

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JUNE 27, 2024**

CASE NO. 24323

COACH JOE 124H WELL

EDDY COUNTY, NEW MEXICO



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

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

CASE NO. 24323

**HEARING PACKAGE
TABLE OF CONTENTS**

- **MRC Exhibit A:** Compulsory Pooling Application Checklist
- **MRC Exhibit B:** Filed Application & Docket Notice
- **MRC Exhibit C:** Self-Affirmed Statement of Hawks Holder, Landman
 - MRC Exhibit C-1: Draft C-102s
 - MRC Exhibit C-2: Tract Map
 - MRC Exhibit C-3: Working Interest Owners
 - MRC Exhibit C-4: Sample Well Proposal Letter & AFEs
 - MRC Exhibit C-5: Chronology of Contacts
- **MRC Exhibit D:** Self-Affirmed Statement of Joshua Burrus, Geologist
 - MRC Exhibit D-1: Locator Map
 - MRC Exhibit D-2: Subsea Structure Map
 - MRC Exhibit D-3: Structural Cross Section
- **MRC Exhibit E:** Self-Affirmed Statement of Notice
- **MRC Exhibit F:** Affidavit of Publication


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

Case: 24323	APPLICANT'S RESPONSE
Date: June 27, 2024	
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company [OGRID 228937]
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of MRC Permian Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	Jordan L. Kessler, EOG Resources, Inc.
Well Family	Coach Joe
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Sand Tank; Bone Spring (96832); Walters Lake; Bone Spring (62685)
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	East-West
Description: TRS/County	S2S2 of Sections 32 and 33, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in the application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A

Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323

Well #1	Coach Joe 3332 Fed Com 124H (API No. pending) SHL: 883' FSL & 390' FWL (Unit M) of Sec. 34, T17S, R30E BHL: 351' FSL & 110' FWL (Unit M) of Sec. 32, T17S, R30E Completion Target: Bone Spring formation Well Orientation: East-West Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibits C-2 and C-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3
Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-2
Well Orientation (with rationale)	Exhibit D
Release for Drilling: 6/21/2024 3:21:33 PM	Exhibit D

HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibits C-1, D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	20-Jun-24

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

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

CASE NO. 24323

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the S2S2 of Sections 32 and 33, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Matador Production Company (OGRID No. 228937) as the operator of the proposed horizontal well spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Coach Joe 3332 Fed Com 124H** well to be horizontally drilled from a surface location in the SW4 of Section 34, with a first take point in the SE4SE4 (Unit P) of Section 33 and a last take point in the SW4SW4 (Unit M) of Section 32.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

5. The pooling of this horizontal well spacing unit 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 April 4, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interest owners in the proposed horizontal well spacing unit;
- B. Designating Matador Production Company as operator of this horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- 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 well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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

ATTORNEYS FOR MRC PERMIAN COMPANY

CASE _____ : **Application of MRC Permian Company for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the S2S2 of Sections 32 and 33, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed **Coach Joe 3332 Fed Com 124H** well to be horizontally drilled from a surface location in the SW4 of Section 34, with a first take point in the SE4SE4 (Unit P) of Section 33 and a last take point in the SW4SW4 (Unit M) of Section 32. Also, to be considered will be the cost of drilling and completing the well 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 said well. The subject area is located approximately two miles north of Loco Hills, New Mexico.

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

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

CASE NO. 24323

SELF-AFFIRMED STATEMENT OF HAWKS HOLDER

Hawks Holder, of lawful age and being first duly sworn, declares as follows:

1. My name is Hawks Holder. I work for MRC Energy Company, an affiliate of MRC Permian Company (“MRC”), as a Senior 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 MRC in this case, and I am familiar with the status of the lands in the subject area.
4. In this case, MRC is seeking an order pooling all uncommitted interests in the Bone Spring formation in the standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the S/2 S/2 of Sections 32 and 33, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, and initially dedicate this Bone Spring spacing unit to the proposed **Coach Joe 3332 Fed Com 124H** well to be horizontally drilled from a surface hole location in the SW/4 SW/4 of Section 34, T17S-R30E with a first take point in the SE/4 SE/4 of Section 33, T17S-R30E and a last take point in the SW/4 SW/4 of Section 32, T17S-R30E

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

5. MRC understands this well will be placed in the SAND TANK; BONE SPRING [96832] and WALTERS LAKE; BONE SPRING [62685] pools.

6. **MRC Exhibit C-1** contains the draft Form C-102 for the proposed well.

7. 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.

8. **MRC Exhibit C-2** identifies the tracts of land comprising the proposed horizontal spacing units. The land in the proposed spacing unit is comprised of state and federal lands.

9. **MRC Exhibit C-3** identifies for the working interest owners that MRC is seeking to pool along with their respective ownership interest in the proposed horizontal spacing unit. **MRC Exhibit C-3** also identifies the overriding royalty interest and record title owners that MRC seeks to pool in this case.

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

11. While MRC was working to put this unit together, MRC proposed the above well to each of the working interest parties it seeks to pool. **MRC Exhibit C-4** 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.

