

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING AUGUST 22, 2024**

**CASE No. 24287**

*ART SMITH BS 121H WELLS*

*LEA COUNTY, NEW MEXICO*



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

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

**CASE NO. 24287**

**HEARING PACKAGE  
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# COMPULSORY POOLING APPLICATION CHECKLIST

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

<b>Case: 24287</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: August 22, 2024</b>	
Applicant	<b>MRC Permian Company</b>
Designated Operator & OGRID (affiliation if applicable)	<b>Matador Production Company [OGRID 228937]</b>
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of MRC Permian Company for Approval of Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	PBEX, LLC; E.G.L. Resources, Inc.
Well Family	Art Smith
<b>Formation/Pool</b>	
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:	Airstrip; Bone Spring [960] for Section 34 acreage and Scharb; Bone Spring [55610] for Section 3 acreage
Well Location Setback Rules:	Statewide Rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	324.32-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	W2W2 of Section 34, T18S, R34E and W2W2 of Section 3, T19S, R34E, NMPM, Lea 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
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	<b>Art Smith State Com 121H</b> (API No. pending) SHL: 310' FNL & 1430' FWL (Unit C) of Sec. 34, T18S, R34E BHL: 110' FSL & 660' FWL (Unit M) of Sec. 3, T19S, R34E Completion Target: Bone Spring formation Well Orientation: North-South Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibits A-2 and A-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 A-3
Unlocatable Parties to be Pooled	Exhibit A-5
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2

Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
A-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
<b>Additional Information</b>	
Special Provisions/Stipulations	Applicant has dismissed the request for approval of overlapping spacing units
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Michael H. Feldewert
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	15-Aug-24

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

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

**CASE NO. 24287**

**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 (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W2W2 of Section 34, Township 18 South, Range 34 East and the W2W2 of Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this horizontal well spacing unit. 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 overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Art Smith State Com 111H** and the **Art Smith State Com 121H** wells to be horizontally drilled from a surface location in the NW4 of Section 34, with first take points in the NW4NW4 (Unit D) of Section 34 and last take points in the SW4SW4 (Unit M) of Section 3.
4. This proposed horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation:

- A 160-acre horizontal well spacing unit comprised of the W2W2 of Section 3 currently dedicated to the Tres Primos 3 State 2H (30-025-42129) operated by COG Operating LLC and assigned to the Scharb: Bone Spring Pool (55610).
- A 160-acre horizontal well spacing unit comprised of the W2W2 of Section 34 proposed by MRC for the Art Smith State Com 131H well to be drilled in a different interval of the Bone Spring formation.

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

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Matador Production Company as operator of this overlapping horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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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 Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W2W2 of Section 34, Township 18 South, Range 34 East and the W2W2 of Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Art Smith State Com 111H** and **Art Smith State Com 121H** wells to be horizontally drilled from a surface location in the NW4 of Section 34, with first take points in the NW4NW4 (Unit D) of Section 34 and last take points in the SW4SW4 (Unit M) of Section 3. This proposed horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation:

- A 160-acre horizontal well spacing unit comprised of the W2W2 of Section 3 currently dedicated to the Tres Primos 3 State 2H (30-025-42129) operated by COG Operating LLC and assigned to the Scharb: Bone Spring Pool (55610).
- A 160-acre horizontal well spacing unit comprised of the W2W2 of Section 34 proposed by MRC for the Art Smith State Com 131H well to be drilled in a different interval of the Bone Spring formation.

Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 22 miles west of Hobbs, New Mexico.

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

**APPLICATION OF MRC PERMIAN COMPANY  
FOR APPROVAL OF OVERLAPPING SPACING UNIT  
AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24287**

**SELF-AFFIRMED STATEMENT OF ISAAC EVANS**

Issac Evans, of lawful age and being first duly sworn, declares as follows:

1. My name Isaac Evans. I work for MRC Energy Company, an affiliate of MRC Permian Company (“MRC”), as a Vice President – Land.
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 W/2 W/2 of Section 34, Township 18 South, Range 34 East and the W/2 W/2 of Section 3, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and initially dedicate this Bone Spring spacing unit to the proposed **Art Smith State Com 121H** well to be horizontally drilled from a surface hole location in the NW/4 of Section 34, T18S-R34E with first take points in the NW/4 NW/4 of Section 34, T18S-R34E and last take points in the SW/4 SW/4 of Section 3, T19S-R34E .

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287

5. MRC understands this well will be placed in the Airstrip; Bone Spring [960] (for Section 34 acreage) and the Scharb; Bone Spring [55610] (for Section 3 acreage) pools.

6. 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.

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

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

9. **MRC Exhibit A-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 A-3** also identifies the record title and overriding royalty interest 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 A-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 attempted to call or email each of the working interest owners MRC seeks to pool. As indicated in **MRC Exhibit A-5**, we have been able to contact and have discussions with the working interest owner we seek to pool.

13. **MRC Exhibit A-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 conducted computer searches.

16. **MRC Exhibits A-1 through A-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.



Isaac Evans

8-13-24

Date

# **EXHIBIT A-1**

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A-1  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287**

District I  
1625 N. French Dr. Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 746-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1320 S. St. Francis Dr. Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

FORM C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 960		<sup>3</sup> Pool Name Airstrip; Bone Springs					
<sup>4</sup> Property Code		<sup>5</sup> Property Name ART SMITH STATE COM			<sup>6</sup> Well Number 121H				
<sup>7</sup> GRID No. 228937		<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY			<sup>9</sup> Elevation 4010'				
<sup>10</sup> Surface Location									
UL or lot no. C	Section 34	Township 18-S	Range 34-E	Lot Idn -	Feet from the 310'	North/South line NORTH	Feet from the 1430'	East/West line WEST	County LEA
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. M	Section 3	Township 19-S	Range 34-E	Lot Idn -	Feet from the 110'	North/South line SOUTH	Feet from the 660'	East/West line WEST	County LEA
<sup>12</sup> Dedicated Acres 160 324.32	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

