

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

**APPLICATIONS OF AVANT OPERATING, LLC FOR  
COMPULSORY POOLING AND APPROVAL  
OF AN OVERLAPPING NON-STANDARD  
HORIZONTAL SPACING UNIT, LEA COUNTY,  
NEW MEXICO.**

**CASE NOS. 24632 - 24633**

**APPLICATIONS OF MAGNUM HUNTER  
PRODUCTION, INC. FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.**

**CASE NOS. 24756 – 24759  
CASE NOS. 24913 - 24916**

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

**CASE NOS. 24760 -24767**

**MOTION TO SUBMIT REBUTTAL EVIDENCE**

Magnum Hunter Production, Inc. (“MHPI”), by and through its undersigned counsel, hereby moves to file Rebuttal Exhibits in the above-referenced cases. MHPI did not have reasonable notice that these materials would be needed until after it received exhibits filed by other parties in the competing cases.

Respectfully Submitted

  
\_\_\_\_\_  
Jennifer L. Bradfute

**Bradfute Sayer P.C.**

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Albuquerque, NM 87199  
Phone 505.264.8740  
[jennifer@bradfutelaw.com](mailto:jennifer@bradfutelaw.com)  
***Attorney for Mangum Hunter Production, Inc.;  
Coterra Energy Inc.; Cimarex Energy; and  
Cimarex Energy of Colorado***

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on November 4, 2024:

Elizabeth Ryan – [beth.ryan@conocophillips.com](mailto:beth.ryan@conocophillips.com)  
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**ATTORNEYS FOR NEXGEN CAPITAL RESOURCES, LLC**



Jennifer L. Bradfute



# *Rebuttal Engineering Study*

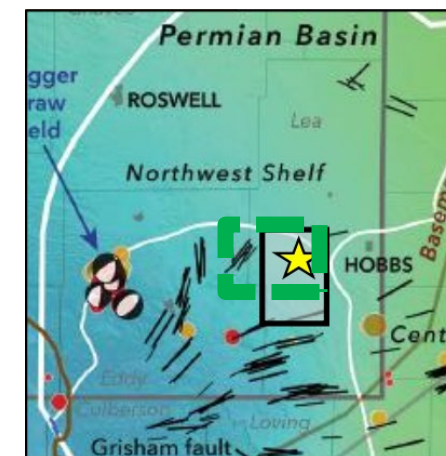
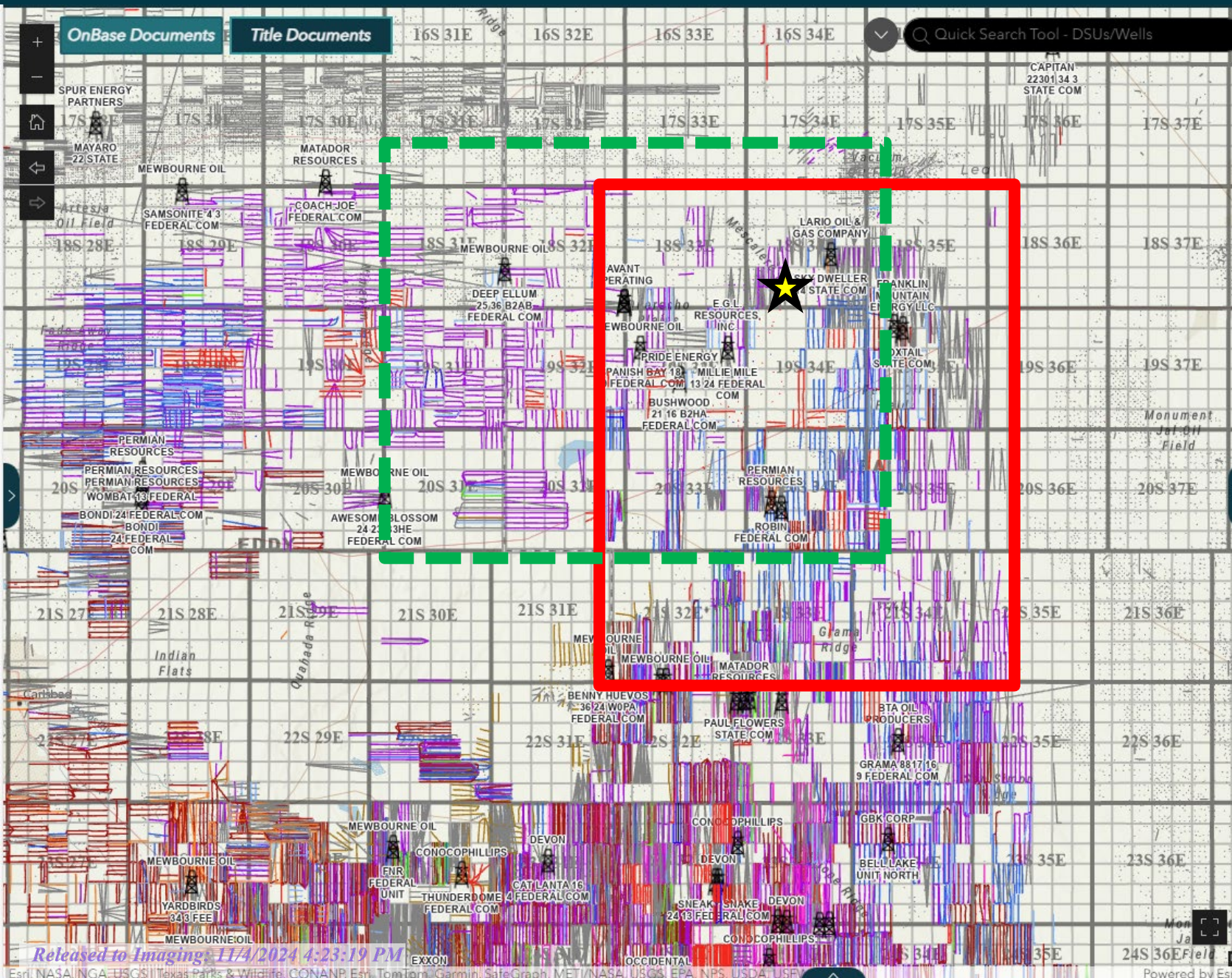
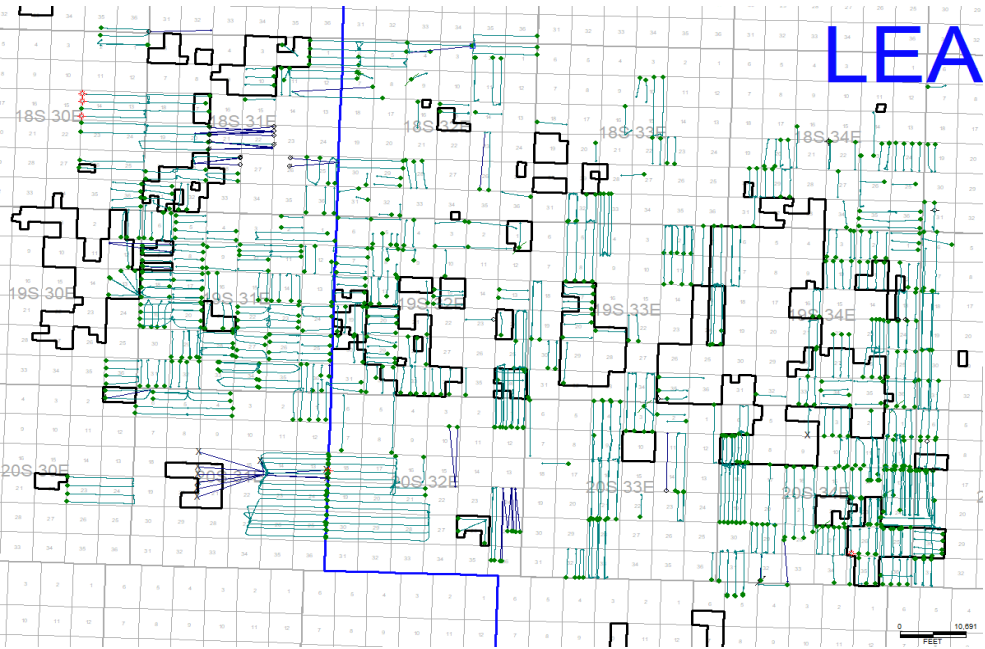


Exhibit shows approximate MRC AOI from MRC Exhibits C-5 and C-6. AOI has been rotated 90 degrees from picture and is colored in green.