12. In addition to sending well proposal letters and AFEs, I have called or emailed each of the working interest owners MRC seeks to pool. As indicated in **MRC Exhibit C-5**, we have been able to contact and have discussions with all of the working interest owners we seek to pool.

13. **MRC Exhibit C-5** contains a summary chronology of MRC's contacts and attempted contacts with the uncommitted working interest owners. In my opinion, MRC has


undertaken good faith efforts to reach an agreement with the uncommitted working interest owners that MRC seeks to pool in this case.

14. MRC 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. MRC respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.

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

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

17. 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.



Hawks Holder

6/12/24

Date

Exhibit C-1

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-1
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
817 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

*API Number		*Pool Code 96832		*Pool Name Sand Tank; Bone Spring	
*Property Code		*Property Name COACH JOE 3332 FED COM			*Well Number 124H
*OGRID No. 228937		*Operator Name MATADOR PRODUCTION COMPANY			*Elevation 3556'

¹⁰Surface Location

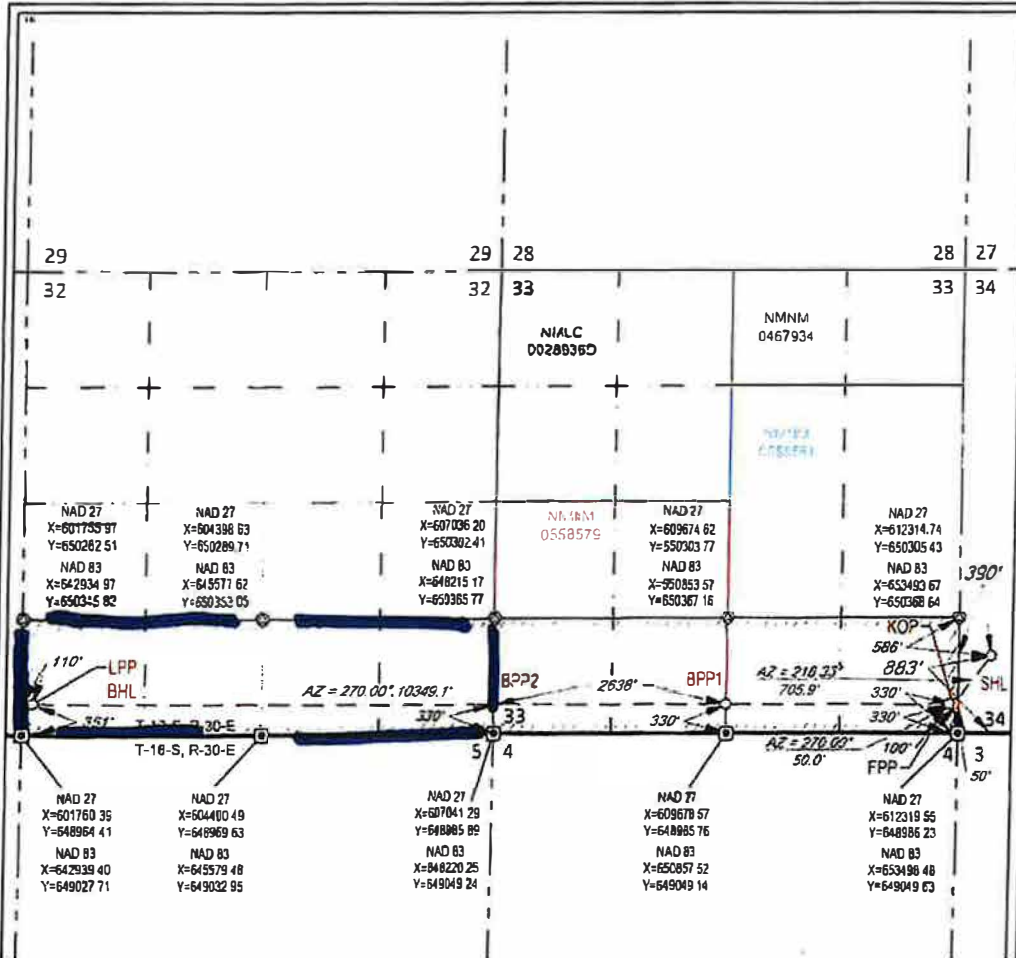
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	17-S	30-E	-	883'	SOUTH	390'	WEST	EDDY

¹¹Bottom 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
M	32	17-S	30-E	-	351'	SOUTH	110'	WEST	EDDY

¹² Dedicated Acres 320 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.



¹⁷OPERATOR 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 undivided 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 _____

¹⁸SURVEYOR 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.

09/30/2023

Date of Survey _____
Signature and Seal of Professional Surveyor _____

ANGEL M. BAEZA
NEW MEXICO
PROFESSIONAL SURVEYOR

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
817 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
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1000 Rio Brazos Road, Aztec, NM 87410
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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

¹ API Number	² Pool Code	³ Pool Name
	02605	Walters Lake ; Bone Spring
⁴ Property Code	⁵ Property Name	
	COACH JOE 3332 FED COM	
⁶ OGRID No.	⁸ Operator Name	⁷ Well Number
	MATADOR PRODUCTION COMPANY	124H
		⁹ Elevation
		3556'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	17-S	30-E	-	883'	SOUTH	390'	WEST	EDDY

¹¹Bottom 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
M	32	17-S	30-E	-	351'	SOUTH	110'	WEST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320 760			

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.

