

September 3, 2020

**VIA E-MAIL**

Dean McClure  
Petroleum Engineer  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505  
[Dean.McClure@state.nm.us](mailto:Dean.McClure@state.nm.us)

**Re: Request to Amend Administrative Order No. PLC-682 Pursuant to September 2, 2020 Notice Regarding Surface Commingling Orders.**

Dear Mr. McClure:

Pursuant to the Division's Notice Regarding Surface Commingling Orders issued on September 2, 2020, Matador Production Company requests that Administrative Order No. PLC-682 for the Boros Fed West Tank Battery be amended to conform to the new order language to allow Matador to add infill wells within the approved spacing units in the existing surface commingling order. Enclosed please find a copy of the administrative application for the Boros Fed West Tank Battery showing that Matador's notice to all interest owners indicated that Matador sought authority to commingle future wells producing from the spacing units approved under Administrative Order PLC-682.

If you have any questions regarding this request or require anything further, please let me know. Thank you for your attention to this matter.

Sincerely,



Kaitlyn A. Luck  
**ATTORNEY FOR MATADOR PRODUCTION  
COMPANY**

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

<b>Applicant:</b> Matador Production Company	<b>OGRID Number:</b> 228937
<b>Well Name:</b> Boros Fed Com No. 121H well, et al.	<b>API:</b> 30-015-46734
<b>Pool:</b> Jennings; Bone Spring, West & Purple Sage; Wolfcamp	<b>Pool Code:</b> 97860, 98220

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]
- [ I ] Commingling – Storage – Measurement  
 DHC     CTB     PLC     PC     OLS     OLM
- [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

<b>FOR OCD ONLY</b>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Kaitlyn A. Luck \_\_\_\_\_  
Date

Print or Type Name

 \_\_\_\_\_  
Signature

06/16/2020  
Date

505-954-7286  
Phone Number

kaluck@hollandhart.com  
e-mail Address

June 16, 2020

**VIA ONLINE FILING**

Adrienne Sandoval  
Director, Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of Matador Production Company to authorize pool and lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Boros Fed West Tank Battery located in the N/2 NW/4 (Units C & D) of Section 15, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico.**

Dear Ms. Sandoval:

Pursuant to 19.15.12.7 NMAC, individual spacing units are considered separate “leases” for surface commingling purposes. Accordingly, Matador Production Company (OGRID No. 228937) seeks administrative approval for pool and lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the **Boros Fed West Tank Battery** of production from the Jennings; Bone Spring, West (97860); and the Purple Sage; Wolfcamp (98220) pools from *all existing and future wells drilled in the following “leases”*:

(a) The 320-acre, more or less, spacing unit in the Jennings; Bone Spring, West Pool (97860) underlying the W/2 W/2 of Sections 15 and 22. The spacing unit is currently dedicated to the **Boros Fed Com #121H well** (API No. 30-015-46734);

(b) The 640-acre, more or less, spacing unit in the Purple Sage; Wolfcamp Pool (98220) underlying the W/2 of Sections 15 and 22. The spacing unit is currently dedicated to the **Boros Fed Com #201H well** (API No. 30-015-46735), the **Boros Fed Com #216H well** (API No. 30-015-46747), the **Boros Fed Com #221H well** (API No. 30-015-46512), the **Boros Fed Com #222H well** (API No. 30-015-46595);

(c) The 320-acre, more or less, spacing unit in the Jennings; Bone Spring, West Pool (97860) underlying the E/2 W/2 of Sections 15 and 22. The spacing unit is currently dedicated to the **Boros Federal #122H well** (API No. 30-015-46736); and

(d) Pursuant to 19.15.12.10.C(4)(g), *future spacing units connected to this central tank battery* with notice provided only to the interest owners within these future “leases.”

Oil and gas production from these “leases” will be commingled and sold at the Boros Fed West Tank Battery located in the N/2 NW/4 (Units C & D) of Section 15. Prior to commingling, gas production from each “lease” will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each “lease” will also be separately metered using turbine meters.

