## **BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING JULY 6, 2023**

# **CASE NO. 23607**

## GREVEY BS 111H, 121H &131H WELLS

# Lea County, New Mexico



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

### APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23607

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    Matador Exhibit C-4: Well Proposal and AFE
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0	Matador Exhibit D-1:	Locator map
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0	Matador Exhibit D-3:	Bone Spring structural cross-section

• Matador Exhibit E: Self-Affirmed Statement of Notice

#### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 23607 **APPLICANT'S RESPONSE** Date July 6, 2023 **MRC Permian Company** Applicant Designated Operator & OGRID (affiliation if applicable) Matador Production Company (OGRID No. 228937) Applicant's Counsel: **Holland & Hart LLP** Case Title: APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. Entries of Appearance/Intervenors: N/A Well Family **Grevey Com** Formation/Pool Formation Name(s) or Vertical Extent: **Bone Spring Formation** Primary Product (Oil or Gas): Oil N/A Pooling this vertical extent: Pool Name and Pool Code: WC-025 G-08 S263412K; Bone Spring Poo (96672) Well Location Setback Rules: Statewide oil rules Spacing Unit Type (Horizontal/Vertical) Horizontal Size (Acres) 240 acres **Building Blocks:** 40 acres Orientation: North-South **Description: TRS/County** W/2 W/2 of Section 20 and the W/2 NW/4 of Section 29, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. Standard Horizontal Well Spacing Unit (Y/N), If No, describe Yes and is approval of non-standard unit requested in this application? **Other Situations** Depth Severance: Y/N. If yes, description No Proximity Tracts: If yes, description No Proximity Defining Well: if yes, description N/A Applicant's Ownership in Each Tract Exhibit C-3 Well(s) Name & API (if assigned), surface and bottom hole location, Add wells as needed **BEFORE THE OIL CONSERVATION DIVISION** footages, completion target, orientation, completion status Santa Fe, New Mexico Exhibit No. A (standard or non-standard) Submitted by: Matador Production Company Released to Imaging: 6/30/2023 2:24:11 PM Hearing Date: July 6, 2023 Case No. 23607

Received by OCD: 6/30/2023 2:10:01 PM	Page 4 of 41
Well #1	Grevey Com #111H well
	SHL: 400' FNL, 925' FWL (Unit D) of Section 20, T26S, R35E
	BHL: 2532' FNL, 330' FWL (Unit E) of Section 29,
	T26S, R35E
	Target: Bone Spring
	Orientation: North-South
	Completion: Standard
Well #2	Grevey Com #121H well
	SHL: 380' FNL, 948' FWL (Unit D) of Section 20, T26S,
	R35E BHL: 2532' FNL, 990' FWL (Unit E) of Section 29,
	T26S, R35E
	Target: Bone Spring
	Orientation: North-South
	Completion: Standard
Well #3	Grevey Com #131H well
	SHL: 422' FNL, 945' FWL (Unit D) of Section 20, T26S,
	R35E RHL: 2522' ENL 990' EW/L (Unit E) of Section 29
	BHL: 2532' FNL, 990' FWL (Unit E) of Section 29, T26S, R35E
	Target: Bone Spring
	Orientation: North-South
	Completion: Standard
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2, C-3
If approval of Non-Standard Spacing Unit is requested, Tract	
List (including lease numbers and owners) of Tracts subject to	
notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above &	N/A
Referred to Imaging: 6/30/2023 2:24:11 PM	N/A

<u>Received by OCD: 6/30/2023 2:10:01 PM</u>	Page 5 of 4
Joinder	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3
Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D, D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3, C-4
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Paula M. Vance
Signed Name (Attorney or Party Representative):	Pakhiva
Date:	7/6/2023

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

### APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23607

### **APPLICATION**

MRC Permian Company ("MRC" or "Applicant"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 240-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 20 and the W/2 NW/4 of Section 29, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to designate Matador Production Company (OGRID No. 228937) as the operator of the proposed horizontal spacing unit.

3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Grevey Com #111H**, **Grevey Com #121H**, and **Grevey Com #131H** wells, all to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 20 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 29.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Matador Production Company as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

ather By:

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

### ATTORNEYS FOR MRC PERMIAN COMPANY

Application of MRC Permian Company for Compulsory Pooling, Lea CASE : County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 240-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 20 and the W/2 NW/4 of Section 29, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed Grevey Com #111H, Grevey Com #121H, and Grevey Com #131H wells, all to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 20 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 29. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling the wells. Said area is located approximately 1 mile north of the Texas border.

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

### APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NOS. 23607** 

### SELF AFFIRMED STATEMENT OF DAVID JOHNS (Landman)

My name is David Johns. I work for MRC Energy Company, an affiliate of Matador
 Production Company ("Matador"), as a Landman.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record. I am familiar with the application filed by Matador in this case, and I am familiar with the status of the lands in the subject area.

 In this case, Matador seeks an order pooling a standard 240-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 20 and the W/2 NW/4 of Section
 Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

4. This proposed spacing unit will be initially dedicated to the following proposed wells:

a. Grevey Com #111H, #121H, and #131H wells, all to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 20 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 29.

5. **Matador Exhibit C-1** contains draft Form C-102's for the initial wells in this proposed spacing unit. These forms reflect that the wells comply with statewide setback

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607 requirements and we understand will be assigned to the WC-025 G-08 S263412K; BONE SPRING pool (Pool Code 96672).

6. **Matador Exhibit C-2** contains a tract map for this proposed spacing unit. The acreage in this proposed spacing unit is comprised one tract, which is fee acreage. There are no ownership depth severances in the Bone Spring formation underlying this acreage.

7. **Matador Exhibit C-3** identifies the working interest owner that Matador is seeking to pool along with its respective ownership interest in the proposed horizontal spacing unit.

8. Matador is not seeking to compulsory pool any overriding royalty owners.

9. **Matador Exhibit C-4** contains a sample of the well proposal letters and AFEs sent to the working interest owner Matador seeks to pool. **Matador Exhibit C-4** also contains a copy of follow-up letter to the well proposal clarifying a typographical error with respect to the well location. The costs reflected in the updated AFE is consistent with what other operators have incurred for drilling similar horizontal wells in the area in this formation.

10. Matador was able to locate and have discussions with the working interest owner it seeks to pool in this case.

11. **Matador Exhibit C-5** contains a summary of the contacts with the uncommitted working interest owner Matador seeks to pool. In my opinion, Matador has undertaken good faith efforts to reach agreement with the uncommitted working interest owners.

12. Matador requests that the overhead and administrative costs for the proposed wells be initially set at \$8,000 per month while drilling and \$800 per month while producing, and that these rates be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations." These costs and annual adjustments are consistent with what other operators are charging for similar wells in this area.

2

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

14. **Matador Exhibits C-1 through C-5** were either prepared by me or compiled under my direction and supervision.

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

below.

M.J.