¹⁷OPERATOR 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 undivided 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 _____

¹⁸SURVEYOR 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.

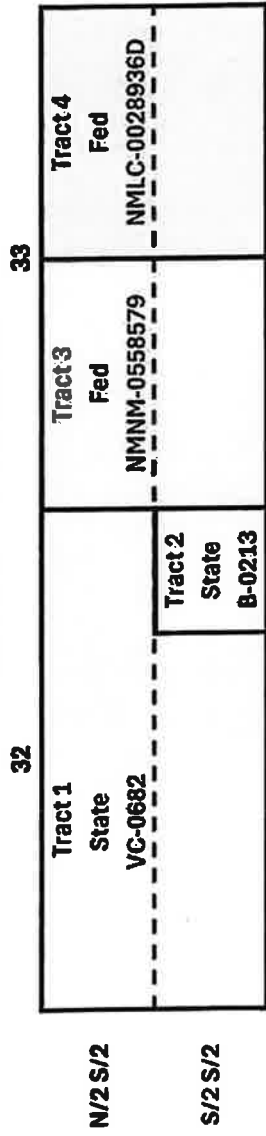
09/30/2023

Date of Survey
Signature and Seal of Professional Surveyor

Exhibit C-2

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

Coach Joe 3332 Fed Com Tract Map



Tract 1: SW/4, W/2SE/4, NE/4SE/4 Section 32, T17S-R30E

Tract 2: SE/4SE/4 Section 32, T17S-R30E

Tract 3: SW/4 Section 33, T17S-R30E

Tract 4: SE/4 Section 33, T17S-R30E

Exhibit C-3

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-3
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

Coach Joe 3332 Fed Com #124H

MRC Permian 37.500000%
Voluntary Joinder 20.312500%
Compulsary Pool 42.187500%

Owner	Description	Tract	Interest
OXY USA Inc.	WI	2	0.125000
Maverick Permian Agent Corp.	WI	3	0.250000
Granite Ridge Holdings, LLC	WI	4	0.046875
Jacobs Engineering Group Inc. (appears to be Jacobs Solutions, Inc.)	ORRI		
Weller Energy, Inc.	ORRI		
Primary Children's Medical Center Foundation	ORRI		
Mary Alice Woolley Endowment Fund for the Brigham Young University J. Reuben Clark Law School	ORRI		
Brigham Young University J. Reuben Clark Law School	ORRI		
OXY USA WTP Limited Partnership	Record Title		

Exhibit C-4

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-4
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Cell 806.282.6846 • Office 972.619.4336 • Fax 972-371-5201
hawks.holder@matadorresources.com

Hawks Holder
Senior Landman

February 14, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

Maverick Permian Agent Group
1000 Main St, STE 2900
Houston, TX 77002

Re: Coach Joe 3332 Fed Com #123H & #124H (the "Wells")
Participation Proposal
Sections 33 & 32, Township 17 South, Range 30 East
Eddy County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Coach Joe 3332 Fed Com #123H and Coach Joe 3332 Fed Com #124H wells, located in Sections 33 & 32, Township 17 South, Range 30 East, Eddy 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 two (2) enclosed Authority for Expenditures ("AFE") dated August 21, 2023.
- **Coach Joe 3332 Fed Com #123H:** to be drilled from a legal location with a proposed surface hole location located in the SW/4SW/4 of Section 34-17S-30E, a proposed first take point located at 1,650' FSL and 100' FEL of Section 33-17S-30E, and a proposed last take point located at 1,650' FSL and 100' FWL of Section 32-17S-30E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,500' TVD) to a Measured Depth of approximately 17,804'.
- **Coach Joe 3332 Fed Com #124H:** to be drilled from a legal location with a proposed surface hole location located in the SW/4SW/4 of Section 34-17S-30E, a proposed first take point located at 330' FSL and 100' FEL of Section 33-17S-30E, and a proposed last take point located at 330' FSL and 100' FWL of Section 32-17S-30E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,500' TVD) to a Measured Depth of approximately 17,804'.

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 dated February 1, 2024, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators covering the S2 of Sections 33 & 32, Township 17 South, Range 30 East, Eddy County, New Mexico, and has the following general provisions:

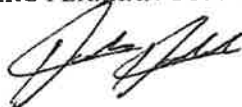
- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

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



Hawks Holder

Maverick Permian Agent Group hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Coach Joe 3332 Fed Com #123H** well.
 _____ Not to participate in the **Coach Joe 3332 Fed Com #123H**

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Coach Joe 3332 Fed Com #124H** well.
 _____ Not to participate in the **Coach Joe 3332 Fed Com #124H**