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

NEW MEXICO EAST  
NAD 1983

SURFACE LOCATION (SHL)

310' FNL - SEC. 34  
1430' FWL - SEC. 34  
X=781631 Y=623136  
LAT.: N 32.7106092  
LONG.: W 103.5520872

KICK OFF POINT (KOP)

50' FNL - SEC. 34  
660' FWL - SEC. 34  
X=780859 Y=623389  
LAT.: N 32.7113200  
LONG.: W 103.5545917

FIRST PERFORATION POINT (FPP)

100' FNL - SEC. 34  
660' FWL - SEC. 34  
X=780859 Y=623339  
LAT.: N 32.7111826  
LONG.: W 103.5545914

LAST PERFORATION POINT (LPP)  
BOTTOM HOLE LOCATION (BHL)

110' FSL - SEC. 3  
660' FWL - SEC. 3  
X=780940 Y=612846  
LAT.: N 32.6823418  
LONG.: W 103.5545917

T-19-S, R-34-E  
SECTION 3  
LOT 1 - 44.28 ACRES  
LOT 2 - 44.28 ACRES  
LOT 3 - 44.28 ACRES  
LOT 4 - 44.32 ACRES

<sup>17</sup>OPERATOR CERTIFICATION

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

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

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

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

<sup>18</sup>SURVEYOR CERTIFICATION

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

02/29/2024

Date of Survey  
Signature and Seal of Professional Surveyor

Certificate Number

NEW MEXICO EAST  
NAD 1927

<u>SURFACE LOCATION (SHL)</u> X=740453 Y=623072 LAT. N 32.7104857 LONG. W 103.5515918	<u>KICK OFF POINT (KOP)</u> X=758679 Y=623225 LAT.: N 32.7111966 LONG.: W 103.5540962
<u>FIRST PERFORATION POINT (FPP)</u> X=739740 Y=623078 LAT. N 32.7110392 LONG. W 103.5540959	<u>LAST PERFORATION POINT (LPP)</u> <u>BOTTOM HOLE LOCATION (BHL)</u> X=739760 Y=612783 LAT. N 32.6822164 LONG. W 103.5540958

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

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

FORM C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 55610	<sup>3</sup> Pool Name Scherb; Bone Springs
<sup>4</sup> Property Code	<sup>5</sup> Property Name ART SMITH STATE COM	<sup>6</sup> Well Number 121H
<sup>7</sup> GRID No. 728937	<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY	<sup>9</sup> Elevation 4010'

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	34	18-S	34-E	-	310'	NORTH	1430'	WEST	LEA

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	19-S	34-E	-	110'	SOUTH	660'	WEST	LEA

<sup>12</sup> Dedicated Acres 164.32 324.82	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

NAD27 X=739018.95 Y=623389.08  
NAD83 X=780158.50 Y=623433.24  
NAD27 X=740338.72 Y=623381.18  
NAD83 X=781518.28 Y=623445.35  
NAD27 X=739101.02 Y=612666.23  
NAD83 X=780280.87 Y=612730.05  
NAD27 X=740414.30 Y=612678.89  
NAD83 X=781594.16 Y=612742.72

NEW MEXICO EAST  
NAD 1983

**SURFACE LOCATION (SHL)**  
310' FNL - SEC. 34  
1430' FWL - SEC. 34  
X=781631 Y=623136  
LAT.: N 32.7106092  
LONG.: W 103.5520872

**KICK OFF POINT (KOP)**  
50' FNL - SEC. 34  
660' FWL - SEC. 34  
X=780859 Y=623389  
LAT.: N 32.7113200  
LONG.: W 103.5545917

**FIRST PERFORATION POINT (FPP)**  
100' FNL - SEC. 34  
660' FWL - SEC. 34  
X=780859 Y=623339  
LAT.: N 32.7111826  
LONG.: W 103.5545914

**LAST PERFORATION POINT (LPP)**  
**BOTTOM HOLE LOCATION (BHL)**  
110' FSL - SEC. 3  
660' FWL - SEC. 3  
X=780940 Y=612846  
LAT.: N 32.6823418  
LONG.: W 103.5545918

T-19-S, R-34-E  
SECTION 3  
LOT 1 - 44.20 ACRES  
LOT 2 - 44.24 ACRES  
LOT 3 - 44.28 ACRES  
LOT 4 - 44.32 ACRES

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

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

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

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

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

**02/29/2024**

Date of Survey: \_\_\_\_\_  
Signature and Seal of Professional Surveyor:

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

NEW MEXICO EAST  
NAD 1927

<b>SURFACE LOCATION (SHL)</b> X=740450 Y=623072 LAT: N 32.7104857 LONG: W 103.5515918	<b>KICK OFF POINT (KOP)</b> X=739679 Y=623325 LAT: N 32.7111966 LONG: W 103.5540962
<b>FIRST PERFORATION POINT (FPP)</b> X=739940 Y=623375 LAT: N 32.7110392 LONG: W 103.5540959	<b>LAST PERFORATION POINT (LPP)</b> <b>BOTTOM HOLE LOCATION (BHL)</b> X=738760 Y=612783 LAT: N 32.6822784 LONG: W 103.5540948

# **EXHIBIT A-2**

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A-2  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287**

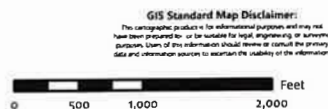


# W2W2 Art Smith State Com Tract Map - Bone Spring

Date Published:  
3/28/2024



- Tract 1 - E0-5014-8 (STATE)
- Tract 2 - VB-1509-2 (STATE)



## 1:18,000

1 inch equals 1,500 feet

**GIS Standard Map Disclaimer:**  
 This cartographic product is for informational purposes only and has not been prepared for, or is suitable for, legal, engineering, or planning purposes. Users of this information should review all current primary data and information sources to ascertain the usability of the information.

