

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

**CASE No. 24297**

*ART SMITH WC 244H WELL*

**LEA COUNTY, NEW MEXICO**



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

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

**CASE NO. 24297**

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# COMPULSORY POOLING APPLICATION CHECKLIST

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

<b>Case: 24297</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: August 22, 2024</b>	
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company [OGRID 228937]
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of MRC Permian Company for Compulsory Pooling, 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:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Airstrip; Wolfcamp (970)
Well Location Setback Rules:	Statewide Rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	324.20-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	North-South
Description: TRS/County	E2E2 of Section 34, T18S, R34E and E2E2 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 244H</b> (API No. pending) SHL: 235' FSL & 880' FEL (Unit P) of Sec. 27, T18S, R34E BHL: 110' FSL & 660' FEL (Unit P) of Sec. 3, T19S, R34E Completion Target: Wolfcamp 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 filed Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit 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	
<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 COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24297**

**APPLICATION**

MRC Permian Company (“MRC” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the E2E2 of Section 34, Township 18 South, Range 34 East and the E2E2 of Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Matador Production Company (OGRID No. 228937) as the operator of the proposed horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Art Smith State Com 244H** well to be horizontally drilled from a surface location in the SE4 of Section 27, with a first take point in the NE4NE4 (Unit A) of Section 34 and a last take point in the SE4SE4 (Unit P) of Section 3.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

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

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

- A. Pooling the uncommitted interest owners in the proposed horizontal well spacing unit;
- B. Designating Matador Production Company as operator of this horizontal well 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 Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the E2E2 of Section 34, Township 18 South, Range 34 East and the E2E2 of Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Art Smith State Com 244H** well to be horizontally drilled from a surface location in the SE4 of Section 27, with a first take point in the NE4NE4 (Unit A) of Section 34 and a last take point in the SE4SE4 (Unit P) of Section 3. 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  
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**APPLICATION OF MRC PERMIAN COMPANY  
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**CASE NO. 24297**

**SELF-AFFIRMED STATEMENT OF ISAAC EVANS**

Isaac 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 Wolfcamp formation in the standard 320-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying the E/2 E/2 of Section 34, Township 18 South, Range 34 East and the E/2 E/2 of Section 3, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and initially dedicate this Wolfcamp spacing unit to the proposed **Art Smith State Com 244H** well to be horizontally drilled from a surface hole location in the SE/4 of Section 27, T18S-R34E with a first take point in the NE/4 NE/4 of Section 34, T18S-R34E and a last take point in the SE/4 SE/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. 24297**

5. MRC understands this well will be placed in the Airstrip; Wolfcamp [970] pool.

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

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

8. **MRC Exhibit 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 Wolfcamp 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 each of the working interest owners 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. 24297**

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1230 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> APJ Number		<sup>2</sup> Pool Code 970		<sup>3</sup> Pool Name Airstrip; Wolfcamp					
<sup>4</sup> Property Code		<sup>5</sup> Property Name ART SMITH STATE COM			<sup>6</sup> Well Number 244H				
<sup>7</sup> OGRID No. 228937		<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY			<sup>9</sup> Elevation 3999'				
<sup>10</sup> Surface Location									
UL or lot no. P	Section 27	Township 18-S	Range 34-E	Lot Idn -	Feet from the 235'	North/South line SOUTH	Feet from the 880'	East/West line EAST	County LEA
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. P	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 EAST	County LEA
<sup>12</sup> Dedicated Acres 324.20		<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)

235' FSL - SEC. 27  
880' FEL - SEC. 27  
X=784595 Y=623709  
LAT.: N 32.712221  
LONG.: W 103.542437

KICK OFF POINT (KOP)

50' FNL - SEC. 34  
660' FEL - SEC. 34  
X=784817 Y=623426  
LAT.: N 32.7113400  
LONG.: W 103.5417222

FIRST PERFORATION POINT (FPP)