Maverick Permian Agent Group

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:	August 21, 2023	AFE NO.:	
WELL NAME:	Coach Joe 3332 Fed Com 124H	FIELD:	
LOCATION:	Sec. 33 & 32 17S-30E	MD/TVD:	17,804/7,500
COUNTY/STATE:	Eddy, Co	LATERAL LENGTH:	9,837
MRC WI:			
GEOLOGIC TARGET:	Second Bone Spring		
REMARKS:	Drill and complete a horizontal 2 mile long Second Bone Spring sand target.		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 58,000			\$ 10,000	\$ 68,000
Location, Surveys & Damages	186,333	13,000	15,000	25,000	239,333
Drilling	987,654				987,654
Cementing & Float Equip	300,000				300,000
Logging / Formation Evaluation		8,000	3,000		11,000
Flowback - Labor			18,160		18,160
Flowback - Surface Rentals			127,850		127,850
Flowback - Rental Living Quarters					
Mud Logging	26,100				26,100
Mud Circulation System	80,588				80,588
Mud & Chemicals	355,000	65,000	25,000		445,000
Mud / Wastewater Disposal	160,000			1,000	161,000
Freight / Transportation	22,500	36,500	7,000		66,000
Rig Supervision / Engineering	137,500	96,400	6,000	3,600	243,500
Drill Bits	101,800				101,800
Fuel & Power	141,750	535,685	15,000		692,435
Water	45,000	603,750	3,000	1,000	652,750
Drig & Completion Overhead	10,000				10,000
Plugging & Abandonment					
Directional Drilling, Surveys	263,354				263,354
Completion Unit, Swab, CTU		170,000	9,000		179,000
Perforating, Wireline, Slickline		233,024			233,024
High Pressure Pump Truck		122,000	6,000		128,000
Stimulation		2,411,469			2,411,469
Stimulation Flowback & Disp		15,500	50,400		65,900
Insurance	32,047				32,047
Labor	198,590	80,250	15,000	5,000	278,750
Rental - Surface Equipment	65,623	334,410	10,000	5,000	435,033
Rental - Downhole Equipment	294,400	91,000			385,400
Rental - Living Quarters	46,076	55,040		5,000	106,116
Contingency	284,221	162,967	31,041	5,560	503,789
Operations Center	21,735				21,735
TOTAL INTANGIBLES >	3,836,979	5,033,995	341,451	61,160	9,273,585
TANGIBLE COSTS					
Surface Casing	\$ 33,289				\$ 33,289
Intermediate Casing					
Drilling Liner					
Production Casing	774,627				774,627
Production Liner					
Tubing			97,300		97,300
Wellhead	108,000		70,000		178,000
Packers, Liner Hangers		65,265			65,265
Tanks				119,500	119,500
Production Vessels				174,033	174,033
Flow Lines				120,000	120,000
Rod string					
Artificial Lift Equipment			315,000		315,000
Compressor				13,333	13,333
Installation Costs				176,000	176,000
Surface Pumps			5,000	19,583	24,583
Non-controllable Surface				2,000	2,000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			11,000	51,667	62,667
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				100,000	100,000
Gathering / Bulk Lines					
Valves, Dumps, Controllers				11,667	11,667
Tank / Facility Containment				29,167	29,167
Flare Stack				63,333	63,333
Electrical / Grounding			30,000	10,833	40,833
Communications / SCADA			12,000	51,633	63,633
Instrumentation / Safety					
TOTAL TANGIBLES >	\$15,916	65,265	\$40,300	942,750	2,464,230
TOTAL COSTS >	4,752,895	5,099,260	881,751	1,003,910	11,737,815

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	PH	Team Lead -WTX/NM	
Completions Engineer:	DM		WB
Production Engineer:	GL		

MATADOR RESOURCES COMPANY APPROVAL:

President	BEG	Chief Geologist	NLF
EVP, Co-CEO	CA	Co-CEO, EVP Operations	CC
EVP, Reservoir	WTC		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes	No (mark one)

The cost of the AFE and the cost of the well for the estimated cost of the well, or the total cost of the well, is being requested under the AFE. The AFE is being requested to be completed by the end of the month of the AFE. The cost of the AFE and the cost of the well for the estimated cost of the well, or the total cost of the well, is being requested under the AFE. The AFE is being requested to be completed by the end of the month of the AFE. The cost of the AFE and the cost of the well for the estimated cost of the well, or the total cost of the well, is being requested under the AFE. The AFE is being requested to be completed by the end of the month of the AFE.

Exhibit C-5

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-5
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

Summary of Communication

Granite Ridge (previously owned by EOG Resources Inc.):

- 9/1/2023: Proposals mailed via Certified Mail.
- 9/5/2023: Proposals delivered (received signed return receipt).
- 2/14/2024: Updated Proposals and Operating Agreement mailed via Certified Mail.
- 2/19/2024: Proposals delivered (received signed return receipt).
- 4/3/2024: MRC notified of sale of EOG's interest to Granite Ridge.
- 4/3/2024-5/1/2024: Discussed Granite Ridge's signing joint operating agreement and participation in the wells.

OXY USA, Inc.:

- 9/1/2023: Proposals mailed via Certified Mail.
- 9/6/2023: Proposals delivered (received signed return receipt).
- 2/14/2024: Updated Proposals and Operating Agreement mailed via Certified Mail.
- 2/22/2024: Proposals delivered (received signed return receipt).
- 9/6/2023- 5/1/2024: Discussed OXY participating in the wells proposed.