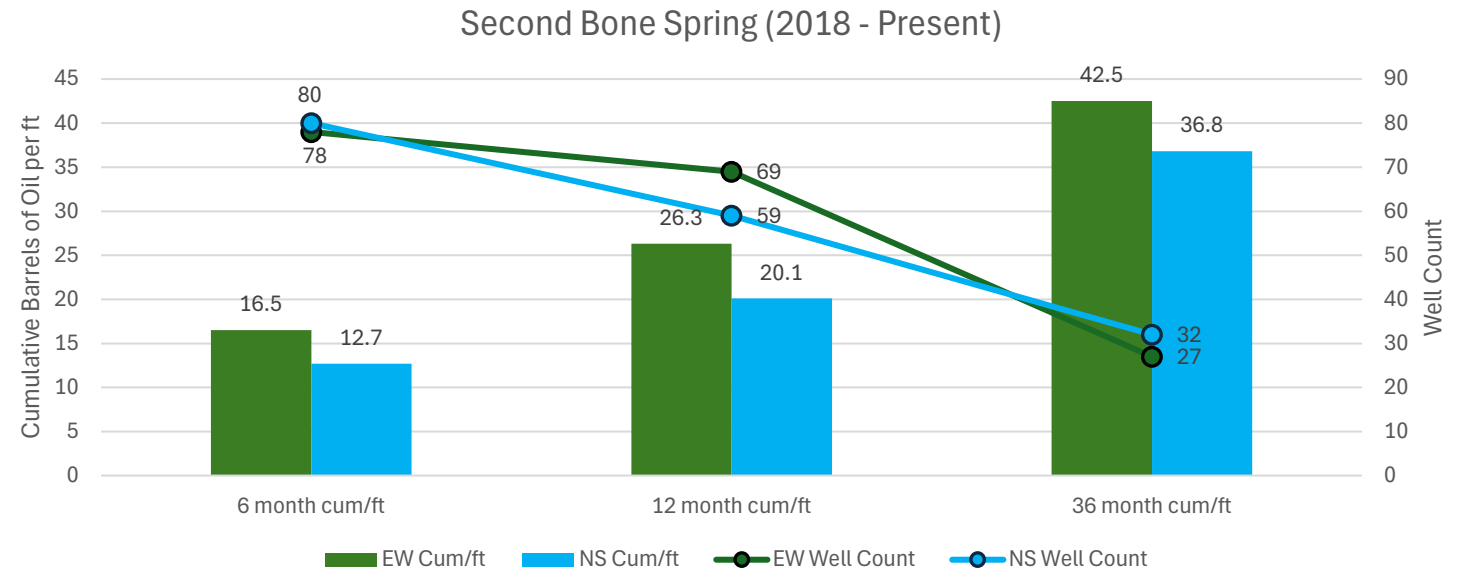
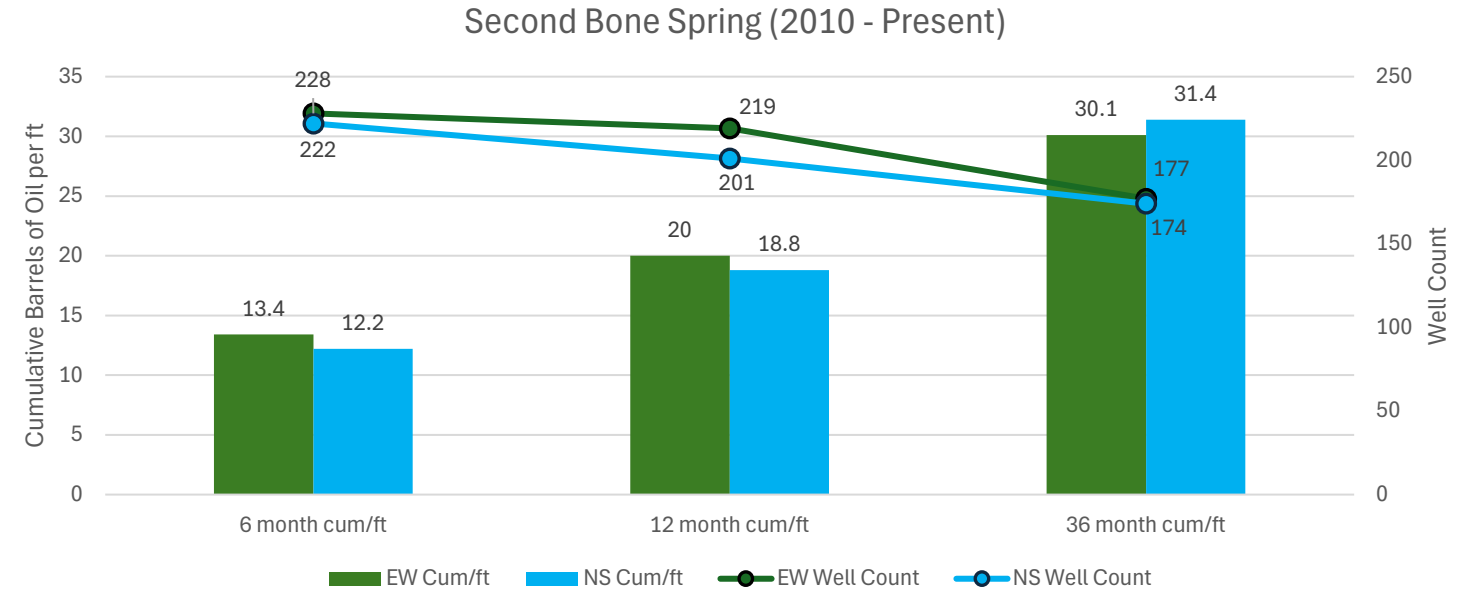
~8 miles West of the Star centered on the 4 Sections East-West orientation becomes more common. Similarly, ~8 miles South of the star North-South orientation is common to the state line.

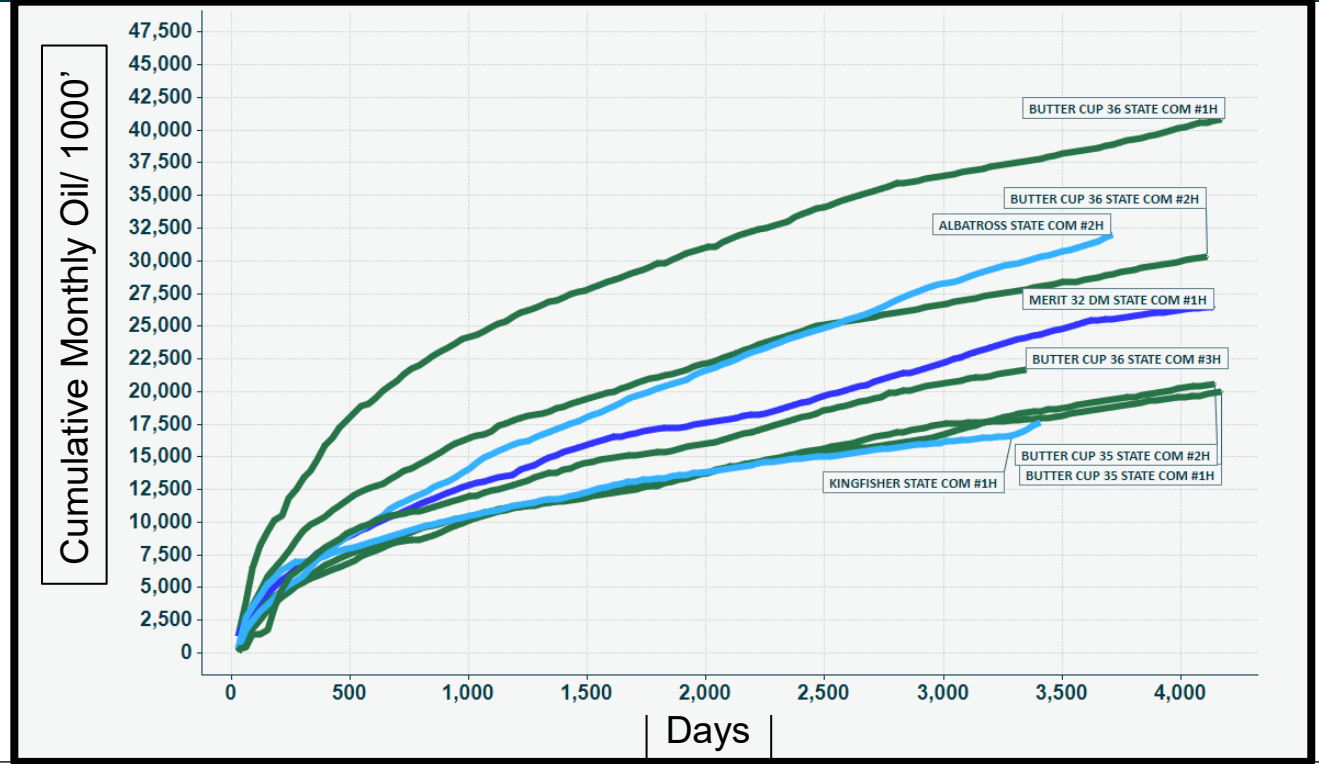
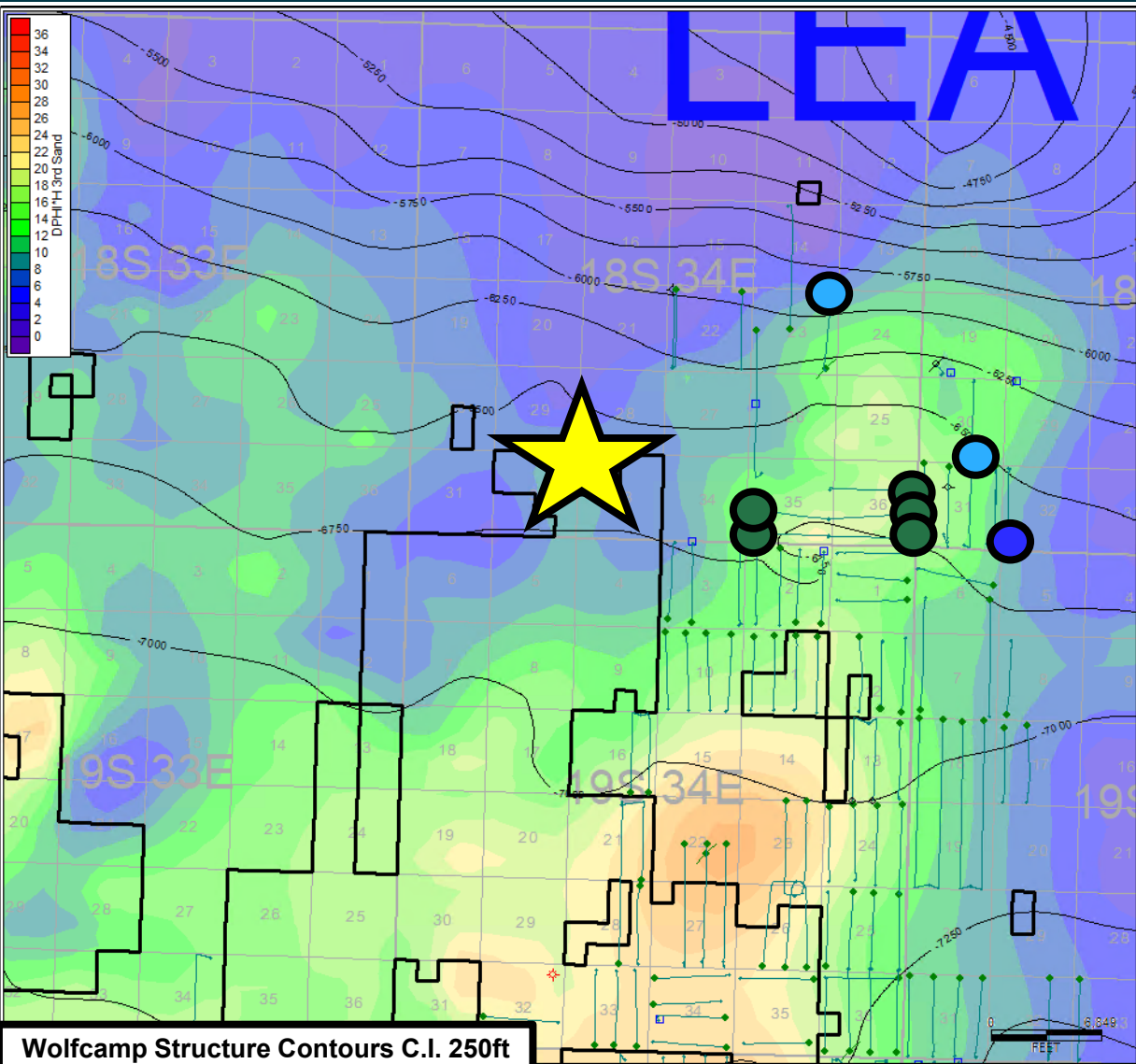
Cimarex seismic array data in T 18S R 35E indicates orientation has negligible impact in Northern Delaware



**Map is All wells in AOI**

- 2<sup>nd</sup> Bone Spring Sand has significant activity across the AOI
- Graphs compares 2<sup>nd</sup> Bone Spring Sand Cumulative oil / ft using Enverus compiled public data and count.
- Graphs limited to first production date and compare EW wells vs. NS wells with 1<sup>st</sup> production after 2010 and after 2018 to capture modern completion performance.

