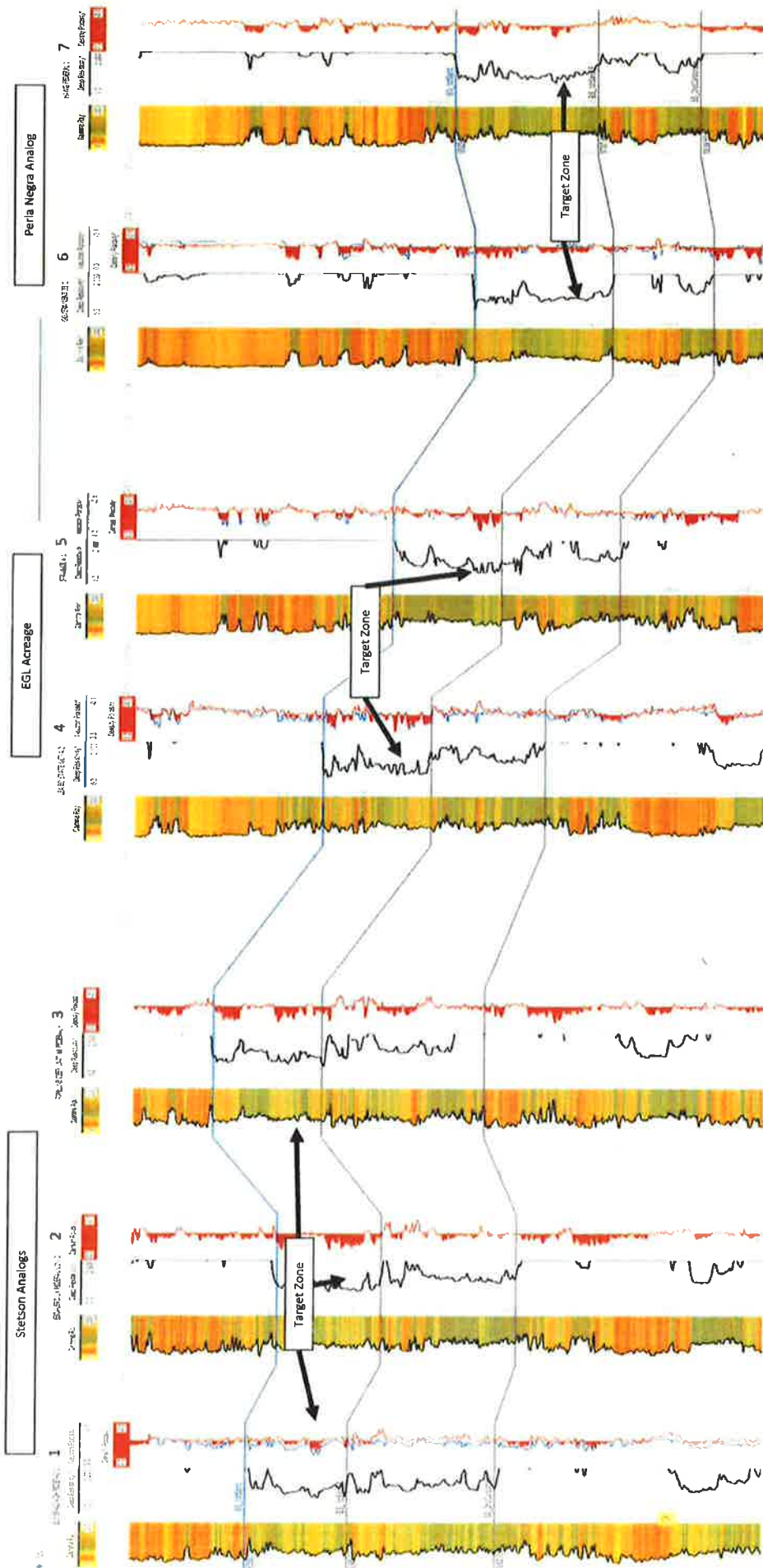




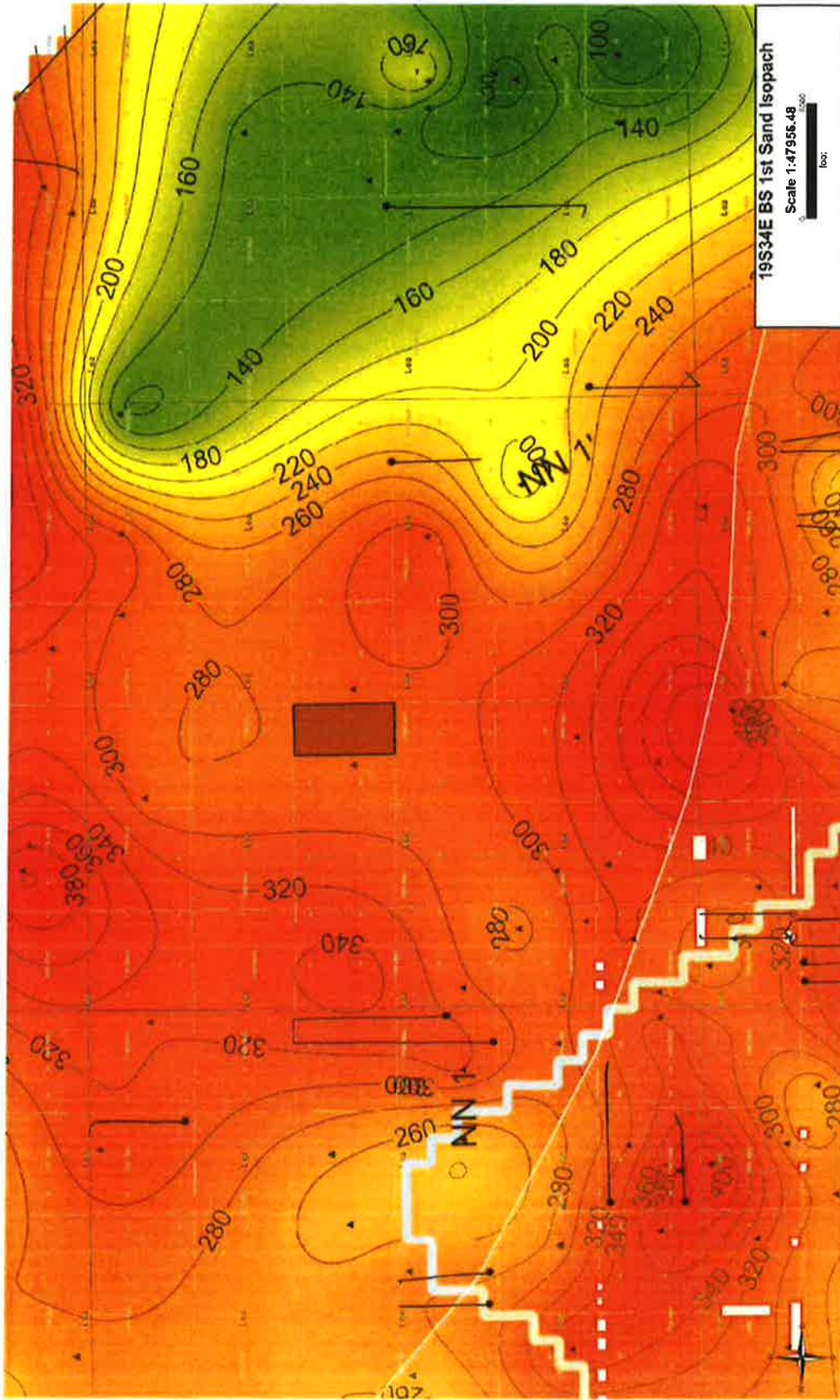
Ex.B-2-5



Cross Section



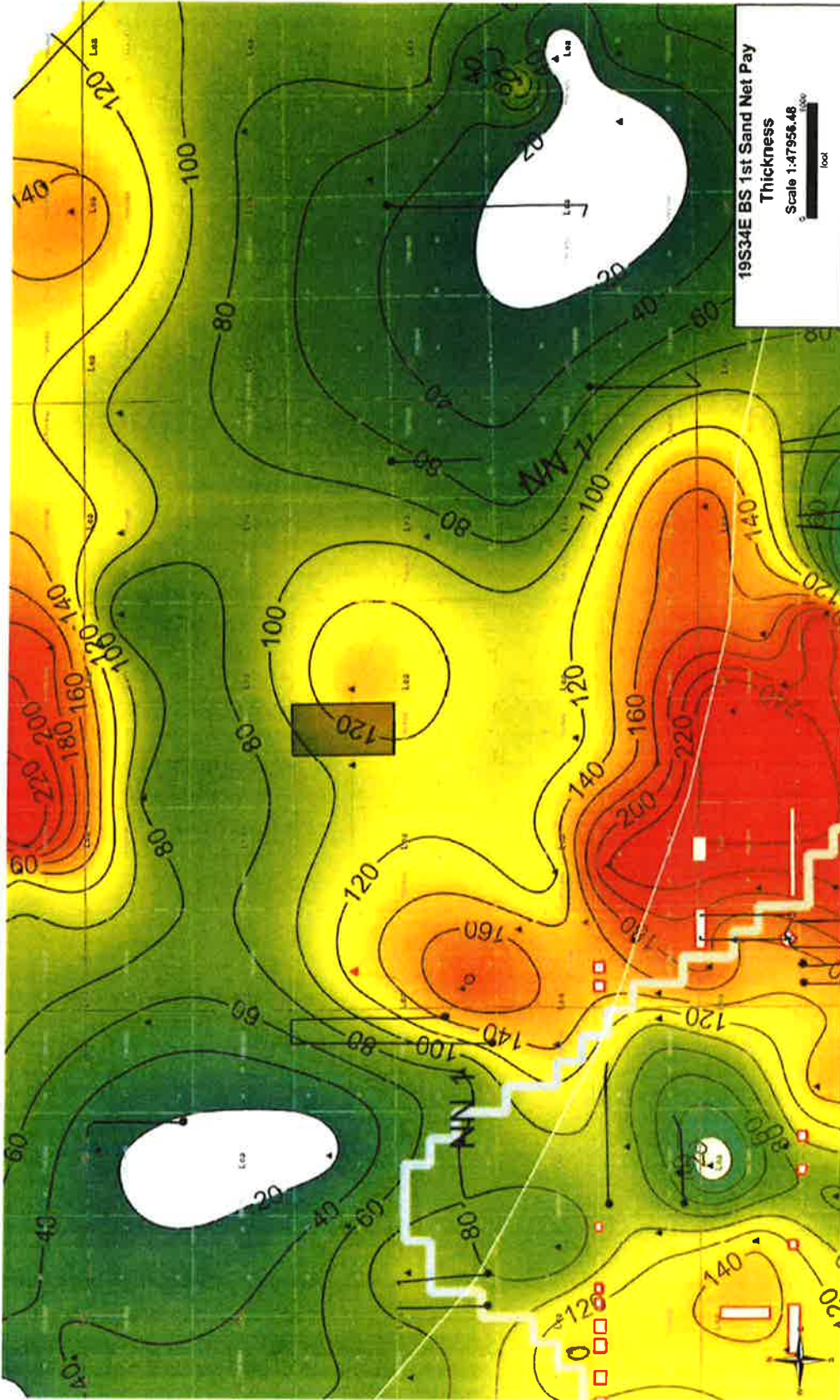
**1st Sand Isopach + Analogs**



Ex.B-4-7



1st Sand Lateral Target Net Pay + Analogs



Ex.B-5-8

# Table of Contents

## **Exhibit C**

OCD Case 23214  
(Cimarron wells)  
E.G.L. Resources Inc.  
Affidavit of  
Ernest L. Padilla

### Page Numbers

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

APPLICATION OF E.G.L. RESOURCES INC.  
FOR COMPULSORY POOLING IN  
LEA COUNTY, NEW MEXICO

CASE NO. 23214

AFFIDAVIT

STATE OF NEW MEXICO }  
  }ss  
COUNTY OF SANTA FE }

AFFIANT, ERNEST L. PADILLA, first being duly sworn on oath states:

Ernest L. Padilla, attorney for E.G.L. RESOURCES INC., the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "C" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

  
Ernest L. Padilla

SWORN TO AND SUBSCRIBED to before me this 29<sup>th</sup> day of November, 2022, by  
Ernest L. Padilla.

