

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING DECEMBER 7, 2023**

**CASE NO. 23993**

*PAUL FLOWERS STATE COM #111H, #131H & #151H  
WELLS*

**LEA COUNTY, NEW MEXICO**



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

**APPLICATION OF MRC HAT MESA, LLC FOR  
APPROVAL OF AN OVERLAPPING HORIZONTAL  
WELL SPACING UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23993**

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# COMPULSORY POOLING APPLICATION CHECKLIST

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

|  |  |
|--|--|
| <b>Case: 23993</b>   | <b>APPLICANT'S RESPONSE</b>  |
| <b>Date</b>  | <b>December 7, 2023</b>  |
| Applicant  | MRC Hat Mesa, LLC  |
| Designated Operator & OGRID (affiliation if applicable)  | Matador Production Company (OGRID No. 228937)  |
| Applicant's Counsel:   | Holland & Hart LLP   |
| Case Title:  | APPLICATION OF MRC HAT MESA, LLC FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.                             |
| Entries of Appearance/Intervenors:   | N/A  |
| Well Family  | Paul Flowers   |
| <b>Formation/Pool</b>  |  |
| Formation Name(s) or Vertical Extent:  | Bone Spring Formation  |
| Primary Product (Oil or Gas):  | Oil  |
| Pooling this vertical extent:  | N/A  |
| Pool Name and Pool Code:   | WC-025 G-07 S213330F; BONE SPRING [97927] for the acreage in Sections 30 & 31 and LEGG; BONE SPRING [37870] for the acreage in Section 6                                 |
| Well Location Setback Rules:   | Statewide oil rules  |
| <b>Spacing Unit</b>  |  |
| Type (Horizontal/Vertical)   | Horizontal   |
| Size (Acres)   | 400  |
| Building Blocks:   | 40 acres   |
| Orientation:   | North-South  |
| Description: TRS/County  | W/2 W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 W/2 of Section 31 and the W/2 SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?                   | Yes  |
| <b>Other Situations</b>  |  |
| Depth Severance: Y/N. If yes, description  | No   |
| Proximity Tracts: If yes, description  | No   |
| Proximity Defining Well: if yes, description   | N/A  |
| Applicant's Ownership in Each Tract  | Exhibit C-4  |
| <b>Well(s)</b>   |  |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed  |

**BEFORE THE OIL CONSERVATION DIVISION**

**Santa Fe, New Mexico**


**Exhibit No. A**

**Submitted by: MRC Hat Mesa, LLC**

**Hearing Date: December 7, 2023**

**Case No. 23993**

|  |  |
|--|--|
| Well #1<br><i>Received by OCD: 12/5/2023 6:04:18 PM</i>  | <u>Paul Flowers State Com 111H well</u><br>SHL: 472' FSL, 909' FWL (Lot 7) of Section 6, T22S-R33E<br>BHL: 2,690' FNL, 330' FWL (Lot 3) of Section 30, T21S-R33E<br>Target: Bone Spring<br>Orientation: North-South<br>Completion: Standard Location   |
| Well #2  | <u>Paul Flowers State Com 131H well</u><br>SHL: 442' FSL, 1,019' FWL (Lot 7) of Section 6, T22S-R33E<br>BHL: 2,690' FNL, 330' FWL (Lot 3) of Section 30, T21S-R33E<br>Target: Bone Spring<br>Orientation: North-South<br>Completion: Standard Location |
| Well #3  | <u>Paul Flowers State Com 151H well</u><br>SHL: 472' FSL, 989' FWL (Lot 7) of Section 6, T22S-R33E<br>BHL: 2,690' FNL, 330' FWL (Lot 3) of Section 30, T21S-R33E<br>Target: Bone Spring<br>Orientation: North-South<br>Completion: Standard Location   |
| Horizontal Well First and Last Take Points   | Exhibit C-2  |
| Completion Target (Formation, TVD and MD)  | Exhibit C-5  |
|  |  |
| <b>AFE Capex and Operating Costs</b>   |  |
| Drilling Supervision/Month \$  | \$8,000  |
| Production Supervision/Month \$  | \$800  |
| Justification for Supervision Costs  | Exhibit C  |
| Requested Risk Charge  | 200%   |
| <b>Notice of Hearing</b>   |  |
| 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  |
| <b>Ownership Determination</b>   |  |
| Land Ownership Schematic of the Spacing Unit   | Exhibit C-4  |
| Tract List (including lease numbers and owners)  | Exhibit 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-4  |
| Unlocatable Parties to be Pooled   | N/A  |
| Ownership Depth Severance (including percentage above & below)   | N/A  |
| <b>Joinder</b>   |  |
| Sample Copy of Proposal Letter   | Exhibit C-5  |
| List of Interest Owners (ie Exhibit A of JOA)  | Exhibit C-4  |
| Chronology of Contact with Non-Joined Working Interests  | Exhibit C-6  |
| Overhead Rates In Proposal Letter  | Exhibit C-5  |

|  |  |                    |
|--|--|--------------------|
| <i>Received by OCD: 12/5/2023 6:04:18 PM</i><br>Cost Estimate to Drill and Complete                              | Exhibit C-5  | <i>Page 3 of 4</i> |
| Cost Estimate to Equip Well  | Exhibit C-5  |                    |
| Cost Estimate for Production Facilities  | Exhibit C-5  |                    |
| <b>Geology</b>   |  |                    |
| 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  |                    |
| <b>Forms, Figures and Tables</b>   |  |                    |
| C-102  | Exhibit C-2  |                    |
| Tracts   | Exhibit C-4  |                    |
| Summary of Interests, Unit Recapitulation (Tracts)   | Exhibit 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  |                    |
| <b>Additional Information</b>  |  |                    |
| Special Provisions/Stipulations  | N/A  |                    |
| <b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b> |  |                    |
| <b>Printed Name</b> (Attorney or Party Representative):  | Paula M. Vance   |                    |
| <b>Signed Name</b> (Attorney or Party Representative):   |  |                    |
| <b>Date:</b>   |  | 12/5/2023          |

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

APPLICATION OF MRC HAT MESA, LLC FOR  
APPROVAL OF AN OVERLAPPING HORIZONTAL  
WELL SPACING UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. 23993

APPLICATION

MRC Hat Mesa, LLC (“MRC” or “Applicant”), through undersigned attorneys, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W2W2 of Section 6, Township 22 South, Range 33 East, and the W2W2 of Section 31 and the W2SW4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling this proposed horizontal well spacing unit. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal well 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 well spacing unit to the proposed **Paul Flowers State Com 111H, Paul Flowers State Com 131H and Paul Flowers State Com 151H** wells to be horizontally drilled from a surface hole location in the SW4 of Section 6, with a first take point in the SW4SW4 equivalent (Lot 7) of section 6 and a last take point in the NW4SW4 (Unit L) of Section 30.

69: CF9'H<9'C=@7 CBG9FJ5HCB'8-J-GCB'  
GubHJ: YZBYk 'A YI ]Wt  
91 \ ]V]hBc"6  
Gi Va ]HrX'Vm'AF7 '<UhiA YgUz @?  
<YUf]b[ '8 UH. '8 YWwa VYf '+z&\$&'  
7 UgYBc" &' - -'

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

- A 156.33-acre horizontal well spacing unit comprised of the S2S2 of Section 6 dedicated to Matador's AO6 502H (API 30-025-45012) and Matador's AO 6 State Com 501H (API 30-025-45026)
- A 156.35-acre horizontal well spacing unit comprised of the N2S2 of Section 6 dedicated to Matador's AO 6 State Com 001H (API 30-025-40519)
- A 156.38-acre horizontal well spacing unit comprised of the S2N2 of Section 6 dedicated to Matador's COOP 6 State 002H (API 30-025-41981)
- A 156.55-acre horizontal well spacing unit comprised of the N2N2 of Section 6 dedicated to Matador's COOP 6 State 001H (API 30-025-41177)
- A 156.34-acre horizontal well spacing unit comprised of the S2N2 of Section 31 dedicated to Matador's Dagger State Unit 002H (API 30-025-41178)

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

6. Approval of this overlapping horizontal well spacing unit and the pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of this horizontal well spacing unit and the 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

By: 

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

**ATTORNEYS FOR MRC HAT MESA, LLC**



CASE \_\_\_\_\_: **Application of MRC Hat Mesa, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W2W2 of Section 6, Township 22 South, Range 33 East, and the W2W2 of Section 31 and the W2SW4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling this proposed horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Paul Flowers State Com 111H, Paul Flowers State Com 131H and Paul Flowers State Com 151H** wells to be horizontally drilled from a surface hole location in the SW4 of Section 6, with a first take point in the SW4SW4 equivalent (Lot 7) of section 6 and a last take point in the NW4SW4 (Unit L) of Section 30. This proposed horizontal well spacing unit will overlap the following existing Bone Spring spacing units:

- A 156.33-acre horizontal well spacing unit comprised of the S2S2 of Section 6 dedicated to Matador's AO6 502H (API 30-025-45012) and Matador's AO 6 State Com 501H (API 30-025-45026)
- A 156.35-acre horizontal well spacing unit comprised of the N2S2 of Section 6 dedicated to Matador's AO 6 State Com 001H (API 30-025-40519)
- A 156.38-acre horizontal well spacing unit comprised of the S2N2 of Section 6 dedicated to Matador's COOP 6 State 002H (API 30-025-41981)
- A 156.55-acre horizontal well spacing unit comprised of the N2N2 of Section 6 dedicated to Matador's COOP 6 State 001H (API 30-025-41177)
- A 156.34-acre horizontal well spacing unit comprised of the S2N2 of Section 31 dedicated to Matador's Dagger State Unit 002H (API 30-025-41178)

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 proposed spacing unit, and a 200% charge for risk involved in drilling the wells. The subject area is located approximately 26 miles west of Eunice, New Mexico.

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

**APPLICATION OF MRC HAT MESA, LLC  
FOR APPROVAL OF AN OVERLAPPING SPACING UNIT  
AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23993**

**SELF-AFFIRMED STATEMENT OF DAVID JOHNS**

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

1. 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.