David Johns

06/22/23

Date

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# **Exhibit C-1**

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C-1 Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607

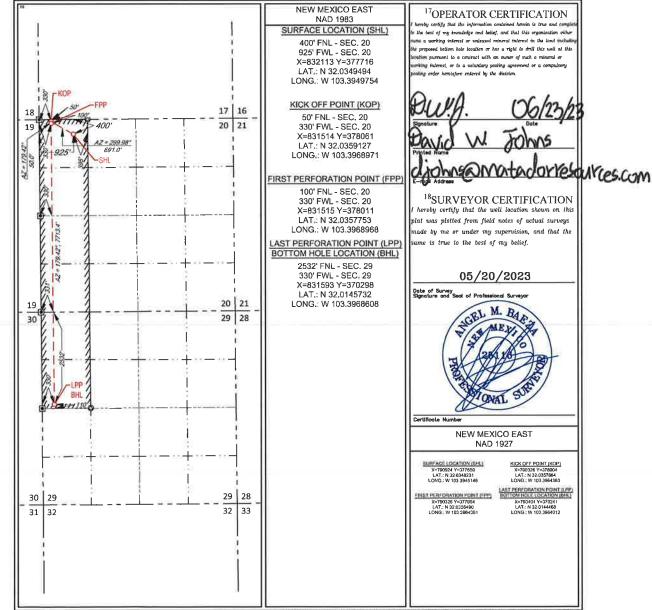
District I 1623 N, Freach Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S, First SL, Artesin, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S, SL Francis 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

	API Number	r		<sup>2</sup> Pool Code			<sup>3</sup> Pool N		
			90	0672	W	6-025 G	-08 5	263412K;	Bones
Property	Code				<sup>5</sup> Property N			90	ell Number
					GREVEY	СОМ			111H
OGRID No.						ame			Elevation
228937			Μ	MATADOR PRODUCTION COMPANY			:	3182'	
					<sup>10</sup> Surface Lo	cation			
L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	26-S	35-E	-	400'	NORTH	925'	WEST	LEA
			<sup>11</sup> B	ottom Hole	Location If D	ifferent From Surf	face		
JL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feel from the	East/West line	County
$\mathbf{E}$	29	26-S	35-E	-	2532'	NORTH	330'	WEST	LEA
Dedicated Acres	<sup>13</sup> Joint or 1	Infill <sup>14</sup> Ce	nsolidation Code	15Order	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.



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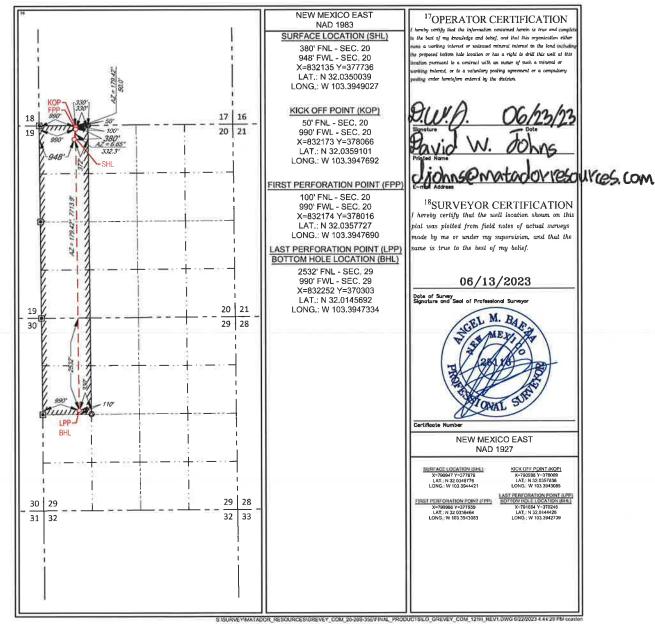
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District 1 (G25 N, French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District 11 811 S, First St., Artesia, NM 88210 Phone: (573) 748-7220 District 11 1000 Rto Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District I V-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

	<sup>1</sup> API Number	r		<sup>2</sup> Pool Code			<sup>3</sup> Pool Nan			
			9	1467	2 W	6-025 G	-08 S.	2634124	=; Bone	
*Property	Code				<sup>3</sup> Property Na	ime		۴W	ellNumber	
GREVEY COM						1	121H			
OGRID	No.				Operator Na	ande		2	Elevation	
228937				IATADOI	ATADOR PRODUCTION COMPANY			3	3182'	
					<sup>10</sup> Surface Lo	cation				
JL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
D	20	26-S	35-E	-	380'	NORTH	948'	WEST	LEA	
			11 <sub>E</sub>	ottom Hol	e Location If D	ifferent From Surf	ace			
L or lot no.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County	
Е	29	26-S	35-E	-	2532'	NORTH	990'	WEST	LEA	
Dedicated Acres	13 Joint or	Infill <sup>14</sup> Ce	nsolidation Cod	e <sup>15</sup> Order	r No.					
240										

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.



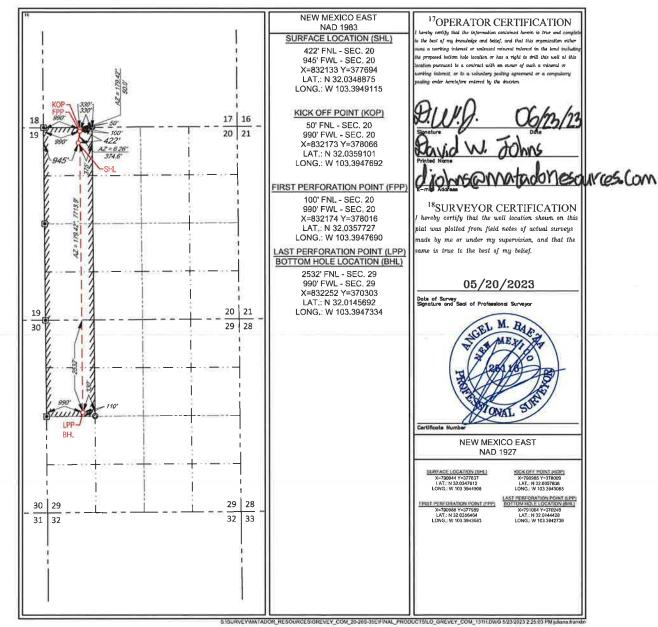
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District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District III 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6170 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 onc copy to appropriate District Office

AMENDED REPORT

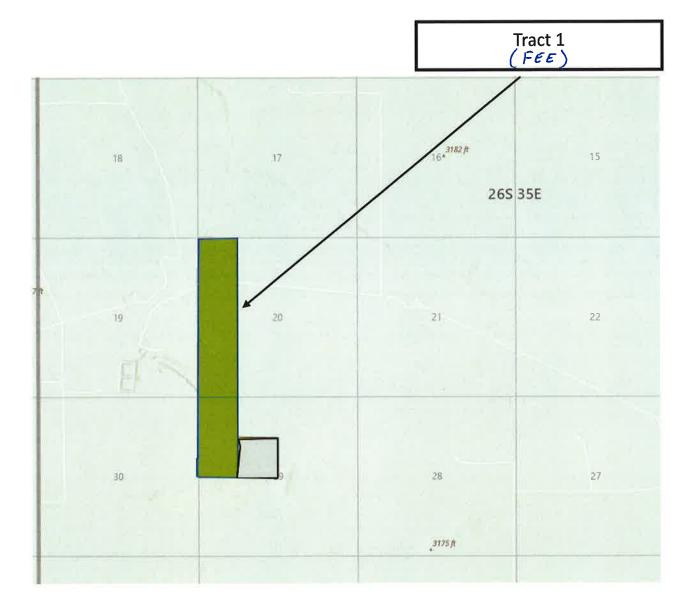
API Number Pool Code						<sup>3</sup> Pool Name				
			9	667	Z W	C-025 1	6-08	5263412	K; Bur	
					<sup>5</sup> Property Na				ell Number	
GREVEY COM							131H			
Ogrid No. Operator Name								Elevation		
228937				MATADOR PRODUCTION COMPANY					3182'	
					<sup>10</sup> Surface Lo	cation				
L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
D	20	26-S	35-E	-	422'	NORTH	945'	WEST	LEA	
			11 <sub>E</sub>	ottom Ho	le Location If Di	fferent From Sur	rface			
JL or lot no.	Section	Township	Range	Lot Idn	Feel from the	North/South line	Feet from the	East/West Unr	County	
E	29	26-S	35-E	-	2532'	NORTH	990'	WEST	LEA	
Dedicated Acres	<sup>13</sup> Joint or I	nfill "Co	nsolldation Cod	e <sup>##</sup> Orde	er No.					
240										

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.



