

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING AUGUST 8, 2024**

CASE NO. 24621

BILL WILSHUSEN 2221 FED COM #122H 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. 24621

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 24621	APPLICANT'S RESPONSE
Date	August 8, 2024
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Bill Wilshusen
Formation/Pool	
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:	Carlsbad; BS, East [96144]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	Laydown
Description: TRS/County	S/2 N/2 of Sections 21 and 22, Township 21 South, Range 27 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 this 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)	BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: Matador Production Company Hearing Date: August 8, 2024 Case No. 24621

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Bill Wilshusen 2221 Fed Com 122H well SHL: 1,842' FNL, 338' FEL (Unit H) of Section 22 BHL: 1,980' FNL, 110' FWL (Unit E) of Section 21 Target: Bone Spring Orientation: Laydown Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
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-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D, D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Paula M. Vance
Signed Name (Attorney or Party Representative):	
Date:	7/30/2024

**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. 24621

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 all uncommitted interests in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the S/2 N/2 of Sections 21 and 22, Township 21 South, Range 27 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 **Bill Wilshusen Fed Com #122H** well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 22, with a first take point in the SE/4 NE/4 (Unit H) of Section 22 and a last take point in the SW/4 NW/4 (Unit E) of Section 21.
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.

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Submitted by: Matador Production Company
Hearing Date: August 8, 2024
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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 July 11, 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 well 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% charge 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
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 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 S/2 N/2 of Sections 21 and 22, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed **Bill Wilshusen Fed Com #122H** well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 22, with a first take point in the SE/4 NE/4 (Unit H) of Section 22 and a last take point in the SW/4 NW/4 (Unit E) of Section 21. 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 3 miles northeast of Carlsbad, New Mexico.

**STATE OF NEW MEXICO
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CASE NO. 24621

SELF-AFFIRMED STATEMENT OF HAWKS HOLDER

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

1. My name 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 N/2 of Sections 21 and 22, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and initially dedicate this Bone Spring spacing unit to the proposed **Bill Wilshusen 2221 Fed Com #122H** well to be horizontally drilled from a surface hole location in the SE/4 NE/4 of Section 22, T21S-R27E with a first take point in the SE/4 NE/4 of Section 22, T21S-R27E and a last take point in the SW/4 NW/4 of Section 21, T21S-R27E .

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5. MRC understands this well will be placed in the CARLSBAD;BS, EAST [96144] pool.

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 fee, 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 owners 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. **MRC Exhibit C-5** contains a summary chronology of MRC's contacts and attempted contacts with the uncommitted working interest owners. In addition to sending the well proposal letters, MRC has attempted to call or email each of the uncommitted working interest owners for whom MRC has been able to find contact information. As indicated in Exhibit C-5, Matador has had discussions with or received nonconsent elections back from each of the working interest parties we seek to pool in this case. 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.

13. 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.

14. 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 conducted computer searches.

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

16. 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

7/29/24

Date

Exhibit C-1

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
311 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

¹ API Number 30-015-	² Pool Code 96144	³ Pool Name CARLSBAD; BS, EAST
⁴ Property Code	⁵ Property Name BILL WILSHUSEN 2221 FED COM	
⁶ Well Number 122H	⁷ Operator Name MATADOR PRODUCTION COMPANY	
⁸ Elevation 3235'	⁹ GRID No. 228937	

10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Mar	Feet from the	East/West line	County
H	22	21-S	27-E	-	1842'	NORTH	338'	EAST	EDDY

11 Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	21	21-S	27-E	-	1980'	NORTH	110'	WEST	EDDY

¹² Dedicated Acres 320	¹³ Joint or IN/IN	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.