100' FNL - SEC. 34  
660' FEL - SEC. 34  
X=784818 Y=623376  
LAT.: N 32.7112025  
LONG.: W 103.5417219

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

110' FSL - SEC. 3  
660' FEL - SEC. 3  
X=784894 Y=612885  
LAT.: N 32.6823686  
LONG.: W 103.5417272

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

<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=74541E Y=623845 LAT.: N 32.7119895 LONG.: W 103.5419425	<u>KICK OFF POINT (KOP)</u> X=745639 Y=623382 LAT.: N 32.7112164 LONG.: W 103.5412271
<u>FIRST PERFORATION POINT (FPP)</u> X=743838 Y=623312 LAT.: N 32.7110759 LONG.: W 103.5412268	<u>LAST PERFORATION POINT (LPP)</u> <u>BOTTOM HOLE LOCATION (BHL)</u> X=743715 Y=612822 LAT.: N 32.682450 LONG.: W 103.5412332

S:\SURVEY\MATADOR\_RES\_D\RES\ART\_SMITH\_STATE\_COM\FINAL\_PRODUC\NO\_ART\_SMITH\_STATE\_COM\_244H.DWG 3/19/2024 4:07:40 PM j:\ana.freddi

# **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. 24297**

# E2E2 Art Smith State Com Tract Map - Wolfcamp

Date Published:  
3/28/2024



Tract 1  
V0-7632  
(STATE)

Tract 2  
V0-928-1  
(STATE)

Tract 3  
V0-6987  
(STATE)

34

35

18S 34E

19S 34E

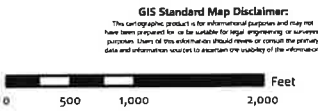
NM 529

3

2

County Road 55

- Tract 1 - V0-7632 (STATE)
- Tract 2 - V0-928-1 (STATE)
- Tract 3 - V0-6987 (STATE)



## 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; ESR; 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. 24297**

## Summary of Interests

MRC Permian Company Working Interest			6.203107%
Compulsory Pool Interest Total:			93.796893%
Interest Owner:	Description:	Tract	Interest:
Marathon Oil Permian, LLC	Uncommitted Working Interest Owner	3	14.054750%
OXY USA Inc.	Uncommitted Working Interest Owner	3	15.194324%
The Allar Company	Uncommitted Working Interest Owner	3	10.129550%
Strategic Growth Income Fund IV, LP	Uncommitted Working Interest Owner	3	4.888751%
Highland (Texas) Energy Company	Uncommitted Working Interest Owner	3	0.177267%
Endeavor Energy Resources, L.P.	Uncommitted Working Interest Owner	1 & 2	23.689081%
PBEX, LLC	Uncommitted Working Interest Owner	1 & 2	23.596545%
William J. Savage, and wife Amy Savage	Uncommitted Working Interest Owner	2	1.665638%
David C. Cotner	Uncommitted Working Interest Owner	1 & 2	0.400987%
Amtex Energy Inc.	Record Title Owner	1 & 2	N/A
Echo Production Inc.	Record Title Owner	3	N/A



Summary of ORRI Owners – E2E2 Art Smith State Com – Wolfcamp

**ORRI**

1. Cornerstone Family Trust, John Kyle Thoma, Trustee
2. Crownrock Minerals, L.P.
3. Zunis Energy, LLC
4. James Adelson & Family 2015 Trusts, Susannah D. Adelson, Trustee
5. CEP Minerals, LLC
6. Platform Energy IV, LLC
7. Charis Royalty Fund, LP