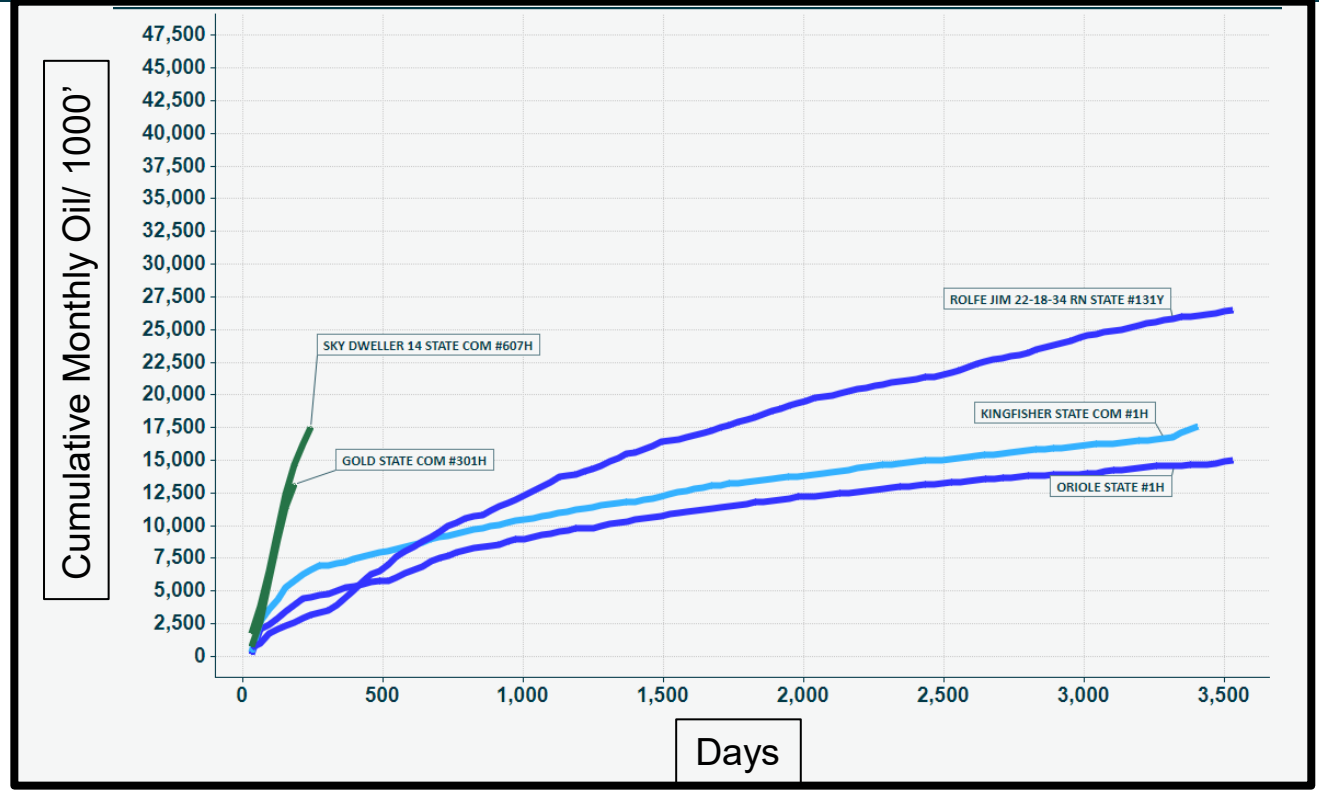
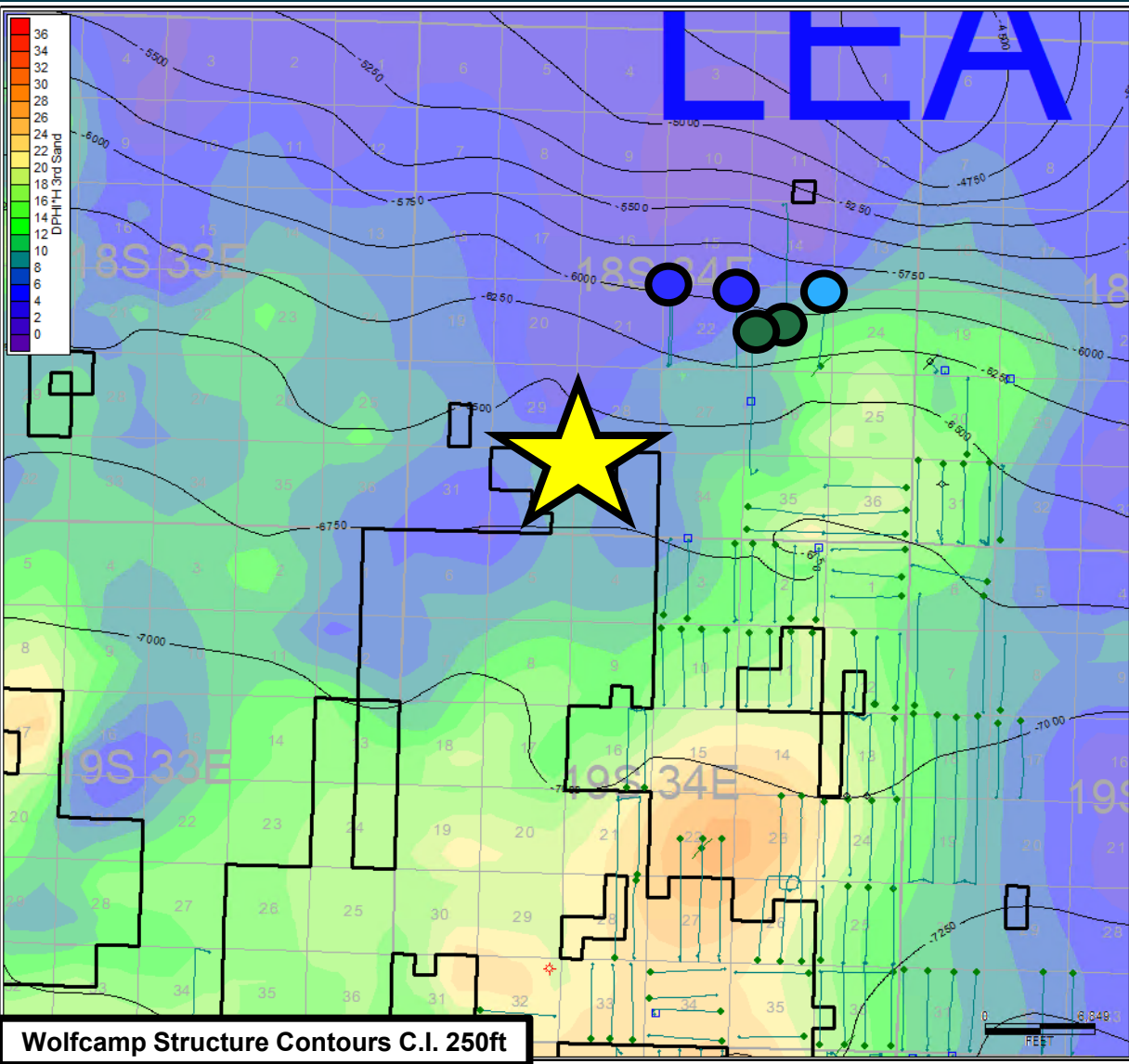




API	WELLNAME	Operator	Prop/ft	Fluid/ft	LAT_LENGTH
30025408360000	MERIT 32 DM STATE COM #1H	FRANKLIN MOUNTAIN ENERGY LLC	719	13	4311
30025418350000	KINGFISHER STATE COM #1H	MATADOR RESOURCES	791	17	4170
30025423670000	BUTTER CUP 36 STATE COM #3H	FRANKLIN MOUNTAIN ENERGY LLC	1340	15	4647
30025406410000	BUTTER CUP 36 STATE COM #2H	FRANKLIN MOUNTAIN ENERGY LLC	489	8	4741
30025406400000	BUTTER CUP 36 STATE COM #1H	FRANKLIN MOUNTAIN ENERGY LLC	517	9	4775
30025406420000	BUTTER CUP 35 STATE COM #2H	FRANKLIN MOUNTAIN ENERGY LLC	643	11	4244
30025406340000	BUTTER CUP 35 STATE COM #1H	FRANKLIN MOUNTAIN ENERGY LLC	568	11	4226
30025415440000	ALBATROSS STATE COM #2H	MATADOR RESOURCES	754	16	4419

Franklin Butter Cup State EW performance vs. Franklin Merit 32 NS supports negligible orientation impact.

- Similar structure, same operator, similar execution time ~halfway between Cimarex private seismic array data in 18S 35E and the subject lands.



API	WELLNAME	Operator	Prop/ft	Fluid/ft	LAT_LENGTH
30025515280100	SKY DWELLER 14 STATE COM #607H	COG OPERATING LLC	2564	70	7293
30025420570000	ROLFE JIM 22-18-34 RN STATE #131Y	MATADOR RESOURCES	1783	NA	3943
30025416120100	ORIOLE STATE #1H	EARTHSTONE OPERATING LLC	800	17	4134
30025418350000	KINGFISHER STATE COM #1H	MATADOR RESOURCES	791	17	4170
30025516660000	GOLD STATE COM #301H	FRANKLIN MOUNTAIN ENERGY LLC	NA	NA	8563

- Modern frac's can produce in 1 year what used to take 10 years, frac is a large overprint on data
- The absence of modern EW wells adjacent to the lease doesn't mean stress direction in 18S 34E benefits NS wellbores.



