

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

CASE No. 24291

ART SMITH BS 131H WELL

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. 24291

**HEARING PACKAGE
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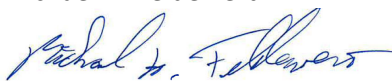
- Compulsory Pooling Application Checklist
- Filed Application
- **Matador Exhibit A:** Self-Affirmed Statement of Isaac Evans, Landman
 - Matador Exhibit A-1: Draft C-102s
 - Matador Exhibit A-2: Tract Map
 - Matador Exhibit A-3: Working Interest Owners
 - Matador Exhibit A-4: Sample Well Proposal Letter & AFEs
 - Matador Exhibit A-5: Chronology of Contacts
- **Matador Exhibit B:** Self-Affirmed Statement of Andrew Parker, Geologist
 - Matador Exhibit B-1: Locator Map
 - Matador Exhibit B-2: Subsea Structure Map
 - Matador Exhibit B-3: Structural Cross Section
- **Matador Exhibit C:** Self-Affirmed Statement of Notice
- **Matador Exhibit D:** Affidavit of Publication

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 24291	APPLICANT'S RESPONSE
Date: August 22, 2024	
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company [OGRID 228937]
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of MRC Permian Company for 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
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Airstrip; Bone Spring [960]
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	W2W2 of Section 34, T18S, R34E, NMPPM, 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
Other Situations	
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
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	Art Smith State Com 131H (API No. pending) SHL: 310' FNL & 1540' FWL (Unit C) of Sec. 34, T18S, R34E BHL: 110' FSL & 660' FWL (Unit M) of Sec. 34, T18S, 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
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
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
Ownership Determination	
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
Joinder	
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
Geology	
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
Forms, Figures and Tables	
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
Additional Information	
Special Provisions/Stipulations	Applicant has dismissed the request for approval of overlapping spacing units
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	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. 24291

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 160-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, 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 131H** well to be horizontally drilled from a surface location in the NW4 of Section 34, with a first take point in the NW4NW4 (Unit D) and a last take point in the SW4SW4 (Unit M) of Section 34.
4. This proposed horizontal well spacing unit will overlap a 320-acre horizontal well spacing unit in the Bone Spring formation comprised of the W2W2 of Section 34 and the W2W2 Section 3, Township 19, South, Range 34 East, that MRC has proposed for the Art Smith State

Com 111H and Art Smith State Com 121H wells to be drilled at shallower intervals within 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 well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: _____

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
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 160-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, 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 131H** well to be horizontally drilled from a surface location in the NW4 of Section 34, with a first take point in the NW4NW4 (Unit D) and a last take point in the SW4SW4 (Unit M) of Section 34. This proposed horizontal well spacing unit will overlap a 320-acre horizontal well spacing unit in the Bone Spring formation comprised of the W2W2 of Section 34 and the W2W2 Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico, that MRC has proposed for the Art Smith State Com 111H and Art Smith State Com 121H wells to be drilled at shallower intervals within the Bone Spring formation. 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 well, and a 200% charge for risk involved in drilling said well. 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 AN OVERLAPPING SPACING UNIT
AND FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24291

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 160-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, NMPM, Lea County, New Mexico, and initially dedicate this Bone Spring spacing unit to the proposed **Art Smith State Com 131H** well to be horizontally drilled from a surface hole location in the NW/4 of Section 34, T18S-R34E with a first take point in the NW/4 NW/4 of Section 34, T18S-R34E and a last take point in the SW/4 SW/4 of Section 34, T18S-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. 24291**

5. MRC understands this well will be placed in the Airstrip; Bone Spring [960] pool.

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 owner that MRC is seeking to pool along with their 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. 24291**

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 900		³ Pool Name Airstrip; Bone Spring	
⁴ Property Code		⁵ Property Name ART SMITH STATE COM			⁶ Well Number 131H
⁷ OGRID No. L28937		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 4010'
¹⁰ 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 1540'	East/West line WEST
				County LEA	
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. M	Section 34	Township 18-S	Range 34-E	Lot Idn -	Feet from the 110'
		North/South line SOUTH		Feet from the 660'	East/West line WEST
				County LEA	
¹² Dedicated Acres 160		¹³ Joint or Infill		¹⁴ Consolidation Code	
				¹⁵ 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
1540' FWL - SEC. 34
X=781741 Y=623137
LAT.: N 32.7106098
LONG.: W 103.5517297