# **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. 24297**

# 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 (872) 371-5200 • Fax (872) 371-5201

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	12/05/2023	AFE NO.:	0
WELL NAME:	Art Smith State Com #244H	FIELD:	0
LOCATION:	Section 34-18S-34E & 3-19S-34E	MD/TVD:	22114'/12060'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 10,000'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp D		
REMARKS:	Drill and complete a 2-mile WC D 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	134,500	13,000	15,000	20,000	162,500
Drilling	994,615	-	-	-	994,615
Cementing & Float Equip	307,000	-	-	-	307,000
Logging / Formation Evaluation	-	8,000	-	-	8,000
Mud Logging	24,750	-	-	-	24,750
Mud Circulation System	103,710	-	-	-	103,710
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	153,600	82,600	7,500	3,600	247,500
Drill Bits	130,000	-	-	-	130,000
Fuel & Power	189,000	522,084	-	-	711,084
Water	76,250	556,000	-	1,000	632,250
Drig & Completion Overhead	13,500	-	-	-	13,500
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	354,039	-	-	-	354,039
Completion Unit, Swab, CTU	-	170,000	25,000	-	195,000
Perforating, Wireline, Slickline	-	228,892	-	-	228,892
High Pressure Pump Truck	-	96,000	-	-	96,000
Stimulation	-	2,989,952	-	-	2,989,952
Stimulation Flowback & Disp	-	15,500	112,500	-	128,000
Insurance	13,932	-	-	-	13,932
Labor	203,000	57,750	85,000	5,000	350,750
Rental - Surface Equipment	129,287	335,590	60,000	5,000	529,877
Rental - Downhole Equipment	182,950	91,000	-	-	273,950
Rental - Living Quarters	48,217	44,115	-	5,000	97,332
Contingency	184,584	173,887	30,500	5,000	394,021
Operations Center	26,062	-	-	-	26,062
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,876,471</b>	<b>5,482,051</b>	<b>335,500</b>	<b>56,660</b>	<b>9,749,681</b>
<b>TANGIBLE COSTS</b>					
Surface Casing	\$ 106,850	\$ -	\$ -	\$ -	\$ 106,850
Intermediate Casing	583,222	-	-	-	583,222
Drilling Liner	-	-	-	-	-
Production Casing	888,276	-	-	-	888,276
Production Liner	-	-	-	-	-
Tubing	-	-	55,000	-	55,000
Wellhead	83,500	-	25,000	-	108,500
Packers, Liner Hangers	-	64,198	5,000	-	69,198
Tanks	-	-	-	28,800	28,800
Production Vessels	-	-	-	152,620	152,620
Flow Lines	-	-	40,000	120,000	160,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	35,000	-	35,000
Compressor	-	-	45,000	24,500	69,500
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	-	-	16,000	70,291	86,291
Measurement & Meter Installation	-	-	-	-	-
Gas Conditioning / Dehydration	-	-	-	80,500	80,500
Interconnecting Facility Piping	-	-	-	-	-
Gathering / Bulk Lines	-	-	5,000	-	5,000
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>1,662,248</b>	<b>64,198</b>	<b>241,000</b>	<b>696,311</b>	<b>2,663,755</b>
<b>TOTAL COSTS &gt;</b>	<b>5,538,718</b>	<b>5,546,247</b>	<b>576,500</b>	<b>751,971</b>	<b>12,413,436</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	_____	Chief Geologist	_____
EVP, Co-COO	BEG _____	Co-COO, SVP Operations	NLF _____
EVP, Reservoir	CA _____		CC _____
	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 identical to actual costs. Totaling estimates approved under the AFE may be subject to a year after the well has been completed. In executing the AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, survey, regulatory, permitting and well costs under the terms of the applicable joint operating agreement, regulatory rules or other agreement covering this well. Participants shall be deemed to have agreed to pay their proportionate share of actual costs incurred under the terms of the applicable joint operating agreement, regulatory rules or other agreement covering this well.

# **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. 24297**

**Summary of Communications – E2E2 Art Smith State Com – Wolfcamp**

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.

**2. OXY USA Inc.**

In addition to sending well proposals, Matador had discussions with OXY USA Inc. regarding this project and potential voluntary joinder and are continuing those discussions.

**3. The Allar Company**

In addition to sending well proposals, Matador had discussions with The Allar Company regarding this project and potential voluntary joinder and are continuing those discussions.

**4. Strategic Growth Income Fund IV, LP**

In addition to sending well proposals, Matador had discussions with Strategic Growth Income Fund IV, LP regarding this project and potential voluntary joinder and are continuing those discussions.