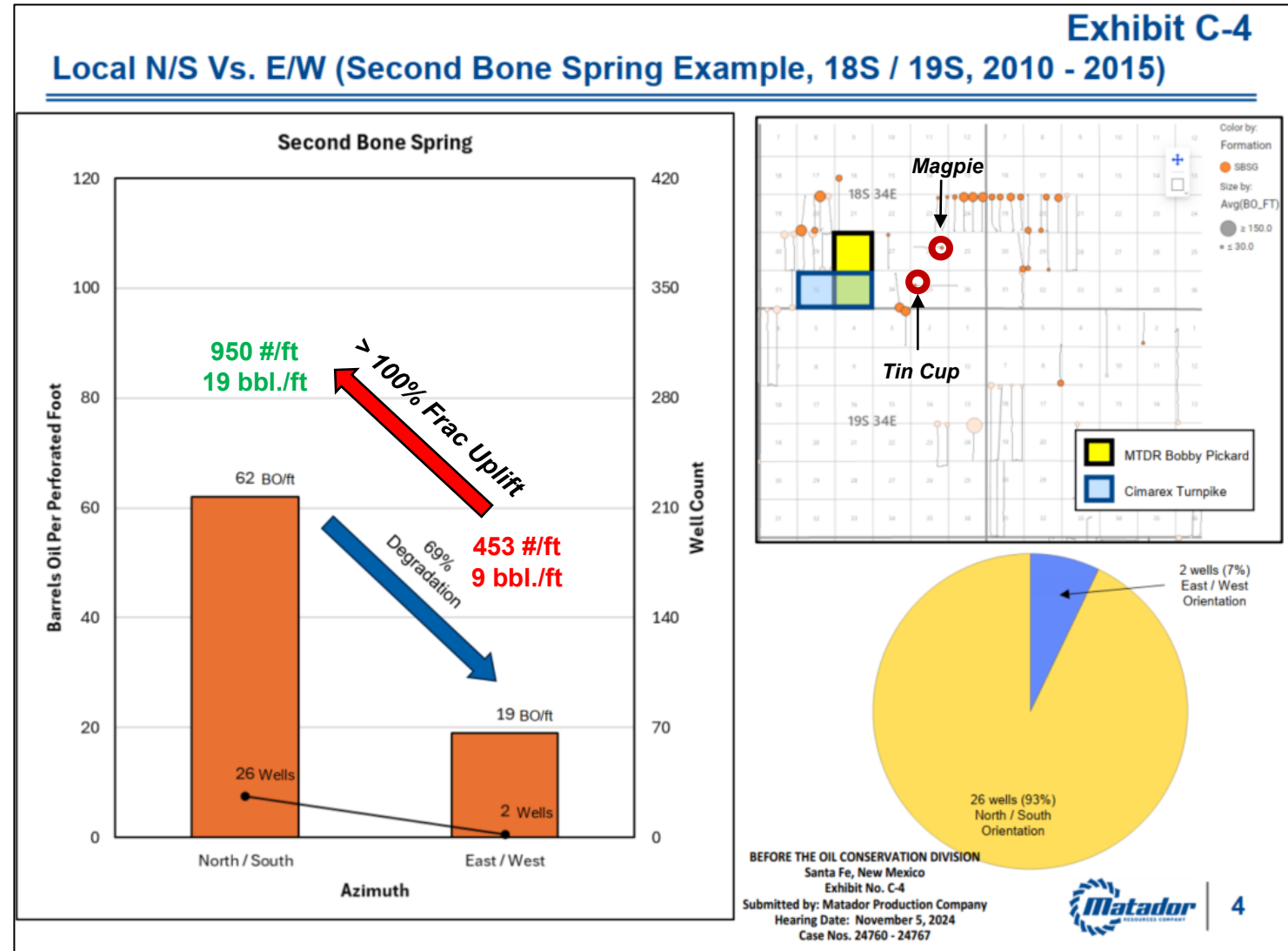
- Matador exhibits are targeted to 2 x wells completed in 2012 with tiny fracs
  - 26 well sample contains a 950#/ft and 19 bbl./ft. avg. frac size
  - 2 well E-W sample contains a 400#/ft and 10 bbl./ft. avg. frac size

**Magpie State 001H**

- Fluid Intensity = 11 bbl./ft.
- Proppant Intensity = 547 lb./ft.

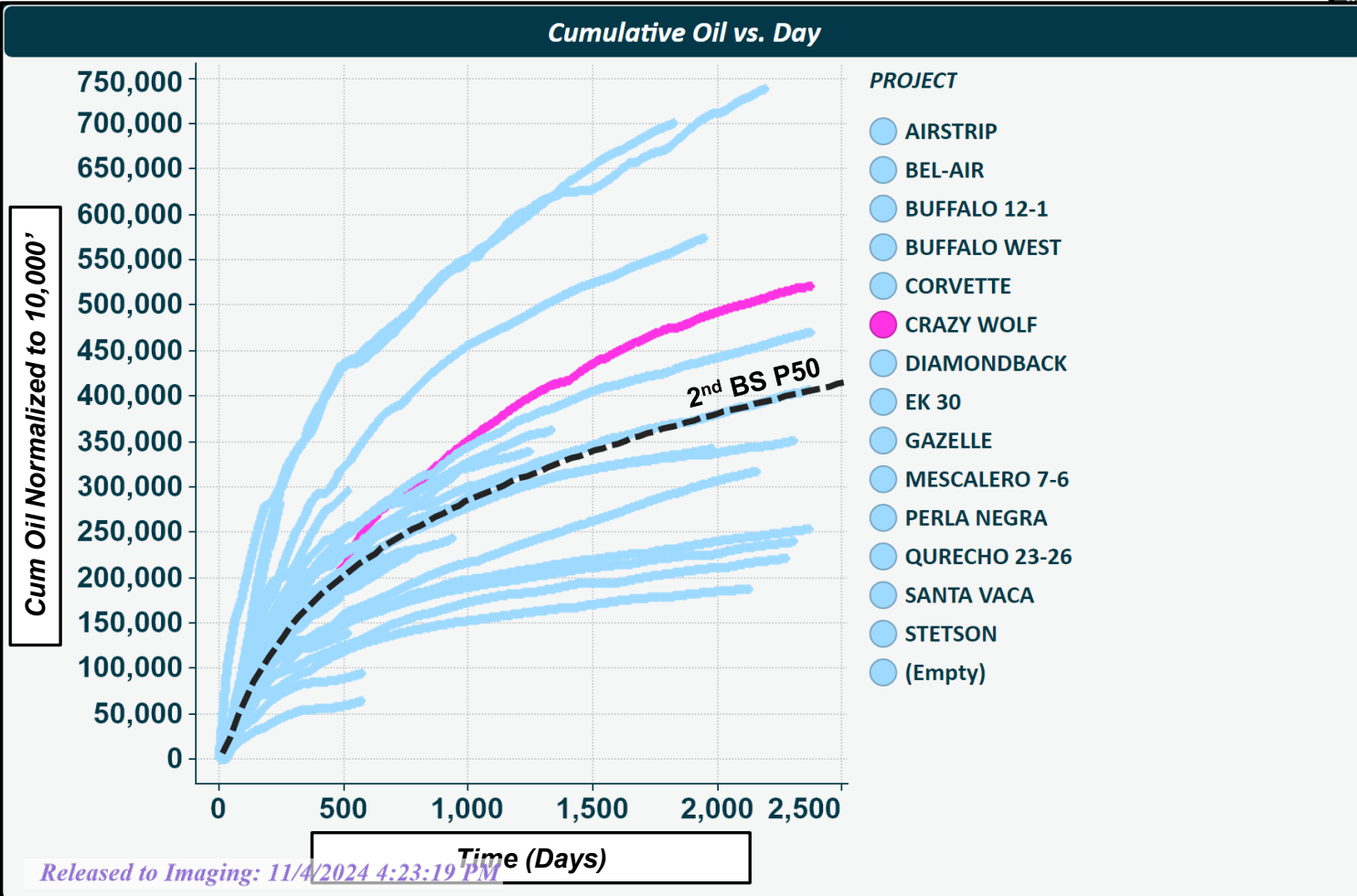
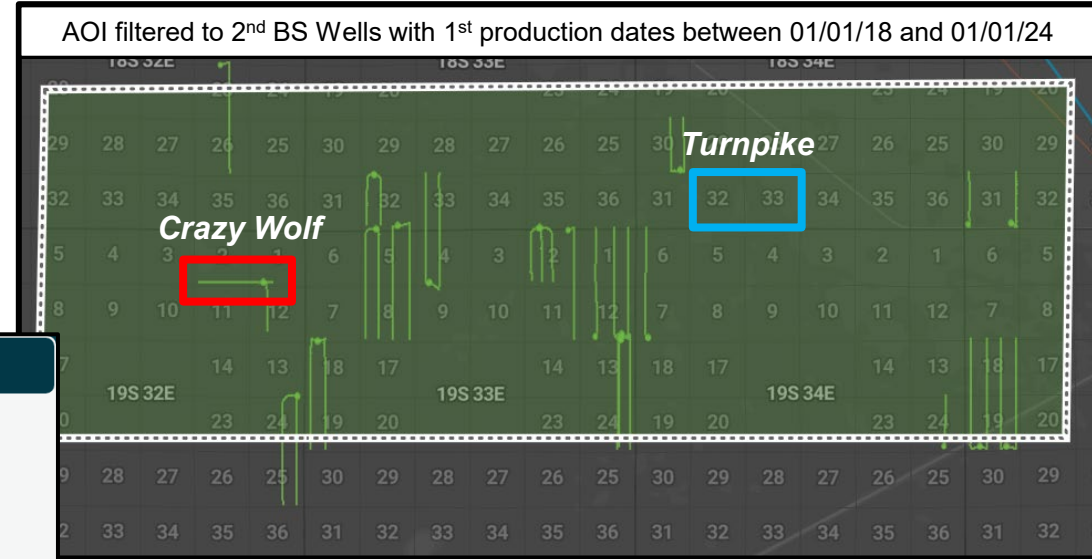
**Tin Cup 36 State Com 002H**

- Fluid Intensity = 7 bbl./ft.
- Proppant Intensity = 359 lb./ft.