**Exhibit 1** is a land plat showing Matador’s current development plan, flow lines, and central tank battery (“production facility”) in the subject area. The plat identifies the wellbores, the existing spacing units, and the common surface facilities located in the N/2 NW/4 (Units C & D) of Section 15.

**Exhibit 2** is a C-102 for each of the wells currently permitted or drilled within the existing spacing units.

**Exhibit 3** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Omar Enriquez, Production Engineer with Matador, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (attachment A to the statement) and a referenced gas sample (attachment B to the statement).

**Exhibit 4** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the Bureau of Land Management since federal lands are involved.

Finally, attached as **Exhibit 5** are the draft, proposed, or approved communitization agreements for the acreage subject to this application.

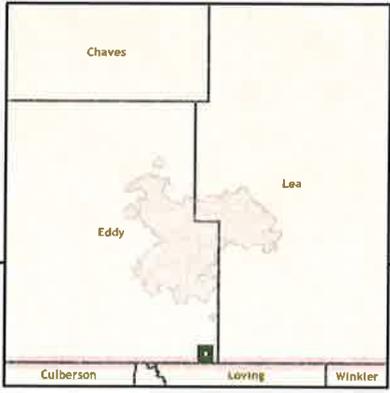
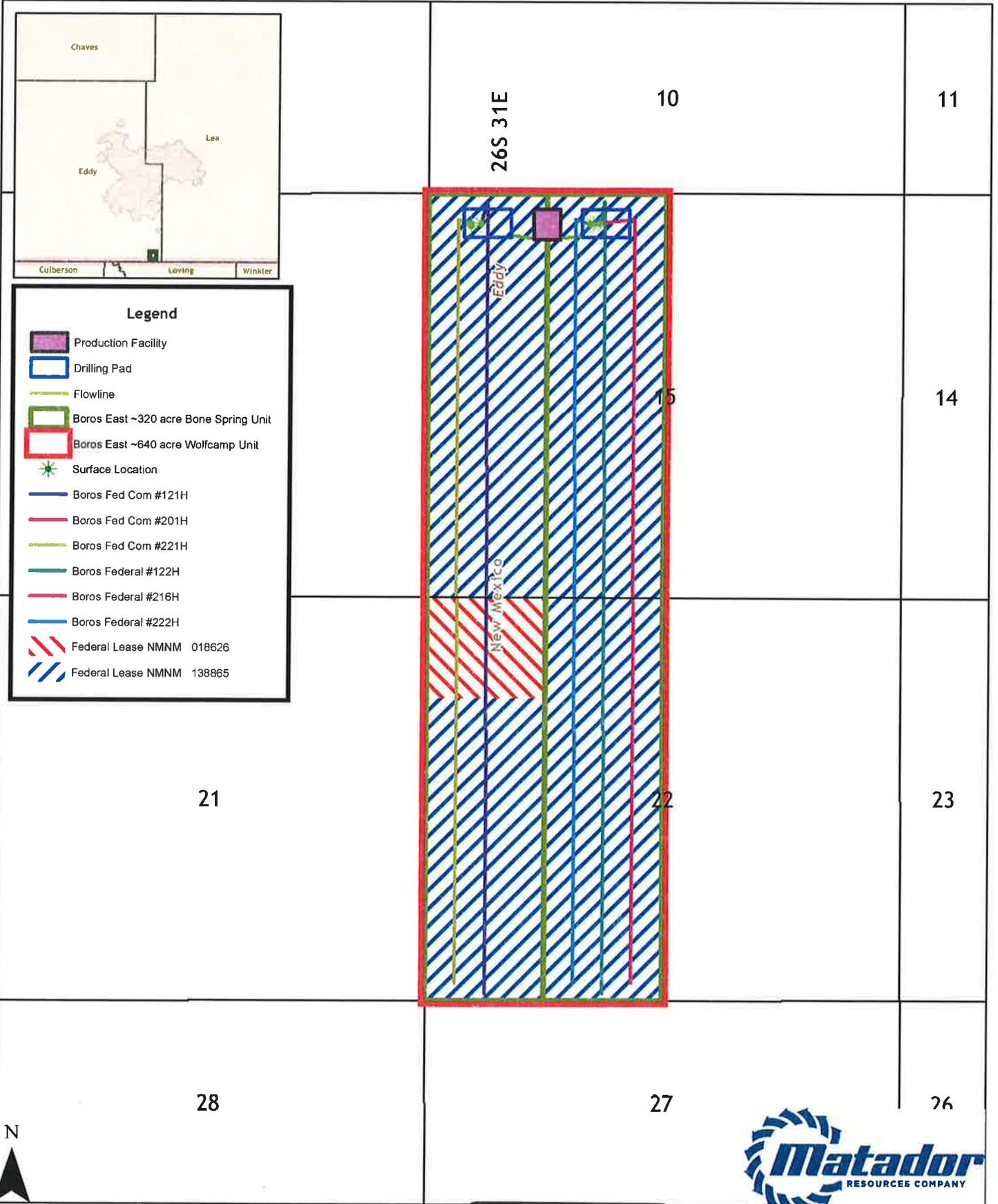
Thank you for your attention to this matter, and please feel free to call if you have any questions or require additional information.