# Exhibit C-2

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C-2 Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607

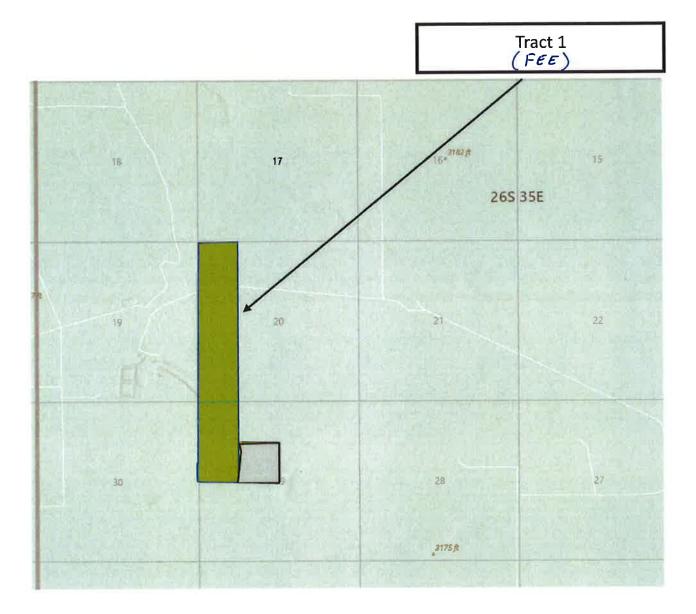


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# **Exhibit C-3**

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C-3 Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607



Gr	Grevey Project (Case No. 23607		
Summary of Interests			
Matador Working Interest		37.5000%	0
Voluntary Joinder		56.2500%	0
Compulsory Pool Interest		6.2500%	
Interest Owners:	Description:	Tract:	Interest:
Marathon Oil Permian, LLC	Uncomitted Working Interest Owner	Þ	6.250%

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# **Exhibit C-4**

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C-4 Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607

## MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Voice 972.619.1259 • Fax 214.866.4946 djohns@matadorresources.com

David Johns Senior Staff Landman

June 12, 2023

#### VIA CERTIFIED RETURN RECEIPT MAIL

Marathon Oil Permian, LLC 990 Town and Country Blvd Houston, TX 77024

Re: Grevey Com #111H, #121H & #131H (the "Wells") Participation Proposal W/2W/2 of Section 20, W/2NW/4 of Section 29, Township 26 South, Range 35 East Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Grevey Com #111H, Grevey Com #121H & Grevey Com #131H wells, located in W/2W/2 of Section 20, W/2NW/4 of Section 29, Township 26 South, Range 35 East, Lea County, New Mexico.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the three (3) enclosed Authority for Expenditures ("AFE") dated April 11, 2023.
- Grevey Com #111H: to be drilled from a legal location with a proposed surface hole location NW/4NW/4 of Section 20-26S-35E, a proposed first take point located at 330' FWL and 100' FNL of Section 20-26S-35E, and a proposed last take point located at 330' FWL and 2,530' FNL of Section 32-26S-35E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,550' TVD) to a Measured Depth of approximately 18,277'.
- Grevey Com #121H: to be drilled from a legal location with a proposed surface hole location NW/4NW/4 of Section 20-26S-35E, a proposed first take point located at 990' FWL and 100' FNL of Section 20-26S-35E, and a proposed last take point located at 990' FWL and 2,530' FNL of Section 32-26S-35E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,000' TVD) to a Measured Depth of approximately 18,727'.
- Grevey Com #131H: to be drilled from a legal location with a proposed surface hole location NW/4NW/4 of Section 20-26S-35E, a proposed first take point located at 990' FWL and 100' FNL of Section 20-26S-35E, and a proposed last take point located at 990' FWL and 2,530' FNL of Section 32-26S-35E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~12,200' TVD) to a Measured Depth of approximately 19,927'.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

MRC requests that you indicate your election to participate in the drilling and completion of the Wells in the space provided below, sign and return one (1) copy of this letter to the undersigned.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement, which is enclosed for your review. The proposed Operating Agreement dated March 19, 2018, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators, covers certain depths in the W/2W/2 of Section 20, W/2NW/4 of Section 29, Township 26 South, Range 35 East, Lea County, New Mexico, and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Wells, please sign and return a copy of the enclosed AFEs within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

**MRC PERMIAN COMPANY** 

D. Unf.

David Johns

Marath	on Oil Permian, LLC hereby elects to:
	Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Grevey Com #111H well. Not to participate in the Grevey Com #111H
	Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Grevey Com #121H well. Not to participate in the Grevey Com #121H
	Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Grevey Com #131H well. Not to participate in the Grevey Com #131H
Marath	on Oil Permian, LLC
Ву:	
Title:	
Date:	
Contact	Number:

•

REMARKS:

#### MATADOR PRODUCTION COMPANY

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

Phone (972) 371-5200 • Fax (972) 371-5201 ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	April 11, 2023	AFE NO.:	
VELL NAME:	Grevey Com 111H	FIELD:	
OCATION:	Sections 20 & 29-26S-35E	MD/TVD:	18277'/10550'
OUNTY/STATE:	Lea, NM	LATERAL LENGTH:	7,300
IRC WI:			

GEOLOGIC TARGET: First Bone Spring Sand

Drill and complete a horizontal 1.5 mile long First Bone Spring target with about 33 frac stages