**Matador's exhibits are targeted to vintage frac developments brought online before 2015.**

- Example of East to West project outperforming P50 curve in AOI
- Crazy Wolf 2<sup>nd</sup> BS drilled in 2018 by Centennial (PR)
  - No degradation seen when compared to average 2<sup>nd</sup> BS result





# *Laydown Development*

# Avant's Exhibit A-9 (Lay Down & 1-mile Units)

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General Location Map  
Daytona 29 Fed Com  
#301H-#304H / #601H-#604H / #006H-#009H

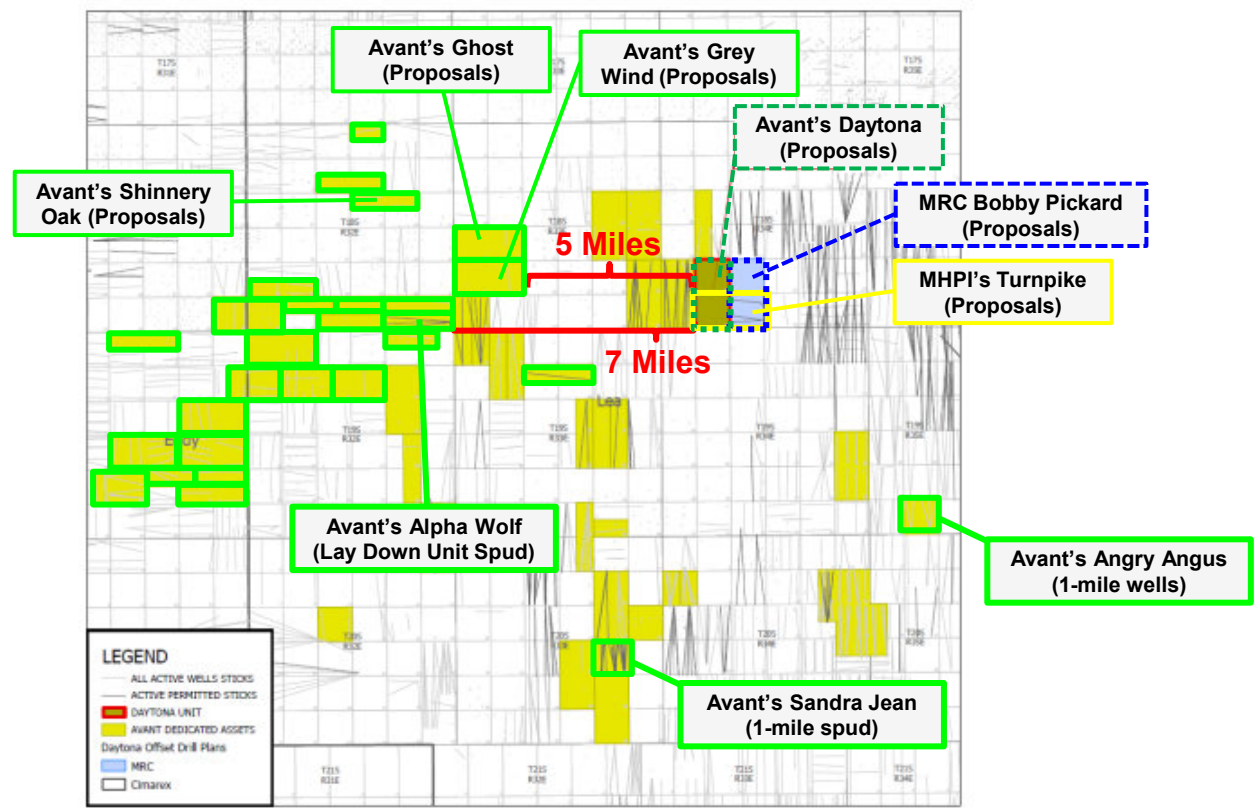
Avant Operating, LLC  
Case Nos. 24632 & 24633  
Exhibit A-9



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Avant's recent activity approximate to Daytona units.  
Lea County, New Mexico

- 26 lay down oriented units in their "Dedicated Assets"
- 2 1-mile units
- 10 1-mile wells drilled
- 37 additional 1-mile wells permitted
- Not shown, 5 1-mile wells drilled, and 3 additional wells permitted in Section 18, T-22-S, R-34-E (Speyside 18 Federal)



Avant and MRC development plans align with N/S orientation, while Cimarex E/W development plan does not align



## ***Title Errors & Omissions:***

***Many recorded assignments were not included/considered in Avant's Ownership Slides & there are several listed Owners without recorded Assignments or conveyances in county records?***

**Avant Assignments Unaccounted For & Strangers to Title**

- **Kaiser-Francis Oil Company** (SW/4 NW/4 of Section 32)
  - Kaiser assigned ARTI to Rhombus Energy Company, effective June 1, 1996 (742/524 CR)
- **Hamon Operating Company** (E/2 NW/4 and SW/4 SE/4 of Section 32)
  - Hamon assigned ARTI to Mewbourne Oil Company, effective June 8, 1992 (481/640 CR)
- **S.E.S Investments, Ltd.** (E/2 NW/4 of Section 32) (ORRI only in MHPI's title)
  - Assigned ARTI to EGL 3/30/2016 (2022/612 CR), EGL to Black Mountain 4/28/2016 (2030/919 CR), Black Mountain to Marathon 3/1/207 (2109/199 CR)
- **Lerwick I, LTD.** (E/2 NW/4 of Section 32) (ORRI only in MHPI's title)
  - Assigned ARTI to EGL 3/30/2016 (2022/612 CR), EGL to Black Mountain 4/28/2016 (2030/919 CR), Black Mountain to Marathon 3/1/207 (2109/199 CR)
- **Petratis Oil & Gas Inc.** (E/2 NW/4 of Section 32) (ORRI only in MHPI's title)
  - Assigned ARTI to EGL 3/30/2016 (2022/612 CR), EGL to Black Mountain 4/28/2016 (2030/919 CR), Black Mountain to Marathon 3/1/207 (2109/199 CR)
- **Manta Oil & Gas, Inc./Manta Oil & Gas Company** (E/2 NW/4 of Section 32) (ORRI only in MHPI's title)
  - As to E2NW of Sec. 32 Assigned ARTI to EGL 3/30/2016 (2022/612 CR), EGL to Black Mountain 4/28/2016 (2030/919 CR), Black Mountain to Marathon 3/1/207 (2109/199 CR)
  - As to SW of Sec. 32, Assigned to Nearburg (837/427) and Rhombus Energy Company (894/613)
- **Finwing Corporation** (E/2 NW/4 of Section 32) (ORRI only in MHPI's title)
  - Assigned ARTI to EGL 3/30/2016 (2022/612 CR), EGL to Black Mountain 4/28/2016 (2030/919 CR), Black Mountain to Marathon 3/1/207 (2109/199 CR)
- **George Soros** (SW/4 of Section 32)
  - George Soros assigned ARTI to Chisholm Energy Operating, LLC, effective 10/1/2016 (2106/384 CR)
- **Susan Weber** (SW/4 of Section 32)
  - Stranger to MHPI title
- **The Estate of Alice Marie Smith** (SW/4 of Section 32)
  - Stranger to MHPI title
- **Denny Snelson Pumping Unit** (SW/4 NW/4 of Section 32)
  - Assignment dated 1/1/2007 (1520/111 CR) to D&M Snelson Properties LP
  - Assignment dated 8/27/2007 (1534/8 CR) to Steve Snelson
  - Assignment 2136/808 to Rhombus Operating Co. Ltd.
- **Cindy L. Buckley Olive** (SW/4 NW/4 of Section 32)
  - Stranger to MHPI title
- **Acoustic Neuroma Association** (SW/4 NW/4 of Section 32)
  - Stranger to MHPI title
- **The Communities Foundation of Texas** (SW/4 NW/4 of Section 32)
  - Stranger to MHPI title
- **The Fund for Animals** (SW/4 NW/4 of Section 32)
  - Stranger to MHPI title
- **The International Fund for Animal Welfare** (SW/4 NW/4 of Section 32)
  - Stranger to MHPI title

- **World Wildlife Fund** (SW/4 NW/4 of Section 32)
  - Stranger to MHPI title
- **Trainer Partners, LTD** (SW/4 NW/4 of Section 32)
  - C.W. Trainer and wife, Kacie Trainer, assigned ARTI to Mewbourne Oil Company (491/323 OGR)
- **HOG Partnership, LP** (SW/4 NW/4 of Section 32)
  - HOG Partnership LP was a successor to Hamon Operating Company (see 2129/753 CR), who had assigned to Mewbourne in June 8, 1992 (481/640 CR)
- **Mexco Energy Corporation** (SW/4 NW/4 of Section 32)
  - Mexco Energy Corporation assigned ARTI to Mewbourne Oil Company, effective August 4, 1993 (573/802 ML)
- **Don O. Chapell, Inc.** (SW/4 NW/4 of Section 32)
  - Don O. Chapell, Inc. assigned ARTI to Mewbourne Oil Company, effective 1/1/1993 (487/529 OGR)
- **Avant Operating, LLC, Legion Production Partners, LLC, Double Cabin Minerals, LLC, TH McElvain Oil & Gas, LLP** (Lease K-4922: SWNW, N2NE, N2SE, and SESE of Section 32)
  - These parties claimed source of title in this Lease appears to be assignments in 2224/509 CR, 2224/510 CR, and 2224/511 CR, each assignment being an ARTI assignment dated effective May 1, 2024, from the successors of Marvin C. Gross. Marvin C. Gross was never vested with leasehold title, but he did have contractual rights under the Operating Agreement dated January 27, 1975 (327/186 ML) (the “1975 OA”).
  - By Assignment dated July 27, 1993, effective July 1, 1993 (573/798 ML), Marvin C. Gross, as Assignor, assigned to Mewbourne Oil Company, as Assignee, all of Assignor’s right, title and interest in Leases K-4922, insofar as the N2NE, SWNW, N2SE, and SESE of Section 32. The Assignment notes that the interest of Assignor is derived from the 1975 OA. Exhibit A to the Assignment includes what appear to be copy and pasted legal descriptions that reference a prior depth limitation in title: “limited in depth from the surface to the stratigraphic equivalent of 9,548 feet in the Hilliard No. 1 McElvain, but not to exceed a depth of 10,000 feet.” However, the body of the Assignment does not state it is subject to depth limitations, conveys ARTI in the 1975 OA, and includes broad language of grant: “all of Assignor’s right, title, and interest (if any) in and to the Properties which is in addition to that which is described in clause (i) next above.”
  - Marvin C. Gross subsequently made a global conveyance of ARTI in Lea County, to the Co-Trustees of the Marvin C. Gross Trust, by Assignment dated effective September 30, 2020 (2169/72 CR). This exhibit to this Assignment listed assets of Grantor, and did not list any interests in Section 32, indicating that Marvin C. Gross did not believe to own any remaining interests in Section 32 after his conveyance to Mewbourne.
  - Further, the 1975 OA has been superseded insofar as the E/2 of Section 32 by Operating Agreement dated September 18, 1998, covering the E/2 of Section 32 without depth limitations. The Zafiro State 32 Com #1 well in the E/2 of Section 32 was spud 9/30/1998, is producing from the Morrow (deeper than the Bone Spring and Wolfcamp), and includes a proration unit comprised of the E/2 of Section 32. Neither Marvin C. Gross nor any of his successors in interest have ever shared in production or expenses for this well, and Marvin C. Gross was not a party to the superseding operating agreement.
  - The 1975 OA has been superseded insofar as operations for the Wapiti 32 State Com #1 well in the W/2 of Section 32, by two Operating Agreements dated respectively 10/20/1997