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' FNL - SEC. 34
660' FWL - SEC. 34
X=780908 Y=618268
LAT.: N 32.6972444
LONG.: W 103.5545547

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

Signature _____ Date _____

Printed Name _____

E-mail Address _____

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

02/29/2024

Date of Survey
Signature and Seal of Professional Surveyor

Certificate Number _____

NEW MEXICO EAST
NAD 1927

SURFACE LOCATION (SHL) X=749582 Y=623073 LAT.: N 32.7104583 LONG.: W 103.5610243	KICK OFF POINT (KOP) X=739679 Y=623325 LAT.: N 32.7111956 LONG.: W 103.5540962
FIRST PERFORATION POINT (FPP) X=739660 Y=603075 LAT.: N 32.7105692 LONG.: W 103.5609599	LAST PERFORATION POINT (LPP) BOTTOM HOLE LOCATION (BHL) X=739728 Y=616504 LAT.: N 32.6971210 LONG.: W 103.5540598

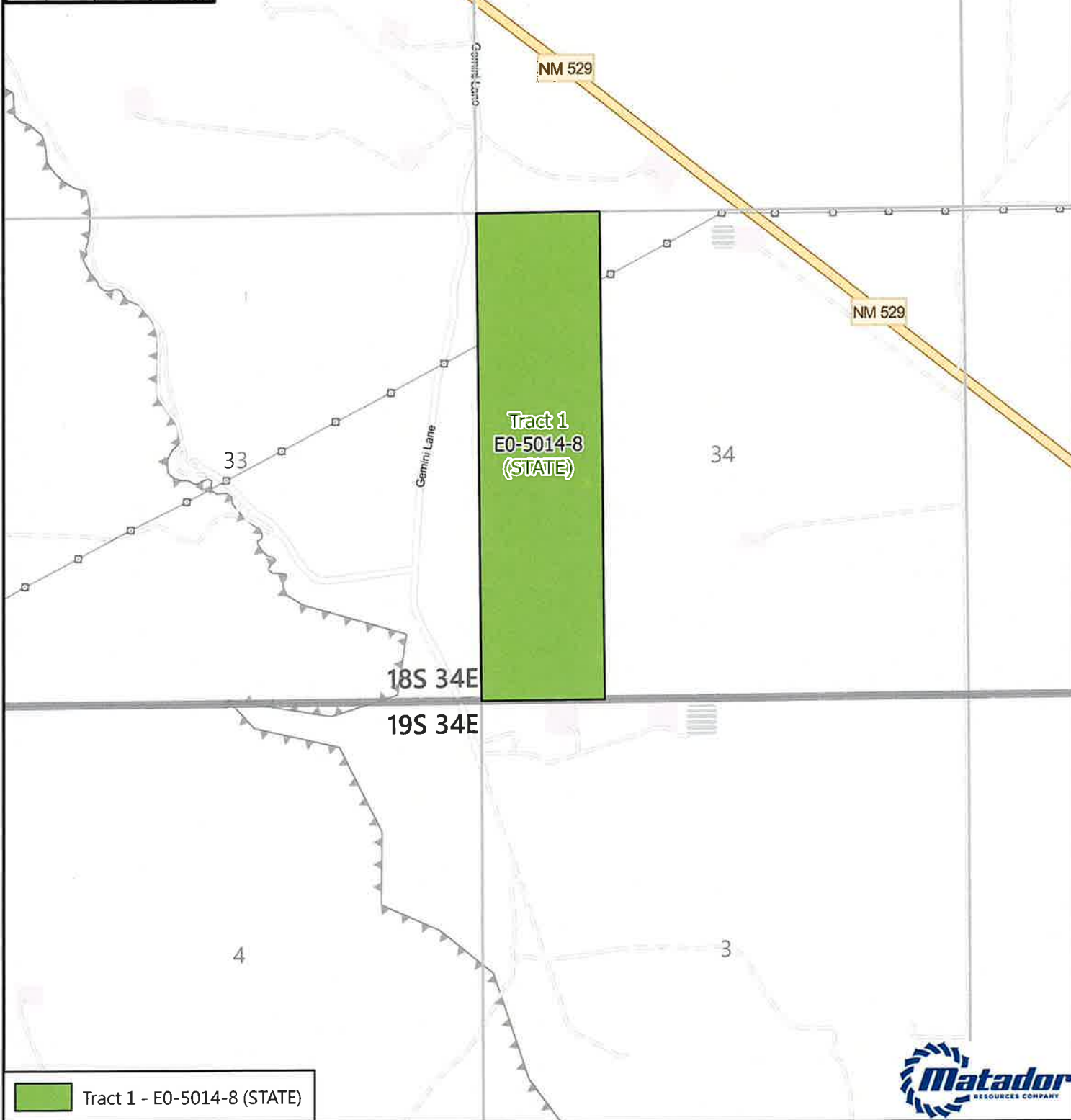
S:\SURVEY\MATADOR_RESOURCES\ART_SMITH_STATE_COM\FINAL_PRODUCING\SLQ_ART_SMITH_STATE_COM_131H_C162.DWG 4/1/2024 3:01:58 PM j_horta.franco

