

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 7, 2024**

CASE NO. 24923

MARLAN DOWNEY STATE COM 124H WELL

LEA COUNTY, NEW MEXICO



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

**APPLICATION OF MRC PERMIAN COMPANY TO AMEND
ORDER R-22682 TO ADD ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24923
ORDER NO. R-22682**

TABLE OF CONTENTS

- **Matador Exhibit A:** Application to Add Additional Pooled Parties
- **Matador Exhibit B:** Pooling Order R-22682
- **Matador Exhibit C:** Affidavit of David Johns, Landman
 - Matador Exhibit C-1: Updated Pooling Exhibit
 - Matador Exhibit C-2: Sample Well Proposal Letter
 - Matador Exhibit C-3: AFE
 - Matador Exhibit C-4: Chronology of Contacts
- **Matador Exhibit D:** Self-Affirmed Statement of Notice
- **Matador Exhibit E:** Affidavit of Publication

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

**APPLICATION OF MRC PERMIAN COMPANY TO AMEND
ORDER R-22682 TO ADD ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24923

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to amend pooling Order R-22682 to add additional mineral interest owners to the pooling order. In support of its application, MRC states:

1. Order R-22682 was issued in Case 23418 and pooled uncommitted mineral interest owners in the Bone Spring formation [Rock Lake; Bone Spring, South Pool (52769) and WC-025 G-06 S233516M; Middle Bone Spring Pool (98246)] underlying the E2SE4 of Section 4, and the E2E2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico. This standard 400-acre horizontal well spacing unit is currently dedicated to the **Marlan Downey State Com 124H** well.

2. Applicant has discovered additional mineral interest owners in the pooled acreage that were not subject to the pooling proceedings giving rise to Order R-22682.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from these additional mineral interest owners.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 7, 2024, and, after notice and hearing as

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923**

required by law, the Division enter an order pooling these additional mineral interest owners under the terms of Order R-22682.

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 to Amend Order R-22682 to Add Additional Pooled Parties, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order amending pooling Order R-22682 to add additional mineral interest owners to the pooling order. Order R-22682 was issued in Case 23418 and pooled uncommitted mineral interest owners in the Bone Spring formation [Rock Lake; Bone Spring, South Pool (52769) and WC-025 G-06 S233516M; Middle Bone Spring Pool (98246)] underlying the E2SE4 of Section 4, and the E2E2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico. This standard 400-acre horizontal well spacing unit is currently dedicated to the **Marlan Downey State Com 124H** well. The subject area is located approximately 14 miles southwest of Eunice, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
MRC PERMIAN COMPANY**

**CASE NO. 23418
ORDER NO. R-22682**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 06, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. MRC Permian Company (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923**

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23418
ORDER NO. R-22682

Page 2 of 7

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M FUGE
DIRECTOR (ACTING)
DMF/hat

Date: 5/12/2023

CASE NO. 23418
ORDER NO. R-22682

Page 4 of 7

Exhibit A

Received by OCD: 4/4/2023 3:19:18 PM

Page 6 of 62

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23418	APPLICANT'S RESPONSE
Date	April 6, 2023
Applicant	MRC Permian Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MRC PERMIAN COMPANY FOR APPROVAL OF AN OVERLAPPING HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Marlan Downey
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Rock Lake; Bone Spring, South [52769] WC-025 G-06 S233516M; Middle Bone Spring [98246]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	400
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 SE/4 of Section 4, and the E/2 E/2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-6
Well(s)	