**5. Highland (Texas) Energy Company**

In addition to sending well proposals, Matador had discussions with Highland (Texas) Energy Company regarding this project and potential voluntary joinder and are continuing those discussions.

**6. Endeavor Energy Resources, L.P.**

In addition to sending well proposals, Matador had discussions with Endeavor Energy Resources, L.P. regarding this project and potential voluntary joinder and are continuing those discussions.

**7. PBEX, LLC**

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

**8. William J. Savage, and wife Amy Savage**

In addition to sending well proposals, Matador had discussions with William J. Savage, and wife Amy Savage regarding this project and potential voluntary joinder and are continuing those discussions.

**9. David C. Cotner**

In addition to sending well proposals, Matador had discussions with David C. Cotner 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. 24294, 24295, 24296 and 24297**

**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 what MRC refers to internally as the Wolfcamp D interval. As explained further below, MRC’s proposed target interval is highlighted in **MRC Exhibit B-3**. From a geologic standpoint, the barrier between the base of the Wolfcamp formation and top of the Pennsylvanian age formations below it can be a matter of interpretation. However, it is MRC’s understanding that within the industry the consensus is to consider this target to be within the Wolfcamp formation, and therefore MRC is seeking to pool the Wolfcamp formation and I will refer to MRC’s proposed targeted interval as part of the Wolfcamp 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. 24297

6. **MRC Exhibit B-2** is a subsea structure map prepared off the top of the Wolfcamp formation. The contour interval is 200 feet. The structure map shows the Wolfcamp formation 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 Wolfcamp formation from the four representative wells denoted from A to A'. For each well in the cross-section, the following logs are included: gamma ray, caliper, 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 Wolfcamp 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.

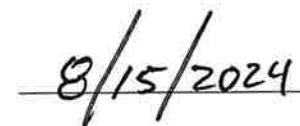
13. Approving MRC's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