INTANGIBLE COSTS		DRILLING COSTS	COMPLETION COSTS	PRODUCTION	FACILITY COSTS	TOTAL COSTS
and / Legal / Regulatory	5	55,000	5	\$ 10,000	\$ 10,000	\$ 78,000
ocation, Surveys & Damages		145,000	13,000	15,000	12,500	185,500
Drilling		958.004			A	958,004
Comenting & Float Equip	· · · · ·	224,000				224.000
		2.64,595	3,750	3,000		6,750
Logging / Formation Evaluation			5,150			19,960
Flowback - Labor				19,960		
Nowback - Surface Rentals				155,250		155,250
Flowback - Rental Living Quarters				10,000		10,000
Mud Logging		37,500				37,500
Mud Circulation System		45,300				45,300
Mud & Chemicals		390,300	65 000	21,500		476,600
Mud / Wastewater Disposal		65,000		2,000	1.000	68,000
	2	15,700	34,250	3.000		55,950
Freight / Transportation					1,800	221,400
Rig Supervision / Engineering		123,200	86,400	10,000	(,000	
Drill Bits		\$3,200				93,200
Fuel & Power		154,000	584,081	2,000		740,081
Water		65,000	497,228	2,000	1,000	565,228
Drig & Completion Overhead		11,500				11,500
		11,000				
Plugging & Abandonment						294,544
Directional Drilling, Surveys		294,544				
Completion Unit, Swab, CTU		•	165,000	9,000		194,000
Perforating, Wireline, Slickline			136,901	7,000		143,901
High Preusure Pump Truck			66,750	5,000		71,750
Stimulation			2,163 388			2,163,386
			15 500	221,000		236,500
Stimulation Flowback & Disp			15,500	221,000		12,428
Insurance		12,428				
Labor		197,500	61,250	10,000	5,000	273,750
Rental - Surface Equipment		80,665	296,510	20,000	10,000	407,175
Rental - Downhole Equipment		132,000	103,000		-	235,000
Rental - Living Quarters		53,940	36.955		5.000	95,695
		159,100	218,557	52,571	4,630	434,858
Contingency			210,507	02,011	-,000	22.218
Operations Center	_	22.215			52151 S.J.S.	and the second se
TOTAL	L INTANGIBLES >	3,341,099	4,567,520	578,281	50,930	6,537,83
TOTA	L INTINITOIDEEO				00,200	
	L'INTRAGIDELO.	DRILLING	COMPLETION	PRODUCTION		TOTAL
TANGIBLE COSTS		DRILLING			FACILITY COSTS	TOTAL COSTS
TANGIBLE COSTS	\$	DRILLING COSTS 107,335	COMPLETION	PRODUCTION		TOTAL COSTS \$ 107,335
TANGIBLE COSTS Surface Casing intermediate Casing	s	DRILLING	COMPLETION	PRODUCTION		TOTAL COSTS \$ 107,335
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner	s	DRILLING COSTS 107,335 626,873	COMPLETION	PRODUCTION		TOTAL COSTS 5 107,335 076,873
TANGIBLE COSTS Surface Casing intermediate Casing	\$	DRILLING COSTS 107,335	COMPLETION	PRODUCTION		TOTAL COSTS 5 107,335 076,873
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner	\$	DRILLING COSTS 107,335 626,873	COMPLETION	PRODUCTION COSTS		TOTAL COSTS \$ 107,335 676,873 811,052
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Liner	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION	PRODUCTION		TOTAL COSTS \$ 107,335 676,873 811,052
TANGIBLE COSTS Surface Casing Informediate Casing Drilling Liner Production Casing Production Liner Tubing	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION	PRODUCTION     COSTS		TOTAL COSTS 5 107,335 676,873 811,052 214,000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Casing Production Liner Tubing Wellhaad	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000		TOTAL COSTS 5 107,333 676,873 811,052 214,000 105,000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION	PRODUCTION     COSTS	FACILITY COSTS	TOTAL COSTS 107,333 026,873 011,052 214,000 105,000 55,377
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Uner Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tamks	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000	FACILITY COSTS	TOTAL COSTS \$ 107,333 6256873 811.052 214.000 105.000 55.377 6.000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Uner Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tamks	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000	FACILITY COSTS	TOTAL COSTS \$ 107,335 626,873 811.053 214,000 105,000 105,000 105,000 105,000 155,000 155,000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers	\$	DRILLING COSTS 107,335 626,873 811,052	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000	FACILITY COSTS	TOTAL COSTS \$ 107,335 626,873 811.053 214,000 105,000 105,000 105,000 105,000 155,000 155,000
TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tamks Production Vessels Flow Lines	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000	FACILITY COSTS	TOTAL COSTS \$ 107,335 626,873 811.053 214,000 105,000 105,000 105,000 105,000 155,000 155,000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Casing Wellhaad Wellhaad Packers, Liner Hangers Tamks Production Vessels Flow Lines Rod string	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS 214,000 25,000 6,000	FACILITY COSTS	TOTAL COSTS 5 107,333 676,873 811.052 214.000 105.000 55.377 6.1,000 158,500 120.000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Uner Production Casing Production Casing Production Casing Production Liner How Liner Hangers Tamks Production Vessels Flow Lines Rod string Antificial Lift Equipment	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000	FACILITY COSTS	TOTAL COSTS 107,333 626,873 811,052 214,000 105,000 105,000 155,377 61,000 120,000 120,000 30,000
TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Liner Tubing Wellhead Production Liner Parkers, Liner Hangers Tamks Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS 214,000 25,000 6,000	FACILITY COSTS	TOTAL COSTS \$ 107,333 626,877 
TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Casing Production Liner Tamks Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 5 (107,333 676,873 214,000 165,000 55,377 61,000 155,500 120,000 30,000 30,000 90,000 90,000
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS 214,000 25,000 6,000	FACILITY COSTS	TOTAL COSTS \$ 107,333 626,873 811.052 214.000 105.000 155.307 61.000 120.000 120.000 330,000 330,000 335,000 337,0000 337,0000 337,0000 337,0000 337,0000 337,0000 337,0000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Uner Production Casing Production Casing Production Casing Packers, Liner Hangers Tamks Packers, Liner Hangers Tamks Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 107,333 626,872 214,000 105,007 55,377 61,000 120,000 120,000 30,000 30,000 33,0000 30,0000 30,0000 30,0000 30,000
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Wellhead Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 107,333 626,872 214,000 105,007 55,377 61,000 120,000 120,000 30,000 30,000 33,0000 30,0000 30,0000 30,0000 30,000
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Vessels From Lines Rood string Antificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 076,877 076,977 076,9
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Venzels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Downhole Downhole Pumps	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS  214,000 25,000 6,000 30,000 10,000	FACILITY COSTS	TOTAL COSTS 107,333 076,872 076,872 076,872 071,053 071,053 071,053 071,055,077 071,055,075,075 071,055,075,075,075,075,075,075,075,075,075
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Wellhead Packers, Liner Hangers Tamks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 107,333 076,872 076,872 076,872 071,053 071,053 071,053 071,055,077 071,055,075,075 071,055,075,075,075,075,075,075,075,075,075
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Veszels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 676,872 811.053 214,000 105,000 155,500 150,500 150,500 150,500 150,500 150,500 150,500 150,500 150,500 120,000 30,0000 30,0000 30,0000 30,0000 30,0000 30,0000 3
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Veszels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 107,333 626,872 214,000 105,007 55,377 61,000 120,000 30,0000 30,000 30,0000 30,0000 30,0000 30,0000 30,0000 30,00
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Casing Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 5 107,333 676,873 214,000 105,000 55,377 61,000 105,000 105,000 105,000 105,000 105,000 105,000 105,000 105,000 100,000 70,000 100,000
TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Casing Production Casing Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecling Facility Piping Gathering / Bulk Lines	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 676,872 214,000 105,000 105,000 105,000 105,000 105,000 105,000 105,000 100,000 30,000 30,000 30,000 20,000 30,000 20,000 20,000 30,000 20,
TANCIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Liner Tanks Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-contr	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 676,873 214,000 105,507 610,000 105,507 61,000 120,000 33,500 90,000 33,500 210,000 79,000 
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Wellhead Packers, Liner Hangers Tamks Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Tank / Facility Containment	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 626,87 214,000 105,000 55,57 61,000 155,500 120,000 30,000 30,000 20
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Liner Tamba Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping Gathering / Bulk Lines Valves, Dumps, Controllers Tank / Facility Containment Flare Stack	\$ 	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 5 107,333 626,873 214,000 105,000 55,577 61,000 105,000 105,000 105,000 105,000 100,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 20,00
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Liner Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gast Conditioning / Dehydration Interconnecting Facility Piping Gathering / Bulk Lines Yalves, Dumps, Controllers Tank / Facility Containment Flare Stack	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 676,677 
TANGIBLE COSTS Surface Casing Informediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Liner Tubing Weilhaad Packers, Liner Hangers Tanks Production Vessels	\$ 	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS \$ 107,333 676,873 811,052 214,000 165,000 155,000 155,000 120,000 135,000 120,000 120,000 120,000 120,000 120,000 120,000 100,000 2,0
TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Uner Production Casing Production Casing Production Casing Production Vessels Flow Lines Rod string Antificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Cownhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping Gathering / Bulk Lines Yalves, Dumps, Controllers Tank / Facility Containment Flare Stack Electrical / Grounding	\$	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 5 (107,333 676,873 676,873 214,000 105,000 55,377 61,000 155,500 120,000 30,0000 30,0000 30,0000 30,
TANGIBLE COSTS Surface Casing intermediate Casing Drilling Liner Production Casing Production Casing Production Casing Production Casing Production Vesxels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping Gathering / Bulk Lines Valves, Dumps, Controllers Tank / Facility Containment Flare Stack Electrical / Grounding Communication / SCADA Instrumentation / Safety	TAL TANGIBLES >	DRILLING COSTS 107,335 626,873 811,052 80,000	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS 107,335 676,873 214,000 105,000 105,000 155,700 120,000 30,000 330,000