  
Notary Public

JoANN B. GALLEGOS  
Notary Public-State of New Mexico  
Commission # 1090479  
My Comm. Expires April 9,2025

**PADILLA LAW FIRM, P.A.**

**STREET ADDRESS**  
1512 S. ST. FRANCIS DRIVE  
SANTA FE, NM 87505

**MAILING ADDRESS**  
P.O. BOX 2523  
SANTA FE, NEW MEXICO 87504-2523

**EMAIL ADDRESS**  
[padillalawnm@outlook.com](mailto:padillalawnm@outlook.com)

**TELEPHONE**  
505-988-7577

**FACSIMILE**  
505-988-7592

November 9, 2022

**CERTIFIED MAIL/RETURN RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS**

**Re: NMOCD Case Numbers#23214 In the Matter of the Application of E.G.L. Resources Inc, for compulsory pooling in Lea County, New Mexico.**

Ladies and Gentlemen:

This letter will advise that E.G.L. Resources Inc, has filed an application with the New Mexico Oil Conservation Division seeking an order for compulsory pooling, in Lea County, New Mexico as referenced above. A copy of this application is enclosed.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. This hearing will be conducted on December 1, 2022 at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: [OCD.Hearings@emnrd.nm.gov](mailto:OCD.Hearings@emnrd.nm.gov). Nonetheless, to stay informed as to any changes for hearing procedures you should consult the OCD website for further instructions. You are not required to attend these hearings, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 1211.

Very truly yours,  


ERNEST L. PADILLA

ELP:jbg

cc: E.G.L. Resources Inc.



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

APPLICATION OF E.G.L. RESOURCES INC.  
FOR COMPULSORY POOLING IN  
LEA COUNTY, NEW MEXICO

CASE NO. 23214

APPLICATION FOR COMPULSORY POOLING

E.G.L. RESOURCES INC. (OGRID 192373) applies for an order pooling all mineral interests within the Quail Ridge, Bone Spring (Pool Code 50460), underlying Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. In support of this application, Applicant 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 dedicate the above referenced horizontal spacing unit to the following two initial wells:

**Cimarron 16 State Com #101H**

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit O of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1<sup>st</sup> Bone Spring.

**Cimarron 16 State Com #102H**

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit P of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1<sup>st</sup> Bone Spring.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
4. The requested pooling of interests will avoid the drilling of unnecessary

wells, will prevent waste and will protect correlative rights.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

**WHEREFORE**, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving two initial horizontal wells in this spacing unit;
- C. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and;
- F. Imposing a 200% charge for 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.

PADILLA LAW FIRM, P.A.

By: /s/ Ernest L. Padilla  
Ernest L. Padilla  
P.O. Box 2523  
Santa Fe, New Mexico 87504  
(505) 988-7577  
padillalawnm@outlook.com

**WI Owners**

MRC Permian  
5400 Lyndon B Johnson Fwy., Ste. 1500  
Dallas, TX 75240

**Certified Mail**

7020 2450 0002 1363 5615

**ORRI Owners**

Charis Royalty F, LP  
PO Box 3418  
Midland, TX 79702

7020 2450 0002 1363 5561

Stewart Royalty, Inc.  
Six Desta Drive, Suite 2725  
Midland, TX 79705

7020 2450 0002 1363 5578

Platform Energy IV, LLC  
PO Box 2078  
Abilene, TX 79604

7020 2450 0002 1363 5585

MP Trieb Royalty, LLC  
4621 Evergreen St.  
Bellaire, TX 77401

7020 2450 0002 1363 5592

MA Trieb Royalty, LLC  
4110 Herschel Ave.  
Dallas, TX 75219

7020 2450 0002 1363 5608

Foran Oil Company  
5400 LBJ Freeway, Ste 1500  
Dallas, TX 75240

7020 2450 0002 1363 5622

Sage Resources, Ltd.  
4835 N Lindhurst Avenue  
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**WI Owners**