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

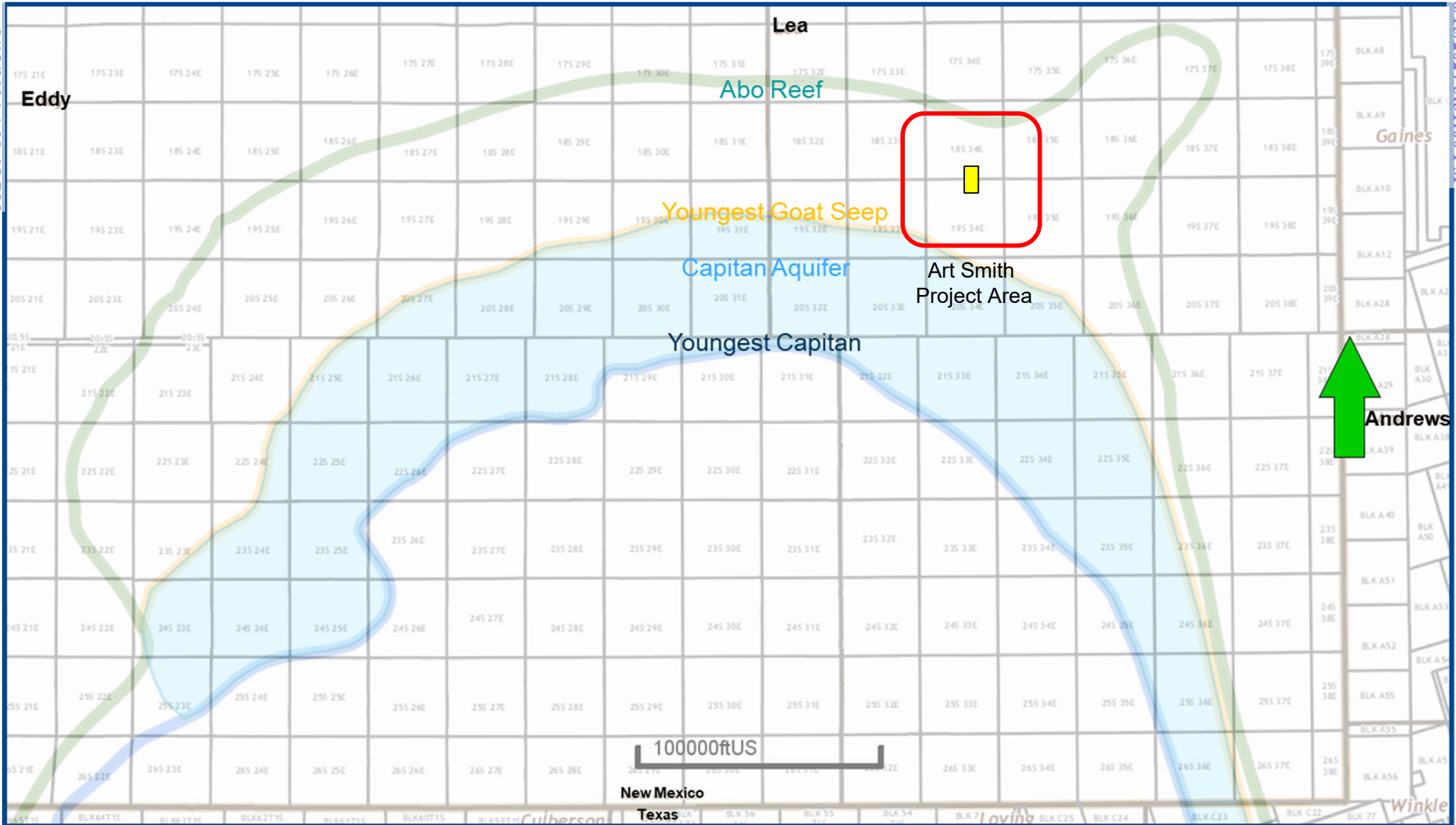


Date

# Locator Map

Released to Imaging: 8/15/2024 4:39:05 PM

Received by OCD: 8/15/2024 3:31:00 PM