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. 24291**

W2W2 Art Smith State Tract Map - Third Bone Spring

Date Published:
3/28/2024



 Tract 1 - E0-5014-8 (STATE)



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

0 500 1,000 2,000 Feet

1:18,000
1 inch equals 1,500 feet

Map Prepared by: americo.gamarra
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. 24291**

Summary of Interests

MRC Permian Company Working Interest			60.000000%
Compulsory Pool Interest Total:			40.000000%
Interest Owner:	Description:	Tract	Interest:
Marathon Oil Permian, LLC	Uncommitted Working Interest Owner	1	40.000000%
Marathon Oil Permian, LLC	Record Title Owner	1	N/A

Summary of ORRI Owners – 1-Mile 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

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. 24291**

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

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

DATE:	12/05/2023	AFE NO.:	0
WELL NAME:	Art Smith State Com #131H	FIELD:	0
LOCATION:	Section 34-18S-34E	MD/TVD:	15524'/10750'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 5,000'
MRC WI:			
GEOLOGIC TARGET:	3rd Bone Spring		
REMARKS:	Drill and complete a 1-mile Third Bone Spring horizontal well with about 21 frac stages.		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 17,500	\$ -	\$ -	\$ 10,000	\$ 27,500
Location, Surveys & Damages	134,500	13,000	15,000	20,000	182,500
Drilling	895,546	-	-	-	895,546
Cementing & Float Equip	307,000	-	-	-	307,000
Logging / Formation Evaluation	-	8,000	-	-	8,000
Mud Logging	24,750	-	-	-	24,750
Mud Circulation System	107,940	-	-	-	107,940
Mud & Chemicals	282,445	61,250	-	-	343,695
Mud / Wastewater Disposal	195,000	-	-	1,000	196,000
Freight / Transportation	22,500	31,000	-	-	53,500
Rig Supervision / Engineering	110,400	70,817	7,500	3,600	192,317
Drill Bits	130,000	-	-	-	130,000
Fuel & Power	126,000	284,640	-	-	410,640
Water	76,250	282,500	-	1,000	339,750
Drig & Completion Overhead	9,000	-	-	-	9,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	265,074	-	-	-	265,074
Completion Unit, Swab, CTU	-	160,000	25,000	-	185,000
Perforating, Wireline, Silicidline	-	113,612	-	-	113,612
High Pressure Pump Truck	-	78,833	-	-	78,833
Stimulation	-	1,225,618	-	-	1,225,618
Stimulation Flowback & Disp	-	15,500	250,000	-	265,500
Insurance	9,780	-	-	-	9,780
Labor	203,000	55,625	85,000	5,000	348,625
Rental - Surface Equipment	92,603	272,947	60,000	5,000	430,549
Rental - Downhole Equipment	151,450	86,750	-	-	238,200
Rental - Living Quarters	37,469	35,693	-	5,000	78,161
Contingency	90,426	118,247	22,125	5,060	233,858
Operations Center	15,984	-	-	-	15,984
TOTAL INTANGIBLES >	3,104,616	2,891,831	464,625	55,660	6,516,731
TANGIBLE COSTS					
Surface Casing	\$ 106,850	\$ -	\$ -	\$ -	\$ 106,850
Intermediate Casing	518,691	-	-	-	518,691
Drilling Liner	-	-	-	-	-
Production Casing	628,825	-	-	-	628,825
Production Liner	-	-	-	-	-
Tubing	-	-	192,500	-	192,500
Wellhead	83,500	-	45,000	-	128,500
Packers, Liner Hangers	-	34,382	5,000	-	39,382
Tanks	-	-	-	28,800	28,800
Production Vessels	-	-	-	152,620	152,620
Flow Lines	-	-	40,000	120,000	160,000
Rod string	-	-	-	-	-
Artificial LIR 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	-	-	25,000	2,500	27,500
Communications / SCADA	-	-	-	8,450	8,450
Instrumentation / Safety	-	-	12,500	31,300	43,800
TOTAL TANGIBLES >	1,336,266	34,382	613,500	696,311	2,680,459
TOTAL COSTS >	4,440,881	2,926,213	1,078,125	751,971	9,197,190