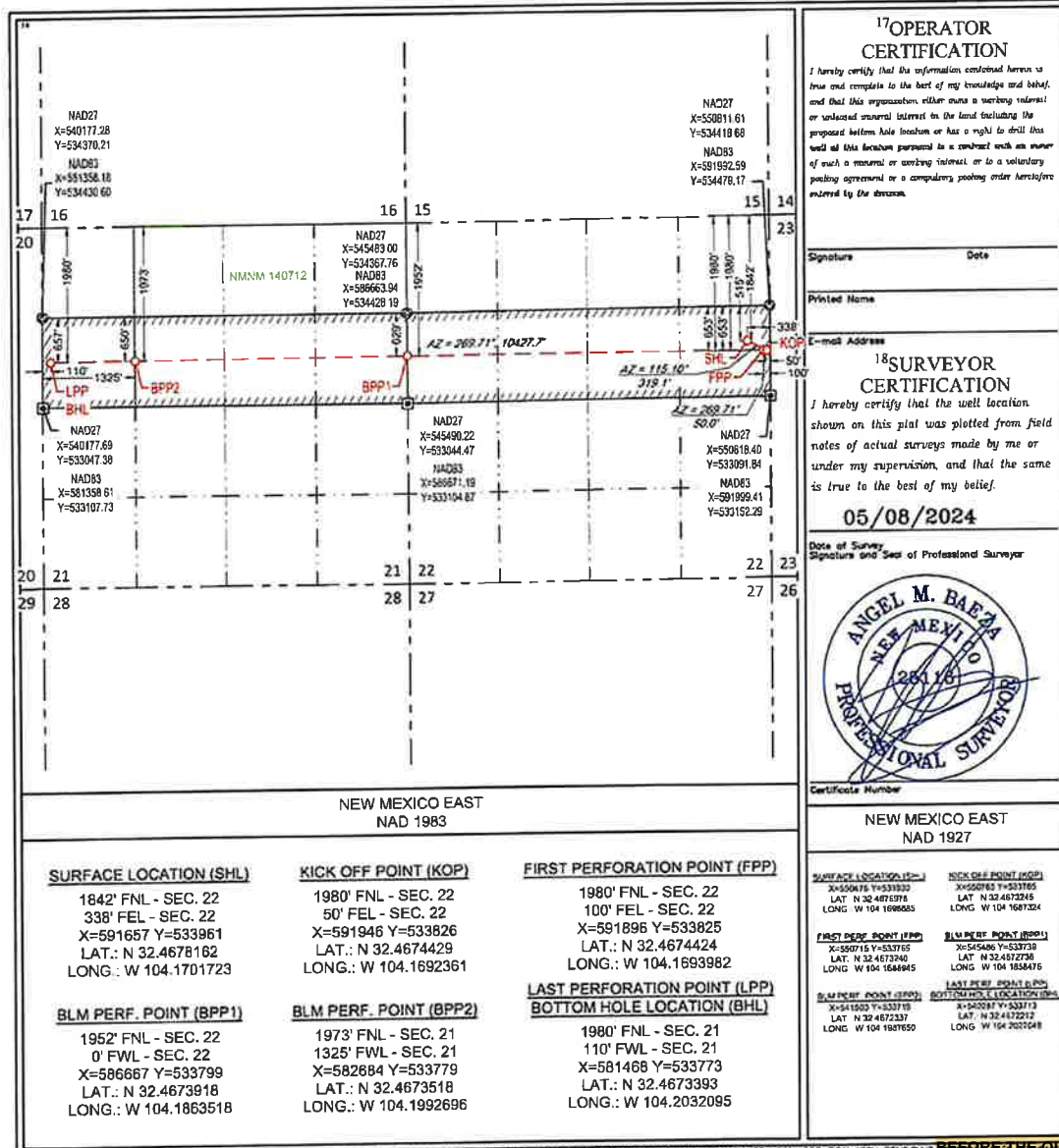


Exhibit C-2

Bill Wilshusen 2221 Fed Com Tract Map

	21			22			
N/2	Tract 1	Tract 2	Tract 3	Tract 5	Tract 4	N/2 N/2; Case 24620	N/2; Case 24697
	FEE	FEDERAL; NMNM-140712	STATE VC-683	STATE K-3977	STATE L-2351		
				Tract 5		S/2 N/2; Case 24621	
				STATE K-3977			

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-2
 Submitted by: Matador Production Company
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Exhibit C-3

Bill Wilshusen 2221 Fed Com #122H

**MRC Permian
Voluntary Joinder
Compulsary Pool**

**59.985000%
4.897589%
35.117411%**

Owner	Description	Tract	Interest
Devon Energy Production Company, L.P.	WI	3, 5	19.177454%
Permian Resources Operating, LLC	WI	5	3.125000%
Carolyn B. Yates	WI	5	0.187499%
Aeron A. Yates and John Frances Messa, Co-Trustees of the Aeron A. Yates Children's Trust	WI	5	0.053313%
Carolyn B. Yates and Bruno J. Bulovas, Jr., Co-Trustees of the Steven M. Yates Children's Trust	WI	5	0.053311%
Aeron A. Yates	WI	5	0.020834%
SITL Energy, LLC	WI	1	4.687500%
Osprey Oil and Gas II, LLC	WI	1	4.687500%
R.E.B. Resources, LLC	WI	1	3.125000%
PetroYates, Inc.	ORRI		
Yates Energy Royalty Interests LLC	ORRI		
Spiral, Inc.	ORRI		
Tommy Phipps and Werta Jean Phipps, Trustees of the Phipps Living Trust	ORRI		
George M. Yates	ORRI		
Harvey E. Yates, Jr.	ORRI		
Marifred M. Handley, Trustee of the Joe F. Handley and Marifred M. Handley Revocable Trust	ORRI		
Marifred M. Handley	ORRI		
Jay Paul Miller	ORRI		
David Scott Miller	ORRI		
Julie J. Lara	ORRI		
Cibola Land Corporation	ORRI		
Clendon York	ORRI		
Lendon York	ORRI		
Jatonna York Birchell	ORRI		
Donna York Bliven	ORRI		
OXY USA WTP Limited Partnership	Record Title		

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-3
Submitted by: Matador Production Company
Hearing Date: August 8, 2024
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Exhibit C-4

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

March 18, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

Aeron A. Yates
2843 Seccomb St.
Ft. Collins, CO 80526

Re: Bill Wilshusen Fed Com #121H, #201H, #122H & #202H (the "Wells")
Participation Proposal
N2 of Sections 21 & 22, Township 21 South, Range 27 East
Eddy County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Bill Wilshusen Fed Com #121H, Bill Wilshusen Fed Com #201H, Bill Wilshusen Fed Com #122H & Bill Wilshusen Fed Com #202H, wells, located in the N2 of Sections 21 & 22, Township 21 South, Range 27 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 four (4) enclosed Authority for Expenditures ("AFE"), dated January 10, 2024.