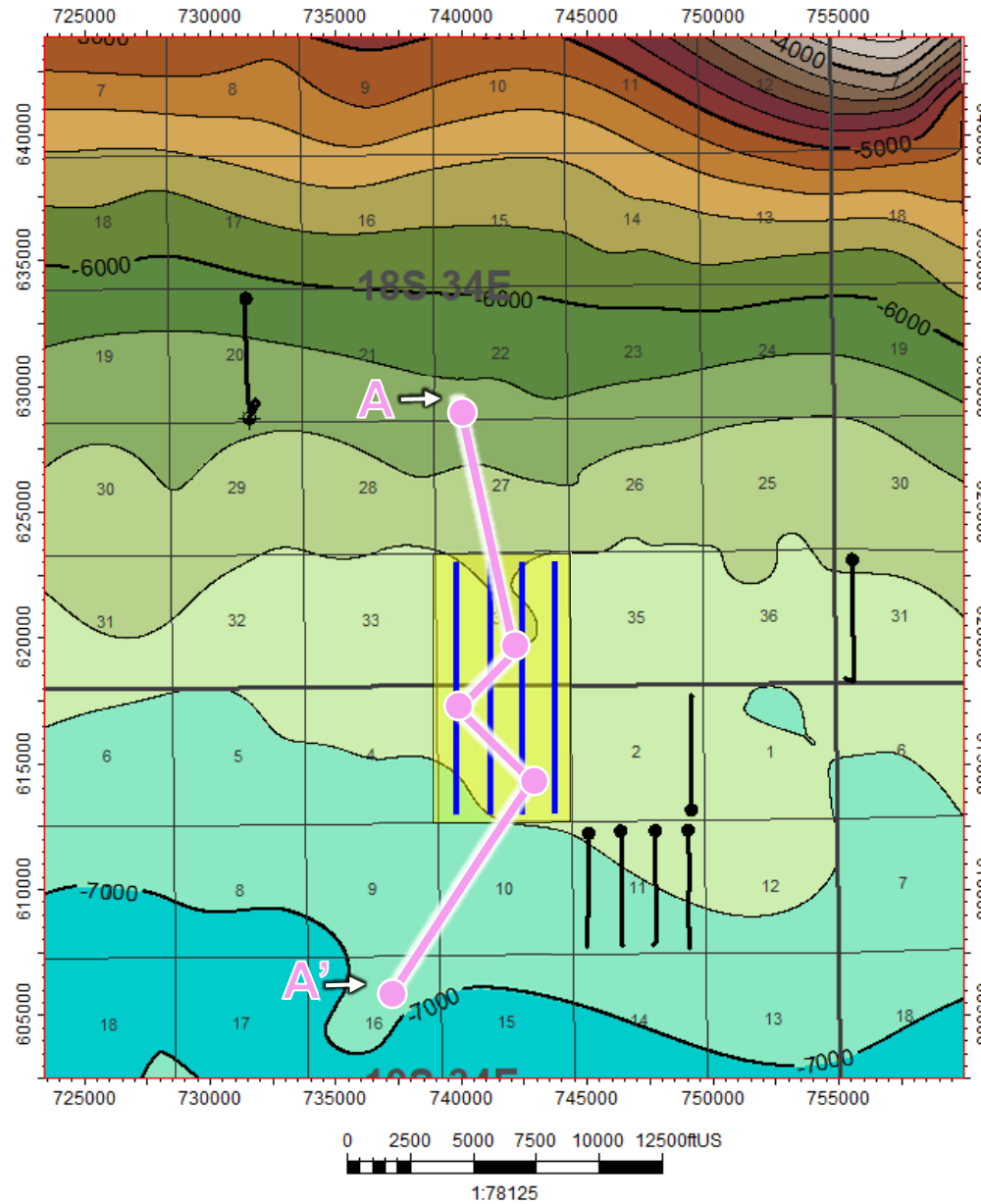
BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. B-1  
 Submitted by: Matador Production Company  
 Hearing Date: August 22, 2024  
 Case No. 24297