PREPARED BY MATADOR PR	ODUCTION COMPANY	2				
Drilling Engineer: Completions Engineer: Praduction Engineer:	Blake Hermes Trace Saha Jen Fredrik Mosnes	Team Lead - WTX/NM 🖌	<u>esc</u>			
MATADOR RESOURCES CON	PANY APPROVAL:					
Executive VP, COO/CFO	DEL			EVP COO- Drilling, C	ompletion and Production	BĠ
Executive VP, Legal	CA	SVP Geoscience	ELF			
President	MVH					
NON OPERATING PARTNER	APPROVAL:					
Company Name:		Wor	king Interest (%):		Tax ID:	
Signed by:			Dale:			1
Title:			Approval:	Yes	No	(mark one)

The sequence share NET are expressed on a set of the sector share a sequence of the sector share a finance of the sector share a finance of the sector share a finance of the sector share a sector share

REMARKS:

#### MATADOR PRODUCTION COMPANY

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

Phone (972) 371-5200 - Fax (972) 371-5201 ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

	Latilitie of adolfatility		
DATE:	April 11, 2023	AFE NO.:	
WELL NAME:	Grevey Com 121H	FIELD:	
LOCATION:	Sections 20 & 29-26S-35E	MD/TVD:	18727/11000
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	7,300
MRC WI:			

GEOLOGIC TARGET: Second Bone Spring Sand

Drill and complete a horizontal 1.5 mile long Second Bone Spring target with about 33 frac stages

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	COSTS
Land / Legal / Regulatory \$	58,000	1	\$ 10,000	\$ 10,000 \$	78,000
Location, Surveys & Damages	145,000	13,000	15,000	12,500	185,500
Drilling	888.044				868,044
Cementing & Float Equip	224,000				224,000
Logging / Formation Evaluation		3,750	3,000		8,750
Flowback - Labor			19,960		19,960
Flowback - Surface Rentals			155,250		105 250
Flowback - Rental Living Quarters			10,000		10,000
Mud Logging	37,500				37 500
Mud Circulation System	42,750				42,750
Mud & Chemicals	358 100	65,000	21,500		474,600
Mud / Wastewater Disposal	65,000		2,000	1,000	66,000
Freight / Transportation	15,700	34,250	3.000	.,	55,950
Rig Supervision / Engineering	114,400	66,400	10,000	1,800	212.600
Drill Bits	93,200	60,400	10,000		93,200
Fuel & Power	143,000	564,081	2,000		729,081
	65.000	497,228	2,000	1,000	565.228
Water			2,000	1,000	10,500
Drig & Completion Overhead	10.500	•			10,300
Plugging & Abandonment	400.000				-
Directional Drilling, Surveys	300,983				300,983
Completion Unit, Swab, CTU	•	185,000	9,000		194,000
Perforating, Wireline, Slickline		135,901	7,000		143,901
High Pressure Pump Truck	A 2	66,750	5,000	-	71,750
Stimulation	*C	2,163,388			2.163,388
Stimulation Flowback & Disp		15,500	221,000		236,500
Insurance	12,734				12,734
Labor	197,500	61,250	10,000	5,000	273,750
Rental - Surface Equipment	75,155	296,510	20,000	10,000	401,665
Rental - Downhole Equipment	127,000	103,000	0	21 - C.	230,000
Rental - Living Quarters	52,050	36,955	( <del>(</del> )	5,000	94,035
Contingency	153,947	218,557	52,571	4,630	429,705
Operationa Center	20,285	-			20,286
TOTAL INTANGIBLES >	3,232,879	4,567,520	578,281	50,930	8,429,611
IOTAL INTANGIBLES >	DRILLING	COMPLETION	PRODUCTION		TOTAL
TANGIBLE COSTS	COSTS	COSTS	COSTS	FACILITY COSTS	COSTS
Surface Casing \$	107,335	\$	\$	\$ 5	107,335
Intermediate Casing	653,795				653,795
Drilling Liner -					
Production Casing	629,708			*	529,708
Production Liner				<u> </u>	200701000
Tubing			214,000		214,000
Wellhead	80,000		25,000		105,000
	00,000	49,378	6.000		55,378
Packers, Liner Hangers		49,576	0,000	61.000	61.000
Tanks				158,500	158,500
Production Vessels					
Flow Lines				120,000	120,000
Rod string					
Artificial Lift Equipment	*		30,000		30,000
Compressor	×			30,500	30,500
Installation Costs	•			90,000	90,000
Surface Pumps	¥		10,000	27,000	37,000
Non-controllable Surface				2,000	2,000
Non-controllable Downhole			-		
Downhole Pumps			-		
Measurement & Meter Installation		,	11,000	66,000	79,000
Gas Conditioning / Dehydration			•	-	-
Gas Conditioning / Dehydration			•	100,000	100,00

Cathering / Bulk Lines Valves, Dumps, Controllers Tank / Facility Containment 5,000 5,000 22,000 28,500 70,000 22,000 28,500 Flare Stack 2,000 10.000 Electrical / Grounding Communications / SCADA 16,000 25,000 Instrumentation / Safety 42,000 313,000 2,866,716 TOTAL TANGIBLES > 1.670,837 49,378 \$33,500 TOTAL COSTS > 4,903,717 4,616,898 891,281 884,430 11,296,326

#### PREPARED BY MATADOR PRODUCTION COMPANY:

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The states are bounded and information of the state of the states of the

Onlling Engineer	Bigke Harmas Trace Saha	
Completions Engineer: Production Engineer:		CSC .

6.199.9

Executive VP COO/CFO	2	EVP COD- Drilling, Completion and Freduction
Executive VP, Legal	SVP Geoscience	
President		
NON OPERATING PARTNER APPROVAL:		
Company Name:	Working Interest (%):	Tax ID:
Signed by:	Dale:	

Approval

(a) V/3 That 31 process als (2-1 provide) (2-6 or 2<sup>4</sup> Np. 1000 or hydrogenia (2-2) on symmetry 31 (2012) and processed also 4-4

Yes

(mark one)

na cure of antici licits meaning, racidly

No

the property by \$75 to residue to prove a by \$1000 the set of the set prove to \$10 to restrict states to \$1000 REMARKS:

#### MATADOR PRODUCTION COMPANY

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

Phone (972) 371-5200 • Fax (972) 371-5201 ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	April 11, 2023	AFE NO .:	
WELL NAME;	Grevey Com 131H	FIELD:	
LOCATION:	Sections 20 & 29-26S-35E	MD/TVD:	19927712200
COUNTY/STATE:	Les, NM	LATERAL LENGTH:	7 300
MRC WI:			

GEOLOGIC TARGET:

Third Bone Spring Drill and complete a horizontal 1.5 mile long Third Bone Spring target with about 33 frac stages