MRC Permian  
5400 Lyndon B Johnson Fwy., Ste. 1500  
Dallas, TX 75240

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**Returned Dated****ORRI Owners**

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Midland, TX 79702

7020 2450 0002 1363 5561

Stewart Royalty, Inc.  
Six Desta Drive, Suite 2725  
Midland, TX 79705

7020 2450 0002 1363 5578

Platform Energy IV, LLC  
PO Box 2078  
Abilene, TX 79604

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4621 Evergreen St.  
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7020 2450 0002 1363 5592

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5400 LBJ Freeway, Ste 1500  
Dallas, TX 75240

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4835 N Lindhurst Avenue  
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Total Postage and Fees  
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Dallas, TX 75229

Street and Apt. No. Dallas, TX 75229

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<p>2. Article Number (Transfer from service label)</p> <p>7020 2450 0002 1363 5639</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt</p>	

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

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

Beginning with the issue dated  
November 27, 2022  
and ending with the issue dated  
November 27, 2022.

  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this  
27th day of November 2022.

  
\_\_\_\_\_  
Business Manager

My commission expires  
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

**LEGAL NOTICE**  
**November 27, 2022**

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. A hearing will be conducted on December 1, 2022 at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. Nonetheless, to stay informed as to any changes for hearing procedures you should consult the OCD website for further instructions. You are not required to attend these hearings, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 1211.

**STATE OF NEW MEXICO:**  
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: MRC Permian, Charls Royalty F, LP, Stewart Royalty, Inc., Platform Energy IV, LLC, MP Trieb Royalty, LLC, MA Trieb Royalty, LLC, Foran Oil Company, Sage Resources, Ltd.

**Case No. 23214:** Applicant seeks an order pooling all mineral interests within the Quail Ridge, Bone Spring (Pool Code 50460), underlying Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. This standard spacing unit will be dedicated to the **Cimarron 16 State Com #101H and Cimarron 16 State Com #102H** these wells, will be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 11 miles west of Monument, New Mexico.  
**#00273417**