# Airstrip; Wolfcamp [970] Structure Map (Top Wolfcamp Subsea) A-A' Reference Line

## Exhibit B-2



### Map Legend

**Art Smith Wells**



**Wolfcamp 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. 24297



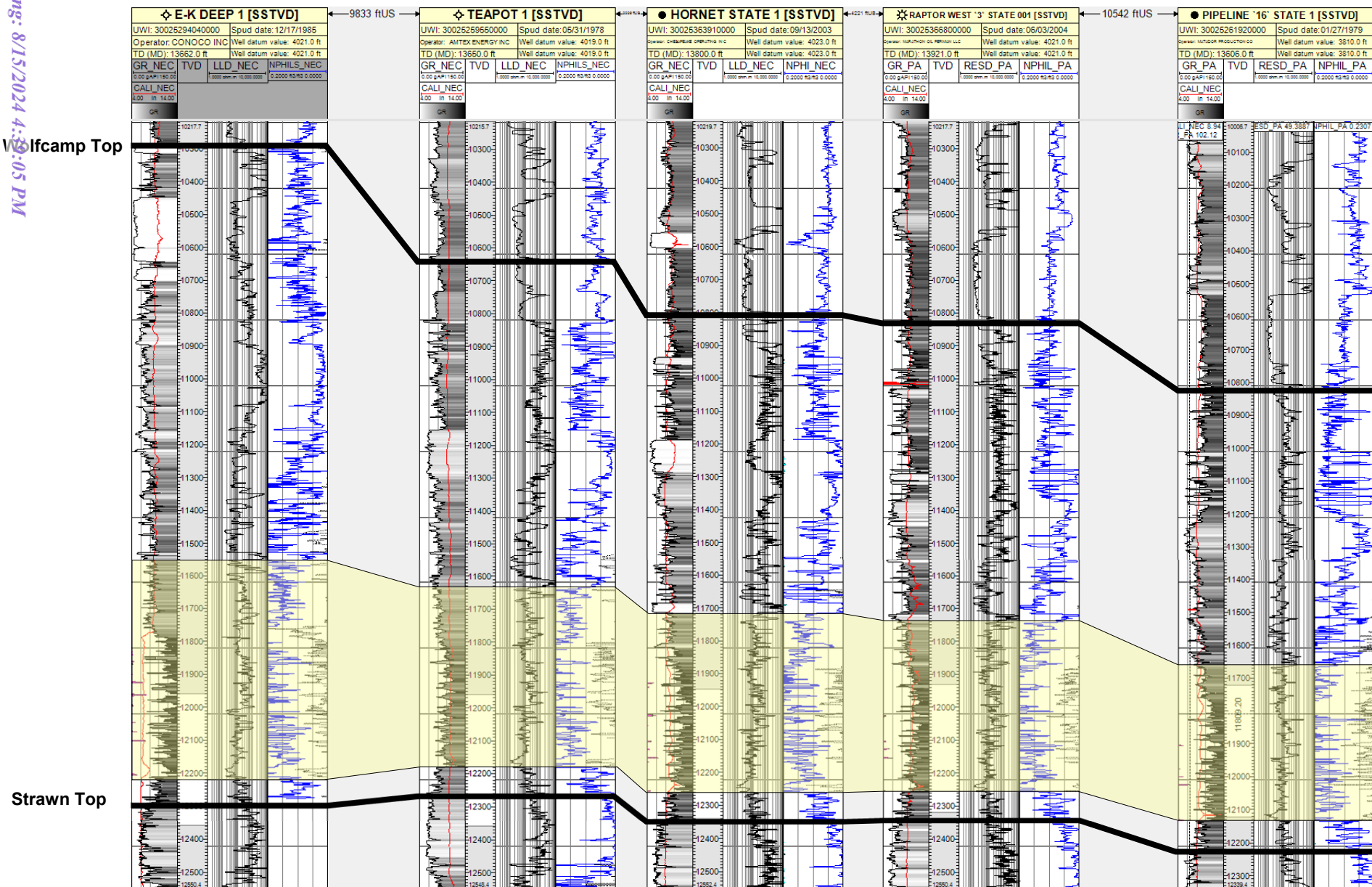
# Airstrip; Wolfcamp [970] Structural Cross-Section A – A'

# Exhibit B-3

Received by OCD: 8/15/2024 3:31:00 PM

Page 34 of 41

Released to Imaging: 8/15/2024 4:05:05 PM



#241H, #242H,  
#243H, #244H  
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. 24297



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

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

**CASE NO. 24297**

**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. 24297**



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**

**Re: Application of MRC Permian Company for Compulsory Pooling, Lea County,  
New Mexico: Art Smith State Com 244H 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](http://www.hollandhart.com)

MRC - Art Smith WC 244H (E2E2) - Case no. 24297

## Postal Delivery Report

9414811898765400772049	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 11:58 am on April 2, 2024 in HOUSTON, TX 77024.
9414811898765400772087	OXY USA Inc.	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on April 2, 2024 at 10:35 am.
9414811898765400772032	The Allar Company	PO Box 1567	Graham	TX	76450-7567	Your item was picked up at the post office at 10:09 am on April 1, 2024 in GRAHAM, TX 76450.
9414811898765400772414	Strategic Growth Income Fund IV, LP	1521 N Cooper St Ste 400	Arlington	TX	76011-5537	Your item was delivered to an individual at the address at 10:22 am on April 1, 2024 in ARLINGTON, TX 76011.
9414811898765400772452	Highland Texas Energy Company	11886 Greenville Ave Ste 106	Dallas	TX	75243-3569	Your item has been delivered to an agent for final delivery in DALLAS, TX 75243 on April 3, 2024 at 12:23 pm.
9414811898765400772469	Endeavor Energy Resources, L.P.	110 N Marienfeld St Ste 200	Midland	TX	79701-4412	Your item was delivered to an individual at the address at 4:40 pm on April 2, 2024 in MIDLAND, TX 79701.
9414811898765400772421	PBEX, LLC	223 W Wall St Ste 900	Midland	TX	79701-4567	Your item was delivered to an individual at the address at 3:15 pm on April 2, 2024 in MIDLAND, TX 79701.

