

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 2, 2023**

CASE NO. 23893

BIVINS FED COM #213H WELL

EDDY COUNTY, NEW MEXICO



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

**APPLICATION OF MATADOR PRODUCTION TO
EXTEND THE DRILLING DEADLINE UNDER ORDER R-21946,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23893
ORDER NO. R-21946-A**

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- **Matador Exhibit B:** Original Pooling Order
- **Matador Exhibit C:** Affidavit of David Johns, Landman
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- **Matador Exhibit D:** Self-Affirmed Statement of Notice

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

**APPLICATION OF MATADOR PRODUCTION TO
EXTEND THE DRILLING DEADLINE UNDER ORDER R-21946,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23893

APPLICATION

Matador Production Company (“Matador” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to extend the drilling deadline under compulsory pooling Order No. R-21946. In support of its application, Matador states:

1. On December 7, 2021, the Division entered Order R-21946 in Case 22347 pooling the Wolfcamp formation underlying a standard 240-acre horizontal well spacing unit comprised of the W2SE4 of Section 30 and the W2E2 of Section 31, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico (the “Pooling Order”). Matador is the designated operator under the Pooling Order and the pooled spacing unit is initially dedicated to the proposed **Bivins Fed Com 213H** well.

2. On March 11, 2023, the Division entered Order R-21946-A in Case 23123 extending until December 8, 2023, the deadline to drill the initial well under the Pooling Order. At the Division hearing, Matador demonstrated the drilling permit filed with the Bureau of Land Management in October 2021 and has not been approval.

3. As of the filing of this application, the drilling permit on file with the Bureau of Land Management has still not been approved.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: Matador Production Company
Hearing Date: November 2, 2023
Case No. 23893

4. Good cause exists to extend the deadline to commence drilling the initial well under the Pooling Order.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 2, 2023, and, after notice and hearing as required by law, the Division enter an order extending until December 8, 2024, the deadline to commence drilling the initial well under the Pooling Order.

Respectfully submitted,

HOLLAND & HART LLP

By 

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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

CASE _____:

Application of Matador Production Company to Extend the Drilling Deadline Under Order R-21946, Lea County, New Mexico. Applicant in the above-styled cause seeks an extension of time to drill the initial well under pooling Order No. R-21946. This Order pooled the Wolfcamp formation underlying a standard 240-acre horizontal well spacing unit comprised of the W2SE4 of Section 30 and the W2E2 of Section 31, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico. Matador is the designated operator under the pooling order and the pooled spacing unit is initially dedicated to the proposed **Bivins Fed Com 213H** well. Said area is located 7 miles northwest of Jal, New Mexico.

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

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

CASE NO. 22347
ORDER NO. R-21946

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 2, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

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

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

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ORDER NO. R-21946

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



 ADRIENNE SANDOVAL
 DIRECTOR
 AES/jag

Date: 12/07/2021

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Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22347	APPLICANT'S RESPONSE
Date	December 2, 2021
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 228937
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATIONS OF MATADOR PRODUCTION COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Bivins Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Jal; Wolfcamp, West [33813]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	240 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	W/2 SE/4 of Section 30 and W/2 E/2 of Section 31, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

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Well #1	'Bivins Fed Com #213H well SHL: (Unit J) of Section 30, Township 24 South, Range 36 East BHL: (Unit P) of Section 31, Township 24 South, Range 36 East FTP: 2310 feet FEL, 2541 feet FSL Sec. 30 LTP: 2310 feet FEL, 100 feet FSL Sec. 31 Target: Wolfcamp Orientation: South-North Completion: Standard Location
Well #2	
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-1
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 A
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
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
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

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Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-4
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-5
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	30-Nov-21

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF MATADOR PRODUCTION COMPANY TO
EXTEND THE DRILLING DEADLINE UNDER ORDER R-21946,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23893
ORDER NO. R-21946-A**

AFFIDAVIT OF DAVID JOHNS

David Johns, of lawful age and being first duly sworn, declares as follows:

1. My name is David Johns. I work 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 (“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 record.

3. 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.

4. On December 7, 2021, the Division entered Order No. R-21946 (“Pooling Order”) in Case No. 22347 pooling the uncommitted interests in the Wolfcamp formation (Jal; Wolfcamp, West [33813]) underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico. Matador is the designated operator under the Pooling Order and the pooled spacing unit is initially dedicated to the proposed **Bivins Fed Com 213H** well (API No. 30-025-PENDING). On March 11, 2023, the Division entered Order R-21946-A in Case No. 23123 extending until December 8, 2023, the deadline to drill the initial well under the Pooling

Order. At the Division hearing, Matador demonstrated the drilling permit filed with the Bureau of Land Management (“BLM”) in October 2021 had not yet been approved.

5. Matador is eager to develop this acreage and has previously filed its application for a federal APD for the initial well in October 2021. Matador has been unable to drill the initial well yet because our federal APD has not been approved. We understand the permit approval was delayed after third-party litigation was initiated against the Bureau of Land Management regarding certain of its permitting approval processes. We understand the Bureau of Land Management now has a process in place for the review and approval of the drilling permits that were implicated in the litigation and we are optimistic that we will receive an approved drilling permit during the requested extension period of the pooling order.

6. Once Matador’s previously filed federal APD is approved, Matador intends to promptly drill the initial well under the order. Good cause therefore exists to extend the deadline to commence drilling under the order for a year, until December 8, 2024.

7. **Matador Exhibit C-1** is an updated copy of the pooling exhibit from Case No. 22347. Matador reached voluntary agreement with Joyce Marie Thomson and Russel Lynn Porter and is no longer seeking to pool those parties. Chief Capital (O&G) II LLC leased the interests of TROG Fund II, LLC, F3 Criterion Minerals, LP, and Towner Rock Royalties TWO, LP.

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

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

FURTHER AFFIANT SAYETH NAUGHT.

D. Johns

DAVID JOHNS

STATE OF TEXAS)

)

COUNTY OF DALLAS)

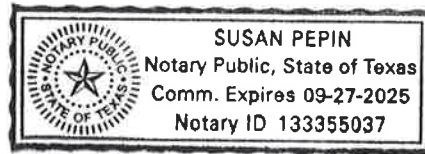
SUBSCRIBED and SWORN to before me this 27 day of October 2023 by David Johns.

Susan Pepin

NOTARY PUBLIC

My Commission Expires:

09-27-2025



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

**APPLICATION OF MATADOR PRODUCTION TO
EXTEND THE DRILLING DEADLINE UNDER ORDER R-21946,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23893
ORDER NO. R-21946-A**

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


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

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

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

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

5. 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.



Paula M. Vance

10/31/2023

Date

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Matador Production Company
Hearing Date: November 2, 2023
Case No. 23893**



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

October 13, 2023

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS THAT REMAIN SUBJECT TO POOLING ORDER

Re: Application of Matador Production Company to Extend the Drilling Deadline Under Order R-21946, Lea County, New Mexico: *Bivins Fed Com 213H*

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on November 2, 2023, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

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: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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

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

Sincerely,

Michael H. Feldewert
ATTORNEY FOR MRC PERMIAN COMPANY

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

MRC - Bivins 137H-138H, 213H-214H wells
Case nos. 23891-23894 - Postal Delivery Report

921489019403833358118	OXY USA WTP LP 5 Greenway Plaza Suite 110 Houston TX 77046	Delivered Signature Received
921489019403833358119	Chief Capital (O&G) II LLC 8111 Westchester Drive Suite 900 Dallas TX 75225	Delivered Signature Received