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. In this case, Matador is seeking an order pooling all uncommitted interests in the Bone Spring formation in the standard 362.8-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 W/2 of Section 31 and the W/2 SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, and initially dedicate this Bone Spring spacing unit to the proposed **Paul Flowers State Com 111H, Paul Flowers State Com 131H and Paul Flowers State Com 151H** wells to be horizontally drilled from a surface hole location in the SW/4 of

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case No. 23993**

Section 6, with a first take point in the SW/4 SW/4 equivalent (Lot 7) of section 6 and a last take point in the NW/4 SW/4 (Unit L) of Section 30.

5. Matador understands this well will be placed in the WC-025 G-07 S213330F;BONE SPRING [97927] (for Sections 30 and 31) and the LEGG;BONE SPRING [37870] (for Section 6) pools.

6. This 362.8-acre horizontal well spacing unit will overlap the following existing spacing units covering portions of the subject acreage:

- a. A 156.33-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 6 dedicated to Matador's AO6 502H (API 30-025-45012) and Matador's AO 6 State Com 501H (API 30-025-45026);
- b. A 156.35-acre horizontal well spacing unit comprised of the N/2 S/2 of Section 6 dedicated to Matador's AO 6 State Com 001H (API 30-025-40519);
- c. A 156.38-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 6 dedicated to Matador's COOP 6 State 002H (API 30-025-41981);
- d. A 156.55-acre horizontal well spacing unit comprised of the N/2 N/2 of Section 6 dedicated to Matador's COOP 6 State 001H (API 30-025-41177);  
and
- e. A 156.34-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 31 dedicated to Matador's Dagger State Unit 002H (API 30-025-41178).

7. **Matador Exhibit C-1** contains a copy of the notice that Matador sent to the working interest owners in the existing spacing units referenced above, the working

interest owners in the proposed spacing unit in Matador's current application, as well as the New Mexico State Land Office. Matador has not received written notice of any objection to the notice of overlapping spacing unit.

8. **Matador Exhibit C-2** contains the Form C-102 for the proposed well.

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

10. **Matador Exhibit C-3** identifies the tracts of land comprising the proposed horizontal spacing units. The land in the proposed spacing unit is comprised of state lands.

11. **Matador Exhibit C-4** identifies for the working interest owners that Matador is seeking to pool along with their respective ownership interest in the proposed horizontal spacing unit. **Matador Exhibit C-4** also identifies the overriding royalty interest owners that Matador seeks to pool in this case.

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

13. While Matador was working to put this unit together, Matador proposed the above well to each of the working interest parties it seeks to pool. **Matador Exhibit C-5** contains a sample well proposal letter that was sent to those parties, along with the AFE sent to working interest owners for each well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

14. In addition to sending well proposal letters and AFEs, I have called or emailed each of the working interest owners Matador seeks to pool. As indicated in **Matador Exhibit C-6**, we have been able to contact and have discussions with all of the working interest owners we seek to pool.

15. **Matador Exhibit C-6** contains a summary chronology of Matador’s contacts and attempted contacts with the uncommitted working interest owners. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted mineral owners that Matador seeks to pool in this case.

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

17. I provided Matador’s outside counsel, Holland & Hart, a list of names and addresses for the parties that Matador is seeking to pool. In compiling this notice list, Matador conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches.

18. **Matador Exhibits C-1 through C-6** were either prepared by me or compiled under my direction and supervision.

19. 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.

  
\_\_\_\_\_

David Johns

12/5/23  
\_\_\_\_\_

Date

# **Exhibit C-1**

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL WORKING INTEREST OWNERS IN THE AGREAGE AFFECTED BY  
PROPOSED OVERLAPPING SPACING UNIT**

November 13, 2023

Re: Notice of Overlapping Spacing Unit  
Matador's Paul Flowers State Com #111H, #131H, and #151H

To Whom It May Concern:

Matador Production Company has proposed the above-referenced wells for the development of the Bone Spring formation under the W/2 W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 W/2 of Section 31 and the W/2 SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico.

This letter is to advise you that this proposed development plan will require the formation of the 400 acre, more or less, spacing unit comprised of the W/2 W/2 of Section 6, Township 22 South, Range 33 East, and the W/2 W/2 of Section 31 and the W/2 SW/4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, which will initially be dedicated to:

- (i) Matador's **Paul Flowers State Com 111H** well to be horizontally drilled from a surface hole location in the SW4 of Section 6, with a first take point in the SW4SW4 equivalent (Lot 7) of section 6 and a last take point in the NW4SW4 (Unit L) of Section 30. This well is targeting the First Bone Spring of the Bone Spring formation, with an approximate TVD of 9,900';
- (ii) Matador's **Paul Flowers State Com 131H** well to be horizontally drilled from a surface hole location in the SW4 of Section 6, with a first take point in the SW4SW4 equivalent (Lot 7) of section 6 and a last take point in the NW4SW4 (Unit L) of Section 30. This well is targeting the Third Bone Spring of the Bone Spring formation, with an approximate TVD of 11,940';
- (iii) Matador's **Paul Flowers State Com 151H** well to be horizontally drilled from a surface hole location in the SW4 of Section 6, with a first take point in the SW4SW4 equivalent (Lot 7) of section 6 and a last take point in the NW4SW4 (Unit L) of Section 30. This well is targeting the Third Bone Spring of the Bone Spring formation, with an approximate TVD of 11,280';

Matador's proposed 400-acre horizontal well spacing unit will overlap the following existing spacing unit:

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Submitted by: MRC Hat Mesa, LLC  
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- (i) A 156.33-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 6, Township 22 South, Range 33 East, Lea County, New Mexico, dedicated to Matador's AO6 502H (API 30-025-45012) and Matador's AO 6 State Com 501H (API 30-025-45026). Matador's AO6 502H (API 30-025-45012) is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,771'. Matador's AO 6 State Com 501H (API 30-025-45026) is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,673';
- (ii) A 156.35-acre horizontal well spacing unit comprised of the N/2 S/2 of Section 6, Township 22 South, Range 33 East, Lea County, New Mexico, dedicated to Matador's AO 6 State Com 001H (API 30-025-40519), which is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,922';
- (iii) A 156.38-acre horizontal well spacing unit comprised of the S/2 N/2 of Section 6, Township 22 South, Range 33 East, Lea County, New Mexico, dedicated to Matador's COOP 6 State 002H (API 30-025-41981), which is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,833';
- (iv) A 156.55-acre horizontal well spacing unit comprised of the N/2 N/2 of Section 6, Township 22 South, Range 33 East, Lea County, New Mexico, dedicated to Matador's COOP 6 State 001H (API 30-025-41177), which is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,884';
- (v) A 156.34-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 31, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, dedicated to Matador's Dagger State Unit 002H (API 30-025-41178), which is targeting the Second Bone Spring of the Bone Spring formation, with an approximate TVD of 10,944'.

Pursuant to NMAC 19.15.16.15.B(9) and 19.15.15.12.B, you have a right to object the overlapping spacing unit by delivering a written statement of objection to our office within twenty (20) days of the mailing of this notice. If no objection is received within this 20-day period, we will proceed with obtaining any remaining regulatory approvals for the proposed spacing unit.

If you have any questions about this matter, please contact me at your convenience.

Sincerely,



David Johns  
Senior Staff Landman for Matador Production Company  
972-619-1259  
djohns@matadorresources.com



## **Exhibit C-2**

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

|  |   |   |
|--|---|---|
| <sup>1</sup> API Number                | <sup>2</sup> Pool Code  | <sup>3</sup> Pool Name                  |
| <sup>4</sup> Property Code             | <sup>5</sup> Property Name<br><b>PAUL FLOWERS</b>               |   |
| <sup>7</sup> OGRID No.                 | <sup>8</sup> Operator Name<br><b>MATADOR PRODUCTION COMPANY</b> | <sup>6</sup> Well Number<br><b>111H</b> |
| <sup>9</sup> Elevation<br><b>3614'</b> |   |   |

<sup>10</sup>Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 7             | 6       | 22-S     | 33-E  | -       | 472'          | SOUTH            | 909'          | WEST           | LEA    |

<sup>11</sup>Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 3             | 30      | 21-S     | 33-E  | -       | 2690'         | NORTH            | 330'          | WEST           | LEA    |

|  |                               |                                  |                         |
|--|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br><b>398.94</b> | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|--|-------------------------------|----------------------------------|-------------------------|

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

<sup>16</sup> 24 19 19 20  
 25 30 29  
 36 31 32  
 36 31 32  
 1 6 5  
 12 7 8

SEE DETAIL  
 SCALE: 1" = 400'

DETAIL VIEW  
 SCALE: 1" = 400'

NEW MEXICO EAST  
 NAD 1983

**SURFACE LOCATION (SHL)**  
 472' FSL - SEC. 6  
 909' FWL - SEC. 6  
 X=762427 Y=515422  
 LAT.: N 32.4149260  
 LONG.: W 103.6168757

**KICK OFF POINT (KOP)**  
 50' FSL - SEC. 6  
 330' FWL - SEC. 6  
 X=761851 Y=514997  
 LAT.: N 32.4137688  
 LONG.: W 103.6187517

**FIRST PERFORATION POINT (FPP)**  
 100' FSL - SEC. 6  
 330' FWL - SEC. 6  
 X=761851 Y=515047  
 LAT.: N 32.4139062  
 LONG.: W 103.6187517

**LAST PERFORATION POINT (LPP)**  
 2740' FNL - SEC. 30  
 330' FWL - SEC. 30  
 X=761761 Y=528044  
 LAT.: N 32.4496293  
 LONG.: W 103.6187621

**BOTTOM HOLE LOCATION (BHL)**  
 2690' FNL - SEC. 30  
 330' FWL - SEC. 30  
 X=761760 Y=528094  
 LAT.: N 32.4497668  
 LONG.: W 103.6187622

T-21-S, R-33-E  
 SECTION 30  
 LOT 1 - 36.14 ACRES  
 LOT 2 - 36.14 ACRES  
 LOT 3 - 36.14 ACRES  
 LOT 4 - 36.14 ACRES  
 SECTION 31  
 LOT 1 - 36.17 ACRES  
 LOT 2 - 36.24 ACRES  
 LOT 3 - 36.30 ACRES  
 LOT 4 - 36.37 ACRES  
 T-22-S, R-33-E  
 SECTION 6  
 LOT 1 - 40.03 ACRES  
 LOT 2 - 40.03 ACRES  
 LOT 3 - 40.01 ACRES  
 LOT 4 - 36.39 ACRES  
 LOT 5 - 36.37 ACRES  
 LOT 6 - 36.35 ACRES  
 LOT 7 - 36.33 ACRES