- **Bill Wilshusen Fed Com #121H:** to be drilled from a legal location with a proposed surface hole location in the SE/4NE/4 of Section 22-21S-27E, a proposed first take point located at 100' FEL and 660' FNL of Section 22-21S-27E, and a proposed last take point located at 100' FWL and 660' FNL of Section 21-21S-27E. 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'.
- **Bill Wilshusen Fed Com #201H:** to be drilled from a legal location with a proposed surface hole location in the SE/4NE/4 of Section 22-21S-27E, a proposed first take point located at 100' FEL and 660' FNL of Section 22-21S-27E, and a proposed last take point located at 100' FWL and 660' FNL of Section 21-21S-27E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~8,975' TVD) to a Measured Depth of approximately 19,242'.
- **Bill Wilshusen Fed Com #122H:** to be drilled from a legal location with a proposed surface hole location in the SE/4NE/4 of Section 22-21S-27E, a proposed first take point located at 100' FEL and 1,980' FNL of Section 22-21S-27E, and a proposed last take point located at 100' FWL and 1,980' FNL of Section 21-21S-27E. 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'.

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Submitted by: Matador Production Company
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- **Bill Wilshusen Fed Com #202H:** to be drilled from a legal location with a proposed surface hole location in the SE/4NE/4 of Section 22-21S-27E, a proposed first take point located at 100' FEL and 1,980' FNL of Section 22-21S-27E, and a proposed last take point located at 100' FWL and 1,980' FNL of Section 21-21S-27E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~8,975' TVD) to a Measured Depth of approximately 19,242'.

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 N2 of Sections 21 & 22, Township 21 South, Range 27 East, Eddy County, New Mexico, and has the following general provisions:

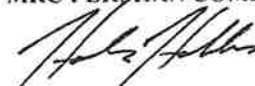
- 100%/300%/300% Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

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

Aeron A. Yates hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bill Wilshusen Fed Com #121H** well.

_____ Not to participate in the **Bill Wilshusen Fed Com #121H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bill Wilshusen Fed Com #201H** well.

_____ Not to participate in the **Bill Wilshusen Fed Com #201H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bill Wilshusen Fed Com #122H** well.

_____ Not to participate in the **Bill Wilshusen Fed Com #122H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bill Wilshusen Fed Com #202H** well.

_____ Not to participate in the **Bill Wilshusen Fed Com #202H**.

Aeron A. Yates

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE - 9400 LBJ FREEWAY - SUITE 1500 - DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE: January 10, 2024 AFE NO.:
WELL NAME: Bill Wislhusen Fed Com #122H FIELD: Bone Spring
LOCATION: Section 22&21 21S 27E MD/TVD: 17804/7500'
COUNTRY/STATE: Eddy, NM LATERAL LENGTH: 9,837
MRC W#:
GEOLOGIC TARGET: Second Bone Spring Sand
REMARKS: Drill and complete a horizontal 2.5 mile long Second Bone Spring sand target with about 57 frac stages

Table with columns: INTANGIBLE COSTS, DRILLING COSTS, COMPLETION COSTS, PRODUCTION COSTS, FACILITY COSTS, TOTAL COSTS. Includes rows for Land / Legal / Regulatory, Drilling, Completion, Production, and various equipment and materials.

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Perry Hawks Team Lead - WTX/NM WTP
Completion Engineer: Jack Hmsir WTE
Production Engineer: Garrett Livest

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, Res: WTE SVP Geoscience: NLF COO- Drilling, Completion and Production: CC
Executive VP, Legal: CA
President: BG

NON OPERATING PARTNER APPROVAL:

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

This AFE is a contract and may be subject to change or cancellation at any time without notice. It is the responsibility of the Operator to provide accurate and complete information to the Non-Operating Partner.

Exhibit C-5

Summary of Communication – Bill Wilshusen 2221 Fed Com Wells

Devon Energy Production Company, L.P.:

- 3/18/2024: Proposals mailed via Certified Mail.
- 3/24/2024: Proposals delivered (received signed return receipt).
- 4/29/2024: Joint Operating Agreement mailed via Certified Mail.
- 4/3/2024-6/20/2024: Discussions with Devon regarding this project.

Permian Resources Operating, LLC:

- 5/28/2024: Proposals and Joint Operating Agreement mailed via Certified Mail.
- 6/2/2024: Proposals delivered (received signed return receipt).
- 6/2/2023- 6/20/2024: Discussions with Permian regarding this project.

Carolyn B. Yates:

- 3/18/2024: Proposals mailed via Certified Mail.
- 3/26/2024: Proposals delivered (received signed return receipt)
- 4/29/2024: Joint Operating Agreement mailed via Certified Mail.
- 4/10/2024: Received election for non-consent.
- Following receipt of non-consent, attempted to call with no response.