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Juli Mayol	Team Lead - WTX/NM	
Completions Engineer:	WBI Station		APW
Production Engineer:	Josh Bryant		

MATADOR RESOURCES COMPANY APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

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

This costs in this AFE are estimates only and they will be corrected as findings on any specific item in the cost item of the project. Taking operations approved 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 10%, overhead, necessary transportation and other costs under the terms of the applicable well operating agreement, regulatory order or other agreement covering this well. Participants that be covered by and hold production/lease Operator's well permits and general liability insurance which participant provides. Operator's certificate insuring the well and cost to an amount acceptable to the Operator by the date of sale.

EXHIBIT A-5

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-5
Submitted by: Matador Production Company
Hearing Date: August 22, 2024
Case No. 24291**

Summary of Communications – 1-Mile 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. 24291**

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.

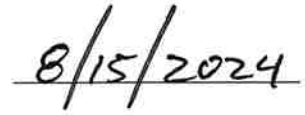
13. Approving MRC's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

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.



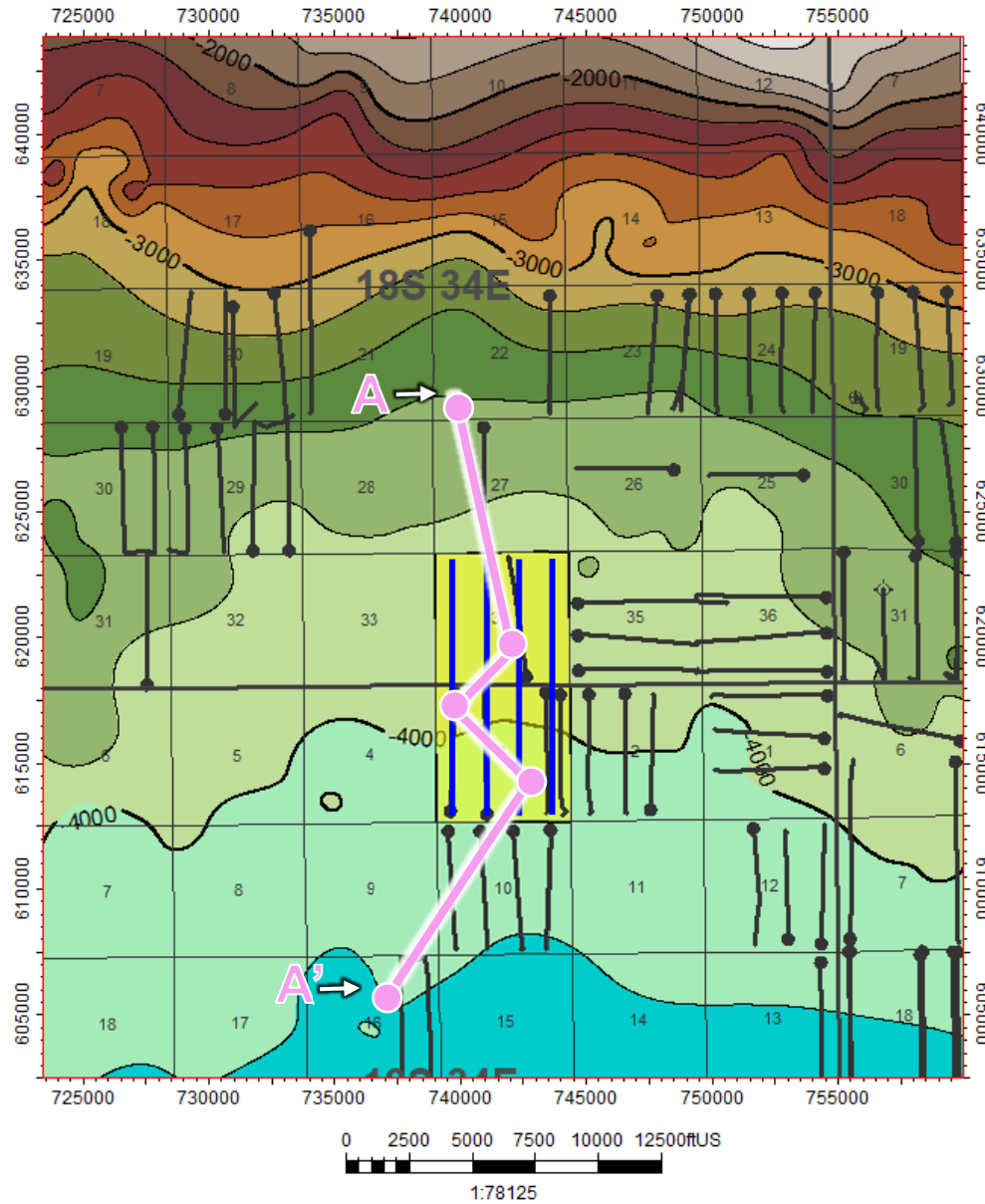
Andrew Parker



Date

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. 24291

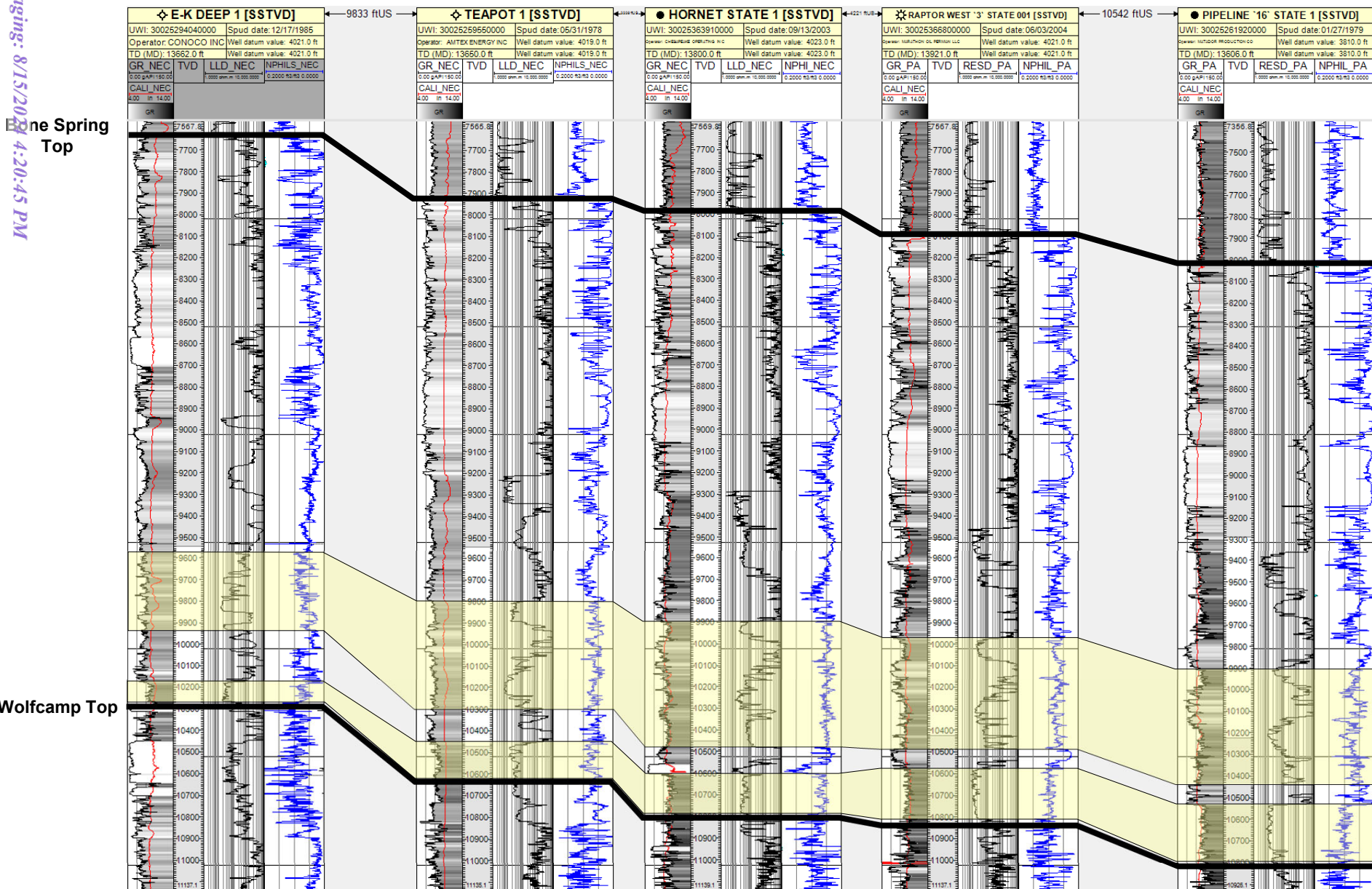


Airstrip; Bone Spring [960] Scharb; Bone Spring [55610] Structural Cross-Section A – A'

Exhibit B-3

Received by OCD: 8/15/2024 3:25:35 PM

Released to Imaging: 8/15/2024 4:20:45 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. 24291