<sup>17</sup>OPERATOR CERTIFICATION

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

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

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

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

<sup>18</sup>SURVEYOR CERTIFICATION

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

**11/27/2023**

Date of Survey  
 Signature and Seal of Professional Surveyor

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

NEW MEXICO EAST  
 NAD 1927

|   |  |
|---|--|
| <b>SURFACE LOCATION (SHL)</b><br>X=721245 Y=515362<br>LAT.: N 32.4148029<br>LONG.: W 103.6163892        | <b>KICK OFF POINT (KOP)</b><br>X=720669 Y=514937<br>LAT.: N 32.4136457<br>LONG.: W 103.6182652         |
| <b>FIRST PERFORATION POINT (FPP)</b><br>X=720669 Y=514987<br>LAT.: N 32.4137831<br>LONG.: W 103.6182652 | <b>LAST PERFORATION POINT (LPP)</b><br>X=720579 Y=527983<br>LAT.: N 32.4495064<br>LONG.: W 103.6182744 |
| <b>BOTTOM HOLE LOCATION (BHL)</b><br>X=720578 Y=528033<br>LAT.: N 32.4496438<br>LONG.: W 103.6182744    |  |

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

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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

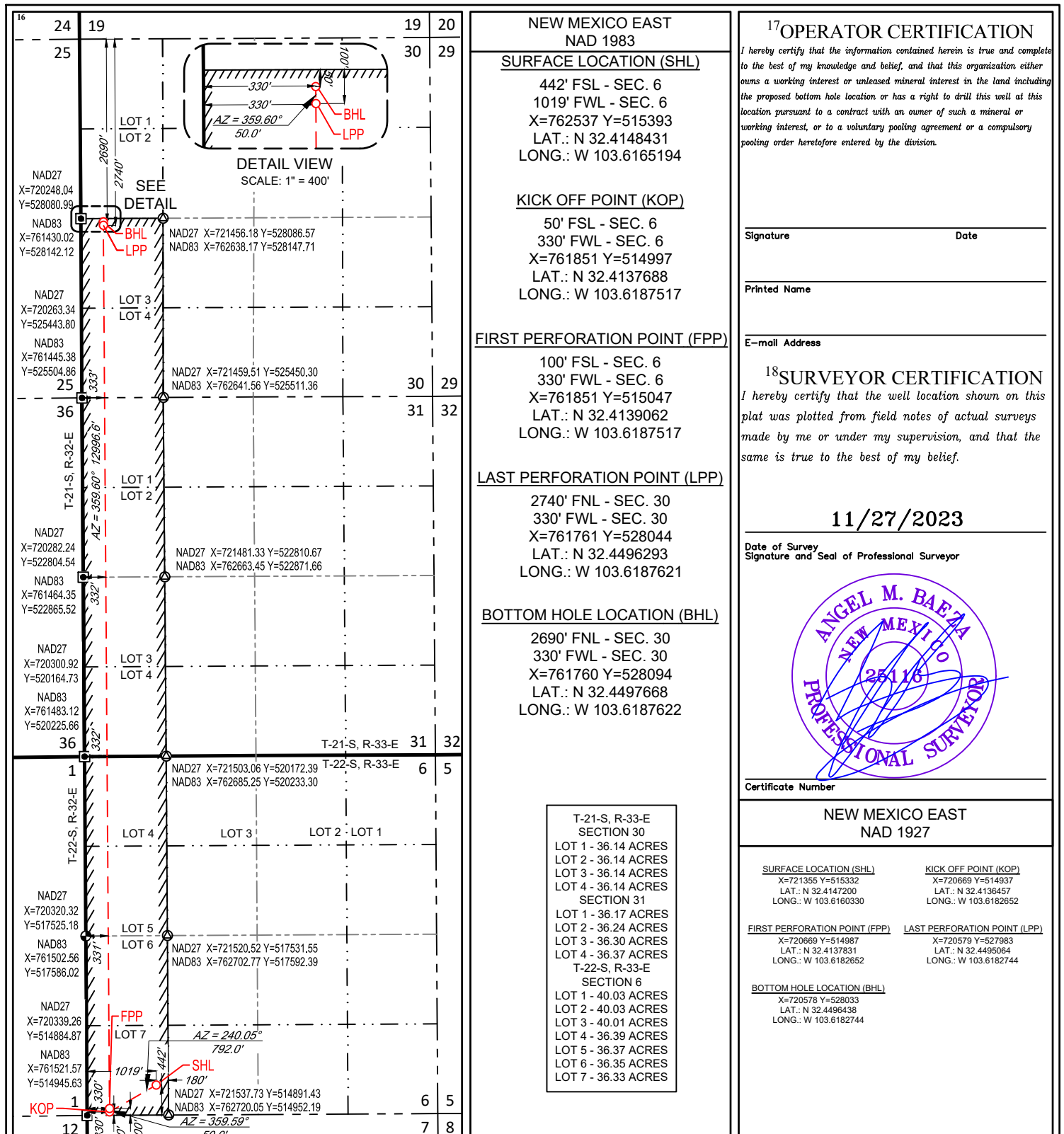
|                            |   |   |
|----------------------------|---|---|
| <sup>1</sup> API Number    | <sup>2</sup> Pool Code  | <sup>3</sup> Pool Name                  |
| <sup>4</sup> Property Code | <sup>5</sup> Property Name<br><b>PAUL FLOWERS</b>               |   |
| <sup>7</sup> OGRID No.     | <sup>8</sup> Operator Name<br><b>MATADOR PRODUCTION COMPANY</b> | <sup>6</sup> Well Number<br><b>131H</b> |
|                            |   | <sup>9</sup> Elevation<br><b>3614'</b>  |

| <sup>10</sup> Surface Location |         |          |       |         |               |                  |               |                |        |
|--------------------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no.                  | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| 7                              | 6       | 22-S     | 33-E  | -       | 442'          | SOUTH            | 1019'         | WEST           | LEA    |

| <sup>11</sup> Bottom Hole Location If Different From Surface |         |          |       |         |               |                  |               |                |        |
|--|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no.  | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| 3  | 30      | 21-S     | 33-E  | -       | 2690'         | NORTH            | 330'          | WEST           | LEA    |

|  |                               |                                  |                         |
|--|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br><b>398.94</b> | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|--|-------------------------------|----------------------------------|-------------------------|

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



District I  
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1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |  |   |  |                        |  |   |  |
|----------------------------|--|---|--|------------------------|--|---|--|
| <sup>1</sup> API Number    |  | <sup>2</sup> Pool Code  |  | <sup>3</sup> Pool Name |  |   |  |
| <sup>4</sup> Property Code |  | <sup>5</sup> Property Name<br><b>PAUL FLOWERS</b>               |  |                        |  | <sup>6</sup> Well Number<br><b>151H</b> |  |
| <sup>7</sup> OGRID No.     |  | <sup>8</sup> Operator Name<br><b>MATADOR PRODUCTION COMPANY</b> |  |                        |  | <sup>9</sup> Elevation<br><b>3614'</b>  |  |

<sup>10</sup>Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 7             | 6       | 22-S     | 33-E  | -       | 472'          | SOUTH            | 989'          | WEST           | LEA    |

<sup>11</sup>Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 3             | 30      | 21-S     | 33-E  | -       | 2690'         | NORTH            | 330'          | WEST           | LEA    |

|  |                               |                                  |                         |
|--|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br><b>398.94</b> | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|--|-------------------------------|----------------------------------|-------------------------|

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

<sup>16</sup> 24 19 19 20  
25 30 29  
36 31 32  
36 31 32  
1 6 5  
12 7 8

SEE  
DETAIL

DETAIL VIEW  
SCALE: 1" = 400'

NEW MEXICO EAST  
NAD 1983

**SURFACE LOCATION (SHL)**  
472' FSL - SEC. 6  
989' FWL - SEC. 6  
X=762507 Y=515423  
LAT.: N 32.4149256  
LONG.: W 103.6166165

**KICK OFF POINT (KOP)**  
50' FSL - SEC. 6  
330' FWL - SEC. 6  
X=761851 Y=514997  
LAT.: N 32.4137688  
LONG.: W 103.6187517

**FIRST PERFORATION POINT (FPP)**  
100' FSL - SEC. 6  
330' FWL - SEC. 6  
X=761851 Y=515047  
LAT.: N 32.4139062  
LONG.: W 103.6187517

**LAST PERFORATION POINT (LPP)**  
2740' FNL - SEC. 30  
330' FWL - SEC. 30  
X=761761 Y=528044  
LAT.: N 32.4496293  
LONG.: W 103.6187621

**BOTTOM HOLE LOCATION (BHL)**  
2690' FNL - SEC. 30  
330' FWL - SEC. 30  
X=761760 Y=528094  
LAT.: N 32.4497668  
LONG.: W 103.6187622

T-21-S, R-33-E  
SECTION 30  
LOT 1 - 36.14 ACRES  
LOT 2 - 36.14 ACRES  
LOT 3 - 36.14 ACRES  
LOT 4 - 36.14 ACRES  
SECTION 31  
LOT 1 - 36.17 ACRES  
LOT 2 - 36.24 ACRES  
LOT 3 - 36.30 ACRES  
LOT 4 - 36.37 ACRES  
T-22-S, R-33-E  
SECTION 6  
LOT 1 - 40.03 ACRES  
LOT 2 - 40.03 ACRES  
LOT 3 - 40.01 ACRES  
LOT 4 - 36.39 ACRES  
LOT 5 - 36.37 ACRES  
LOT 6 - 36.35 ACRES  
LOT 7 - 36.33 ACRES

<sup>17</sup>OPERATOR CERTIFICATION

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

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

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

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

<sup>18</sup>SURVEYOR CERTIFICATION

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

**11/27/2023**

Date of Survey  
Signature and Seal of Professional Surveyor

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

NEW MEXICO EAST  
NAD 1927

|   |  |
|---|--|
| <b>SURFACE LOCATION (SHL)</b><br>X=721325 Y=515362<br>LAT.: N 32.4148025<br>LONG.: W 103.6161301        | <b>KICK OFF POINT (KOP)</b><br>X=720669 Y=514937<br>LAT.: N 32.4136457<br>LONG.: W 103.6182652         |
| <b>FIRST PERFORATION POINT (FPP)</b><br>X=720669 Y=514987<br>LAT.: N 32.4137831<br>LONG.: W 103.6182652 | <b>LAST PERFORATION POINT (LPP)</b><br>X=720579 Y=527983<br>LAT.: N 32.4495084<br>LONG.: W 103.6182744 |
| <b>BOTTOM HOLE LOCATION (BHL)</b><br>X=720578 Y=528033<br>LAT.: N 32.4496438<br>LONG.: W 103.6182744    |  |