Maverick Permian Agent Corp.:

- 9/1/2023: Proposals mailed via Certified Mail.
- 9/7/2023: Proposals delivered (received signed return receipt).
- 2/14/2024: Updated Proposals and Operating Agreement mailed via Certified Mail.
- 2/21/2024: Proposals delivered (received signed return receipt).
- 11/1/2023- 5/1/2024: Discussed Maverick's participation in the wells.

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

**APPLICATIONS OF MRC PERMIAN COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NOS. 24322 &24323

SELF-AFFIRMED STATEMENT OF JOSHUA BURRUS

Joshua Burrus, of lawful age and being first duly sworn, declares as follows:

1. My name is Joshua Burrus. I work for MRC Energy Company, an affiliate of MRC Permian Company ("MRC"), as a Staff Geologist.
2. I graduated from Oklahoma State University in 2010 with a bachelor's degree in geology. Following graduation, I attended the University of Texas where I earned a Masters degree in geological sciences in 2013. After receiving my Masters, I interned at Apache Corporation during the Summer of 2013 and then started as an employee of Apache following my internship in October 2013. While at Apache I was working as a geologist in multiple basins, including the Delaware Basin. I left Apache in March 2020, then started working for MRC in September 2021. Since I have been at MRC, I have been working as a geologist in the Delaware Basin, including Eddy and Lea Counties, New Mexico. As part of my employment for MRC, I am also required to complete at least 40 hours of continuing education each year. I am also a member of the America Association of Petroleum Geologists and the West Texas Geological Society.
3. I am familiar with the applications filed by MRC in these cases, and I have conducted a geologic study of the lands in the subject area.
4. **MRC 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.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323**

5. In these cases, MRC intends to develop the Second Bone Spring of the Bone Spring formation.

6. **MRC Exhibit D-2** is a subsea structure map prepared off the base of the Bone Spring formation. The contour interval is 100 feet. The structure map shows the Bone Spring formation gently dipping to the south/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 MRCExhibit D-2 is a line of cross section from A to A'.

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

9. In my opinion, the laydown orientation is the preferred orientation for development in this area for Bone Spring wells because the maximum horizontal stress is north-south 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 MRC's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