Aeron A. Yates and John Frances Messa, Co-Trustees of the Aeron A. Yates Children's Trust:

- 3/18/2024: Proposals mailed via Certified Mail.
- 3/25/2024: Proposals delivered (received signed return receipt).
- 4/29/2024: Joint Operating Agreement mailed via Certified Mail.
- 4/3/2024: Received election for non-consent.
- Following receipt of non-consent, spoke with me on the phone regarding planned operations.

Carolyn B. Yates and Bruno J. Bulovas, Jr., Co-Trustees of the Steven M. Yates Children's Trust:

- 3/18/2024: Proposals mailed via Certified Mail.
- 3/26/2024: Proposals delivered (received signed return receipt).
- 4/29/2024: Joint Operating Agreement mailed via Certified Mail.
- 4/10/2024 Received election for non-consent.
- Following receipt of non-consent, spoke with me on the phone regarding planned operations.

Aeron A. Yates:

- 3/18/2024: Proposals mailed via Certified Mail.
- 3/25/2024: Proposals delivered (received signed return receipt).
- 4/29/2024: Joint Operating Agreement mailed via Certified Mail.
- 4/3/2024 Received election for non-consent.
- Following receipt of non-consent, reached out with no response.

SITL Energy, LLC

- 7/1/2024: Proposals and Joint Operating Agreement mailed via Certified Mail.
- 7/8/2024: Proposals delivered (received signed return receipt).

- 7/8/2024- 7/20/2024: Discussions with SITL regarding this project.

R.E.B. Resources, LLC

- 7/1/2024: Proposals and Joint Operating Agreement mailed via Certified Mail.
- 7/8/2024: Proposals delivered (received signed return receipt).
- 7/8/2024- 7/20/2024: Discussions with R.E.B. regarding this project.

Osprey Oil and Gas II, LLC

- 7/1/2024: Proposals and Joint Operating Agreement mailed via Certified Mail.
- 7/8/2024: Proposals delivered (received signed return receipt).
- 7/8/2024- 7/20/2024: Discussions with Osprey regarding this project.

**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. 24620

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

CASE NO. 24621

SELF-AFFIRMED STATEMENT OF ANDREW PARKER

Andrew Parker, of lawful age and being first duly sworn, declares as follows:

1. My name is Andrew Parker. I work for MRC Energy Company, an affiliate of MRC Permian Company and Matador Production Company, as a Senior Vice President of Geosciences.
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 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.
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 top of the Bone Spring formation. The contour interval is 100 feet. The structure map shows the Bone Spring formation

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Matador Production Company
Hearing Date: August 8, 2024
Case No. 24621**

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

7. Also included on MRC Exhibit 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 four 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. The proposed target interval for 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 closer to north-south than east-west in this area.

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

11. In my opinion, each quarter-quarter section will be productive and contribute 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 application 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.