and 11/5/1997. This is a Morrow well that was spud 11/28/1997, and includes a proration unit comprised of the W/2 of Section 32. To our knowledge, neither Marvin C. Gross nor any of these successors have ever shared in production or expenses for this well, and Marvin C. Gross was not a party to the superseding OA's.

- Marvin C. Gross has never made a claim on this interest since its divestment in 1993.





# ***Title Document References for Interests Subject to the Zafiro JOA***

Assignment (Name Change):

Assignor:	Matador Petroleum Corporation
Assignee:	Matador E&P Company
Date:	January 20, 1998
Recorded:	Book 851, Page 765, CR
Note:	Name Change.

Assignment (Merger):

Assignor:	Matador Petroleum Corporation
Assignee:	Tom Brown, Inc.
Date:	August 1, 2003
Recorded:	November 24, 2003 (1268/58 ML)
Note:	Matador Petroleum Corporation merged with and into Tom Brown, Inc.  The merger was filed with the Commissioner.

Assignment (Notice of Merger):

Assignor:	Matador Petroleum Corporation, Matador E&P Company, NZX Corporation, Matador Operating Company, Matador Royalty Company, Pilot Production Company and Serenity Petroleum Incorporated
Assignee:	Tom Brown, Inc.
Date:	September 2, 2003, effective August 1, 2003
Recorded:	October 15, 2014
Note:	According to the Merger document, effective August 1, 2003, Matador E&P Company?et.al., merged with and into their parent company, Matador Petroleum Corporation; and effective August 1, 2003, Matador Petroleum Corporation merged with and into Tom Brown, Inc.

Assignment:

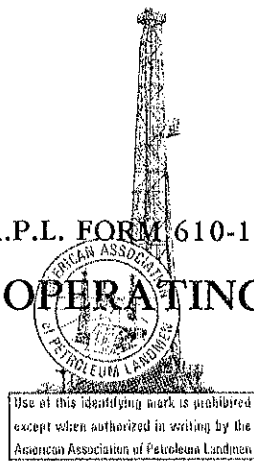
Assignor:	Tom Brown, Inc.
Assignee:	Magnum Hunter Production, Inc.
Date:	August 18, 2004, effective May 1, 2004
Recorded:	November 1, 2004 (1338/458 CR)
Note:	Subject to that certain Purchase and Sale Agreement dated June 18, 2004, between Assignor and Assignee.

	<p>The Assignment conveys all oil and gas leases owned by Tom Brown, Inc. in the State of New Mexico.</p>
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# *Zafiro JOA Pages & Recordings Referencing The JOA*

A.A.P.L. FORM 610-1982  
MODEL FORM OPERATING AGREEMENT



OPERATING AGREEMENT

DATED

September 18, 19 98,

OPERATOR Matador Operating Company

CONTRACT AREA T-18-S, R-34-E

E/2 Section 32

Containing 320 Acres, More or Less

COUNTY OR PARISH OF Lea STATE OF New Mexico

COPYRIGHT 1982 — ALL RIGHTS RESERVED  
AMERICAN ASSOCIATION OF PETROLEUM  
LANDMEN, 2408 CONTINENTAL LIFE BUILDING,  
FORT WORTH, TEXAS, 76102, APPROVED FORM.  
A.A.P.L. NO. 610 - 1982 REVISED

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ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of \_\_\_\_\_ day of \_\_\_\_\_, 19 98.

OPERATOR

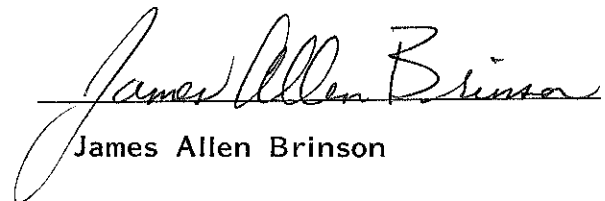
**MATADOR OPERATING COMPANY**



\_\_\_\_\_  
C. Barry Osborne  
Secretary and General Counsel

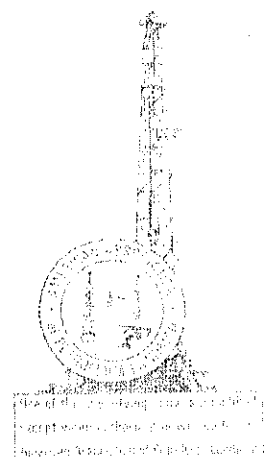
NON-OPERATORS

**MEWBOURNE OIL COMPANY**



\_\_\_\_\_  
James Allen Brinson

\_\_\_\_\_  
Attorney-in-Fact



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EXHIBIT "A"

Attached to and made a part of that certain Joint Operating Agreement dated September 18, 1998 by and between Matador Operating Company, as Operator and Mewbourne Oil Company, as Non-Operator.

I. DESCRIPTION OF LANDS:

Township-18-South, Range-34-East, Lea County, New Mexico  
Section 32: E/2, Containing 320 acres, more or less

II. DEPTH RESTRICTIONS:

There shall be no restriction as to depth.

III. WORKING INTEREST PERCENTAGES:

FROM THE SURFACE DOWN TO BUT NOT BELOW  
THE STRATIGRAPHIC EQUIVALENT OF 9,548 FEET

<u>WORKING INTEREST OWNER</u>	<u>WORKING INTEREST%</u>	<u>NET REVENUE INTEREST%</u>
Matador E&P Company, Inc.	62.50%	48.098%*
Mewbourne Oil Company	<u>37.50%</u>	<u>36.277%**</u>
	<u>100.00%</u>	<u>84.375%</u>

\*Subject to ORRI of 1/8th reserved by Mewbourne pursuant to Letter Agreement dated September 18, 1998 on undivided 168.7 net acre interest in contractual operating rights above 9,548' assigned to Matador by Mewbourne in the N/2 NE/4, SW/4 NE/4, N/2 SE/4 & SE/4 SE/4 of Section 32

\*\* Includes ORRI referenced above reserved by Mewbourne and subject to the burden of a 1/8th ORRI reserved by Texaco as to the SE/4 NE/4 and SW/4 SE/4 of Section 32 pursuant to Term Assignment dated September 4, 1998 executed by Texaco Exploration and Production Inc. in favor of Mewbourne.

BELOW THE STRATIGRAPHIC EQUIVALENT OF 9,548 FEET

<u>WORKING INTEREST OWNER</u>	<u>WORKING INTEREST%</u>	<u>NET REVENUE INTEREST%</u>
Matador E&P Company, Inc.	62.50%	56.250%*
Mewbourne Oil Company	<u>37.50%</u>	<u>28.125%**</u>
	<u>100.00%</u>	<u>84.375%</u>

\*Includes ORRI of 1/8th reserved by Matador pursuant to Letter Agreement dated September 18, 1998 on undivided 40 net acre interest below 9,548' assigned to Mewbourne by Matador out of the 240 net acre interest owned by Matador below 9,548' in the N/2 NE/4, SW/4 NE/4, N/2 SE/4 & SE/4 SE/4 of Section 32.

\*\* Subject to above referenced ORRI reserved by Matador and the burden of a 1/8th ORRI reserved by Texaco as to the SE/4 NE/4 and SW/4 SE/4 of Section 32 pursuant to Term Assignment dated September 4, 1998 executed by Texaco Exploration and Production Inc. in favor of Mewbourne.

36216

PARTIAL ASSIGNMENT OF OPERATING RIGHTS  
AND CONTRACTUAL INTERESTS

That, MEWBOURNE OIL COMPANY, hereinafter referred to as "Assignor", the address of which is P.O. Box 7698, Tyler, Texas 75711, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, subject to the terms, provisions and limitations hereinafter set forth, and without warranty of any kind, either express or implied, does hereby assign, transfer and convey unto PARKS & LUTTRELL, INC., the address of which is 1221 Lamar, Suite 1328, Houston, Texas 77010, hereinafter referred to as "Assignee", an undivided 25% of Assignor's right, title and interest in and to the following described oil and gas lease:

State of New Mexico Oil and Gas Lease No. B-1565-8 dated December 29, 1932, unrecorded, from the State of New Mexico acting by and through its Commissioner of Public Lands, as Lessor, to George F. Getty Oil Company, as Lessee, insofar and only insofar as said lease covers the SE/4 NE/4 and SW/4 SE/4 of Section 32, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Assignor does further assign, transfer and convey unto Assignee, an undivided 25% of Assignor's contractual interests in and to or derived under that certain Joint Operating Agreement dated September 18, 1998 by and between Matador Operating Company, as Operator, and Mewbourne Oil Company, as Non-Operator, insofar and only insofar as said Joint Operating Agreement covers the N/2 NE/4, SW/4 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 32, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico, limited in depth below 9,548 feet.

For the same consideration, Assignor does hereby assign and convey to Assignee an undivided 25% of Assignor's right, title and interest in and to the Zafiro 32 State Com. No.1 well located 2,310' FNL and 1,980' FEL of said Section 32 together with a like interest in the personal property located thereon or used or obtained in connection therewith.