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

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



Joshua Burrus

06/12/2024

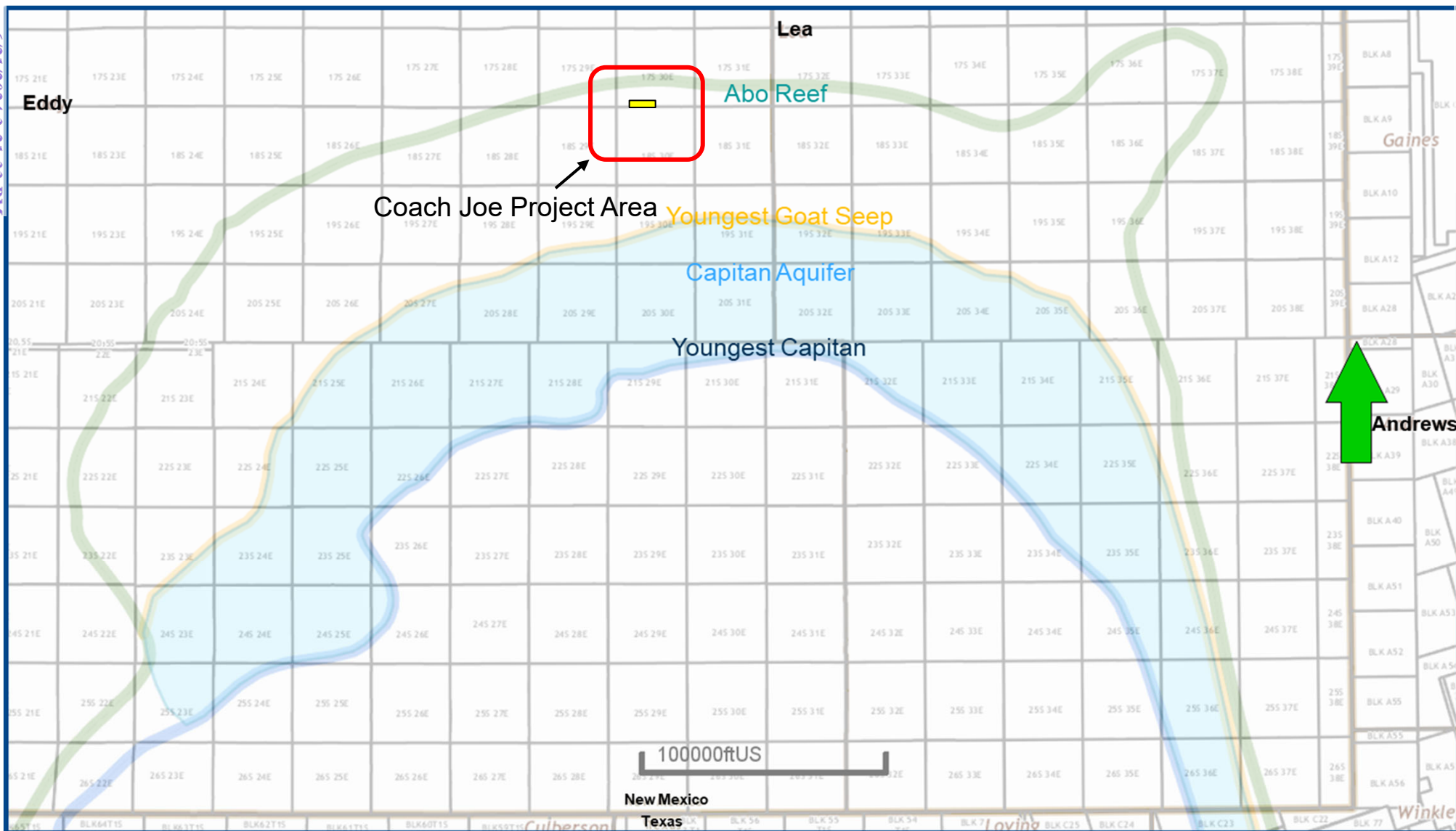
Date

Locator Map

Exhibit D-1

Released to Imaging: 6/21/2024 3:21:33 PM

Received by OCD: 6/20/2024 9:03:07 AM

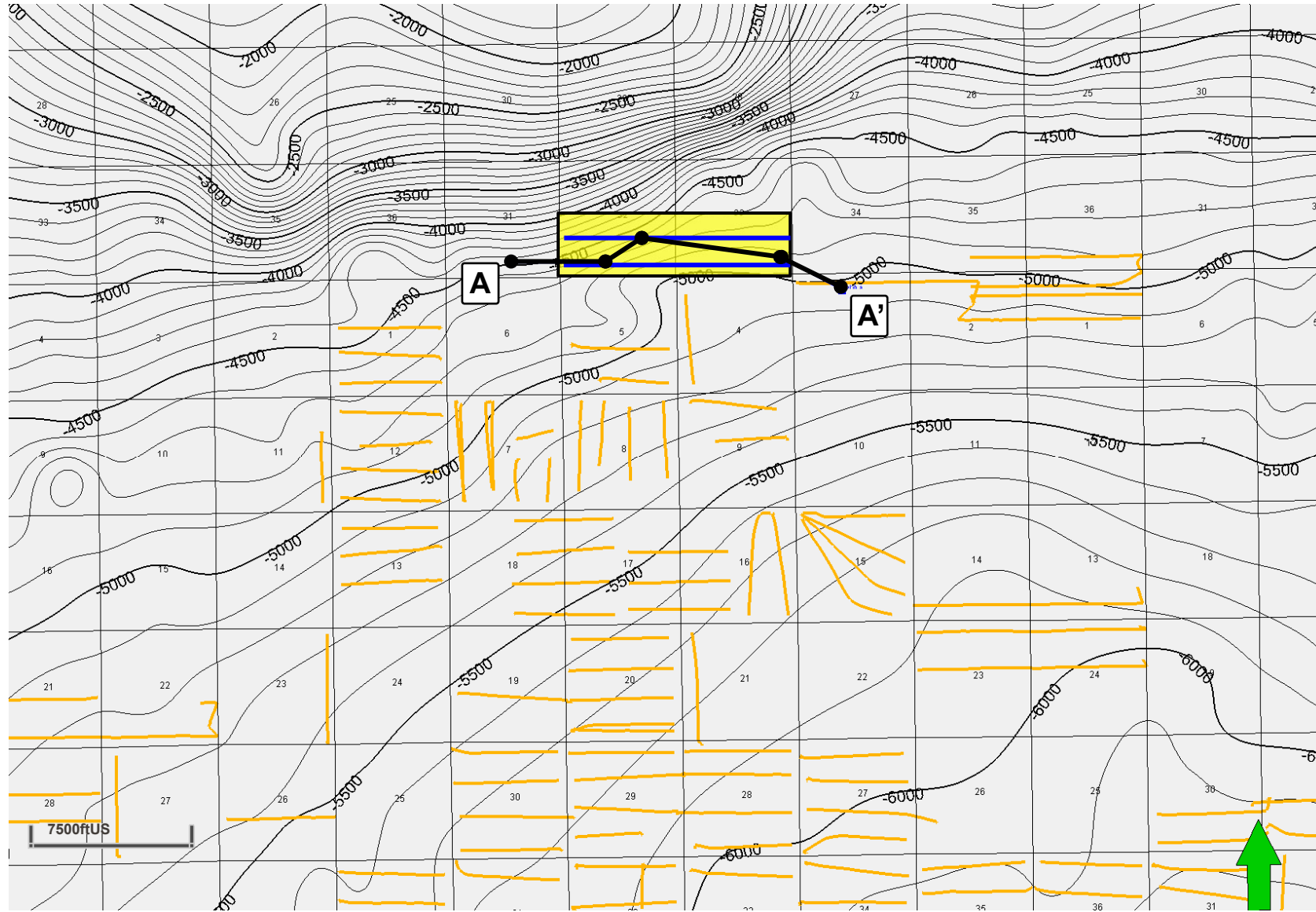


Sand Tank; Bone Spring [96832] Walters Lake; Bone Spring [62685] Structure Map (Base Bone Spring Subsea) A – A' Reference Line