## **Exhibit C-3**



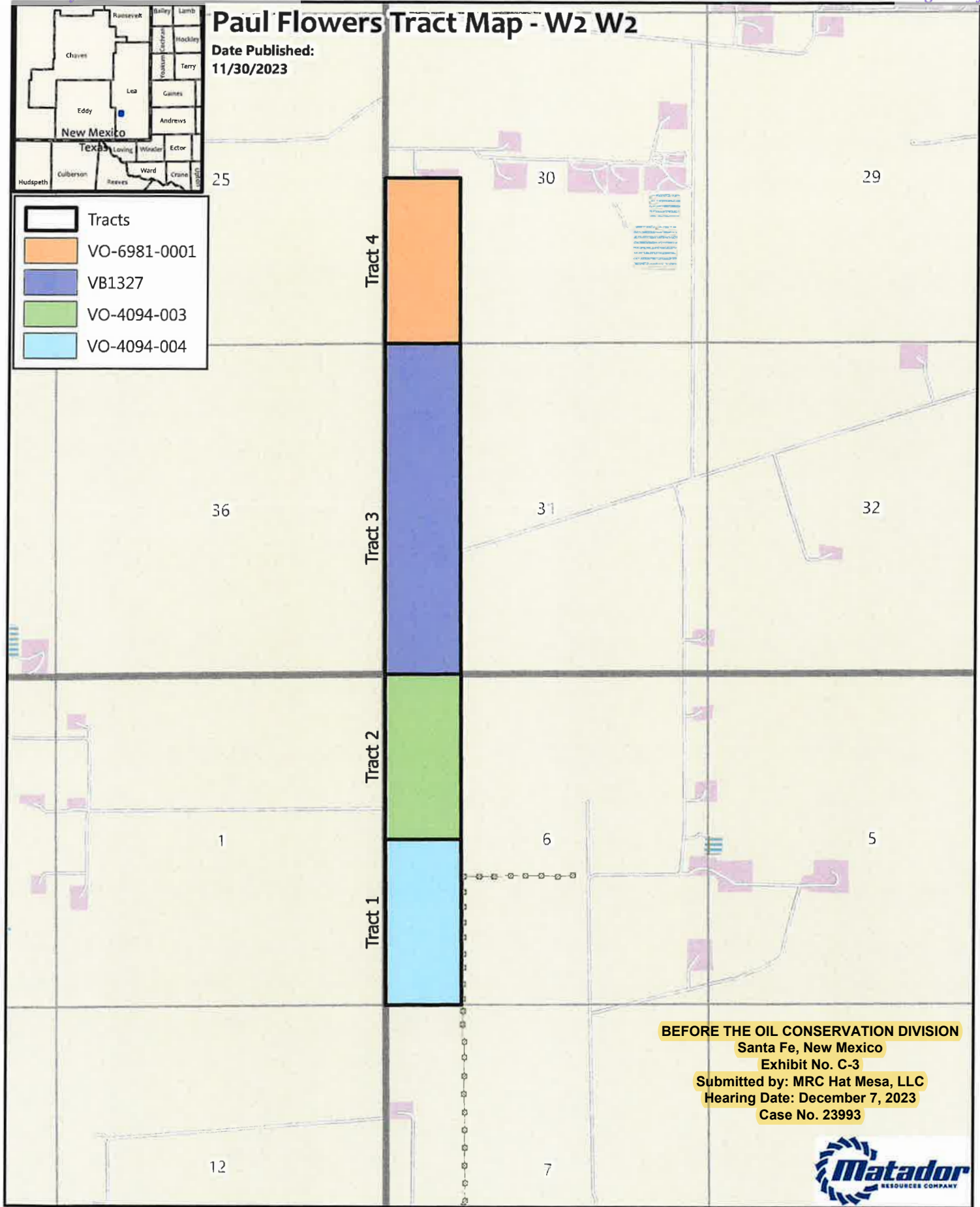
# Paul Flowers Tract Map - W2 W2

Date Published:  
11/30/2023



**Tracts**

- VO-6981-0001
- VB1327
- VO-4094-003
- VO-4094-004



**BEFORE THE OIL CONSERVATION DIVISION**  
**Santa Fe, New Mexico**  
**Exhibit No. C-3**  
**Submitted by: MRC Hat Mesa, LLC**  
**Hearing Date: December 7, 2023**  
**Case No. 23993**



## 1:24,000

1 inch equals 2,000 feet

**GIS Standard Map Disclaimer:**  
 This cartographic product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to determine the suitability of the information.

Map Prepared by: americo.gamarral  
 Date: November 30, 2023  
 Project: \\gis\UserData\agamarra\temp\20231129 Paul Flowers\Paul Flowers.aprx  
 Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet  
 Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office, GIS Department;  
 Texas Cooperative Wildlife Collection, Texas A&M University;  
 United States Census Bureau (TIGER);

# **Exhibit C-4**

| <b>Paul Flowers State Com #111H, #131H, and #151H (Slot 1- BSP)</b> |                              |               |                  |
|---|------------------------------|---------------|------------------|
| Summary of Interests  |                              |               |                  |
| Matador Working Interest  |                              | 81.3309%      |                  |
| Compulsory Pool Interest  |                              | 18.6691%      |                  |
| <b>Interest Owners:</b>   | <b>Description:</b>          | <b>Tract:</b> | <b>Interest:</b> |
| Oxy USA, Inc.*  | Uncommitted Working Interest | 2             | 11.6172%         |
| Oxy Y-1 Company*  | Uncommitted Working Interest | 2             | 0.7843%          |
| EOG Y Resources, Inc.*  | Uncommitted Working Interest | 2             | 6.2676%          |
| Aep Encap Holdco, LLC*  | ORRI                         | 1, 2, & 3     | -                |
| AEPXCON Management LLC*   | ORRI                         | 1, 2, & 3     | -                |
| Charis Royalty F LP*  | ORRI                         | 1, 2, & 3     | -                |
| DG ROYALTY LLC*   | ORRI                         | 1, 2, & 3     | -                |
| O'Neill Properties*   | ORRI                         | 1 & 2         | -                |
| Texas Redhand LLC*  | ORRI                         | 1 & 2         | -                |
|   |                              |               |                  |

\*Matador is seeking to pool to the interests of each owner denoted with an \*.



# **Exhibit C-5**

# Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.619.1259 • Fax 214.866.4946

[djohns@matadorresources.com](mailto:djohns@matadorresources.com)

David Johns  
Senior Staff Landman

September 25, 2023

VIA CERTIFIED RETURN RECEIPT MAIL

Oxy USA, Inc.  
5 Greenway Plaza, Suite 110  
Houston, TX 77227

Re: Paul Flowers State Com #111H, #112H, #113H, #114H, #131H, #132H, #134H, #151H, #152H, #153H, #154H, #155H, #158H, #203H, #205H & #208H (the "Wells")  
Participation Proposal  
Sections 31 & 30, Township 21 South, Range 33 East, Section 6, Township 22 South, Range 33 East  
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Paul Flowers State Com #111H, Paul Flowers State Com #112H, Paul Flowers State Com #113H, Paul Flowers State Com #114H, Paul Flowers State Com #131H, Paul Flowers State Com #132H, Paul Flowers State Com #134H, Paul Flowers State Com #151H, Paul Flowers State Com #152H, Paul Flowers State Com #153H, Paul Flowers State Com #154H, Paul Flowers State Com #155H, Paul Flowers State Com #158H, Paul Flowers State Com #203H, Paul Flowers State Com #205H & Paul Flowers State Com #208H wells, located in Sections 31 & 30, Township 21 South, Range 33 East, Section 6, Township 22 South, Range 33 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 sixteen (16) enclosed Authority for Expenditures ("AFE") dated June 21, 2023.

- **Paul Flowers State Com #111H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 330' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.
- **Paul Flowers State Com #112H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 1,650' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,650' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C-5  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case No. 23993

- **Paul Flowers State Com #113H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 2,310' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 2,310' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.
- **Paul Flowers State Com #114H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 990' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 990' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,900' TVD) to a Measured Depth of approximately 22,770'.
- **Paul Flowers State Com #131H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 330' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 24,770'.
- **Paul Flowers State Com #132H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 2,178' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 24,770'.
- **Paul Flowers State Com #134H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 24,770'.
- **Paul Flowers State Com #151H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 330' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,300' TVD) to a Measured Depth of approximately 24,170'.
- **Paul Flowers State Com #152H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 2,178' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,300' TVD) to a Measured Depth of approximately 24,170'.
- **Paul Flowers State Com #153H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FEL and 100' FNL of Section 6-22S-33E, and a proposed last take point located at 2,178' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,675' TVD) to a Measured Depth of approximately 24,545'.

- **Paul Flowers State Com #154H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,300' TVD) to a Measured Depth of approximately 24,170'.
- **Paul Flowers State Com #155H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,675' TVD) to a Measured Depth of approximately 24,545'.
- **Paul Flowers State Com #158H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 660' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 660' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,675' TVD) to a Measured Depth of approximately 24,545'.
- **Paul Flowers State Com #203H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 2,178' FEL and 100' FNL of Section 6-22S-33E, and a proposed last take point located at 2,178' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,100' TVD) to a Measured Depth of approximately 24,970'.
- **Paul Flowers State Com #205H:** to be drilled from a legal location with a proposed surface hole location in the S/2SW/4 of Section 6-22S-33E, a proposed first take point located at 1,254' FWL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 1,254' FWL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,100' TVD) to a Measured Depth of approximately 24,970'.
- **Paul Flowers State Com #208H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 6-22S-33E, a proposed first take point located at 330' FEL and 100' FSL of Section 6-22S-33E, and a proposed last take point located at 330' FEL and 2,740' FNL of Section 30-21S-33E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,100' TVD) to a Measured Depth of approximately 24,970'.