Released to Imaging: 4/4/2023 3:22:47 PM

CASE NO. 23418
ORDER NO. R-22682

Page 5 of 7

Received by OCD: 4/4/2023 3:19:18 PM

Page 7 of 62


Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Marlan Downey State Com #124H well SHL: 2,406' FSL, 1,063' FEL (Unit I) of Section 4 FTP: 2,540' FSL, 660' FEL (Unit I) of Section 4 LTP: 100' FSL, 660' FEL (Unit P) of Section 16 BHL: 60' FSL, 660' FEL (Unit P) of Section 16 Target: Bone Spring Orientation: North-South Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-4
Completion Target (Formation, TVD and MD)	Exhibit C-7
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-5
Tract List (including lease numbers and owners)	Exhibit C-6
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-6
Unlocatable Parties to be Pooled	No
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-6
Chronology of Contact with Non-Joined Working Interests	Exhibit C-8
Overhead Rates In Proposal Letter	Exhibit C-7
Cost Estimate to Drill and Complete	Exhibit C-7
Cost Estimate to Equip Well	Exhibit C-7
Cost Estimate for Production Facilities	Exhibit C-7

Released to Imaging: 4/4/2023 3:22:47 PM

CASE NO. 23418
ORDER NO. R-22682

Received by OCD: 4/4/2023 3:19:18 PM

Page 8 of 62

Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D, D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-4
Tracts	Exhibit C-5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-6
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2, D-3
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Paula M. Vance
Signed Name (Attorney or Party Representative):	
Date:	4/4/2023

Released to Imaging: 4/4/2023 3:22:47 PM

CASE NO. 23418
 ORDER NO. R-22682

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

**APPLICATION OF MRC PERMIAN
COMPANY TO AMEND ORDER R-22682 TO
ADD ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24923
(formerly Case 23418)**

AFFIDAVIT OF DAVID JOHNS

David Johns, of lawful age and being first duly sworn, states the following:

1. My name is David Johns and I am employed by MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as an Area Land Manager.
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 Permian Company (“MRC”) in this case and the status of the lands in the subject area.
4. In this case, MRC seeks to re-open Case No. 23418 and add additional parties to be pooled under NMOCD Order No. 22682, which created a standard horizontal spacing unit in the Bone Spring formation (Rock Lake; Bone Spring, South Pool (52769) and WC-025 G-06 S233516M; Middle Bone Spring Pool (98246)) comprised of the E/2 SE/4 of Section 4, and the E/2 E/2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico. The spacing unit was initially dedicated to the proposed **Marlan Downey State Com #124H well**, with a first take point in the NE/4 SE/4 of Section 4 and a last take point in the SE/4 SE/4 of Section 16.

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

**Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923**

5. Since the original pooling case, and out of an abundance of caution, Matador has received updated title information and identified additional working interest and unleased mineral interest parties to be pooled, as described below.

6. **Matador Exhibit C-1** identifies the additional working interest owners that Matador is seeking to pool in this horizontal spacing unit.

7. **Matador Exhibit C-2** contains a sample of the form of well proposal letter sent to the additional working interest owners MRC is seeking to pool.

8. **Matador Exhibit C-3** contains an AFE based on the actual costs Matador incurred in drilling, completing and equipping the well. The costs in this AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area in these formations.

9. **Matador Exhibit C-4** contains a general summary of the contacts with the uncommitted working interest owners that Matador is seeking to add to the existing pooling order in this case.

10. Matador has conducted a diligent search of the public records in the county where the property is located and conducted computer searches in an attempt to locate contact information for each of these working interest owners. As indicated on Matador Exhibit C-4, Matador has been able to make contact with each of the additional parties we seek to add to the pooling order in this case.

11. In my opinion, Matador has undertaken good faith efforts to locate and reach an agreement with the additional working interest owners that Matador is seeking to pool in this case.

12. Matador has provided its outside counsel, Holland and Hart, with the names and addresses of the parties that Matador seeks to pool and instructed that they be notified of this hearing.

13. **Matador Exhibits C-1 through C-4** were either prepared by me or compiled under my direction and supervision.

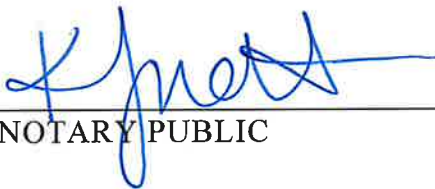
FURTHER AFFIANT SAYETH NAUGHT.