Map Prepared by: americo.gamarral  
 Date: March 28, 2024  
 Project: \\gis\UserData\agamarra-temp\20240328 Art Smith Tract Map\Art Smith Tract Map.aprx  
 Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet  
 Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office, GIS Department;  
 Texas Cooperative Wildlife Collection, Texas A&M University;  
 United States Census Bureau (TIGER);

# **EXHIBIT A-3**

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A-3  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287**

## Summary of Interests

<b>MRC Permian Company Working Interest</b>			<b>80.266404%</b>
<b>Compulsory Pool Interest Total:</b>			<b>19.733596%</b>
Interest Owner:	Description:	Tract	Interest:
Marathon Oil Permian, LLC	Uncommitted Working Interest Owner	1	19.733596%
Marathon Oil Permian, LLC	Record Title Owner	1	N/A



Summary of ORRI Owners – W2W2 Art Smith State Com – Bone Spring

**ORRI**

1. Post Oak Crown IV, LLC
2. Crown Oil Partners, LP
3. Collins & Jones Investments, LLC
4. MCT Energy Ltd.
5. H. Jason Wacker
6. David W. Cromwell
7. LMC Energy, LLC
8. Kaleb Smith
9. Deane Durham
10. Mike Moylett
11. Oak Valley Mineral and Land, LP
12. Post Oak Mavros II, LLC
13. Sortida Resources, LLC
14. Sitio Permian, LP
15. Sitio Permian, LLC
16. Mongoose Minerals, LLC
17. Baloney Feathers, Ltd.
18. Camarie Oil and Gas, LLC
19. Ross Duncan Properties, LLC
20. Featherstone Development Corporation
21. Big Three Energy Group, L.L.C.
22. Blind Side, LLC

# **EXHIBIT A-4**

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
Exhibit No. A-4  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287

# Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Voice 972.587.4628 • Fax 214.866.4883  
[isaac.evans@matadorresources.com](mailto:isaac.evans@matadorresources.com)

Isaac C. Evans  
Area Land Manager

March 5, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

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

Re: Art Smith State Com #111H, #112H, #113H, #114H, #121H, #122H, #127H, #128H, #131H, #132H, #133H, #134H, #241H, #242H, #243H & #244H (the "Wells")  
Participation Proposal  
Section 34, Township 18 South, Range 34 East, Lea County, New Mexico; and  
Section 3, Township 19 South, Range 34 East, Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Art Smith State Com #111H, Art Smith State Com #112H, Art Smith State Com #113H, Art Smith State Com #114H, Art Smith State Com #121H, Art Smith State Com #122H, Art Smith State Com #127H, Art Smith State Com #128H, Art Smith State Com #131H, Art Smith State Com #132H, Art Smith State Com #133H, Art Smith State Com #134H, Art Smith State Com #241H, Art Smith State Com #242H, Art Smith State Com #243H & Art Smith State Com #244H, located in Section 34, Township 18 South, Range 34 East, Lea County, New Mexico & Section 3, Township 19 South, Range 34 East, Lea County, New Mexico.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of the Art Smith State Com #111H, Art Smith State Com #112H, Art Smith State Com #113H, Art Smith State Com #114H, Art Smith State Com #121H, Art Smith State Com #122H, Art Smith State Com #127H, Art Smith State Com #128H, Art Smith State Com #131H, Art Smith State Com #132H, Art Smith State Com #133H, Art Smith State Com #134H, Art Smith State Com #241H, Art Smith State Com #242H, Art Smith State Com #243H & Art Smith State Com #244H is itemized on the sixteen (16) enclosed Authority for Expenditures ("AFE") dated December 5, 2023.
- **Art Smith State Com #111H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 660' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FWL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,530' TVD) to a Measured Depth of approximately 19,584'.
- **Art Smith State Com #112H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 1,980' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FWL of Section 3-19S-

- 34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,530' TVD) to a Measured Depth of approximately 19,584'.
- **Art Smith State Com #113H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 1,980' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,530' TVD) to a Measured Depth of approximately 19,584'.
  - **Art Smith State Com #114H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 660' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~9,530' TVD) to a Measured Depth of approximately 19,584'.
  - **Art Smith State Com #121H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 660' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FWL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,020' TVD) to a Measured Depth of approximately 20,074'.
  - **Art Smith State Com #122H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 1,980' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FWL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,020' TVD) to a Measured Depth of approximately 20,074'.
  - **Art Smith State Com #127H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 1,980' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,330' TVD) to a Measured Depth of approximately 20,384'.
  - **Art Smith State Com #128H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 660' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,330' TVD) to a Measured Depth of approximately 20,384'.
  - **Art Smith State Com #131H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 660' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FWL of Section 34-18S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,750' TVD) to a Measured Depth of approximately 15,524'.
  - **Art Smith State Com #132H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 1,980' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FWL of Section 34-

18S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,750' TVD) to a Measured Depth of approximately 15,524'.

- **Art Smith State Com #133H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 1,980' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,750' TVD) to a Measured Depth of approximately 20,804'.
- **Art Smith State Com #134H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 660' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FEL of Section 34-18S-34E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,750' TVD) to a Measured Depth of approximately 15,524'.
- **Art Smith State Com #241H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 660' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FWL of Section 3-19S-34E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,060' TVD) to a Measured Depth of approximately 22,114'.
- **Art Smith State Com #242H:** to be drilled from a legal location with a proposed surface hole location in the N/2NW/4 of Section 34-18S-34E, a proposed first take point located at 100' FNL and 1,980' FWL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FWL of Section 3-19S-34E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,060' TVD) to a Measured Depth of approximately 22,114'.
- **Art Smith State Com #243H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 1,980' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 1,980' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,060' TVD) to a Measured Depth of approximately 22,114'.
- **Art Smith State Com #244H:** to be drilled from a legal location with a proposed surface hole location in the S/2SE/4 of Section 27-18S-34E, a proposed first take point located at 100' FNL and 660' FEL of Section 34-18S-34E, and a proposed last take point located at 100' FSL and 660' FEL of Section 3-19S-34E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,060' TVD) to a Measured Depth of approximately 22,114'.