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 will be provided at a later date, covering the Sections 31 & 30, Township 21 South, Range 33 East, Section 6, Township 22 South, Range 33 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**



David Johns

**Oxy USA, Inc. hereby elects to:**

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #111H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #111H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #112H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #112H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #113H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #113H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #114H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #114H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #131H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #131H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #132H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #132H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #134H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #134H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #151H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #151H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Paul Flowers State Com #152H** well.  
\_\_\_\_\_ Not to participate in the **Paul Flowers State Com #152H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #153H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #153H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #154H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #154H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #155H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #155H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #158H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #158H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #203H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #203H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #205H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #205H**.

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
 Production Company's **Paul Flowers State Com #208H** well.  
 \_\_\_\_\_ Not to participate in the **Paul Flowers State Com #208H**.

**Oxy USA, Inc.**

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

Title: \_\_\_\_\_

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

Contact Number: \_\_\_\_\_



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: June 21, 2023
WELL NAME: Paul Flowers State Com #111H
LOCATION: 6-22S-33E, 31&30-21S-33E
COUNTY/STATE: Lea, NM
MRC WI:
GEOLOGIC TARGET: First Bone Spring
REMARKS: Drill complete and equip a 2.5 mile horizontal First Bone Spring well with approximately 53 stages

Table with columns: INTANGIBLE COSTS, DRILLING COSTS, COMPLETION COSTS, PRODUCTION COSTS, FACILITY COSTS, TOTAL COSTS. Includes rows for Land/Legal, Drilling, Completion, Production, and Facility costs, totaling 14,537,797.

PREPARED BY MATADOR PRODUCTION COMPANY:
Drilling Engineer: Blake Hermes
Completions Engineer: Trace Saha
Production Engineer: Jan Mosnes

MATADOR RESOURCES COMPANY APPROVAL:
Exec. VP & CFO: [Signature]
President: [Signature]
Senior VP - Geoscience: [Signature]
Exec. VP & COO - Land & Legal: [Signature]
Exec. VP & COO - Operations: [Signature]

NON OPERATING PARTNER APPROVAL:
Company Name:
Working Interest (%):
Tax ID:
Signed by:
Date:
Approval: Yes No (mark one)

The costs on this AFE are estimated and may not be approved or incurred as specified herein on the basis of the actual drilling and completion costs. The Participant agrees to pay the pro-rata share of actual costs incurred in this well.

### 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: <u>June 21, 2023</u>   | AFE NO.:                      |  |
| WELL NAME: <u>Paul Flowers State Com #131H</u>   | FIELD:                        |  |
| LOCATION: <u>6-22S-33E, 31&amp;30-21S-33E</u>  | MD/TVD: <u>24,770/11,900'</u> |  |
| COUNTY/STATE: <u>Lea, NM</u>   | LATERAL LENGTH: <u>12,300</u> |  |
| MRC WL:  |                               |  |
| GEOLOGIC TARGET: <u>Third Bone Spring Sand</u>   |                               |  |
| REMARKS: <u>Drill, complete and equip a 2.5 mile horizontal Third Bone Spring Sand well with approximately 51 stages</u> |                               |  |

|                                   | DRILLING COSTS   | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS       |
|-----------------------------------|------------------|------------------|------------------|----------------|-------------------|
| <b>INTANGIBLE COSTS</b>           |                  |                  |                  |                |                   |
| Land / Legal / Regulatory         | \$ 50,000        |                  | \$ 10,000        | \$ 15,000      | \$ 75,000         |
| Location, Surveys & Damages       | 145,000          | 13,000           | 15,000           | 12,500         | 185,500           |
| Drilling                          | 1,145,622        |                  |                  |                | 1,145,622         |
| Cementing & Float Equip           | 270,000          |                  |                  |                | 270,000           |
| Logging / Formation Evaluation    |                  | 3,780            | 3,000            |                | 6,780             |
| Flowback - Labor                  |                  |                  | 19,960           |                | 19,960            |
| Flowback - Surface Rentals        |                  |                  | 121,250          |                | 121,250           |
| Flowback - Rental Living Quarters |                  |                  | 10,000           |                | 10,000            |
| Mud Logging                       | 37,500           |                  |                  |                | 37,500            |
| Mud Circulation System            | 58,688           |                  |                  |                | 58,688            |
| Mud & Chemicals                   | 401,853          | 60,000           | 21,500           |                | 483,353           |
| Mud / Wastewater Disposal         | 225,000          |                  | 2,000            | 1,000          | 228,000           |
| Freight / Transportation          | 18,700           | 60,000           | 3,000            |                | 81,700            |
| Rig Supervision / Engineering     | 148,300          | 102,600          | 10,000           | 1,800          | 260,700           |
| Drill Bits                        | 110,200          |                  |                  |                | 110,200           |
| Drill Bit Purchase                |                  |                  | 2,000            |                | 2,000             |
| Fuel & Power                      | 211,760          | 672,256          | 2,000            |                | 886,016           |
| Water                             | 55,000           | 1,115,625        |                  | 1,000          | 1,181,625         |
| Drig & Completion Overhead        | 16,750           |                  |                  |                | 16,750            |
| Plugging & Abandonment            |                  |                  |                  |                |                   |
| Directional Drilling, Surveys     | 292,470          |                  | 9,000            |                | 301,470           |
| Completion Unit, Swab, CTU        |                  | 185,000          | 7,000            |                | 192,000           |
| Perforating, Wireline, Sticlcline |                  | 246,062          | 5,000            |                | 251,062           |
| High Pressure Pump Truck          |                  | 70,000           |                  |                | 70,000            |
| Stimulation                       |                  | 3,836,502        | 221,000          |                | 4,057,502         |
| Stimulation Flowback & Disp       |                  | 15,500           |                  |                | 15,500            |
| Insurance                         | 37,155           |                  | 10,000           |                | 47,155            |
| Labor                             | 197,500          | 67,000           | 20,000           | 5,000          | 289,500           |
| Rental - Surface Equipment        | 100,500          | 313,355          |                  | 10,000         | 423,855           |
| Rental - Downhole Equipment       | 170,750          | 103,000          |                  |                | 273,750           |
| Rental - Living Quarters          | 53,705           | 46,465           | 49,171           | 5,000          | 164,341           |
| Contingency                       | 190,655          | 307,368          |                  | 4,630          | 502,653           |
| MaxCom                            | 32,361           |                  |                  |                | 32,361            |
| <b>TOTAL INTANGIBLES &gt;</b>     | <b>4,004,558</b> | <b>7,217,553</b> | <b>540,881</b>   | <b>50,930</b>  | <b>11,813,952</b> |

|                                  | DRILLING COSTS   | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS       |
|----------------------------------|------------------|------------------|------------------|----------------|-------------------|
| <b>TANGIBLE COSTS</b>            |                  |                  |                  |                |                   |
| Surface Casing                   | \$ 137,744       |                  |                  |                | \$ 137,744        |
| Intermediate Casing              | 672,738          |                  |                  |                | 672,738           |
| Drilling Liner                   |                  |                  |                  |                |                   |
| Production Casing                | 910,877          |                  |                  |                | 910,877           |
| Production Liner                 |                  |                  |                  |                |                   |
| Tubing                           | 80,000           |                  | 256,000          |                | 336,000           |
| Wellhead                         |                  |                  | 45,000           |                | 45,000            |
| Packers, Liner Hangers           |                  | 67,383           | 6,000            |                | 73,383            |
| Tanks                            |                  |                  |                  | 79,200         | 79,200            |
| Production Vessels               |                  |                  |                  | 133,318        | 133,318           |
| Flow Lines                       |                  |                  |                  | 120,000        | 120,000           |
| Rod string                       |                  |                  |                  |                |                   |
| Artificial Lift Equipment        |                  |                  | 30,000           |                | 30,000            |
| Compressor                       |                  |                  |                  | 33,750         | 33,750            |
| Installation Costs               |                  |                  |                  | 130,000        | 130,000           |
| Surface Pumps                    |                  |                  | 10,000           | 18,977         | 28,977            |
| Non-controllable Surface         |                  |                  |                  | 2,000          | 2,000             |
| Non-controllable Downhole        |                  |                  |                  |                |                   |
| Downhole Pumps                   |                  |                  | 11,000           | 34,182         | 45,182            |
| Measurement & Meter Installation |                  |                  |                  |                |                   |
| Gas Conditioning / Dehydration   |                  |                  |                  | 72,727         | 72,727            |
| Interconnecting Facility Piping  |                  |                  |                  |                |                   |
| Gathering / Bulk Lines           |                  |                  | 5,000            |                | 5,000             |
| Valves, Dumps, Controllers       |                  |                  |                  | 16,000         | 16,000            |
| Tank / Facility Containment      |                  |                  |                  | 30,625         | 30,625            |
| Flare Stack                      |                  |                  | 2,000            | 61,300         | 63,300            |
| Electrical / Grounding           |                  |                  | 10,000           | 10,000         | 20,000            |
| Communications / SCADA           |                  |                  |                  | 34,500         | 34,500            |
| Instrumentation / Safety         |                  |                  |                  |                |                   |
| <b>TOTAL TANGIBLES &gt;</b>      | <b>1,801,359</b> | <b>67,383</b>    | <b>375,000</b>   | <b>776,530</b> | <b>3,020,222</b>  |
| <b>TOTAL COSTS &gt;</b>          | <b>5,805,947</b> | <b>7,284,936</b> | <b>915,881</b>   | <b>827,510</b> | <b>14,834,273</b> |

**PREPARED BY MATADOR PRODUCTION COMPANY:**

|   |                               |  |
|---|-------------------------------|--|
| Drilling Engineer: <u>Blake Holmes</u>  | Team Lead - WTX/NM <u>CSC</u> |  |
| Completions Engineer: <u>Trace Saha</u> |                               |  |
| Production Engineer: <u>Jan Mosnes</u>  |                               |  |

**MATADOR RESOURCES COMPANY APPROVAL:**

|                           |  |  |
|---------------------------|--|--|
| Exec. VP & CFO <u>DEL</u> | Exec. VP & COO - Land & Legal <u>CNA</u> |  |
| President <u>LVH</u>      | Senior VP - Geoscience <u>ELF</u>        | Exec. VP & COO - Operations <u>BEG</u> |

**NON OPERATING PARTNER APPROVAL:**

|                     |   |               |
|---------------------|---|---------------|
| Company Name: _____ | Working Interest (5%): _____  | Tax ID: _____ |
| Signed by: _____    | Date: _____   |               |
| Title: _____        | Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No (mark one) |               |

The costs on this AFE are estimates and should not be used as a basis for any liability. It is the responsibility of the operator to verify the accuracy of the data and to provide a copy of this AFE to all interested parties. This AFE is not a contract and does not constitute an offer. The operator is not responsible for any damage or injury resulting from the use of this AFE. The operator is not responsible for any damage or injury resulting from the use of this AFE. The operator is not responsible for any damage or injury resulting from the use of this AFE.