Exhibit D-2

Received by OCD: 6/20/2024 9:03:07 AM

Released to Imaging: 6/21/2024 3:21:33 PM



Map Legend

Coach Joe Wells



Bone Spring Wells



Project Area



C. I. = 100'

7500ft US

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-2
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323



D-2

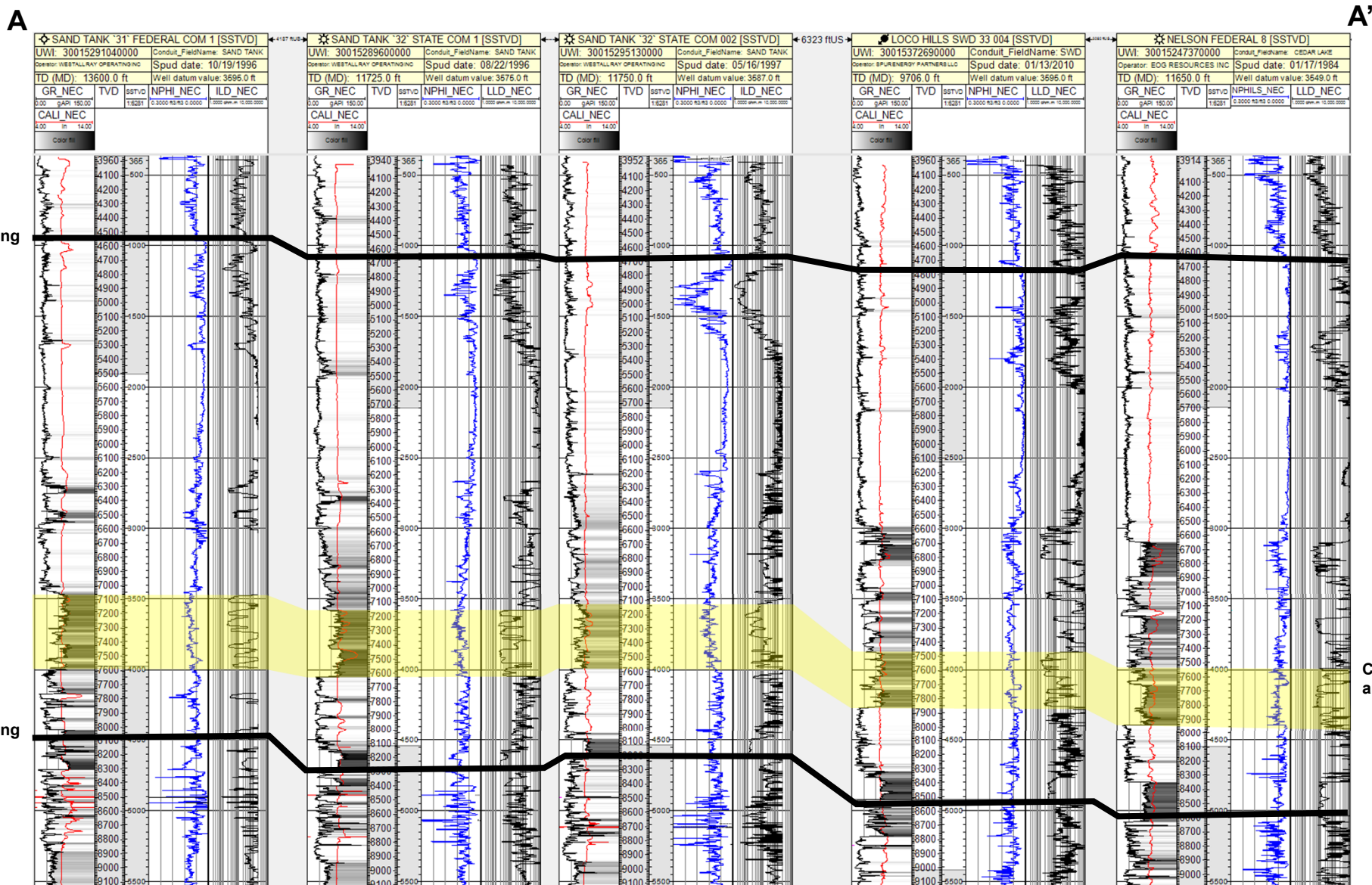
Page 30 of 37

Coach Joe 3332 Fed Com #123H & Coach Joe 3332 Fed Com #124H

Sand Tank; Bone Spring [96832] Walters Lake; Bone Spring [62685] Structural Cross-Section A – A'

Exhibit D-3

Received by OCD: 6/20/2024 9:03:07 AM



Coach Joe #123H and #124H Target

Coach Joe 3332 Fed Com #123H & Coach Joe 3332 Fed Com #124H

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-3
Submitted by: Matador Production Company
Hearing Date: June 27, 2024
Case No. 24323



D-3

Page 31 of 37

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

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

CASE NO. 24323

**SELF-AFFIRMED STATEMENT OF
MICHAEL H. FELDEWERT**

1. I am attorney in fact and authorized representative of MRC Permian Company (“MRC”), the Applicant herein. I have personal knowledge of this 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 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 June 18, 2024.