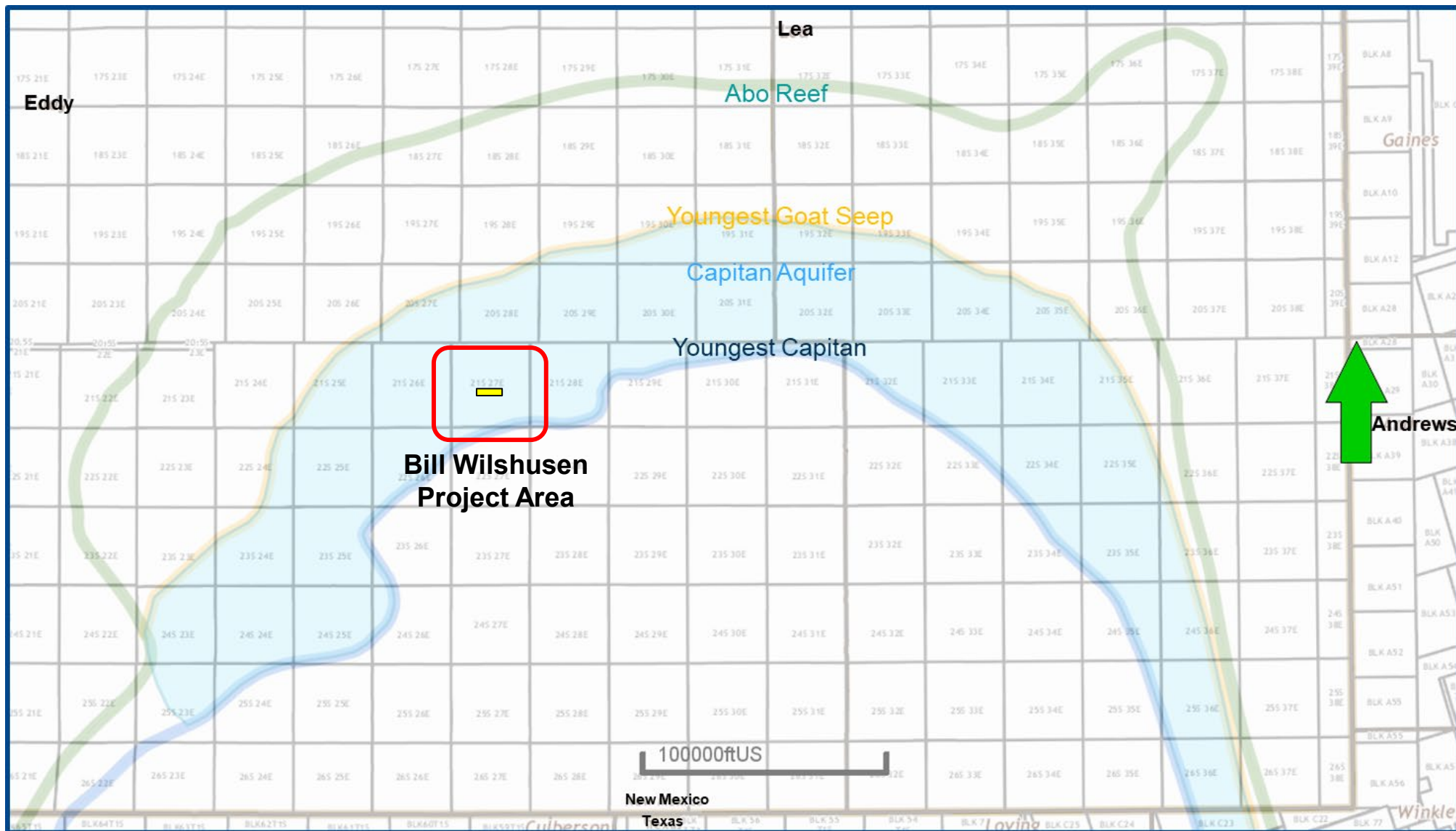


Andrew Parker



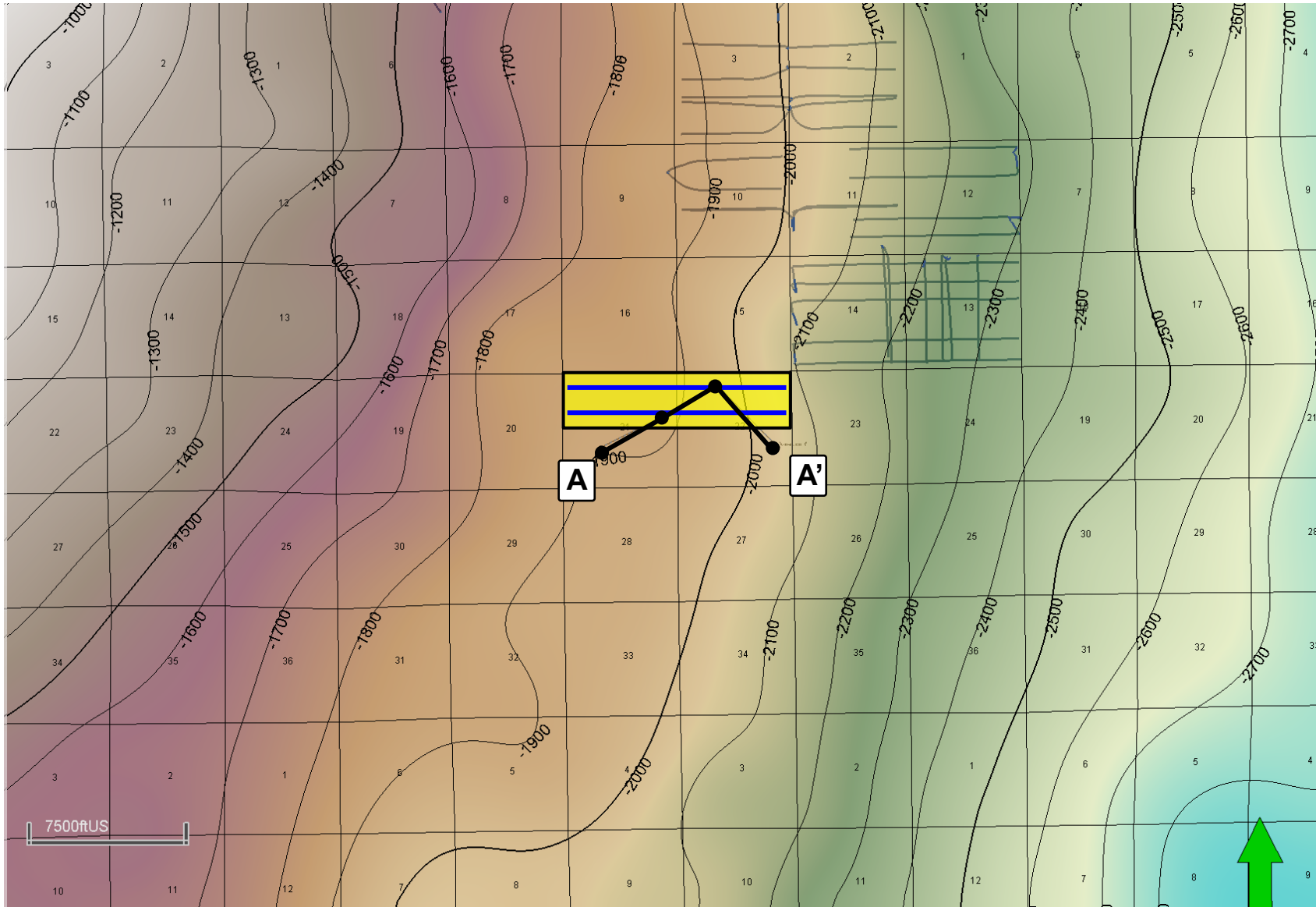
Date

Locator Map



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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-2
Submitted by: Matador Production Company
Hearing Date: August 8, 2024
Case No. 24621