**MATADOR PRODUCTION COMPANY**  
 ONE LINCOLN CENTRE • 5400 LBJ FREETWAY • SUITE 1800 • DALLAS, TEXAS 75240  
 Phone (972) 371-8200 • Fax (972) 371-8201

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

|                  |   |                 |                |
|------------------|---|-----------------|----------------|
| DATE:            | June 21, 2023   | AFE NO.:        |                |
| WELL NAME:       | Paul Flowers State Com #151H  | FIELD:          |                |
| LOCATION:        | 6-22S-33E, 31&30-21S-33E  | MDITVD:         | 24,170/11,300' |
| COUNTY/STATE:    | Lea, NM   | LATERAL LENGTH: | 12,300         |
| MRC WI:          |   |                 |                |
| GEOLOGIC TARGET: | Third Bone Spring Carbonate   |                 |                |
| REMARKS:         | Drill, complete and equip a 2.5 mile horizontal Third Bone Spring Carbonate well with approximately 51 stages |                 |                |

|                                   | DRILLING COSTS   | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS       |
|-----------------------------------|------------------|------------------|------------------|----------------|-------------------|
| <b>INTANGIBLE COSTS</b>           |                  |                  |                  |                |                   |
| Land / Legal / Regulatory         | \$ 56,000        |                  | \$ 10,000        | \$ 10,000      | \$ 76,000         |
| Location, Surveys & Damages       | 145,000          | 15,000           |                  | 12,500         | 182,500           |
| Drilling                          | 1,145,622        |                  |                  |                | 1,145,622         |
| Cementing & Float Equip           | 270,000          |                  |                  |                | 270,000           |
| Logging / Formation Evaluation    |                  | 3,780            | 3,000            |                | 6,780             |
| Flowback - Labor                  |                  |                  | 19,960           |                | 19,960            |
| Flowback - Surface Rentals        |                  |                  | 121,250          |                | 121,250           |
| Flowback - Rental Living Quarters |                  |                  | 10,000           |                | 10,000            |
| Mud Logging                       | 37,500           |                  |                  |                | 37,500            |
| Mud Circulation System            | 58,558           |                  |                  |                | 58,558            |
| Mud & Chemicals                   | 481,853          | 60,000           | 21,500           |                | 563,353           |
| Mud / Wastewater Disposal         | 225,000          |                  | 2,000            | 1,000          | 228,000           |
| Freight / Transportation          | 18,700           | 60,000           | 3,000            |                | 81,700            |
| Rd Supervision / Engineering      | 146,300          | 102,500          | 10,000           | 1,600          | 260,400           |
| Drill Bits                        | 110,200          |                  |                  |                | 110,200           |
| Drill Bit Purchase                |                  |                  | 2,000            |                | 2,000             |
| Fuel & Power                      | 211,750          | 672,256          | 2,000            |                | 886,006           |
| Water                             | 65,000           | 1,115,625        |                  | 1,000          | 1,181,625         |
| Drig & Completion Overhead        | 16,750           |                  |                  |                | 16,750            |
| Plugging & Abandonment            |                  |                  |                  |                |                   |
| Directional Drilling, Surveys     | 220,870          |                  | 9,000            |                | 229,870           |
| Completion Unit, Swab, CTU        |                  | 185,000          | 7,000            |                | 192,000           |
| Perforating, Wirelines, Slickline |                  | 248,062          | 5,000            |                | 253,062           |
| High Pressure Pump Truck          |                  | 70,000           |                  |                | 70,000            |
| Stimulation                       |                  | 3,836,502        | 221,000          |                | 4,057,502         |
| Stimulation Flowback & Disposal   |                  | 15,500           |                  |                | 15,500            |
| Insurance                         | 35,256           |                  | 10,000           |                | 45,256            |
| Labor                             | 197,500          | 67,000           | 20,000           | 5,000          | 289,500           |
| Rental - Surface Equipment        | 109,583          | 313,895          |                  | 10,000         | 432,988           |
| Rental - Downhole Equipment       | 170,750          | 103,000          |                  |                | 273,750           |
| Rental - Living Quarters          | 63,705           | 46,465           | 49,171           | 5,000          | 164,341           |
| Contingency                       | 150,320          | 307,366          |                  | 4,630          | 502,316           |
| MaxCom                            | 32,361           |                  |                  |                | 32,361            |
| <b>TOTAL INTANGIBLES &gt;</b>     | <b>3,996,713</b> | <b>7,217,553</b> | <b>540,881</b>   | <b>50,930</b>  | <b>11,806,077</b> |
| <b>TANGIBLE COSTS</b>             |                  |                  |                  |                |                   |
| Surface Casing                    | \$ 137,744       |                  |                  |                | \$ 137,744        |
| Intermediate Casing               | 638,852          |                  |                  |                | 638,852           |
| Drilling Liner                    |                  |                  |                  |                |                   |
| Production Casing                 | 850,106          |                  |                  |                | 850,106           |
| Production Liner                  |                  |                  |                  |                |                   |
| Tubing                            | 80,000           |                  | 256,000          |                | 336,000           |
| Wellhead                          |                  |                  | 45,000           |                | 45,000            |
| Packers, Liner Hangers            |                  | 67,382           | 6,000            |                | 73,382            |
| Tanks                             |                  |                  |                  | 79,200         | 79,200            |
| Production Vessels                |                  |                  |                  | 133,318        | 133,318           |
| Flow Lines                        |                  |                  |                  | 120,000        | 120,000           |
| Rod string                        |                  |                  |                  |                |                   |
| Artificial Lift Equipment         |                  |                  | 30,000           |                | 30,000            |
| Compressor                        |                  |                  |                  | 33,750         | 33,750            |
| Installation Costs                |                  |                  |                  | 130,000        | 130,000           |
| Surface Pumps                     |                  |                  |                  | 18,977         | 18,977            |
| Non-controllable Surface          |                  |                  |                  | 2,000          | 2,000             |
| Non-controllable Downhole         |                  |                  |                  |                |                   |
| Downhole Pumps                    |                  |                  | 11,000           | 34,182         | 45,182            |
| Measurement & Meter Installation  |                  |                  |                  |                |                   |
| Gas Conditioning / Dehydration    |                  |                  |                  | 72,727         | 72,727            |
| Interconnecting Facility Piping   |                  |                  |                  |                |                   |
| Gathering / Bulk Lines            |                  |                  | 5,000            |                | 5,000             |
| Valves, Dumps, Controllers        |                  |                  |                  | 16,000         | 16,000            |
| Tank / Facility Containment       |                  |                  |                  | 30,625         | 30,625            |
| Flare Stack                       |                  |                  |                  | 63,300         | 63,300            |
| Electrical / Grounding            |                  |                  | 2,000            | 10,000         | 12,000            |
| Communications / SCADA            |                  |                  | 10,000           |                | 10,000            |
| Instrumentation / Safety          |                  |                  |                  | 34,500         | 34,500            |
| <b>TOTAL TANGIBLES &gt;</b>       | <b>1,746,701</b> | <b>67,363</b>    | <b>375,000</b>   | <b>776,580</b> | <b>2,965,644</b>  |
| <b>TOTAL COSTS &gt;</b>           | <b>5,743,414</b> | <b>7,284,916</b> | <b>915,881</b>   | <b>827,510</b> | <b>14,771,741</b> |

**PREPARED BY MATADOR PRODUCTION COMPANY:**

|                       |              |                    |                    |
|-----------------------|--------------|--------------------|--------------------|
| Drilling Engineer:    | Blake Hermes | Team Lead - WTX/NM | <i>[Signature]</i> |
| Completions Engineer: | Trace Saha   |                    | CSC                |
| Production Engineer:  | Jan Mesnes   |                    |                    |

**MATADOR RESOURCES COMPANY APPROVAL:**

|                        |            |                              |            |
|------------------------|------------|------------------------------|------------|
| Exec. VP & CFO         | <u>DEL</u> | Exec VP & COO - Land & Legal | <u>CMA</u> |
| President              | <u>MNH</u> | Exec. VP & COO - Operations  | <u>BEG</u> |
| Senior VP - Geoscience | <u>ELF</u> |                              |            |

**NON OPERATING PARTNER APPROVAL:**

|               |   |         |
|---------------|---|---------|
| Company Name: | Working Interest (%):   | Tax ID: |
| Signed by:    | Date:   |         |
| Title:        | Approval: Yes <input type="checkbox"/> No <input type="checkbox"/> (mark one) |         |

# **Exhibit C-6**

**Summary of Communications Paul Flowers State Com #111H, #131H, and #151H (Slot 1- BSP)**

**Uncommitted Working Interest Owner**

**1. Oxy USA, Inc.**

In addition to sending well proposals, Matador has had discussions with **Oxy USA, Inc.** regarding their interest and we are continuing to discuss voluntary joinder.

**2. Oxy Y-1 Company**

In addition to sending well proposals, Matador has had discussions with **Oxy Y-1 Company** regarding their interest and we are continuing to discuss voluntary joinder.

**3. EOG Y Resources, Inc.**

In addition to sending well proposals, Matador has had discussions with **EOG Y Resources, Inc.** regarding their interest and we are continuing to discuss voluntary joinder.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C-6  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case No. 23993

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

**APPLICATION OF MRC HAT MESA, LLC FOR  
APPROVAL OF AN OVERLAPPING SPACING UNIT  
AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 23993**

**APPLICATION OF MRC HAT MESA, LLC FOR  
APPROVAL OF AN OVERLAPPING SPACING UNIT  
AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 23994**

**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 both MRC Hat Mesa, LLC and Matador Production Company (“Matador”), as a Senior 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 applications filed by MRC Hat Mesa, LLC in these cases, 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 units with a black box shaded in yellow, with the larger area identified in a red box.
5. In these cases, Matador intends to develop the First Bone Spring and multiple zones within the Third Bone Spring of the Bone Spring formation, respectively.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case Nos. 23993 & 23994**

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 southeast. The structure appears consistent across the proposed wellbore paths. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

7. Also included on 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 wells are labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted intervals, within the Bone Spring formation, are consistent in thickness, across the entirety of the proposed spacing units.