**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. 24291

**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. 24291**



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 131H 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 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.

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

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 131H (W2W2) - Case no. 24291

Postal Delivery Report

9414811898765400770595	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.
9414811898765400770540	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.
9414811898765400770588	Crown Oil Partners, LP	PO Box 50820	Midland	TX	79710-0820	Your item has been delivered and is available at a PO Box at 9:59 am on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400770533	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.
9414811898765400770571	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.
9414811898765400778218	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.

MRC - Art Smith BS 131H (W2W2) - Case no. 24291

Postal Delivery Report

9414811898765400778256	David W. Cromwell	PO Box 50820	Midland	TX	79710-0820	Your item has been delivered and is available at a PO Box at 9:59 am on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400778263	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.
9414811898765400778225	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.
9414811898765400778294	Deane Durham	PO Box 50820	Midland	TX	79710-0820	Your item has been delivered and is available at a PO Box at 9:55 am on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400778249	Mike Moylett	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.
9414811898765400778287	Oak Valley Mineral and Land, LP	PO Box 50820	Midland	TX	79710-0820	Your item has been delivered and is available at a PO Box at 9:55 am on April 2, 2024 in MIDLAND, TX 79705.

MRC - Art Smith BS 131H (W2W2) - Case no. 24291

Postal Delivery Report

9414811898765400778232	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.
9414811898765400778270	Sortida Resources, LLC	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.
9414811898765400778812	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.
9414811898765400778850	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.
9414811898765400778867	Mongoose Minerals, LLC	600 W Illinois Ave	Midland	TX	79701-4882	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.

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 02, 2024 and ending with the issue dated April 02, 2024.



Publisher

Sworn and subscribed to before me this 2nd 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 2, 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. 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, 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, and Mongoose Minerals, LLC.

Case No. 24291: 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 160-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, 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 131H** well to be horizontally drilled from a surface location in the NW4 of Section 34, with a first take point in the NW4NW4 (Unit D) and a last take point in the SW4SW4 (Unit M) of Section 34. This proposed horizontal well spacing unit will overlap a 320-acre horizontal well spacing unit in the Bone Spring formation comprised of the W2W2 of Section 34 and the W2W2 Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico, that MRC has proposed for the Art Smith State Com 111H and Art Smith State Com 121H wells to be drilled at shallower intervals within the Bone Spring formation. 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 well, and a 200% charge for risk involved in drilling said well. The subject area is located approximately 22 miles west of Hobbs, New Mexico.
#00288781

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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. 24291