MRC - Art Smith WC 244H (E2E2) - Case no. 24297

## Postal Delivery Report

9414811898765400772407	William J. Savage, and wife Amy Savage	PO Box 3418	Midland	TX	79702-3418	Your item has been delivered to the original sender at 12:34 pm on May 9, 2024 in SANTA FE, NM 87501.
9414811898765400772490	David C. Cotner	PO Box 2236	Midland	TX	79702-2236	Your item was picked up at a postal facility at 11:43 am on April 8, 2024 in MIDLAND, TX 79702.
9414811898765400772445	Amtex Energy Inc.	PO Box 470158	Fort Worth	TX	76147-0158	Your item has been delivered and is available at a PO Box at 12:52 pm on April 1, 2024 in FORT WORTH, TX 76147.
9414811898765400772483	Echo Production Inc.	PO Box 1210	Graham	TX	76450-1210	Your item was picked up at the post office at 11:55 am on April 2, 2024 in GRAHAM, TX 76450.
9414811898765400772438	John Kyle Thoma, Trustee	PO Box 558	Peyton	CO	80831-0558	Your item has been delivered and is available at a PO Box at 5:36 am on April 1, 2024 in PEYTON, CO 80831.
9414811898765400772476	Crownrock Minerals, L.P.	PO Box 51933	Midland	TX	79710-1933	Your item was picked up at a postal facility at 1:56 pm on April 2, 2024 in MIDLAND, TX 79705.
9414811898765400772513	Zunis Energy, LLC	15 E 5th St Ste 3300	Tulsa	OK	74103-4340	Your item was delivered to the front desk, reception area, or mail room at 12:24 pm on April 2, 2024 in TULSA, OK 74103.

MRC - Art Smith WC 244H (E2E2) - Case no. 24297

## Postal Delivery Report

9414811898765400772551	Susannah D. Adelson, Trustee	15 E 5th St Ste 3300	Tulsa	OK	74103-4340	Your item was delivered to the front desk, reception area, or mail room at 12:24 pm on April 2, 2024 in TULSA, OK 74103.
9414811898765400772568	CEP Minerals, 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.
9414811898765400772520	Platform Energy IV, LLC	PO Box 2078	Abilene	TX	79604-2078	Your item has been delivered and is available at a PO Box at 8:03 am on April 2, 2024 in ABILENE, TX 79601.
9414811898765400772599	Charis Royalty Fund, LP	PO Box 470158	Fort Worth	TX	76147-0158	Your item has been delivered and is available at a PO Box at 12:52 pm on April 1, 2024 in FORT WORTH, TX 76147.
9414811898765400772544	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.



# 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](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; OXY USA Inc.; The Allar Company; Strategic Growth Income Fund IV, LP; Highland (Texas) Energy Company; Endeavor Energy Resources, L.P.; PBEX, LLC; William J. Savage, and wife Amy Savage, their heirs and devisees; David C. Cotner, his heirs and devisees; Amtex Energy Inc.; Echo Production Inc.; Cornerstone Family Trust John Kyle Thoma, Trustee; Crownrock Minerals, L.P.; Zunis Energy, LLC; James Adelson & Family 2015 Trusts Susannah D. Adelson, Trustee; CEP Minerals, LLC; Platform Energy IV, LLC; Charis Royalty Fund, LP, and New Mexico State Land Office.**

**Case No. 24297: Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the E2E2 of Section 34, Township 18 South, Range 34 East and the E2E2 of Section 3, Township 19, South, Range 34 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Art Smith State Com 244H** well to be horizontally drilled from a surface location in the SE4 of Section 27, with a first take point in the NE4NE4 (Unit A) of Section 34 and a last take point in the SE4SE4 (Unit P) of Section 3. 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.  
**#00288806**

67100754

00288806

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. 24297