David Johns

STATE OF TEXAS)
)
COUNTY OF DALLAS)

SUBSCRIBED and SWORN to before me this 30th day of October 2024 by David Johns.



NOTARY PUBLIC

My Commission Expires:
12-04-2027



Exhibit C-1

Marlan Downey Slot 4 (E2 SE4 of S4, E2 E2 of S9, E2 E2 of S16, 23S, 35E)			
Summary of Interests			
Matador Working Interest*		61.3800%	
Voluntary Joinder/Previously Force Pooled		19.1800%	
Parties Being Added to Force Pooling Order		19.4400%	
Interest Owners:	Description:	Tract:	Interest:
Devon Energy Production Company, L.P.	Uncommitted WI	4	14.720%
EOG Resources, Inc.	Uncommitted WI	4	1.940%
Magnum Hunter Production, Inc.	Uncommitted WI	4	1.940%
Robert Landreth	Uncommitted WI	4	0.840%

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-1
Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923

Exhibit C-2

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.619.1259 • Fax 214.866.4946
djohns@matadorresources.com

RECEIVED

David Johns
Senior Staff Landman

October 19, 2023

OCT 24 2023

VIA CERTIFIED RETURN RECEIPT MAIL

Magnum Hunter Production, Inc.
6001 Deauville Blvd., Suite 300N
Midland, TX 79706

COTERRA ENERGY

Re: Marlan Downey State Com #124H (the "Well")
Participation Proposal
SE/4 of Section 4, E/2 of Sections 9 and 16, Township 23 South, Range 35 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Marlan Downey State Com #124H, well, located in SE/4 of Section 4, E/2 of Sections 9 and 16, Township 23 South, Range 35 East, Lea County, New Mexico.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the one (1) enclosed Authority for Expenditures ("AFE") dated February 2, 2023.
- **Marlan Downey State Com #124H:** to be drilled from a legal location with a proposed surface hole location in the N/2SE/4 of Section 4-23S-35E, with a proposed first take point 100' FNL and 660' FEL of Section 4-23S-35E and a proposed last take point 100' FSL and 660' FEL of Section 16-23S-35E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,350' TVD) to a Measured Depth of approximately 23,400'.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

MRC requests that you indicate your election to participate in the drilling and completion of the Wells in the space provided below, sign and return one (1) copy of this letter to the undersigned.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement, dated January 1, 2023, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators, covering the SE/4 of Section 4, E/2 of Sections 9 and 16, Township 23 South, Range 35 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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923

If your election is to participate in the drilling and completion of the Well, 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 Well, 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



David Johns

Magnum Hunter Production, Inc. hereby elects to:

- Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Marlan Downey State Com #124H** well.
- Not to participate in the **Marlan Downey State Com #124H**

Magnum Hunter Production, Inc.