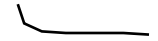


Map Legend

Bill Wilshusen Wells



Bone Spring Wells



Project Area



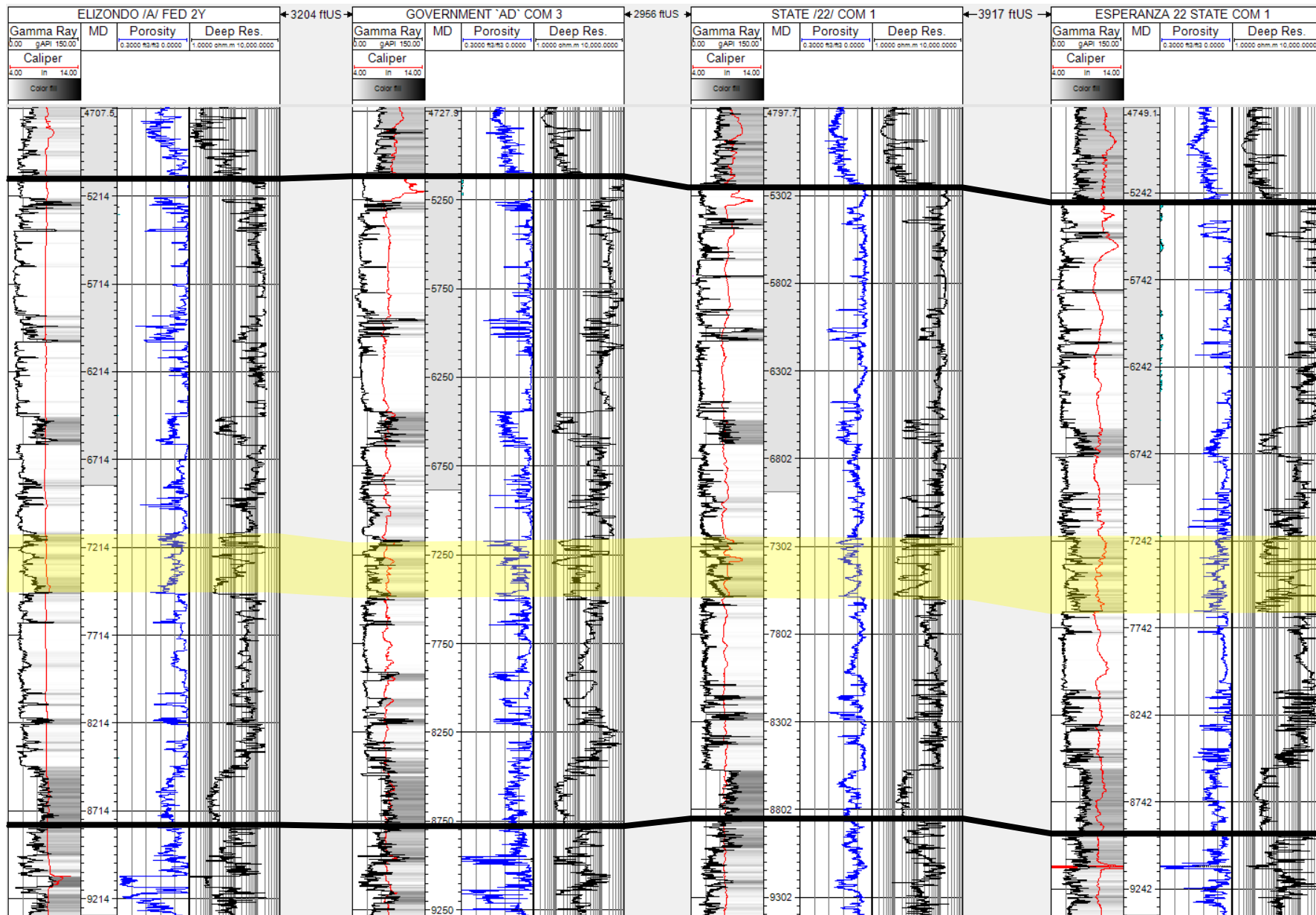
C. I. = 100'

Carlsbad; Bone Spring, East [96144] Structural Cross-Section A – A'

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-3
Submitted by: Matador Production Company
Hearing Date: August 8, 2024
Case No. 24621

A

A'



Bone Spring Top

#121 & #122 Target

Bone Spring Base



**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. 24621

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

1. I am attorney in fact and authorized representative of MRC Permian Company (“MRC”), 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 July 31, 2024.