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 sent at a later date. The proposed Operating Agreement is dated January 1, 2024, by and between Matador Production Company, as Operator and MRC Permian Company, et al as Non-Operators, covers certain depths in Section 34, Township 18 South, Range 34 East, Lea County, New Mexico & Section 3, Township 19 South, Range 34 East, Lea County, New Mexico, and has the following general provisions:



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

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

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

Sincerely,

**MRC PERMIAN COMPANY**



Isaac C. Evans

**Marathon Oil Permian, LLC hereby elects to:**

- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #111H** well.
- Not to participate in the **Art Smith State Com #111H**
  
- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #112H** well.
- Not to participate in the **Art Smith State Com #112H**
  
- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #113H** well.
- Not to participate in the **Art Smith State Com #113H**
  
- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #114H** well.
- Not to participate in the **Art Smith State Com #114H**
  
- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #121H** well.
- Not to participate in the **Art Smith State Com #121H**
  
- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #122H** well.
- Not to participate in the **Art Smith State Com #122H**
  
- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Art Smith State Com #127H** well.
- Not to participate in the **Art Smith State Com #127H**

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
Production Company's **Art Smith State Com #128H** well.  
\_\_\_\_\_ Not to participate in the **Art Smith State Com #128H**

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

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

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
Production Company's **Art Smith State Com #133H** well.  
\_\_\_\_\_ Not to participate in the **Art Smith State Com #133H**

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

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
Production Company's **Art Smith State Com #241H** well.  
\_\_\_\_\_ Not to participate in the **Art Smith State Com #241H**

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
Production Company's **Art Smith State Com #242H** well.  
\_\_\_\_\_ Not to participate in the **Art Smith State Com #242H**

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
Production Company's **Art Smith State Com #243H** well.  
\_\_\_\_\_ Not to participate in the **Art Smith State Com #243H**

\_\_\_\_\_ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador  
Production Company's **Art Smith State Com #244H** well.  
\_\_\_\_\_ Not to participate in the **Art Smith State Com #244H**

**Marathon Oil Permian, LLC**

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**

<b>DATE:</b>	12/05/2023	<b>AFE NO.:</b>	0
<b>WELL NAME:</b>	Art Smith State Com #121H	<b>FIELD:</b>	0
<b>LOCATION:</b>	Section 34-18S-34E & 3-19S-34E	<b>MD/TVD:</b>	20074'/10020'
<b>COUNTY/STATE:</b>	Lea	<b>LATERAL LENGTH:</b>	about 10,000
<b>MRC Wt:</b>			
<b>GEOLOGIC TARGET:</b>	2nd Bone Spring		
<b>REMARKS:</b>	Drill and complete a 2-mile 2nd Bone Spring horizontal well with about 45 frac stages.		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
<b>INTANGIBLE COSTS</b>					
Land / Legal / Regulatory	\$ 17,500	\$ -	\$ -	\$ 10,000	\$ 27,500
Location, Surveys & Damages	134,300	13,000	15,000	20,000	182,500
Drilling	894,926	-	-	-	894,926
Cementing & Float Equip	307,000	-	-	-	307,000
Logging / Formation Evaluation	-	8,000	-	-	8,000
Mud Logging	24,750	-	-	-	24,750
Mud Circulation System	138,420	-	-	-	138,420
Mud & Chemicals	332,445	65,000	-	-	397,445
Mud / Wastewater Disposal	235,000	-	-	1,000	236,000
Freight / Transportation	22,500	33,500	-	-	56,000
Rig Supervision / Engineering	139,200	82,800	7,500	3,600	233,100
Drill Bits	130,000	-	-	-	130,000
Fuel & Power	168,000	473,820	-	-	641,820
Water	76,250	462,500	-	1,000	539,750
Drig & Completion Overhead	12,000	-	-	-	12,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	326,499	-	-	-	326,499
Completion Unit, Swab, CTU	-	170,000	25,000	-	195,000
Perforating, Wireline, Slickline	-	229,131	-	-	229,131
High Pressure Pump Truck	-	96,000	-	-	96,000
Stimulation	-	2,527,818	-	-	2,527,818
Stimulation Flowback & Disp	-	15,500	250,000	-	265,500
Insurance	12,647	-	-	-	12,647
Labor	203,000	57,750	85,000	5,000	350,750
Rental - Surface Equipment	130,289	335,590	60,000	5,000	530,879
Rental - Downhole Equipment	203,650	91,000	-	-	294,650
Rental - Living Quarters	44,634	44,115	-	5,000	93,749
Contingency	178,726	163,313	22,125	5,060	369,224
Operations Center	21,312	-	-	-	21,312
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,753,247</b>	<b>4,668,637</b>	<b>464,625</b>	<b>55,660</b>	<b>9,142,169</b>
<b>TANGIBLE COSTS</b>					
Surface Casing	\$ 106,650	\$ -	\$ -	\$ -	\$ 106,650
Intermediate Casing	481,790	-	-	-	481,790
Drilling Liner	-	-	-	-	-
Production Casing	807,682	-	-	-	807,682
Production Liner	-	-	-	-	-
Tubing	-	-	163,750	-	163,750
Wellhead	83,500	-	45,000	-	128,500
Packers, Liner Hangers	-	64,258	5,000	-	69,258
Tanks	-	-	-	28,800	28,800
Production Vessels	-	-	-	152,620	152,620
Flow Lines	-	-	40,000	120,000	160,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	275,000	-	275,000
Compressor	-	-	-	24,500	24,500
Installation Costs	-	-	-	88,000	88,000
Surface Pumps	-	-	-	4,200	4,200
Non-controllable Surface	400	-	-	2,000	2,400
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	16,000	70,291	86,291
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	80,500	80,500
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	-	4,900	4,900
Tank / Facility Containment	-	-	-	12,250	12,250
Flare Stack	-	-	-	68,500	68,500
Electrical / Grounding	-	-	2,500	8,450	10,950
Communications / SCADA	-	-	12,500	31,300	43,800
Instrumentation / Safety	-	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>1,490,222</b>	<b>64,258</b>	<b>604,750</b>	<b>690,311</b>	<b>2,849,540</b>
<b>TOTAL COSTS &gt;</b>	<b>5,233,469</b>	<b>4,932,895</b>	<b>1,069,375</b>	<b>751,971</b>	<b>11,987,709</b>