By: _____

Title: _____

Date: _____

Contact Number: _____

Exhibit C-3

Exhibit No. C-3
Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923

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:	September 16, 2024	AFE NO.:	
WELL NAME:	Marian Downey State Corn #124H	FIELD:	
LOCATION:	Sections 4,9,&16-23S-35E	MD/TVD:	23657/10592'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	13,005
MRC WI:			
GEOLOGIC TARGET:	Second Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 2.5 mile long Second Bone Spring Sand target with about 50 frac stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 57,461	\$ -	\$ 7,354	\$ 1,000	\$ 65,815
Location, Surveys & Damages	95,528	13,000	9,134	26,100	143,662
Drilling	661,794	-	-	-	661,794
Cementing & Float Equip	247,314	-	-	-	247,314
Logging / Formation Evaluation	-	3,750	3,000	-	6,750
Flowback - Labor	-	-	36,754	-	36,754
Flowback - Surface Rentals	-	-	217,235	-	217,235
Flowback - Rental Living Quarters	-	-	4,008	-	4,008
Mud Logging	26,535	-	-	-	26,535
Mud Circulation System	116,798	-	-	-	116,798
Mud & Chemicals	364,268	41,000	180,970	-	586,238
Mud / Wastewater Disposal	136,080	-	-	-	136,080
Freight / Transportation	13,551	33,500	5,779	-	52,830
Rig Supervision / Engineering	117,899	76,800	16,121	31,692	242,512
Drill Bits	135,247	-	-	-	135,247
Fuel & Power	147,185	549,304	4,164	-	700,654
Water	32,023	559,125	4,357	262	595,767
Drig & Completion Overhead	9,884	-	-	-	9,884
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	663,660	-	-	-	663,660
Completion Unit, Swab, CTU	-	115,000	15,903	-	130,903
Perforating, Wireline, Slickline	-	143,841	-	-	143,841
High Pressure Pump Truck	-	68,000	-	-	68,000
Stimulation	-	2,116,575	-	-	2,116,575
Stimulation Flowback & Disp	-	15,500	195,000	-	210,500
Insurance	4,490	-	-	-	4,490
Labor	159,354	55,750	16,546	-	231,650
Rental - Surface Equipment	92,629	248,350	16,443	17,302	374,724
Rental - Downhole Equipment	190,514	69,000	-	-	259,514
Rental - Living Quarters	40,684	29,030	-	2,026	71,740
Contingency	-	202,095	-	-	202,095
Operations Center	19,520	-	-	-	19,520
TOTAL INTANGIBLES >	3,532,520	4,339,621	732,768	78,382	8,683,291

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 165,695	\$ -	\$ -	\$ -	\$ 165,695
Intermediate Casing	570,392	-	-	-	570,392
Drilling Liner	-	-	-	-	-
Production Casing	1,006,032	-	-	-	1,006,032
Production Liner	-	-	-	-	-
Tubing	-	-	237,656	-	237,656
Wellhead	114,117	-	52,203	-	166,320
Packers, Liner Hangers	-	47,912	-	-	47,912
Tanks	-	-	-	30,409	30,409
Production Vessels	-	-	-	105,859	105,859
Flow Lines	-	-	-	154,926	154,926
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	54,456	-	54,456
Compressor	-	-	-	68,625	68,625
Installation Costs	-	-	-	187,921	187,921
Surface Pumps	-	-	-	28,998	28,998
Non-controllable Surface	-	-	-	-	-
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	25,052	1,677	26,729
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	475	138,837	139,312
Gathering / Bulk Lines	-	-	-	19,244	19,244
Valves, Dumps, Controllers	-	-	13,511	370	13,881
Tank / Facility Containment	-	-	-	7,542	7,542
Flare Stack	-	-	-	25,562	25,562
Electrical / Grounding	-	-	44,225	137,291	181,516
Communications / SCADA	-	-	495	1,697	2,392
Instrumentation / Safety	-	-	-	78,535	78,535
TOTAL TANGIBLES >	1,856,236	47,912	428,073	987,893	3,320,114
TOTAL COSTS >	5,388,755	4,387,532	1,160,841	1,066,275	12,003,404

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Perry Hawks	Team Lead - AR	
Completions Engineer:	Garrett Hunt		CSC
Production Engineer:	Jan Fredrik Mosnes		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	DEL	EVP COO- Drilling, Completion and Production	BG
Executive VP, Legal	CA	SVP Geoscience	ELF
President	MVH		

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)	

The costs on this AFE are estimates only and may not be identical to actual costs incurred. The Partner agrees to pay its proportionate share of actual costs incurred, including legal, regulatory, permitting, leasehold and well costs under the terms of the applicable joint operating agreement, regulatory orders or other agreement covering the well. Participants shall be deemed to have agreed to indemnify and hold harmless the Operator's well control and general liability insurance carriers (participants granted Operator's a certificate entitling to their insurance to an amount applicable to the Operator) to the date of sign.

Exhibit C-4

Marlan Downey – Summary of Communication

Uncommitted Working Interest Owner

1. Devon Energy Production Company, L.P.

In addition to sending well proposals, Matador has had discussions with **Devon Energy Production Company, L.P.** regarding their interest and we are continuing to discuss voluntary joinder.