5. I caused a notice to be published to all parties subject to this request for 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: Matador Production Company
Hearing Date: August 8, 2024
Case No. 24621**



Paula M. Vance

07/31/2024

Date



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

June 21, 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: *Bill Wilshusen Fed Com #122H 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 July 11, 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,

Paula M. Vance
ATTORNEY FOR MRC PERMIAN COMPANY

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

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



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

July 19, 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: *Bill Wilshusen Fed Com #122H 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 August 8, 2024, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

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If you have any questions about this matter, please contact Hawks Holder at (972) 619-4336 or at hawks.holder@matadorresources.com.

Sincerely,

Paula M. Vance
ATTORNEY FOR MRC PERMIAN COMPANY

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

MRC - Bill Wilshusen 121H and 122H wells - Case nos. 24620-24621
Postal Delivery Report

9414811898765467251037	Aeron A. Yates	2843 Seccomb St	Fort Collins	CO	80526-6211	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765467251419	Aeron A. Yates and John Frances Messa, Co-Trustees of the Aeron A. Yates Childrens Trust	2843 Seccomb St	Fort Collins	CO	80526-6211	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765467251457	Carolyn B. Yates	50 Orchard Pines Pl	The Woodlands	TX	77382-5601	Your item was delivered to an individual at the address at 12:42 pm on June 25, 2024 in SPRING, TX 77382.
9414811898765467251426	Carolyn B. Yates and Bruno J. Bulovas, Jr., Co-Trustees of the Steven M. Yates	50 Orchard Pines Pl	The Woodlands	TX	77382-5601	Your item was delivered to an individual at the address at 12:42 pm on June 25, 2024 in SPRING, TX 77382.
9414811898765467251402	Cibola Land Corporation	PO Box 1668	Albuquerque	NM	87103-1668	Your item was picked up at the post office at 11:33 am on June 24, 2024 in ALBUQUERQUE, NM 87102.
9414811898765467251495	Clendon York	102 E Riverside Dr Apt 1	Carlsbad	NM	88220-5244	Your item has been delivered to the original sender at 12:20 pm on July 11, 2024 in SANTA FE, NM 87501.

MRC - Bill Wilshusen 121H and 122H wells - Case nos. 24620-24621
Postal Delivery Report

9414811898765467251440	David Scott Miller	PO Box 511	Show Low	AZ	85902-0511	Your item arrived at the SANTA FE, NM 87501 post office at 9:59 am on July 30, 2024 and is ready for pickup.
9414811898765467251488	Devon Energy Production Company, L.P.	333 W Sheridan Ave	Oklahoma City	OK	73102-5010	Your item was picked up at a postal facility at 7:17 am on June 24, 2024 in OKLAHOMA CITY, OK 73102.
9414811898765467251433	Donna York Bliven	506 W Orchard Ln Apt 17	Carlsbad	NM	88220-4679	Your item has been delivered to the original sender at 1:20 pm on July 25, 2024 in SANTA FE, NM 87501.
9414811898765467251471	Explorers Petroleum Corporation	PO Box 1933	Roswell	NM	88202-1933	Your item was picked up at the post office at 1:52 pm on June 24, 2024 in ROSWELL, NM 88201.
9414811898765467251556	George M. Yates	PO Box 1933	Roswell	NM	88202-1933	Your item was picked up at the post office at 1:52 pm on June 24, 2024 in ROSWELL, NM 88201.
9414811898765467251563	Harvey E. Yates, Jr.	PO Box 1608	Albuquerque	NM	87103-1608	Your item was picked up at the post office at 11:35 am on June 24, 2024 in ALBUQUERQUE, NM 87102.

MRC - Bill Wilshusen 121H and 122H wells - Case nos. 24620-24621
Postal Delivery Report

9414811898765467251525	Jalapeno Corporation	PO Box 1608	Albuquerque	NM	87103-1608	Your item was picked up at the post office at 11:35 am on June 24, 2024 in ALBUQUERQUE, NM 87102.
9414811898765467251501	Jatonna York Birchell	6220 W 48th Ave	Spokane	WA	99224-5659	Your item was delivered to an individual at the address at 8:26 am on June 24, 2024 in SPOKANE, WA 99224.
9414811898765467251594	Jay Paul Miller	7401 Crystal Ridge Rd SW	Albuquerque	NM	87121-3503	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765467251549	Julie J. Lara	6780 Eagle Rd	Las Cruces	NM	88012-6213	Your item was delivered to an individual at the address at 4:17 pm on June 24, 2024 in LAS CRUCES, NM 88012.
9414811898765467251587	Lendon York	102 E Riverside Dr Apt 1	Carlsbad	NM	88220-5244	Your item has been delivered to the original sender at 4:18 pm on July 5, 2024 in SANTA FE, NM 87501.
9414811898765467251532	Marifred M. Handley	9201 W Carlsbad Hwy	Hobbs	NM	88240-9267	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.