**PREPARED BY MATADOR PRODUCTION COMPANY:**

Drilling Engineer:	Julio Mayol	Team Lead - WTX/NM	
Completions Engineer:	Will Statton		APW
Production Engineer:	Josh Bryant		

**MATADOR RESOURCES COMPANY APPROVAL:**

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

**NON OPERATING PARTNER APPROVAL:**

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

The costs on this AFE are estimates only and may not be assigned as costs on any invoice item at the end of the project. Funding insurance required under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, drilling, regulatory, wellhead and well costs under the terms of the applicable joint operating agreement, regulatory order or an agreement covering the well. Participants shall be covered by and defend and indemnify for Operator's execution and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of this AFE.

# **EXHIBIT A-5**

**Summary of Communications – W2W2 Art Smith State Com – Bone Spring**

**Uncommitted Working Interest:**

**1. Marathon Oil Permian, LLC**

In addition to sending well proposals, Matador had discussions with Marathon Oil Permian, LLC regarding this project and potential voluntary joinder and are continuing those discussions.

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

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

**CASE NO. 24287, 24288, 24289, 24290  
24291, and 24292**

**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 (“MRC”), as a Senior Vice President of Geoscience.
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 B-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 (in Case Nos. 24287-24290) and the Third Bone Spring of the Bone Spring formation (in Case Nos. 24291-24292).
6. **MRC Exhibit B-2** is a subsea structure map prepared off the top of the Bone Spring formation. The contour interval is 200 feet. The structure map shows the Bone Spring formation

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287**

gently dipping to the south. 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 MRC Exhibit D-2 is a line of cross section from A to A'.

8. **MRC Exhibit B-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, resistivity, and porosity, where available. The proposed target intervals for each of the respective proposed wells is labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted intervals are consistent in thickness, across the entirety of the proposed spacing units.

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

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

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

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

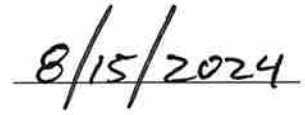
13. Approving MRC's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. **MRC Exhibits B-1 through B-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.

A handwritten signature in black ink, appearing to read "A Parker", is written over a horizontal line.

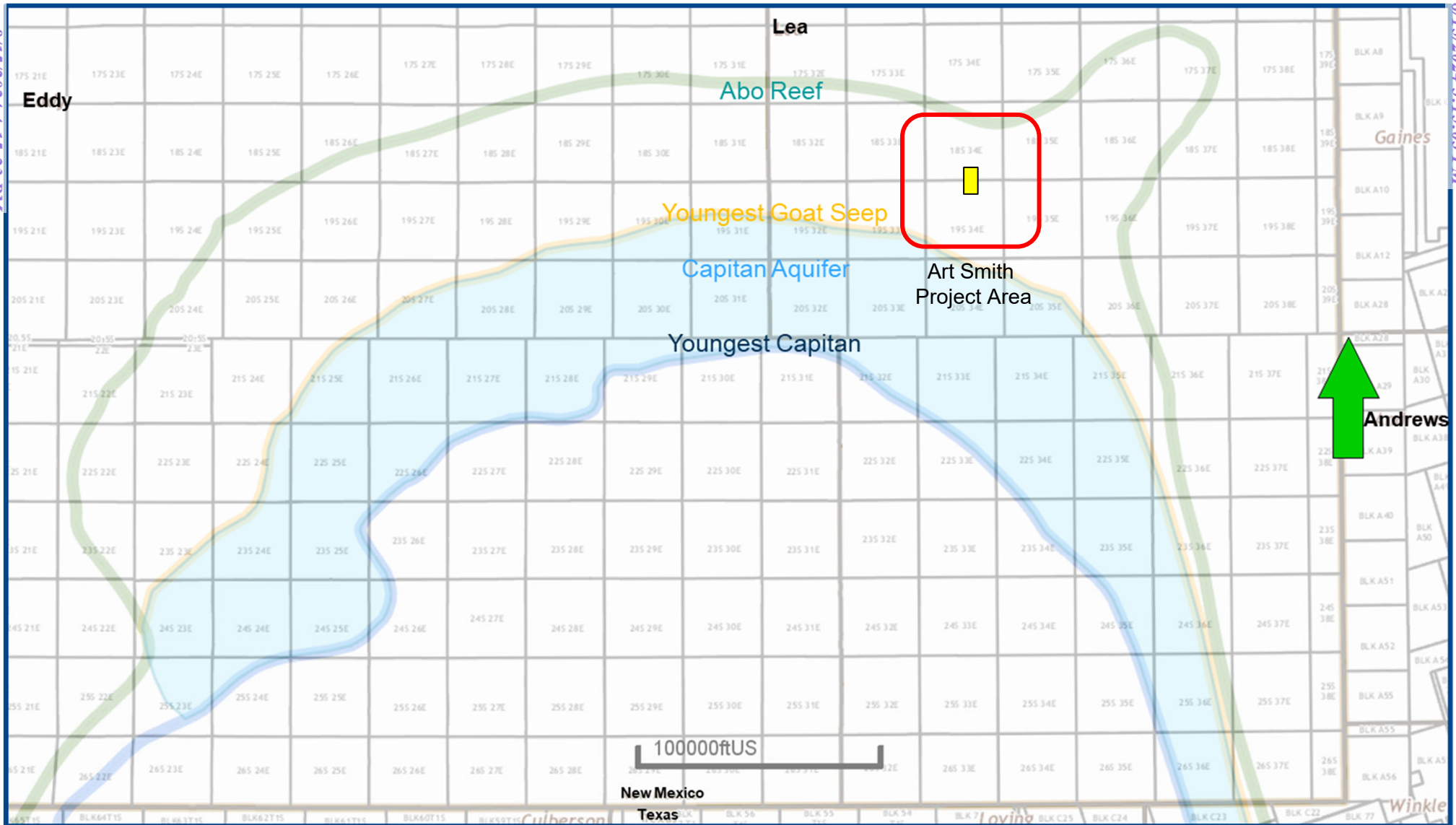
Andrew Parker

A handwritten date "8/15/2024" is written in black ink over a horizontal line.