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	COSTS
Land / Legal / Regulatory	\$ 56,000	\$	\$ 10,000	\$ 10,000 \$	78,00
Location, Surveys & Damages	145,000	13,000	15.000	12,500	185,50
Drilling	555 044				888,04
Cementing & Float Equip	224,000	-			224,00
Logging / Formation Evaluation	· · · ·	3,750	3,000		6,75
Flowback - Labor			19,960		19,96
Flowback - Surface Rentals			155,250		155.25
Flowback - Rental Living Quarters			10,000	<u> </u>	10.00
Mud Logging	37,500				37,50
Mud Circulation System	42.750				42.75
Nud & Chemicals	368,100	65,000	21,500		474.60
Mud / Wastewater Disposal	65,000	00,000	2,000	1,000	68,00
Freight / Transportation	16,700	34,250	3,000	1,000	55,95
	114,400				212.60
Rig Supervision / Engineering		65,400	10,000	1 500	
Drill Bits	93,200				93,20
Fuel & Power	143,000	584,081	. 2,000		729,08
Water	65,000	497 228	2,000	1000, 1	565.22
Drig & Completion Overhead	10,500	•			10,50
Plugging & Abandonment	· · · · · · · · · · · · · · · · · · ·				•
Directional Drilling, Surveys	316,155				318,15
Completion Unit, Swab, CTU		185,000	9,000		194,00
Perforating, Wireline, Slickline		135,901	7,000		143,90
High Pressure Pump Truck		66,750	5,000		71.75
Stimulation		2,163,388			2,163,38
Stimulation Flowback & Disp		15,500	221,000		236.50
Insurance	13,550	10,000	221,000		13,55
Labor	107,500	61 050	10,000	5,000	273.75
		61,250			
Rental - Surface Equipment	75,155	296,510	20,000	10,000	401,68
Rental - Downhole Equipment	127,000	103,000	-	-	230,00
Rental - Living Quarters	52,050	36,955		5,000	94,03
Contingency	154,846	218,557	52,571	4,630	430,60
Operations Center	20.286				20,28
TOTAL INTANGIBL		4,567,520	578,281	50,930	8,448,45
TOTAL INTANGIBL	DRILLING	COMPLETION	PRODUCTION		TOTAL
TOTAL INTANGIBLE	DRILLING COSTS		PRODUCTION COSTS	50,930 FACILITY COSTS	TOTAL
TOTAL INTANGIBL TANGIBLE COSTS Surface Casing	DRILLING COSTS 5 107.335	COMPLETION	PRODUCTION		TOTAL COSTS 107.33
TOTAL INTANGIBL TANGIBLE COSTS Surface Casing Intermediate Casing	DRILLING COSTS	COMPLETION	PRODUCTION COSTS		TOTAL COSTS 107.33
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Dilling Liner	DRILLING COSTS 5 107.335 725.986	COMPLETION	PRODUCTION COSTS		TOTAL COSTS 107.33 725.56
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing	DRULLING COSTS 5 107.335 725.5866 878.456	COMPLETION	PRODUCTION COSTS		TOTAL COSTS 107.33
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Liner	DRILLING COSTS 5 107.335 725.986	COMPLETION	PRODUCTION COSTS \$		TOTAL COSTS 107.33 725.56 879.45
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Liner Tubling	DRILLING COSTS 5 107.335 725.586 870.456	COMPLETION	PRODUCTION COSTS \$ 214,000		TOTAL COSTS 107.33 725.55 679.45 214.00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Drilling Liner Production Casing Production Casing Production Liner Tubling Wellhead	DRULLING COSTS 5 107.335 725.5866 878.456	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000		TOTAL COSTS 107.33 725.55 879.45 214.00 105.00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Casing Production Liner Tubling Wellhead Packers, Liner Mangers	DRILLING COSTS 5 107.335 725.586 870.456	COMPLETION	PRODUCTION COSTS \$ 214,000	FACILITY COSTS     S	TOTAL COSTS 107.33 725.56 879.45 214.00 105.00 55.37
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Liner Tobling Wellhead Packers, Liner Hangers Tanks	DRULLING COSTS 5 107.335 725.586 878.456 878.456 880.600	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000	FACILITY COSTS 5	TOTAL COSTS 107.33 725.56 679.45 214.00 106.00 95.37 01.00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Orilling Liner Production Casing Production Liner Tubling Wellhead Packers, Liner Hangers Tanks	DRULLING COSTS 5 107.335 725.586 879.456 879.456	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000	FACILITY COSTS	TOTAL COSTS 107.33 725.55 679.42 214.00 105.00 55.33 01.00 158.50
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Drilling Liner Production Casing Production Casing Production Liner Tubing Weilhead Packers, Liner Hangers Tanks Producton Vessels	DRULLING COSTS 5 107.335 725.586 879.456 	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000	FACILITY COSTS 5	TOTAL COSTS 107.33 725.55 679.42 214.00 105.00 55.33 01.00 158.50
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines	DRULLING COSTS 5 107.333 725.586 878.456 878.456 878.456 	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000	FACILITY COSTS	TOTAL COSTS 107.33 725.55 679.42 214.00 105.00 55.33 01.00 158.50
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Liner Tubling Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string	DRULLING COSTS 5 107.333 725.586 878.456 878.456 80,000 60,000	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 6,000	FACILITY COSTS	TOTAL COSTS 107,33 125,56 679,43 214,00 956,33 61,90 158,60 120,00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Drilling Liner Production Casing Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment	DRULLING COSTS 5 107.335 725.586 878.456 80,600 	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000	FACILITY COSTS	TOTAL COSTS 107.33 725.58 214.00 105.00 95.37 61.00 (158.50 120.00 30.00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drolling Liner Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Froduction Vessels Rod string Artificial Lift Equipment Compressor	DRULLING COSTS 5 107.333 725.586 878.456 878.456 80,000	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000 6,000 30,000 30,000	FACILITY COSTS	TOTAL COSTS 107.33 725.55 679.44 2140.00 105.00 105.03 105.03 105.00 100 105.00 100 100 100 100 100 100 100 100 100
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Row Lines Rod string Artificial Lift Equipment Compressor Installation Costs	DRULLING COSTS 5 107.335 725.586 878.456 878.456 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 6,000 30,000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 100 105.00 100 105.00 100 105.00 100 100 100 100 100 100 100 100 100
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Drilling Liner Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS \$ 214,000 25,000 5,000 30,000 18,000 18,000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 55.33 61.00 120.05 120.05 30.00 30.55 30.000 30.000 30.0
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TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Row Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 6,000 30,000 18,000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 100 105.00 100 105.00 100 105.00 100 100 100 100 100 100 100 100 100
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Droduction Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Froduction Vessels Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-controllable Surface	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS S 214,000 25,000 6,000 36,000 18,000 18,000	FACILITY COSTS	TOTAL COSTS 107.33 725.53 214.00 105.00 55.33 61.00 55.65 120.00 30.000 30.00 30.000 30.000 30.000 300
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Orilling Liner Production Casing Production Casing Production Casing Production Unier Tablag Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controliable Surface Non-controliable Surface	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,000 5,000 5,000 10,000 10,000 11,000 11,000	FACILITY COSTS	TOTAL COSTS 107.33 725.58 214.00 105.00 553.34 61.00 1558.64 120.00 30.00 30.00 30.00 30.00 30.00 37.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Cessing Intermediate Casing Production Casing Production Casing Production Casing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controliable Surface Non-controliable Surface Surface Pumps	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS S 214,000 25,000 6,000 36,000 18,000 18,000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 105.00 105.00 100000000
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Differmediate Casing Drolling Liner Production Casing Production Casing Production Casing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installetion Gas Conditioning / Dehydration	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,000 5,000 5,000 10,000 10,000 11,000 11,000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 105.00 105.00 100000000
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,0000 5,00000000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 105.00 105.00 100000000
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Casing Production Unier Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Surface J Bulk Lines	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,0000 5,00000000	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.00 100 105.00 100 105.00 100 105.00 100 100 100 100 100 100 100 100 100
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing ntermediate Casing Production Casing Production Casing Production Liner Tubing Veillnead Packers, Liner Hangers Fanks Production Vessels Production Vessels Production Vessels Production Vessels Production Vessels Production Vessels Production Vessels Production Vessels Softer Composition Surface Pumps Von-controllable Surface Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Meter Installation Interconnecting Facility Piping Sathering / Bulk Lines Valves, Dumps, Controllers	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214.000 25.000 6.000 6.000 10.000 10.000 10.000 11.000 10.00	FACILITY COSTS	TOTAL COSIS 107.3 725.54 214.0 105.0 553.3 61.9 1558.54 120.0 20.0 20.0 20.0 20.0 20.0 20.0 20.
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TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Liner Tubing Wellhead Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Surface Jumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping Sathering / Bulk Lines Sathering / Bulk Lines Surface Sathering Facility Containment Fare Stack	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,000 5,000 11,000 	FACILITY COSTS	TOTAL COSTS 107.33 725.54 214.00 105.01 0.55 100.01 105.00 105.01 100.00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Liner Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Production Vessels Production Vessels Production Vessels Production Vessels Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Downhole Downhole Pumps Measurement & Metur Installation Gasthering / Bulk Lines Valves, Dumps, Controllers Tank / Facility Containment Flare Stack Electrical / Grounding	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,000 30,000 110,000 110,000 5,000 2,000 2,000	FACILITY COSTS	TOTAL COSTS COSTS COSTS 725:55 2214,00 105:00 105:53 61:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00 158:64 120:00
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Casing Production Vessels Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface S	DRULLING COSTS 5 107.333 725.586 	COMPLETION COSTS	PRODUCTION COSTS 5 214,000 25,000 5,000 5,000 11,000 	FACILITY COSTS	TOTAL COSTS COSTS 725:55 274,00 105:00 105:00 105:00 100:00 30:05
TOTAL INTANGIBLE TANGIBLE COSTS Surface Casing Intermediate Casing Production Casing Production Casing Production Casing Production Unier Tubing Wellhead Packers, Liner Hangers Tanks Production Vessels Flow Lines Rod string Artificial Lift Equipment Compressor Installation Costs Surface Pumps Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Non-controllable Surface Surface Jumps Measurement & Meter Installation Gas Conditioning / Dehydration Interconnecting Facility Piping Gathering / Bulk Lines Valves, Dumps, Controllers Tank / Facility Containment Flare Stack Electrical / Grounding Communication / Safety	DRULLING COSTS 5 1107.333 725.586 	COMPLETION COSTS 5 49.376	PRODUCTION COSTS 5 214,000 25,000 6,000 6,000 5,000 11,000 11,000 5,000 2,000 10,000	FACILITY COSTS	TOTAL COSTS 107,33 725,58 73,44 214,00 105,00 105,00 105,00 100,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 158,50 120,00 140,00 158,50 120,00 100,000 100,00000000
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#### PREPARED BY MATADOR PRODUCTION COMPANY:

Completions Engineer:	Blake Hermes Trace Saha n Fradrik Mosnes	Team Lead - WTX/NM	_	
OR RESOURCES COMP	ANY APPROVAL:			
Executive VP, COO/CFO	DEL		EVP COO- Drill	ing, Completion and Production
Executive VP, Legal	CA	SVP Geoscience		
President	MVH			
PERATING PARTNER AP	PROVAL:			
Company Name:		Working interest (9	6):	Tax ID:
Signed by:		Da	1e:	
Title:		Αρριον	al Yes	No (mark

## MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Voice 972.619.1259 • Fax 214.866.4946 djohns@matadorresources.com

David Johns Senior Staff Landman

June 12, 2023

### VIA CERTIFIED RETURN RECEIPT MAIL

Marathon Oil Permian, LLC 990 Town and Country Blvd Houston, TX 77024

Re: Grevey Com #111H, #121H & #131H (the "Wells") Participation Proposal W/2W/2 of Section 20, W/2NW/4 of Section 29, Township 26 South, Range 35 East Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") previously proposed the drilling of Matador Production Company's Grevey Com #111H, Grevey Com #121H & Grevey Com #131H wells, located in W/2W/2 of Section 20, W/2NW/4 of Section 29, Township 26 South, Range 35 East, Lea County, New Mexico.

In connection with the above, please note that the subject participation proposal listed the Grevey Com #111H, Grevey Com #121H & Grevey Com #131H with respective proposed last take points located 330' FWL & 2,530' FNL, 990' FWL & 2,530' FNL, and 990' FWL & 2,530' FNL of Section 32-26S-35E. I am writing to clarify that the last take point will be located at the same footages but from the north line of Section 29, Township 26 South, Range 35 East, Lea County, New Mexico.

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

Please contact me if you have any questions.

Sincerely,

**MRC PERMIAN COMPANY** 

ing

David Johns

# **Exhibit C-5**

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C-5 Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607

### Summary of Communications (Case No. 23607)

**Uncommitted Working Interest Owner** 

### 1. Marathon Oil Permian, LLC

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

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

### **APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

### **CASE NOS. 23607**

### **AFFIDAVIT OF BLAKE HERBER**

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

1. My name is Blake Herber. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Staff Geologist.

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

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

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

5. In this case, Matador intends to develop the First Bone Spring, Second Bone Spring and Third Bone Spring of the Bone Spring formation, respectively.

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

> BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607

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

8. **Matador Exhibit D-3** is a structural cross-section prepared displaying open-hole logs run over the Bone Spring formation from the three representative wells denoted from A to A'. For each well in the cross-section, the following logs are included: gamma ray, caliper, resistivity, and porosity, where available. The proposed target intervals for the proposed well is labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted intervals, within the Bone Spring formation, are consistent in thickness, across the entirety of the proposed spacing unit.

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

10. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells within the Bone Spring formation in the area of the spacing unit proposed in this case.

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

12. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

13. Approving Matador's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. **Matador Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

2

FURTHER AFFIANT SAYETH NOT.

BIZT-BLAKE HERBER

STATE OF TEXAS )
COUNTY OF DALLAS )

SUBSCRIBED and SWORN to before me this  $19^{-4}$  day of June 2023 by Blake Herber.

Annabel ININ Quellel

My Commission Expires:

10-23-2023



# **Locator Map**

## Exhibit D-1

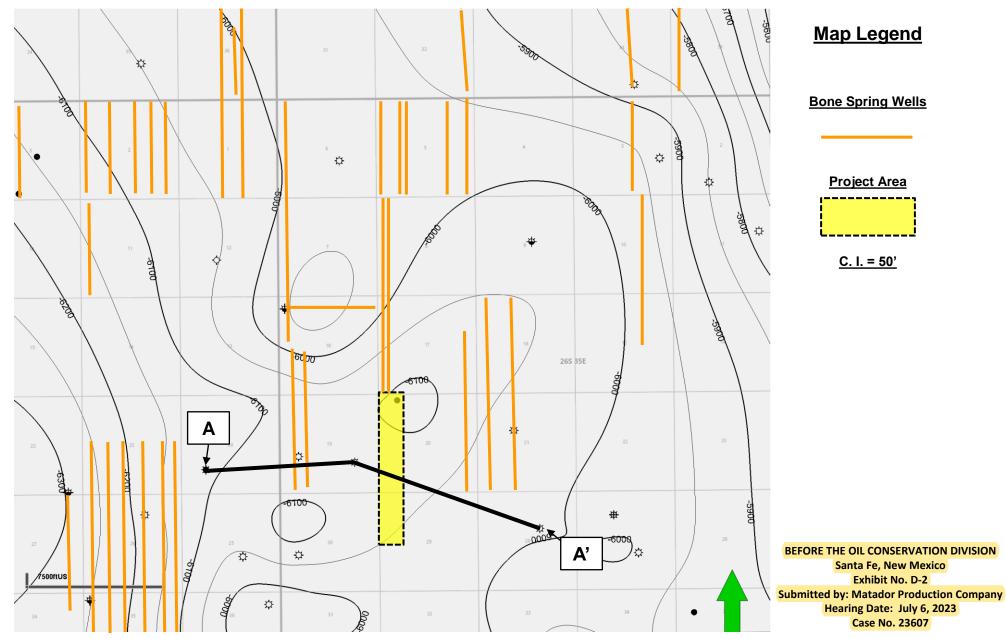
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тал	28.22	235 246	235 254	235 26E	235.278	235 28E	235.296	235308	-235.316	235328	235 3 M	235.345	235 355	14536	235 375	235 385 -	BLK A-40 BLK A50
26322	245 231	245 245	245 255	245.246	245.27E	245 288	245 29E	245 JOE	245-34E	:245326	246 338	245.346	245 251	245 36E	245.37£	246 316	BLK AS1 BLK AS2
255 224	252.211	255.248	255 2.56	255.24E	255 2M	255.241	255.291	255 JOE	255 315	255 125	255 335			a 255.365	255 372	2.95 3.8E	BLK A55
215.228	:265:238	265 245	265 258	265 268	265 275	265 285	L 100 New Mexi	10.501	-142310	125	265.338	265 XE	0 <sup>265-358</sup>	265 365	265 37E	265 382	BLKASS BLK
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245 22E       245 22E     245 22E       245 22E     245 22E       255 22E     255 24E       255 22E     255 24E       255 22E     255 24E       255 22E     255 24E       255 22E     255 24E	175 23E       175 24E       175 25E       175 24E         185 23E       185 24E       185 25E       185 26E       185 27E         185 23E       195 24E       195 25E       195 26E       195 27E         195 23E       195 24E       195 25E       195 26E       195 27E         205 23E       205 23E       205 25E       265 26E       285 27E         205 23E       205 23E       215 24E       215 25E       215 24E         215 22E       215 23E       215 24E       215 25E       215 24E         215 22E       225 23E       225 24E       215 25E       225 25E         215 22E       225 23E       215 24E       215 25E       215 24E         18221       215 23E       215 24E       215 25E       215 24E         215 22E       215 23E       215 24E       215 24E       215 24E         215 22E       215 23E       215 24E       215 24E       215 24E         215 22E       215 24E       215 24E       215 24E       215 24E         215 24E       215 24E       215 24E       215 24E       215 24E	175234       175244       175245       175246       175246       185267         185235       185246       185267       185276       185276       185286         195234       195246       195276       195276       195276       195276         205234       195246       205256       285266       295276       295286         205234       19526       215246       285266       295276       295276         205234       215246       215246       215276       215276       215276         215276       22528       22528       215246       215276       215276         215276       22528       22528       215246       215276       215276         215276       22528       22528       215246       215276       215276         215276       22528       22528       215286       215276       215276         215276       22528       21528    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286       195 286       195 286       195 286       195 286       195 286       195 286       195 286       195 286       195 286       195 286       205 286       205 286       205 286       205 286       205 286       205 286       205 286       205 286       215 286</td><td>1752212       1753242</td><td><math display="block">\begin{array}{c c c c c c c c c c c c c c c c c c c </math></td><td>175 326       175 326</td><td>175.252         175.262</td><td>173.326       171.326       173.326       173.276</td><td><math display="block"> \begin{array}{cccccccccccccccccccccccccccccccccccc</math></td><td><math display="block"> \begin{array}{c ccccccccccccccccccccccccccccccccccc</math></td><td>  17.24   1</td><td><math display="block"> \begin{bmatrix} 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1</math></td></t<>	175 224       175 224       175 224       175 224       175 224       185 245       185 245       185 275       185 275       185 275       185 275       185 275       185 275      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173.276	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	17.24   1	$ \begin{bmatrix} 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1 \\ 1$

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D-1 Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607



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## WC-025 G-08 S263412K; Bone Spring (Pool Code 96672) Structure Map (Top Bone Spring Subsea) A – A' Reference Line

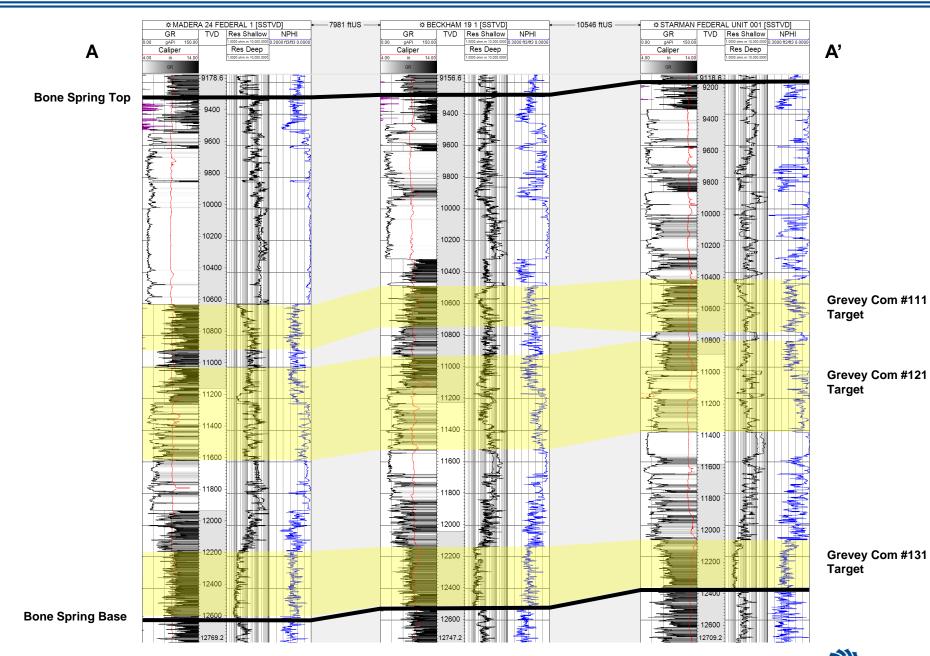


**D-2** atannr

WC-025 G-08 S263412K; Bone Spring (Pool Code 96672) Structural Cross Section A – A'



## **Exhibit D-3**



Grevey Com #111H #121H and #131H Released to Imaging: 6/30/2023 2:24:11 PM



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

### **APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING,** LEA COUNTY, NEW MEXICO.

**CASE NO. 23607** 

### AFFIDAVIT

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

Adam G. Rankin, attorney in fact and authorized representative of the Applicant herein, being first duly sworn, upon oath, states

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

2. The spreadsheet attached hereto contains the name of the party to whom notice was provided.

3. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of June 30, 2023.

Adam G. Rankin

**BEFORE THE OIL CONSERVATION DIVISION** Santa Fe, New Mexico Exhibit No. E Submitted by: Matador Production Company Hearing Date: July 6, 2023 Case No. 23607

SUBSCRIBED AND SWORN to before me this 30th day of June 2023 by Adam G.

Rankin.

My Commission Expires:

Notary Public STATE OF NEW MEXICO NOTARY PUBLIC **KARI D PEREZ** COMMISSION # 1138272 COMMISSION EXPIRES 06/28/2026



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

June 16, 2023

### <u>VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED</u>

### **TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re:** Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico: *Grevey Com* #111H, #121H, and #131H wells

Ladies & Gentlemen:

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

Due to the remodeling of the state building where the New Mexico Oil Conservation Division is located, hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

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

Sincerely,

Paula M. Vance ATTORNEY FOR MRC PERMIAN COMPANY

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

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

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### MRC - Grevey BS 111H, 121H 131H Case No. 23607

### Postal Delivery Report

Tracking Number	Recipient	Status
9214890194038319386118	Marathon Oil Permian LLC 990 Town and Country Blvd Houston TX 77024	Delivered Signature Received