MRC - Bill Wilshusen 121H and 122H wells - Case nos. 24620-24621
Postal Delivery Report

9414811898765467251570	Marifred M. Handley, Trustee of the Joe F. Handley and Marifred M. Handley Revocable Trust	9201 W Carlsbad Hwy	Hobbs	NM	88240-9267	Your item has been delivered to the original sender at 4:21 pm on July 5, 2024 in SANTA FE, NM 87501.
9414811898765467269216	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 June 27, 2024 at 10:15 am.
9414811898765467269261	PetroYates, Inc.	PO Box 1608	Albuquerque	NM	87103-1608	Your item was picked up at the post office at 11:35 am on June 24, 2024 in ALBUQUERQUE, NM 87102.
9414811898765467269209	Shirley A. Kestler, Trustee of the Kestler Living Trust	1502 E Wieding Rd	Tucson	AZ	85706-6036	Your item was delivered to the front desk, reception area, or mail room at 12:17 pm on June 27, 2024 in TUCSON, AZ 85706.
9414811898765467269292	Spiral, Inc.	PO Box 1933	Roswell	NM	88202-1933	Your item was picked up at the post office at 1:52 pm on June 24, 2024 in ROSWELL, NM 88201.

MRC - Bill Wilshusen 121H and 122H wells - Case nos. 24620-24621
 Postal Delivery Report

9414811898765467269247	Tommy Phipps and Werta Jean Phipps, Trustees of the Phipps Living Trust	PO Box 11090	Midland	TX	79702-8090	Your item departed our USPS facility in ALBUQUERQUE, NM 87101 on July 30, 2024 at 6:49 pm. The item is currently in transit to the destination.
9414811898765467269230	William R. Barron, Trustee of the William R. Barron Revocable Trust	1370 W Cloquallum Rd	Shelton	WA	98584-8766	Your item has been delivered to the original sender at 11:32 am on July 18, 2024 in SANTA FE, NM 87504.
9414811898765467269278	Yates Energy Corporation	PO Box 2323	Roswell	NM	88202-2323	Your item was picked up at the post office at 10:19 am on June 24, 2024 in ROSWELL, NM 88201.
9414811898765467269810	Yates Energy Royalty Interests LLC	PO Box 2323	Roswell	NM	88202-2323	Your item was picked up at the post office at 10:19 am on June 24, 2024 in ROSWELL, NM 88201.

MRC - Bill Wishusen 122H well - Case no. 24621
 Postal Delivery Report

9414811898765467263719	BMT I BPEOR NM, LLC	201 Main St Ste 2600	Fort Worth	TX	76102-3134	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765467263726	BMT II BPEOR NM, LLC	201 Main St Ste 2600	Fort Worth	TX	76102-3134	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765467263702	Devon Energy Production Company, L.P.	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 June 25, 2024 at 11:55
9414811898765467263795	Permian Resources Operating, LLC	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 June 25, 2024 at 11:55

Postal Delivery Report

9414811898765466407848	SITL Energy, LLC	308 N Colorado St Ste 200	Midland	TX	79701-4631	Your item was delivered to an individual at the address at 2:23 pm on July 22, 2024 in MIDLAND, TX 79701.
9414811898765466407886	Osprey Oil and Gas II, LLC	707 N Carrizo St	Midland	TX	79701-3240	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765466407831	R.E.B Resources, LLC	308 N Colorado St Ste 200	Midland	TX	79701-4631	Your item was delivered to an individual at the address at 2:23 pm on July 22, 2024 in MIDLAND, TX 79701.

AFFIDAVIT OF PUBLICATION

CARLSBAD CURRENT-ARGUS
PO BOX 507
HUTCHINSON, KS 67504-0507

STATE OF NEW MEXICO }
COUNTY OF EDDY } SS

Account Number: 83
Ad Number: 6970
Description: Case #24621
Ad Cost: \$123.51

Nicole Bitton, being first duly sworn, says:

That she is the Agent of the the Carlsbad Current-Argus, a Weekly newspaper of general circulation, printed and published in Carlsbad, Eddy County, New Mexico; that the publication, a copy of which is attached hereto, was published in said newspaper on the following dates:

July 27, 2024

That said newspaper was regularly issued and circulated on those dates.
SIGNED:

N Bitton
Agent

Subscribed to and sworn to me this 27th day of July 2024.

Kelli Metzger
Notary Public
County Ohio
ID#: _____
My commission expires: Oct. 19, 2024

Holland And Hart
110 N Guadalupe ST # 1
Santa Fe, NM 87501-1849

LEGAL NOTICE

Case No. 24621: Application of MRC Permian Company for Compulsory Pooling, Eddy County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: SITL Energy, LLC; Osprey Oil and Gas II, LLC; R.E.B Resources, LLC. The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on August 8, 2024, to consider this application. The hearing 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. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/> or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. 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 S/2 N/2 of Sections 21 and 22, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed Bill Wilshusen Fed Com #122H well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 22, with a first take point in the SE/4 NE/4 (Unit H) of Section 22 and a last take point in the SW/4 NW/4 (Unit E) of Section 21. 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 3 miles northeast of Carlsbad, New Mexico.

6970-Published in the Carlsbad Current-Argus on July 27, 2024.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Matador Production Company
Hearing Date: August 8, 2024
Case No. 24621