Date



# Locator Map



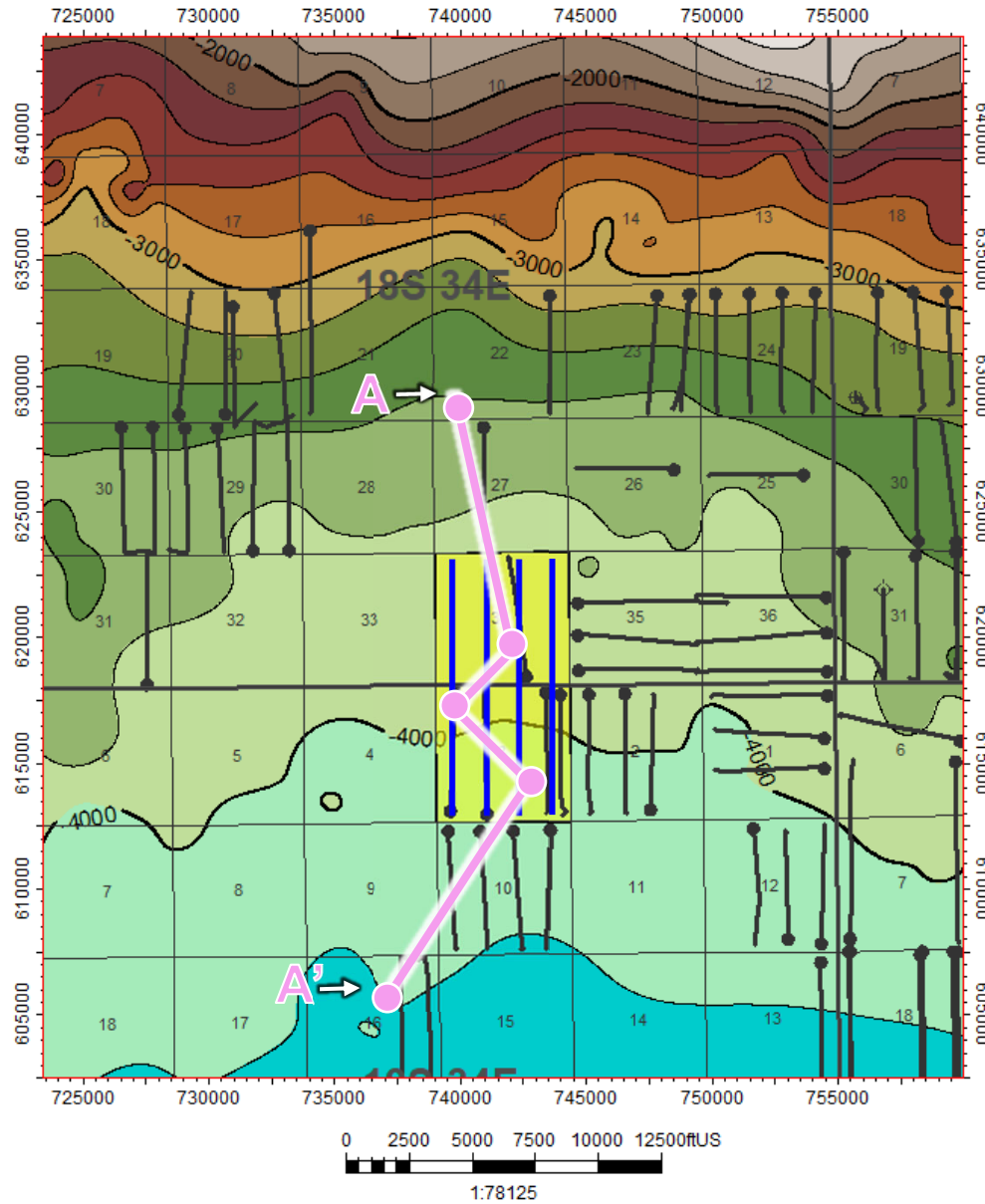
New Mexico  
Texas

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. B-1  
 Submitted by: Matador Production Company  
 Hearing Date: August 22, 2024  
 Case No. 24287



# Airstrip; Bone Spring [960] Scharb; Bone Spring [55610] Structure Map (Bone Spring Subsea) A – A' Reference Line

## Exhibit B-2



### Map Legend

**Art Smith Wells**



**Bone Spring Wells**



**Project Area**



**C. I. = 200'**



BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. B-2  
 Submitted by: Matador Production Company  
 Hearing Date: August 22, 2024  
 Case No. 24287