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 units proposed in these cases.

11. In my opinion, each quarter-quarter section will be productive and contribute more-or-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 applications 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.

FURTHER AFFIANT SAYETH NOT.

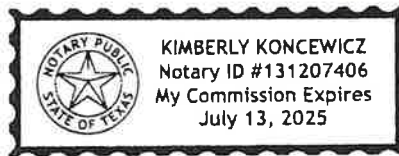
Blake Herber  
BLAKE HERBER

STATE OF TEXAS            )  
  )  
COUNTY OF DALLAS        )

SUBSCRIBED and SWORN to before me this 30<sup>th</sup> day of November 2023 by Blake Herber.

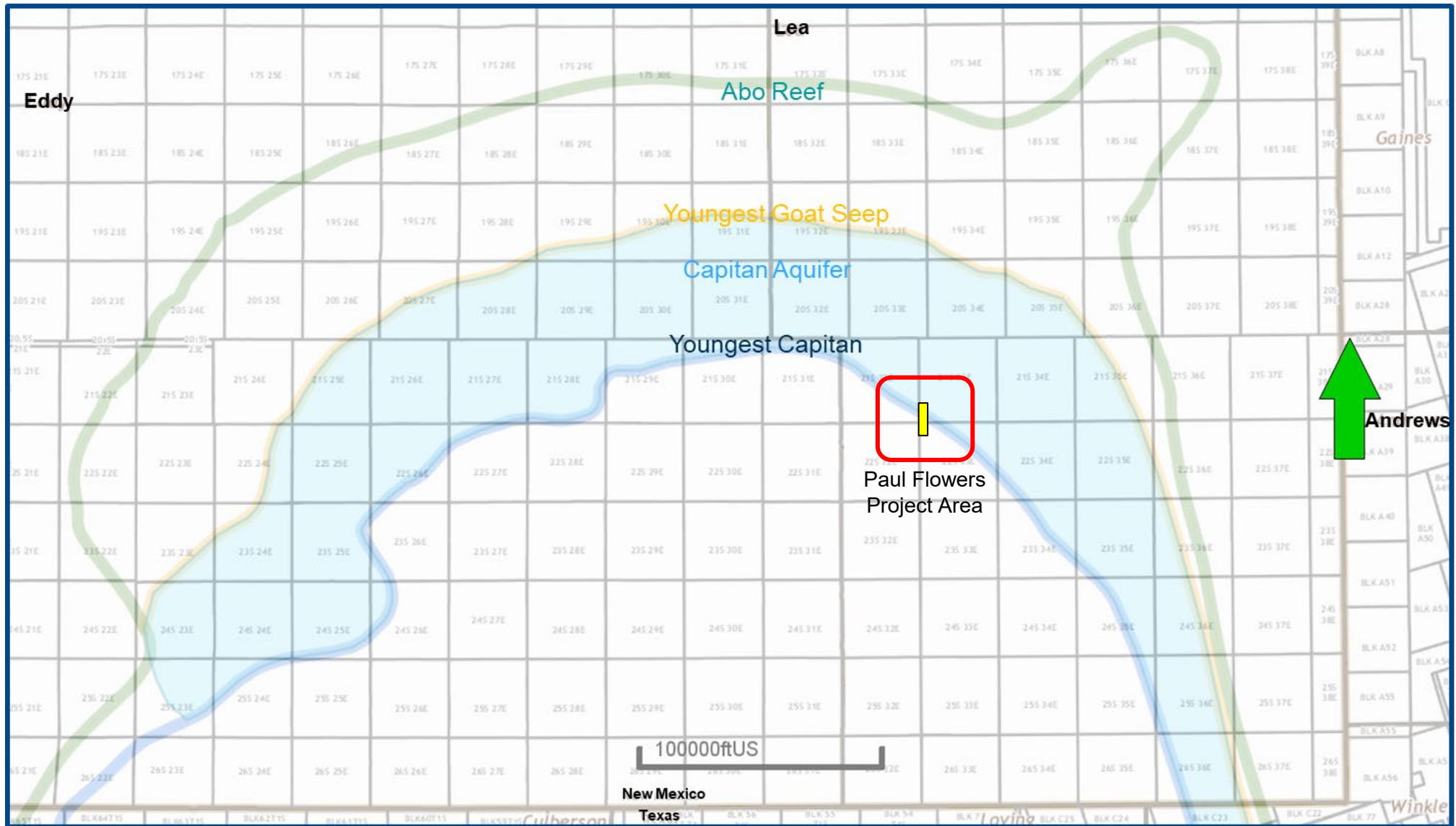
Kim Koncewicz  
NOTARY PUBLIC

My Commission Expires:  
7/13/25





# Locator Map

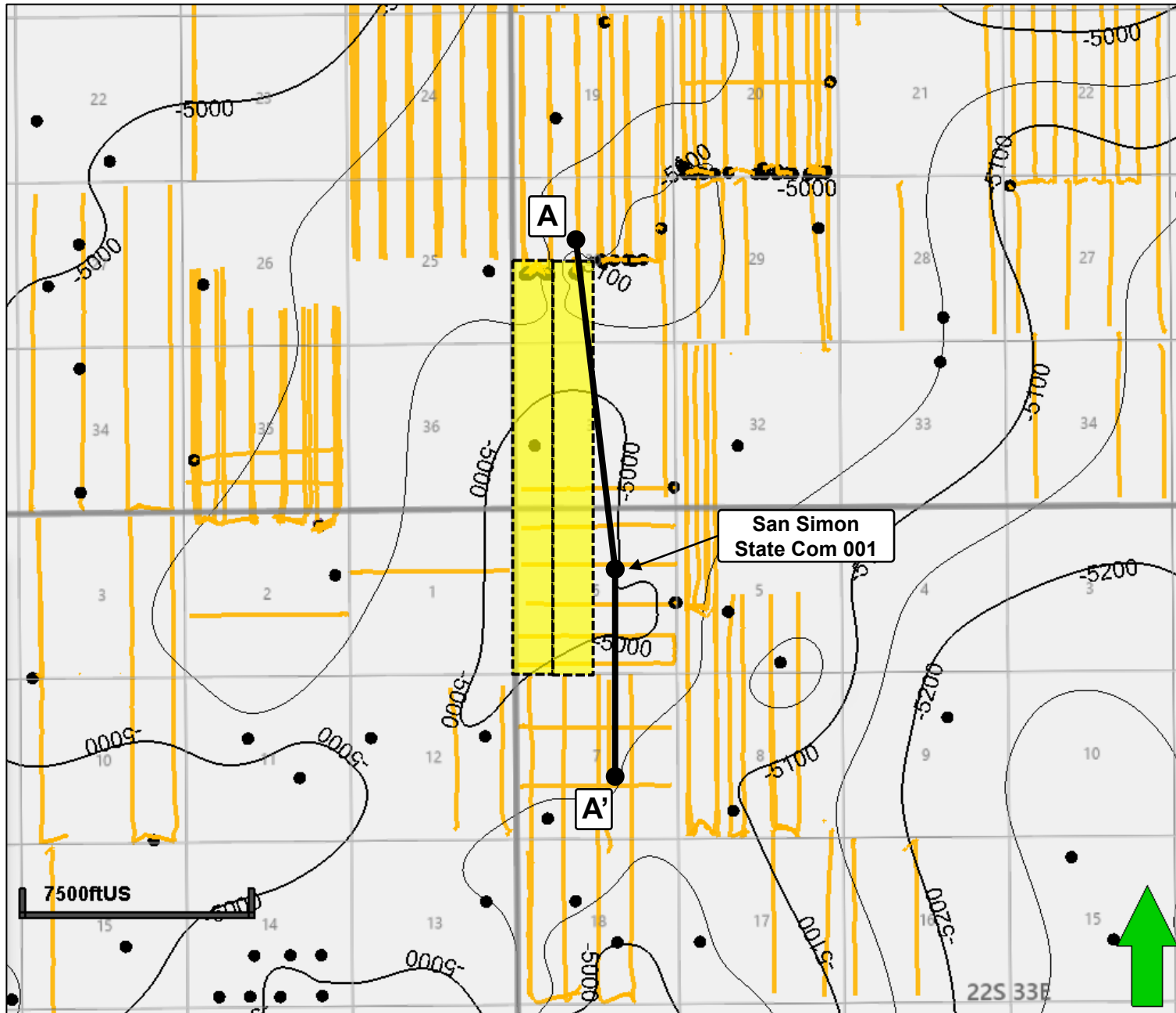


# WC-025 G-07 S213330F;BONE SPRING (Pool Code 97927)

# LEGG;BONE SPRING (Pool Code 37870)

# Structure Map (Top Bone Spring Subsea) A – A' Reference Line

Exhibit No. D-2  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case Nos. 23993 & 23994