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00273417

JOANN GALLEGOS  
PADILLA LAW FIRM, P.A.  
PO BOX 2523  
SANTA FE  
SANTA FE, NM 87504

COMPULSORY POOLING APPLICATION CHECKLIST	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 23214</b>	<b>Applicant's Response</b>
<b>Date</b>	11/29/2022
<b>Applicant</b>	E.G.L. Resources Inc.
<b>Designated Operator &amp; OGRID (affiliation if applicable)</b>	192373
<b>Applicant's Counsel</b>	Ernest L. Padilla
<b>Case Title:</b>	Application of E.G.L. Resources Inc. for Compulsory Pooling in Lea County, NM
<b>Entries of Appearance/Intervenors</b>	Matador Production Company
<b>Well Family</b>	Cimarron 16 State Com
<b>Formation/Pool</b>	
<b>Formation Name(s) or Verticle Extent</b>	Quail Ridge, Bone Spring
<b>Primary Product (Oil or Gas)</b>	Oil
<b>Pooling this verticle extent</b>	1st Bone Spring
<b>Pool Name and Pool Code</b>	Quail Ridge, Bone Spring, Pool Code 50460
<b>Well Location Setback Rules</b>	Standard
<b>Spacing Unit Size</b>	160
<b>Spacing Unit</b>	
<b>Type (Horizontal/Verticle)</b>	Horizontal
<b>Size (acres)</b>	160 acres
<b>Building Blocks</b>	quarter/quarter sections
<b>Orientation</b>	North to South
<b>Description: TRS/County</b>	Section 16, T19S, R34E, Lea County, New Mexico
<b>Description: TRS/County</b>	Section 16, T19S, R34E, Lea County, New Mexico
<b>Standard Horizontal Well Spacing Unit</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: No</b>	no
<b>Proximity Tracts: If yes, description</b>	no
<b>Proximity Defining Well: If yes, description</b>	no
<b>Applicant's Ownership In Each Tract</b>	
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location</b>	
<b>footages, completion target, orientation, completion status</b>	
<b>(standard or non-standard)</b>	
	<p><b>Cimarron 16 State Com #101H</b>                      This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit O of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1st Bone Spring. (W/2 E/2 spacing unit)</p> <p><b>Cimarron 16 State Com #102H</b>                      This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit P of Section 16 T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1st Bone Spring. (E/2 E/2 spacing unit)</p>
<b>Horizontal Well First and Last Take Points</b>	Exhibit A-6&7 pages 24-25
<b>Completion Target (Formation, TVD and MD)</b>	Exhibit A-6&7 pages 24-25
	<b>Identify the Exhibit and Page for information below this line</b>
<b>AFE Capex and Operating Costs</b>	
<b>Drilling Supervision/Month \$</b>	\$8500/\$850
<b>Production Supervision/Month \$</b>	Exhibit A-12 AFE pages 30-31
<b>Justification for Supervision Costs</b>	Exhibit A-12 AFE pages 30-31
<b>Request Risk Charge</b>	200%
<b>Notice of Hearing</b>	
<b>Proposed Notice of Hearing</b>	Exhibit C page 2
<b>Proof of Mailed Notice of Hearing (20 days before hearing)</b>	Exhibit C pages 6,7,8 & 9
<b>Proof of Published Notice of Hearing (10 days before hearing)</b>	Exhibit C page 10
<b>Ownership Determination</b>	
<b>Land Ownership Schematic of the Spacing Unit</b>	Exhibit A-6&7 pages 24-25
<b>Tract List (including lease numbers and owners)</b>	Exhibit A-8 page 6
<b>Pooled Parties (including ownership type)</b>	Exhibit A-2 pages 6-8 and Exhibit A-9 page 27
<b>Unlocatable Parties to be Pooled</b>	none
<b>Ownership Depth Severance (including percentage above &amp; below)</b>	none
<b>Joinder</b>	
<b>Sample Copy of Proposed Letter</b>	Exhibit A-2 pages 6-8
<b>List of Interest Owners (ie Exhibit A of JOA)</b>	
<b>Chronology of Contact with Non-Joined Working Interests</b>	Exhibit A-11 page 29
<b>Overhead Rates In Proposal Letter</b>	Exhibit A-2 pages 6-8
<b>Cost Estimates to Drill and Complete</b>	Exhibit A-12 AFE pages 30-31
<b>Cost Estimate to Equip Well</b>	Exhibit A-12 AFE pages 30-31
<b>Cost Estimate for Production Facilities</b>	Exhibit A-12 AFE pages 30-31
<b>Geology</b>	

Summary (Including special considerations)	Exhibit B pages 1-2
Spacing Unit Schematic	Exhibit B-3 page 5
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5 page 8
Well Orientation (with rationale)	North/South existing spacing unit Exhibit A-4 and A-5 pages 11-23
Target Formation	1st Bone Spring
HSU Cross Section	Exhibit B-3 page 5
Depth Severance Discussion	none
Forms, Figures and Tables	Exhibit B pages 1-7
C-102	Exhibit A-6&7 pages 24-25
Tracts	Exhibit A-6&7 pages 24-25
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-11 page 3
General Location Map (Including basin)	Exhibit B-11 page 3
Well Orientation (with rationale)	North/South existing spacing unit Exhibit A-4 and A-5 pages 11-23
Structure Contour Map - Subsea Depth	Exhibit B-2 page 4
Cross Section Location Map (Including wells)	Exhibit B-3 page 5
Cross Section (Including Landing Zone)	Exhibit B-3 page 5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name: (Attorney or Party Representative):	Ernest L. Padilla
Signed Name: (Attorney or Party Representative):	<i>Ernest L. Padilla</i>
Date:	11/29/2022