2. EOG Resources, Inc.

In addition to sending well proposals, Matador has had discussions with **EOG Resources, Inc.** regarding their interest and we are continuing to discuss voluntary joinder.

3. Magnum Hunter Production, Inc.

In addition to sending well proposals, Matador has had discussions with **Magnum Hunter Production, Inc.** regarding their interest and we are continuing to discuss voluntary joinder.

4. Robert Landreth

In addition to sending well proposals, Matador has had discussions with **Robert Landreth** regarding their interest and we are continuing to discuss voluntary joinder.

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

**APPLICATION OF MRC PERMIAN COMPANY TO AMEND
ORDER R-22682 TO ADD ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24923
ORDER NO. R-22682**

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

1. I am attorney in fact and authorized representative of MRC Permian Company (“MRC”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this pooling application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheets attached hereto contain 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 the notice letters as of October 28, 2024.

5. I caused a notice to be published to all parties subject to this pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice of publication is attached herein.

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

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Matador Production Company
Hearing Date: November 7, 2024
Case No. 24923**



Paula M. Vance

10/30/2024

Date



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

October 18, 2024

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of MRC Permian Company to Amend Order R-22682 to Add Additional Pooled Parties, Lea County, New Mexico: Marlan Downey State Com 124H well

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on November 7, 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 David Johns at (972) 619-1259 or djohns@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 - Marlan Downey Add'l Pooling - Case no. 24923
 Postal Delivery Report

9414811898765480447226	Devon Energy Production Company, L.P.	20 N Broadway	Oklahoma City	OK	73102-9213	Your item departed our USPS facility in ALBUQUERQUE, NM 87101 on October 26, 2024 at 10:49 pm. The item is currently in transit to the destination.
9414811898765480447202	EOG Resources, Inc.	104 S 4th St	Artesia	NM	88210-2123	Your item was forwarded to a different address at 7:22 am on October 22, 2024 in ARTESIA, NM. This was because of forwarding instructions or because the address or ZIP Code on the label was incorrect.
9414811898765480447295	Magnum Hunter Production, Inc.	PO Box 140907	Irving	TX	75014-0907	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765480447240	Robert Landreth	505 N Big Spring St Ste 507	Midland	TX	79701-4301	Your item was returned to the Post Office for address verification on October 22, 2024 at 10:14 am in MIDLAND, TX 79701 because of an incomplete address. Your item will go out for delivery on the next delivery day

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
October 23, 2024
and ending with the issue dated
October 23, 2024.



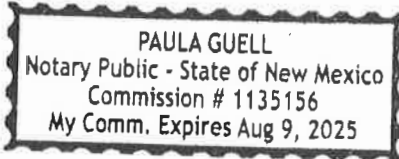
Publisher

Sworn and subscribed to before me this
23rd day of October 2024.



Notary

My commission expires
August 09, 2025
(Seal)



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
October 23, 2024

Case No. 24923: Application of MRC Permian Company to Amend Order R-22682 to Add Additional Pooled Parties, Lea County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: Devon Energy Production Company, L.P.; EOG Resources, Inc.; Magnum Hunter Production, Inc.; Robert Landreth. The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on November 7, 2024, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/> or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. Applicant in the above-styled cause seeks an order amending pooling Order R-22682 to add additional mineral interest owners to the pooling order. Order R-22682 was issued in Case 23418 and pooled uncommitted mineral interest owners in the Bone Spring formation [Rock Lake; Bone Spring, South Pool (52769) and WC-025 G-06 S233516M; Middle Bone Spring Pool (98246)] underlying the E2SE4 of Section 4, and the E2E2 of Sections 9 and 16, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico. This standard 400-acre horizontal well spacing unit is currently dedicated to the **Marian Downey State Com 124H** well. The subject area is located approximately 14 miles southwest of Eunice, New Mexico.
#00295332

67100754

00295332

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. E

Submitted by: Matador Production Company

Hearing Date: November 7, 2024

Case No. 24923