5. I caused a notice to be published to all parties subject to these proceedings. 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 statement 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: Matador Production Company

Hearing Date: June 27, 2024

Case No. 24323



Michael H. Feldewert

June 18, 2024

Date



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

April 26, 2024

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of MRC Permian Company for Compulsory Pooling, Eddy County, New Mexico: Coach Joe 3332 Fed Com 124H well

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on May 16, 2024, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the 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 Hawks Holder at (972) 619-4336 or at hawks.holder@matadorresources.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR MRC PERMIAN COMPANY

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

MRC - Coach Joe 124H well - Case no. 24323
Postal Delivery Report

9414811898765403327598	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 May 4, 2024 at 11:01 am.
9414811898765403327543	Maverick Permian Agent Corp.	1111 Bagby St Ste 1600	Houston	TX	77002-2547	Your item was delivered to the front desk, reception area, or mail room at 3:06 pm on May 13, 2024 in HOUSTON, TX 77002.
9414811898765403327581	COG Operating LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765403327536	Granite Ridge Holdings, LLC	5217 McKinney Ave Ste 400	Dallas	TX	75205-3754	Your item was delivered to an individual at the address at 11:32 am on May 3, 2024 in DALLAS, TX 75205.
9414811898765403327574	Jacobs Engineering Group Inc. appears to be Jacobs Solutions, Inc.	1999 Bryan St Ste 3500	Dallas	TX	75201-3136	Your item has been delivered to an agent for final delivery in DALLAS, TX 75201 on May 4, 2024 at 1:27 pm.
9414811898765403326218	Weller Energy, Inc.	PO Box 310	South Orleans	MA	02662-0310	Your item was picked up at the post office at 4:05 pm on May 14, 2024 in SOUTH ORLEANS, MA 02662.
9414811898765403326256	Primary Childrens Medical Center Foundation	100 N Mario Capecchi Dr	Salt Lake City	UT	84113-1103	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.

MRC - Coach Joe 124H well - Case no. 24323
 Postal Delivery Report

9414811898765403326263	Mary Alice Woolley Endowment Fund for the Brigham Young University J. Reuben Clark Law School	J. Reuben Clark Building 341 E. Campus Drive	Provo	UT	84602-6121	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765403326225	Brigham Young University, J. Reuben Clark Law School	341 E Campus Dr Bldg J Reuben Clark Building	Provo	UT	84602-6121	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765403326294	OXY USA WTP Limited Partnership	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 May 3, 2024 at 10:40 am.



PO Box 631667 Cincinnati, OH 45263-1667

AFFIDAVIT OF PUBLICATION

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

Joe Stark
Joe Stark EENR Specialist
Holland & Hart
222 South Main Street
Suite 2200
Salt Lake City UT 84101

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 in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEX virtual meeting platform (sign-in information below) on Thursday, May 16, 2024, beginning of 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. Documents filed in these cases may be viewed at <https://ocdimg01.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, or the New Mexico Relay Network at 1-800-659-1779, no later than May 7, 2024. Persons may view and participate in the hearings through the following link: <https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m32eat77e9d082c47d69dd41d9276ffa>

Webinar number: 2486 275 6900
Join by video system:
Dial 24862756900@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: 2486 275 6900
Panelist password: PxJvPfrv278 (79587378 from phones and video systems)

STATE OF WISCONSIN, COUNTY OF BROWN

The Carlsbad Current Argus, a newspaper published in the city of Carlsbad, Eddy County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

05/01/2024

and that the fees charged are legal.
Sworn to and subscribed before on 05/01/2024

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.; Maverick Permian Agent Corp.; COG Operating LLC; Granite Ridge Holdings, LLC; Jacobs Engineering Group Inc. (appears to be Jacobs Solutions, Inc.); Weller Energy, Inc.; Primary Children's Medical Center Foundation; Mary Alice Woolley Endowment Fund for the Brigham Young University J. Reuben Clark Law School; Brigham Young University J. Reuben Clark Law School, and OXY USA WTP Limited Partnership.

Case No. 24323: Application of MRC Permian Company for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the S2S2 of Sections 32 and 33, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed Coach Joe 3332 Fed Com 124H well to be horizontally drilled from a surface location in the SW4 of Section 34, with a first take point in the SE4SE4 (Unit P) of Section 33 and a last take point in the SW4SW4 (Unit M) of Section 32. Also, to be considered will be the cost of drilling and completing the well 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 said well. The subject area is located approximately two miles north of Loco Hills, New Mexico. #10112097, Current Argus, May 1, 2024

Legal Clerk

Notary, State of WI, County of Brown

1-735

My commission expires

Publication Cost: \$252.60
Order No: 10112097 # of Copies: 1
Customer No: 1360634
PO #:

THIS IS NOT AN INVOICE!

Please do not use this form for payment remittance.

KATHLEEN ALLEN
Notary Public
State of Wisconsin

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Matador Production
Company Hearing Date: June 27, 2024
Case No. 24323