This assignment is made subject to (1) the burden of the overriding royalty of 3% of 8/8ths of production conveyed to Curtis W. Mewbourne, Trustee by Mewbourne Oil Company by instrument dated November 13, 1998; (2) the terms and provisions of that certain unrecorded letter agreement dated September 25, 1998 by and between Assignor and Assignee; (3) the terms and provisions of that certain unrecorded letter agreement dated September 18, 1998 by and between Matador Petroleum Corporation and Mewbourne Oil Company including but not limited to the burden of the overriding royalty reserved therein in favor of Matador Petroleum Corporation; (4) the terms and provisions of that certain Joint Operating Agreement dated September 18, 1998 by and between Matador Operating Company, as Operator, and Mewbourne Oil Company, as Non-Operator; (5) the terms and provisions of those three certain RIMCO-Mewbourne Drilling Program Agreements dated October 1, 1993; (6) the terms and provisions of that certain Term Assignment dated September 4, 1998, but effective September 1, 1998 executed by Texaco Exploration and Production Inc. in favor of Mewbourne Oil Company, recorded in Book 908, Page 175 of the Records of Lea County, New Mexico, including but not limited to the burden of the overriding royalty reserved therein in favor of Texaco Exploration and Production Inc.; and (7) any existing contract or obligation affecting the assigned premises whether or not recorded in Lea County, New Mexico and whether or not specifically referenced and set forth herein.

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns, subject to and according to the terms and provisions hereof. As to the interest assigned and conveyed herein, Assignee agrees to be bound by and fulfill proportionately as to its interest all such terms and provisions.



Assignee, by acceptance of this assignment, hereby assumes and agrees, as to the interest assigned herein, to pay, perform or carry, as the case may be, its proportionate part of any existing royalties, overriding royalties, rentals, payments out of or with respect to production and all other lease burdens to the extent of its proportionate interest.

Assignee joins Assignor in the execution hereof for the purpose of evidencing Assignee's agreement to the terms and provisions of this instrument.

All terms, provisions and conditions hereof shall inure to the benefit of and shall be binding upon the parties hereto, their respective successors and assigns.

DATED THIS 16th day of November, 1998, but effective as of September 25, 1998.

ASSIGNOR:

MEWBOURNE OIL COMPANY

By: James Allen Brinson  
James Allen Brinson  
Attorney-In-Fact

ASSIGNEE:

PARKS & LUTTRELL, INC.

By: JW Parks, III  
Jack W. Parks, III  
President

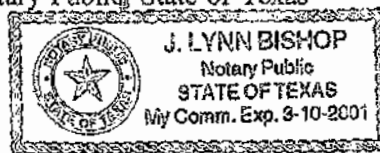
STATE OF TEXAS §

COUNTY OF SMITH §

This instrument was acknowledged before me on this 16th day of November, 1998, by James Allen Brinson, Attorney-In-Fact of Mewbourne Oil Company, a Delaware Corporation, on behalf of said corporation.

My Commission Expires: 3/16/2001

J Lynn Bishop  
Notary Public, State of Texas



STATE OF TEXAS §

COUNTY OF HARRIS §

36216

This instrument was acknowledged before me on this 20th day of November, 1998, by J.W. Parks, III, President of Parks & Luttrell, Inc., a Texas Corporation, on behalf of said corporation.

My Commission Expires: 7/23/2002

Stacy Peck  
Notary Public, State of Texas



STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED



DEC 4 1998  
at 12:45 o'clock P M  
and recorded in Book 921  
Page 765  
Pat Chappelle, Lea County Clerk  
By [Signature] Deputy

BOOK 921 PAGE 765



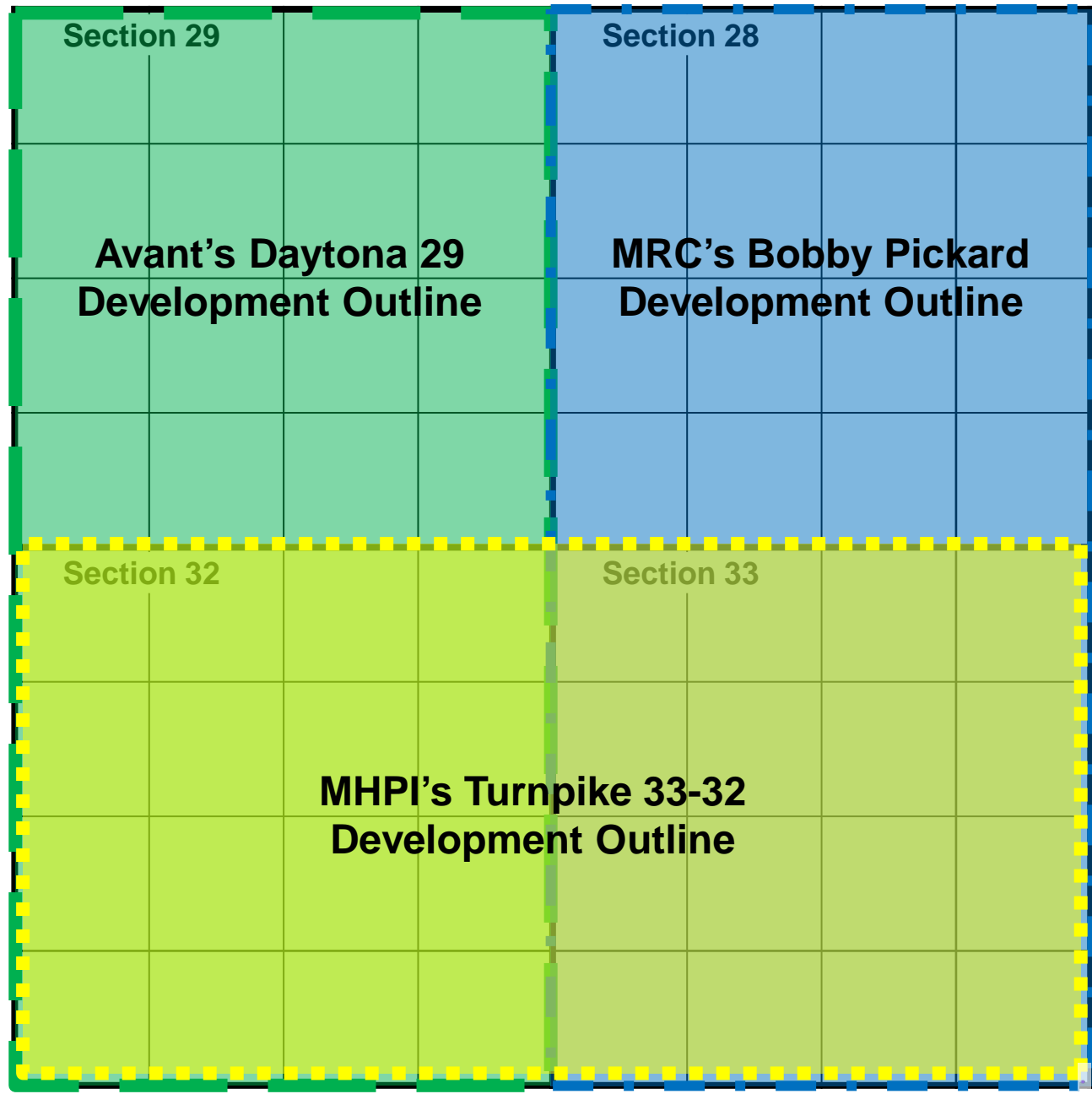
# *Working Interest Control*

# Applicants' Ownership in their Respective Developments

<b>Avant's Ownership in Daytona (According to Avant's Title)</b>		
	<b>Bone Spring</b>	<b>Wolfcamp</b>
<b>Net Acres</b>	<b>405.71</b>	<b>367.47</b>
<b>Working Interest*</b>	<b>31.70%</b>	<b>28.71%</b>

<b>MRC's Ownership in Bobby Pickard (According to MRC's + MHPI's Title)</b>		
	<b>Bone Spring</b>	<b>Wolfcamp</b>
<b>Net Acres</b>	<b>491.75</b>	<b>402.94</b>
<b>Working Interest*</b>	<b>38.42%</b>	<b>31.48%</b>

<b>MHPI's Ownership in Turnpike (According to MHPI's Title)</b>		
	<b>Bone Spring</b>	<b>Wolfcamp</b>
<b>Net Acres</b>	<b>777.88</b>	<b>850.00</b>
<b>Working Interest*</b>	<b>60.77%</b>	<b>66.41%</b>