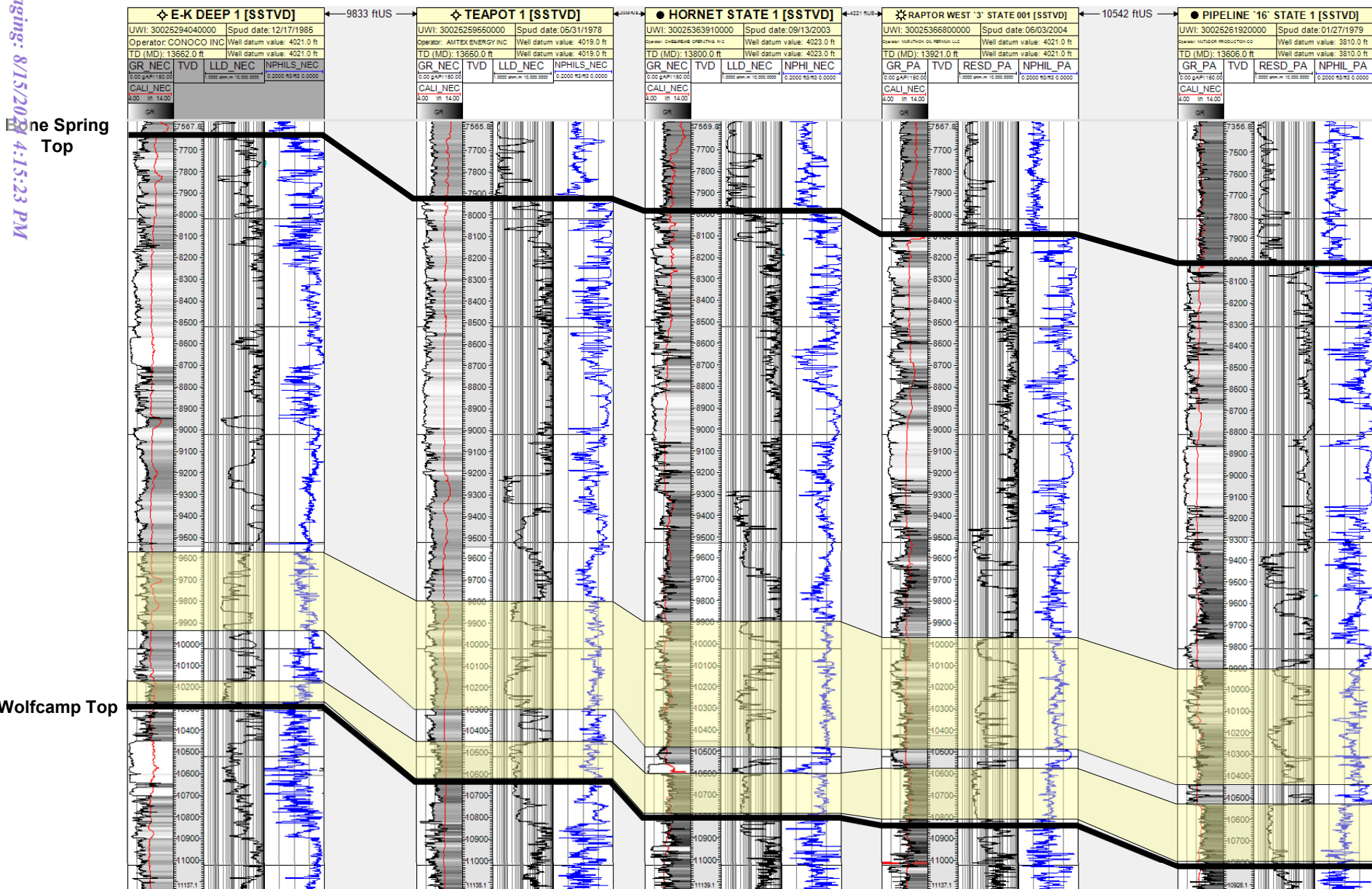


# Airstrip; Bone Spring [960] Scharb; Bone Spring [55610] Structural Cross-Section A – A'

Exhibit B-3

Received by OCD: 8/15/2024 3:15:03 PM

Released to Imaging: 8/15/2024 4:15:23 PM



#121H, #122H,  
#127H, #128H  
Target

#131H, #132H  
Target

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B-3

Submitted by: Matador Production Company

Hearing Date: August 22, 2024

Case No. 24287



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

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

**CASE NO. 24287**

**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 August 12, 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. C  
Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287**

  
\_\_\_\_\_  
Michael H. Feldewert

August 14, 2024  
Date



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

March 29, 2024

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

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS AND ALL WORKING INTEREST OWNERS AFFECTED BY THE PROPOSED OVERLAPPING SPACING UNIT**

**Re: Application of MRC Permian Company for Approval of an Overlapping Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico: *Art Smith State Com 111H and 121H wells***

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on April 18, 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 Isaac Evans at (972) 587-4628 or at [isaac.evans@matadorresources.com](mailto:isaac.evans@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](http://www.hollandhart.com)

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

## MRC - Art Smith BS 111H and 121H (W2W2) - Case no. 24287

## Postal Delivery Report

9414811898765400772582	Marathon Oil Permian, LLC	990 Town And Country Blvd	Houston	TX	77024-2217	Your item was delivered to the front desk, reception area, or mail room at 11:59 am on April 2, 2024 in HOUSTON, TX 77024.
9414811898765400772537	Post Oak Crown IV, LLC	5200 San Felipe St	Houston	TX	77056-3606	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765400772575	Crown Oil Partners, LP	PO Box 50820	Midland	TX	79710-0820	Your item has been delivered and is available at a PO Box at 9:58 am on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400770212	Collins & Jones Investments, LLC	508 W Wall St Ste 1200	Midland	TX	79701-5076	Your item was delivered to an individual at the address at 2:21 pm on April 2, 2024 in MIDLAND, TX 79701.
9414811898765400770250	MCT Energy Ltd.	550 W Texas Ave Ste 945	Midland	TX	79701-4233	Your item has been delivered to the original sender at 5:35 pm on April 11, 2024 in SANTA FE, NM 87501.
9414811898765400770267	H. Jason Wacker	5601 Hillcrest	Midland	TX	79707-9113	Your item has been delivered to the original sender at 1:32 pm on May 2, 2024 in SANTA FE, NM 87501.
9414811898765400770229	David W. Cromwell	PO Box 50820	Midland	TX	79710-0820	Your item was picked up at a postal facility at 1:54 pm on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400770298	LMC Energy, LLC	550 W Texas Ave Ste 945	Midland	TX	79701-4233	Your item has been delivered to the original sender at 5:35 pm on April 11, 2024 in SANTA FE, NM 87501.
9414811898765400770243	Kaleb Smith	550 W Texas Ave Ste 945	Midland	TX	79701-4233	Your item has been delivered to the original sender at 5:35 pm on April 11, 2024 in SANTA FE, NM 87501.
9414811898765400770281	Deane Durham	PO Box 50820	Midland	TX	79710-0820	Your item has been delivered and is available at a PO Box at 9:51 am on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400770236	Mike Moylett	PO Box 50820	Midland	TX	79710-0820	Your item was picked up at a postal facility at 1:54 pm on April 2, 2024 in MIDLAND, TX 79705.