## Map Legend

### Bone Spring Wells



### Project Area



C. I. = 50'

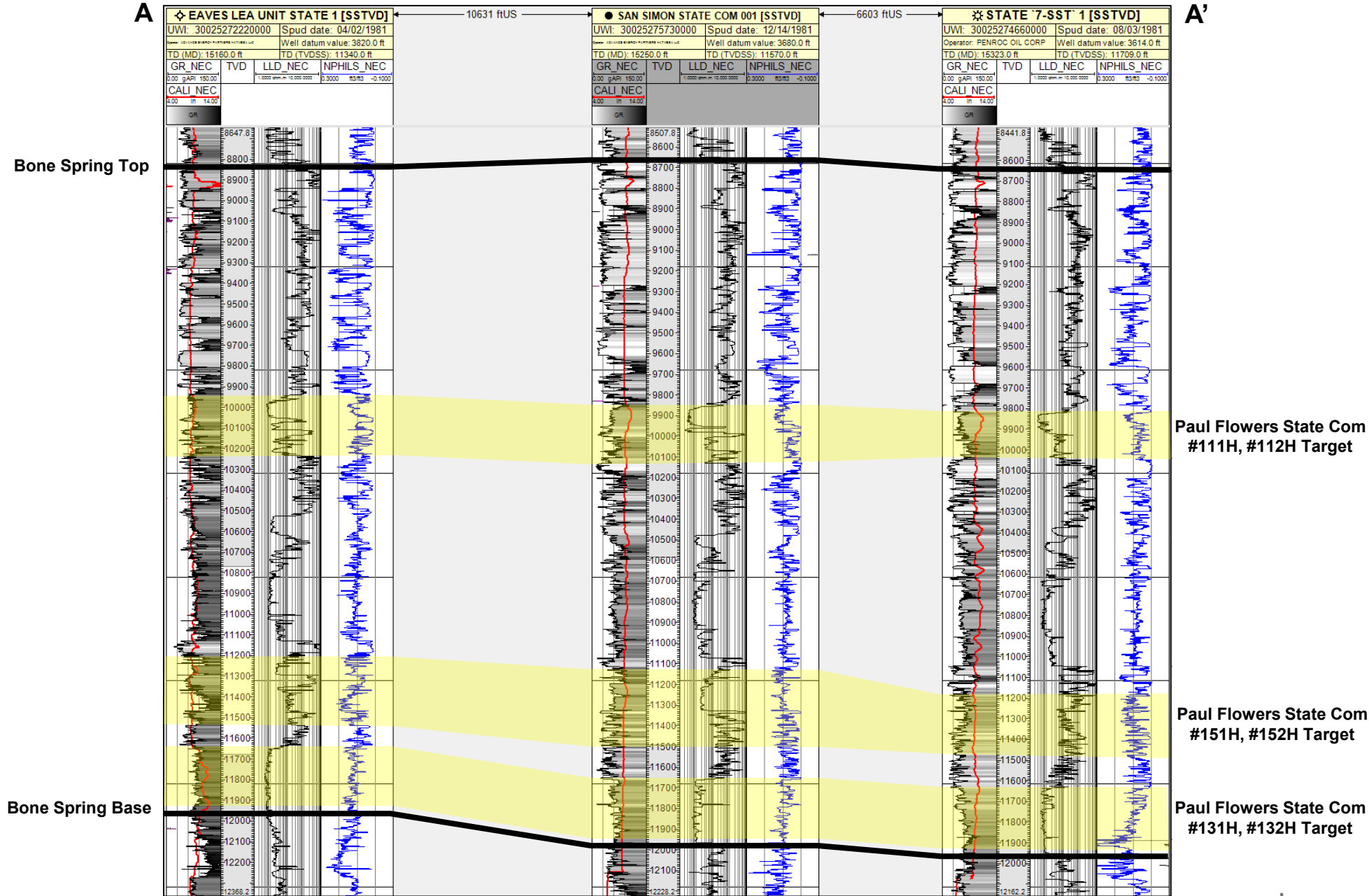


# WC-025 G-07 S213330F;BONE SPRING (Pool Code 97927)

# LEGG;BONE SPRING (Pool Code 37870)

# Structural Cross-Section A – A'

Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case Nos. 23993 & 23994



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

**APPLICATION OF MRC HAT MESA, LLC FOR  
APPROVAL OF AN OVERLAPPING HORIZONTAL  
WELL SPACING UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23993**

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

1. I am attorney in fact and authorized representative of MRC Permian 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 December 4, 2023.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached herein.

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

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. E  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case No. 23993**



\_\_\_\_\_  
Paula M. Vance

12/5/2023

\_\_\_\_\_  
Date



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

November 17, 2023

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

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

**Re: Application of MRC Hat Mesa, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico: Paul Flowers State Com 111H, 131H and 151H wells**

Ladies & Gentlemen:

This letter is to advise you that MRC Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on December 7, 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](mailto:djohns@matadorresources.com).

Sincerely,

Michael H. Feldewert  
**ATTORNEY FOR MRC HAT MESA, LLC**

**Location**  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501-1849

**Mailing Address**  
P.O. Box 2208  
Santa Fe, NM 87504-2208

**Contact**  
p: 505.988.4421 | f: 505.983.6043  
[www.hollandhart.com](http://www.hollandhart.com)

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

## Postal Delivery Report

|                        |  |                             |            |    |            |  |
|------------------------|--|-----------------------------|------------|----|------------|--|
| 9414811898765498387408 | Oxy USA, Inc.                                      | 5 Greenway Plz Ste 110      | Houston    | TX | 77046-0521 | Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on November 27, 2023 at 12:43                 |
| 9414811898765498387446 | Oxy Y-1 Company                                    | 5 Greenway Plz Ste 110      | Houston    | TX | 77046-0521 | Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on November 25, 2023 at 1:42                  |
| 9414811898765498387477 | EOG Y Resources, Inc.                              | 5509 Champions Dr           | Midland    | TX | 79706-2843 | Your item was picked up at a postal facility at 8:38 am on November 27, 2023 in MIDLAND, TX 79702.                             |
| 9414811898765498387552 | Aep Encap Holdco, LLC                              | 9651 Katy Fwy Ste 600       | Houston    | TX | 77024-1590 | Your item has been delivered to an agent for final delivery in HOUSTON, TX 77024 on November 24, 2023 at 10:24                 |
| 9414811898765498387590 | AEPXCON Management LLC                             | 2619 Robinhood St           | Houston    | TX | 77005-2431 | Your item was delivered to an individual at the address at 12:20 pm on November 24, 2023 in HOUSTON, TX                        |
| 9414811898765498387583 | Charis Royalty F LP                                | PO Box 470158               | Fort Worth | TX | 76147-0158 | Your item has been delivered and is available at a PO Box at 11:06 am on November 21, 2023 in FORT WORTH, TX                   |
| 9414811898765498387576 | DG ROYALTY LLC C/O<br>Endeavor Energy Resources Lp | 110 N Marienfeld St Ste 200 | Midland    | TX | 79701-4412 | Your item was delivered to an individual at the address at 4:12 pm on November 22, 2023 in MIDLAND, TX 79701.                  |
| 9414811898765498386258 | ONEILL Properties                                  | 410 W Ohio Ave              | Midland    | TX | 79701-4331 | Your item was delivered to the front desk, reception area, or mail room at 11:04 am on November 27, 2023 in MIDLAND, TX 79701. |

MRC - Paul Flowers 111H, 112H, 131H, 132H, 151H 152H wells, Case nos. 23993-23994  
Postal Delivery Report

|                        |                   |                |         |    |            |  |
|------------------------|-------------------|----------------|---------|----|------------|--|
| 9414811898765498386227 | Texas Redhand LLC | 410 W Ohio Ave | Midland | TX | 79701-4331 | Your item was delivered to the front desk, reception area, or mail room at 11:04 am on November 27, 2023 in MIDLAND, TX 79701. |
|------------------------|-------------------|----------------|---------|----|------------|--|



# Affidavit of Publication

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

STATE OF NEW MEXICO  
COUNTY OF LEA

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. The hearings will be conducted remotely on Thursday, December 7, 2023, beginning at 8:15 a.m. To participate in the hearings, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Sheila Apodaca, at [Sheila.Apodaca@emnrd.nm.gov](mailto:Sheila.Apodaca@emnrd.nm.gov). Documents filed in these cases may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Sheila Apodaca at [Sheila.Apodaca@emnrd.nm.gov](mailto:Sheila.Apodaca@emnrd.nm.gov), or the New Mexico Relay Network at 1-800-659-1779, no later than November 27, 2023.

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

Persons may view and participate in the hearings through the following link: <https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m8e2efa70128b8314f91bf0542ac8df6c>

Webinar number: 2497 742 0771

Join by video system: 24977420771@nmemnrd.webex.com You can also dial 173.243.2.68 and enter your webinar number

Join by phone: 1-844-992-4726 United States Toll Free  
+1-408-418-9388 United States Toll

Access code: 2497 742 0771  
Panelist password: b2WcDzPF47 (22923973 from phones and video systems)

Beginning with the issue dated  
November 21, 2023  
and ending with the issue dated  
November 21, 2023.

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

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

To: All affected interest owners, including: Oxy USA, Inc.; Oxy Y-1 Company; EOG Y Resources, Inc.; Aep Encap Holdco, LLC; AEPXCON Management LLC; Charis Royalty F LP; DG ROYALTY LLC; O'Neill Properties, and Texas Redhand LLC.

**Case No. 23993: Application of MRC Hat Mesa, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W2W2 of Section 6, Township 22 South, Range 33 East, and the W2W2 of Section 31 and the W2SW4 of Section 30, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling this proposed horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Paul Flowers State Com 111H, Paul Flowers State Com 131H and Paul Flowers State Com 151H** wells to be horizontally drilled from a surface hole location in the SW4 of Section 6, with a first take point in the SW4SW4 equivalent (Lot 7) of section 6 and a last take point in the NW4SW4 (Unit L) of Section 30. This proposed horizontal well spacing unit will overlap the following existing Bone Spring spacing units:

  
\_\_\_\_\_  
Publisher

- A 156.33-acre horizontal well spacing unit comprised of the S2S2 of Section 6 dedicated to Matador's AO6 502H (API 30-025-45012) and Matador's AO 6 State Com 501H (API 30-025-45026);
- A 156.35-acre horizontal well spacing unit comprised of the N2S2 of Section 6 dedicated to Matador's AO 6 State Com 001H (API 30-025-40519);
- A 156.38-acre horizontal well spacing unit comprised of the S2N2 of Section 6 dedicated to Matador's COOP 6 State 002H (API 30-025-41981);
- A 156.55-acre horizontal well spacing unit comprised of the N2N2 of Section 6 dedicated to Matador's COOP 6 State 001H (API 30-025-41177); and
- A 156.34-acre horizontal well spacing unit comprised of the S2N2 of Section 31 dedicated to Matador's Dagger State Unit 002H (API 30-025-41178).

Sworn and subscribed to before me this  
21st day of November 2023.

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 proposed spacing unit, and a 200% charge for risk involved in drilling the wells. The subject area is located approximately 26 miles west of Eunice, New Mexico.

#00285046

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

My commission expires

January 29, 2027

(Seal)  
STATE OF NEW MEXICO  
NOTARY PUBLIC  
GUSSIE RUTH BLACK  
COMMISSION # 1087526  
COMMISSION EXPIRES 01/29/2027

67100754

00285046

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

HOLLAND & HART LLC  
PO BOX 2208  
SANTA FE, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. F  
Submitted by: MRC Hat Mesa, LLC  
Hearing Date: December 7, 2023  
Case No. 23993