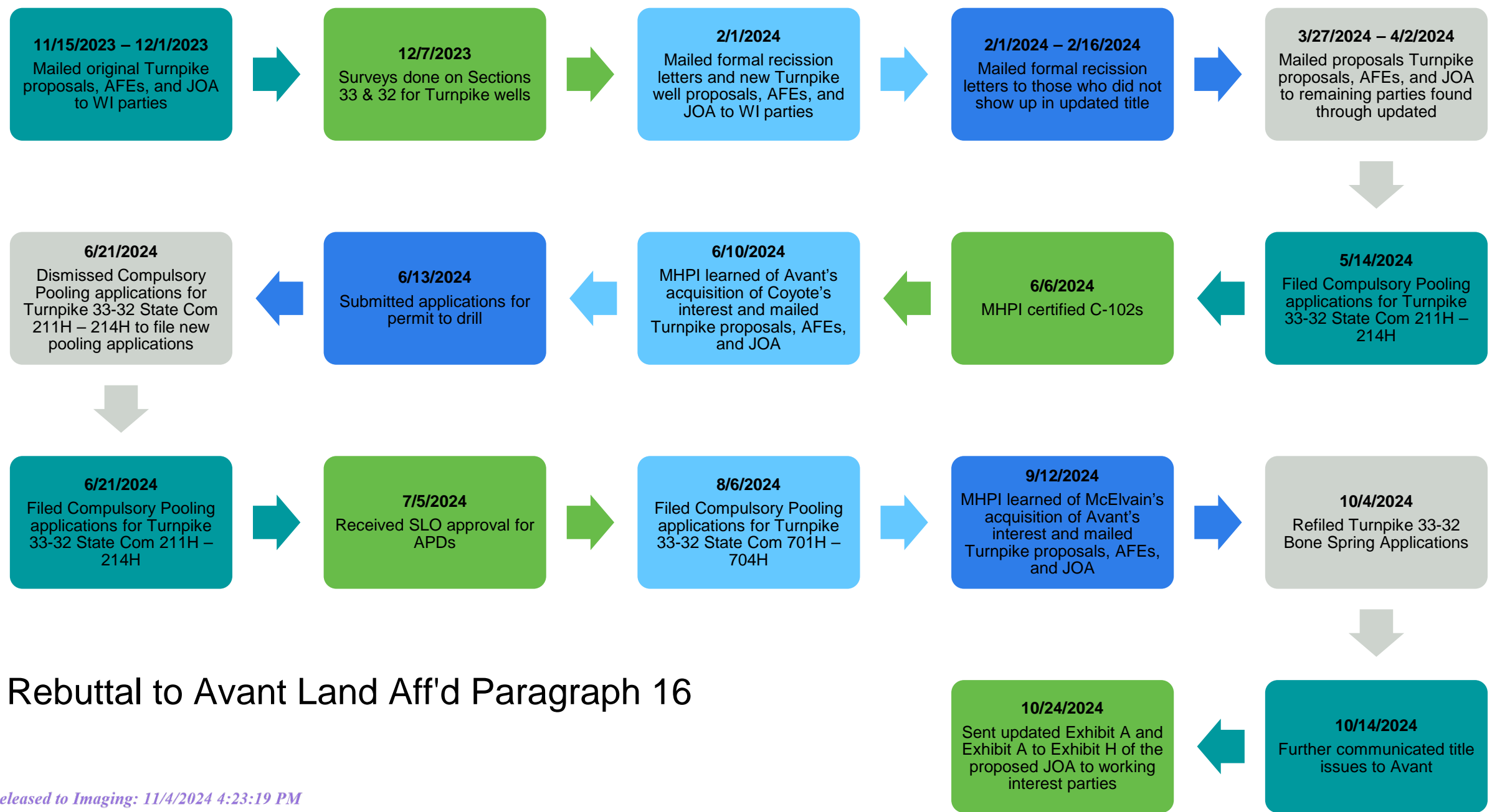


\*Working interest calculated on a 1,260-acre basis (Net Acres / 1,280.00)



# *Timeline*

# MHPI's Turnpike 33-32 Timeline



## Rebuttal to Avant Land Aff'd Paragraph 16



# ***BLM CA Feedback***

**From:** [Fernandez Jr, Edward](#)  
**To:** [Bella Sikes](#)  
**Subject:** Re: [EXTERNAL] Hypothetical Communitization Agreement Question  
**Sent:** 11/1/2024 11:18:05 AM

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OK,

First of all, we set up CA based on the State Spacing on the approved NMOCD C-102. This also include the States Pools. Currently the State classifies the Bone s Springs as one formation, to my knowledge they have not set up pools/pool codes for the each of the following: Avalon , 1st Bone Spring, 2nd Bone Spring and 3rd Bone Spring.

Thus, our CA's will be for the entire Bone Spring formation covering all the sub-divisions mentioned above. We will not approve a CA just for the First and Third Bone Spring it will include the entire BS formations.

Hypothetical-

If you have several existing 1-mile horizontal laterals say in the 2nd BS and and an approved spacing unit of 640ac and an existing CA covering 640 ac we will allow the operator of convert the existing CA to a Well Specific CA just for the 1-mile horizontal laterals (again this assumes that Federal acreage in involved in the 1 mile wells and a CA is required). This also assumes you will no longer be drilling 1-mile laterals. The 2-mile horizontal laterals will just be a normal CA for the approved 1280 ac C-102 spacing unit. The 1280 ac of 'course will overlap the 640 ac.

**NOTE:** since you mentioned that the one mile Second Bone Spring wells wouldn't develop any federal minerals (100% NMSLO mineral leases). This will be considered another completely separate situation. ----- I have seen such a case where the 640 ac Spacing is 100% NMSLO lease and the operator drilled Bone Spring (BS) 1-mile horizontal laterals. This does not affect Federal since the wells never penetrated Federal minerals. Again the 1-mile wells (BS) are drilled first. NO Federal CA required! The State may require a CA-----NOW due drilling and completion advancements and operators are drilling 2-to-3-mile horizontal laterals. The surface location is on State and an APD is submitted to Carlsbad Field Office and the C-102 now covers 1280 ac and the 1st mile is 100% State Lease, and the 2nd mile is 100% Federal lease, and the operator is now

drilling 2-mile horizontal laterals in the **BS wells** and a CA is required. The operator will submit a 1280 ac CA with the approved 1280 C-102 to the BLM for approval and indicated the CA will be for the BS 2-mile horizontal lateral wells. We will evaluate and approve the CA ignoring the 1-mile BS laterals on the State lease. Of course, the surface facilities will have to be 100% separate and we will not allow surface commingling with the 100% State wells. Also, in this case the operator drilled 2-mile laterals in all 3 BS sands due to advancements in drilling and frac technology. What you need to be careful is lack of completely developing all 3 BS sand on the federal acreage. This should involve further discussions with the RMG group.

What will make hypothetical situations more difficult will be the new Royalty Resiliency Act and ONRR's requirements. HQ is currently working on a IM on how to implement the requirements under the Act.

If you have any more question concerning hypothetical Communitization Agreement questions I recommend that we schedule a Teams meeting, and you present various situation graphically. The Entire RMG group will need to be present including Kyle. I believe it would be best to discuss your BS development drilling strategy in a Teams meeting. I personally have not been currently working on CA's. It has been our RMG adjudicators and our Geologist Stacey.

Hope this helps, also let me know if you need to schedule a quick phone call to discuss.

*Edward G. Fernandez Jr*  
Petroleum Engineer  
Bureau of Land Management  
Reservoir Management  
New Mexico State Office  
301 Dinosaur Trail  
Santa Fe, NM 87508  
efernand@blm.gov  
505-954-2238

---

**From:** Bella Sikes <Bella.Sikes@coterra.com>  
**Sent:** Friday, November 1, 2024 8:25 AM  
**To:** Fernandez Jr, Edward <efernand@blm.gov>  
**Subject:** [EXTERNAL] Hypothetical Communitization Agreement Question



**This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.**

Hi Ed,

I had a hypothetical Communitization Agreement question for the BLM: If a Federal Communitization Agreement is created for a non-standard 1280-acre horizontal spacing unit comprised of the First and Third Bone Spring Formation (excluding/cutting out the 2nd Bone Spring Formation), would the operator be able to add 1-mile 2nd Bone Spring wells to that Federal Communitization Agreement, even though the Second Bone Spring isn't part of the original Communitization Agreement? The one-mile Second Bone Spring wells wouldn't develop any federal minerals (100% NMSLO mineral leases).

Or, would two separate Communitization Agreements be needed, one for the 1280 non-standard spacing unit and another for the 640 acre spacing unit covering the Second Bone Spring.

Thank you,



**Bella Sikes** | Landman - Permian Exploration

T: 432.620.1639 | [Bella.Sikes@coterra.com](mailto:Bella.Sikes@coterra.com) | [www.coterra.com](http://www.coterra.com)

Coterra Energy Inc. | 6001 Deauville Blvd., Suite 300N | Midland, TX 79706

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# *Matador JOA Exhibit A*

# MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.587.4624 • Fax 214.866.4930

[clay.wooten@matadorresources.com](mailto:clay.wooten@matadorresources.com)

---

Clay Wooten  
Landman

September 12, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

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

Re: Matador Production Company  
Bobby Pickard State Com  
All of Sections 28 and 33, Township 18 South, Range 34 East, Eddy County, New Mexico

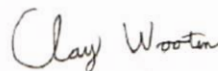
Dear Sir/Madam:

Matador previously sent well proposals for our proposed Bobby Pickard wells in the above-referenced acreage. I am writing to let you know the original JOA included a scrivener error as to the legal description, but the proposals are otherwise unchanged.

In addition, enclosed please find the corrected proposed Joint Operating Agreement for the Bobby Pickard State Com wells dated June 1, 2024, covering the subject contract area. If you are interested in participating under the JOA, please review and execute in the presence of a Notary Public and return originals to my attention at the address above.

Sincerely,

**MRC PERMIAN COMPANY**



Clay Wooten

A.A.P.L. FORM 610-1989  
MODEL FORM OPERATING AGREEMENT

**Bobby Pickard State Com**

OPERATING AGREEMENT

DATED

June 1, 2024

OPERATOR Matador Production Company

CONTRACT AREA All of Sections 28 & 33, Township 18 South, Range 34 East

COUNTY OR PARISH OF Lea STATE OF New Mexico

COPYRIGHT 1989 - ALL RIGHTS  
RESERVED AMERICAN ASSOCIATION OF  
PETROLEUM LANDMEN, 4100 FOSSIL CREEK  
BLVD., FORT WORTH, TEXAS, 76137-2791,  
APPROVED FORM.  
A.A.P.L. NO. 610 - 1989 REVISED

**EXHIBIT "A"**

Attached to and made a part of that certain Operating Agreement dated June 1, 2024, by and among Matador Production Company, as Operator, and MRC Permian Company et al as Non-Operators (this "Agreement")

I. **CONTRACT AREA:**

All of Sections 28 & 33, Township 18 South, Range 34 East, Lea County, New Mexico.

II. **DEPTH RESTRICTIONS:**

Limited to those depths from 6,000' down to 13,900'.

III. **ADDRESS OF THE PARTIES:**

Matador Production Company  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240  
Attn: Land Department

MRC Permian Company  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240  
Attn: Land Department

IV. **Oil and Gas Leases subject to this Agreement:**

Lease Number: E-1632  
Lessee: Earl G. Levick  
Effective Date: 12/10/1947  
Lands Covered: N2 of Section 28-18S-34E

Lease Number: VC-1152  
Lessee: MRC Permian Company  
Effective Date: 8/1/2023  
Lands Covered: S2 of Section 28-18S-34E

Lease Number: E-5014  
Lessee: Ralph Nix  
Effective Date: 2/10/1951  
Lands Covered: NW4 of Section 33-18S-34E

Lease Number: K-5001  
Lessee: Union Oil Company of California  
Effective Date: 5/18/1965  
Lands Covered: NE4 and S2 of Section 33-18S-34E

V. **Burdens on Production:**

Burdens of record as of the effective date of this Agreement.

**End of Exhibit "A"**

**\*Final Exhibit "A" will be sent to Non-operators from Operator pending final elections and execution of Operating Agreement.**