## MRC - Art Smith BS 111H and 121H (W2W2) - Case no. 24287

## Postal Delivery Report

9414811898765400770274	Oak Valley Mineral and Land, LP	PO Box 50820	Midland	TX	79710-0820	Your item was picked up at a postal facility at 1:54 pm on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400770816	Post Oak Mavros II, LLC	34 S Wynden Dr Ste 210	Houston	TX	77056-2531	Your item was delivered to an individual at the address at 11:56 am on April 2, 2024 in HOUSTON, TX 77056.
9414811898765400770861	Sortida Resources, LLC	PO Box 50820	Midland	TX	79710-0820	Your item was picked up at a postal facility at 1:54 pm on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400770823	Sitio Permian, LP	1401 Lawrence St Ste 1750	Denver	CO	80202-3074	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765400770892	Sitio Permian, LLC	1401 Lawrence St Ste 1750	Denver	CO	80202-3074	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765400770847	Mongoose Minerals, LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your item was picked up at a postal facility at 7:47 am on April 3, 2024 in MIDLAND, TX 79702.
9414811898765400770885	Baloney Feathers, Ltd.	PO Box 1586	Lubbock	TX	79408-1586	Your item was picked up at the post office at 10:18 am on April 2, 2024 in LUBBOCK, TX 79408.
9414811898765400770830	Camarie Oil and Gas, LLC	2502 Camarie Ave	Midland	TX	79705-6309	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765400770878	Ross Duncan Properties, LLC	PO Box 647	Artesia	NM	88211-0647	Your item was picked up at the post office at 1:17 pm on April 3, 2024 in ARTESIA, NM 88210.
9414811898765400770717	Featherstone Development Corporation	PO Box 429	Roswell	NM	88202-0429	Your item was picked up at the post office at 10:20 am on April 2, 2024 in ROSWELL, NM 88201.
9414811898765400770755	Big Three Energy Group, L.L.C.	PO Box 429	Roswell	NM	88202-0429	Your item was picked up at the post office at 10:20 am on April 2, 2024 in ROSWELL, NM 88201.
9414811898765400770762	Blind Side, LLC	PO Box 429	Roswell	NM	88202-0429	Your item was picked up at the post office at 10:20 am on April 2, 2024 in ROSWELL, NM 88201.



MRC - Art Smith BS 111H and 121H (W2W2) - Case no. 24287

Postal Delivery Report

9414811898765400770724	New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504-1148	Your item was picked up at a postal facility at 9:10 am on April 1, 2024 in SANTA FE, NM 87501.
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# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

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

Beginning with the issue dated  
April 03, 2024  
and ending with the issue dated  
April 03, 2024.



Publisher

Sworn and subscribed to before me this  
3rd day of April 2024.



Business Manager

My commission expires  
January 29, 2027

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

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

LEGAL NOTICE  
April 3, 2024

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

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 case. 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, April 18, 2024, beginning at 8:15 a.m. To participate in the hearings, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Sheila Apodaca, at [Sheila.Apodaca@emnrd.nm.gov](mailto:Sheila.Apodaca@emnrd.nm.gov). Documents filed in these cases may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact [Sheila.Apodaca@emnrd.nm.gov](mailto:Sheila.Apodaca@emnrd.nm.gov), or the New Mexico Relay Network at 1-800-659-1779, no later than April 7, 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: Marathon Oil Permian, LLC; Post Oak Crown IV, LLC; Crown Oil Partners, LP; Collins & Jones Investments, LLC; MCT Energy Ltd.; H. Jason Wacker, his heirs and devisees; David W. Cromwell, his heirs and devisees; LMC Energy, LLC; Kaleb Smith, his heirs and devisees; Deane Durham, his or her heirs and devisees; Mike Moylett, his heirs and devisees; Oak Valley Mineral and Land, LP; Post Oak Mavros II, LLC; Sortida Resources, LLC; Sitio Permian, LP; Sitio Permian, LLC; Mongoose Minerals, LLC; Baloney Feathers, Ltd.; Camarie Oil and Gas, LLC; Ross Duncan Properties, LLC; Featherstone Development Corporation; Big Three Energy Group, L.L.C.; Blind Side, LLC, and New Mexico State Land Office.

Case No. 24287: Application of MRC Permian Company for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W2W2 of Section 34, Township 18 South, Range 34 East and the W2W2 of Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this horizontal well spacing unit. Said unit will be initially dedicated to the proposed Art Smith State Com 111H and Art Smith State Com 121H wells to be horizontally drilled from a surface location in the NW4 of Section 34, with first take points in the NW4NW4 (Unit D) of Section 34 and last take points in the SW4SW4 (Unit M) of Section 3. This proposed horizontal well spacing unit will overlap the following existing or proposed horizontal well spacing units in the Bone Spring formation:  
•A 160-acre horizontal well spacing unit comprised of the W2W2 of Section 3 currently dedicated to the Tres Primos 3 State 2H (30-025-42129) operated by COG Operating LLC and assigned to the Scharb: Borie Spring Pool (55610).  
•A 160-acre horizontal well spacing unit comprised of the W2W2 of Section 34 proposed by MRC for the Art Smith State Com 131Hwell to be drilled in a different interval of the Bone Spring formation.  
Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 22 miles west of Hobbs, New Mexico.  
#00288904

67100754

00288904

HOLLAND & HART LLC  
110 N GUADALUPE ST., STE. 1  
SANTA FE, NM 87501

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

Submitted by: Matador Production Company  
Hearing Date: August 22, 2024  
Case No. 24287