Sincerely,



Kaitlyn A. Luck  
**ATTORNEY FOR MATADOR PRODUCTION  
COMPANY**

# Boros West Land Plat



**Legend**

- Production Facility
- Drilling Pad
- Flowline
- Boros East ~320 acre Bone Spring Unit
- Boros East ~640 acre Wolfcamp Unit
- Surface Location
- Boros Fed Com #121H
- Boros Fed Com #201H
- Boros Fed Com #221H
- Boros Federal #122H
- Boros Federal #216H
- Boros Federal #222H
- Federal Lease NMNM 018626
- Federal Lease NMNM 138865



**EXHIBIT**

**1**

tabbles



**Southeast New Mexico**

Date: 4/28/2020  
 Document Name: BorosWest\_Commingling  
 Coordinate System: GCS WGS 1984

District I  
1623 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
311 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

**RECEIVED**  
FEB 10 2020  
State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
**EDWARD GODO ARTESIA**  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

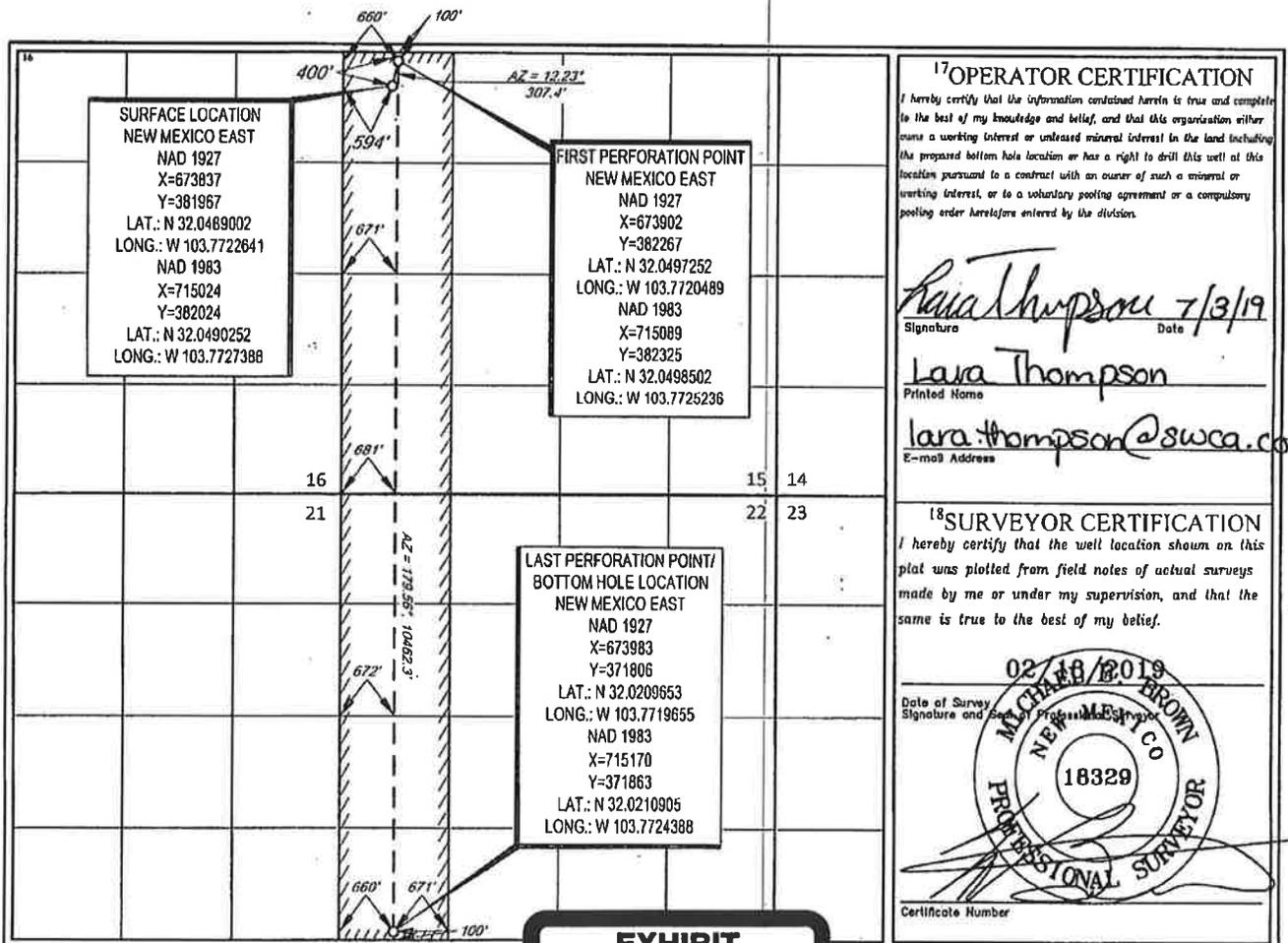
<sup>1</sup> API Number <b>30 015 46734</b>		<sup>2</sup> Pool Code <b>97860</b>		<sup>3</sup> Pool Name <b>Jennings; Bonespring</b>	
<sup>4</sup> Property Code <b>327154</b>		<sup>5</sup> Property Name <b>BOROS FED COM</b>			<sup>6</sup> Well Number <b>121H</b>
<sup>7</sup> OGRID No. <b>228937</b>		<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>			<sup>9</sup> Elevation <b>3231'</b>

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>D</b>	<b>15</b>	<b>26-S</b>	<b>31-E</b>	-	<b>400'</b>	<b>NORTH</b>	<b>594'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>M</b>	<b>22</b>	<b>26-S</b>	<b>31-E</b>	-	<b>100'</b>	<b>SOUTH</b>	<b>660'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>320</b>	<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.



**<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 undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Lara Thompson* 7/3/19  
Signature Date

Lara Thompson  
Printed Name

lara.thompson@swca.com  
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.

02/18/2019  
Date of Survey  
Signature and Seal of Professional Surveyor  
MICHAEL BROWN  
NEW MEXICO  
18329  
PROFESSIONAL SURVEYOR

Certificate Number

**EXHIBIT**  
**2**

KS 2-12-20

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State of New Mexico  
Energy, Minerals & Natural Resources  
Department of Energy, Minerals & Natural Resources  
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

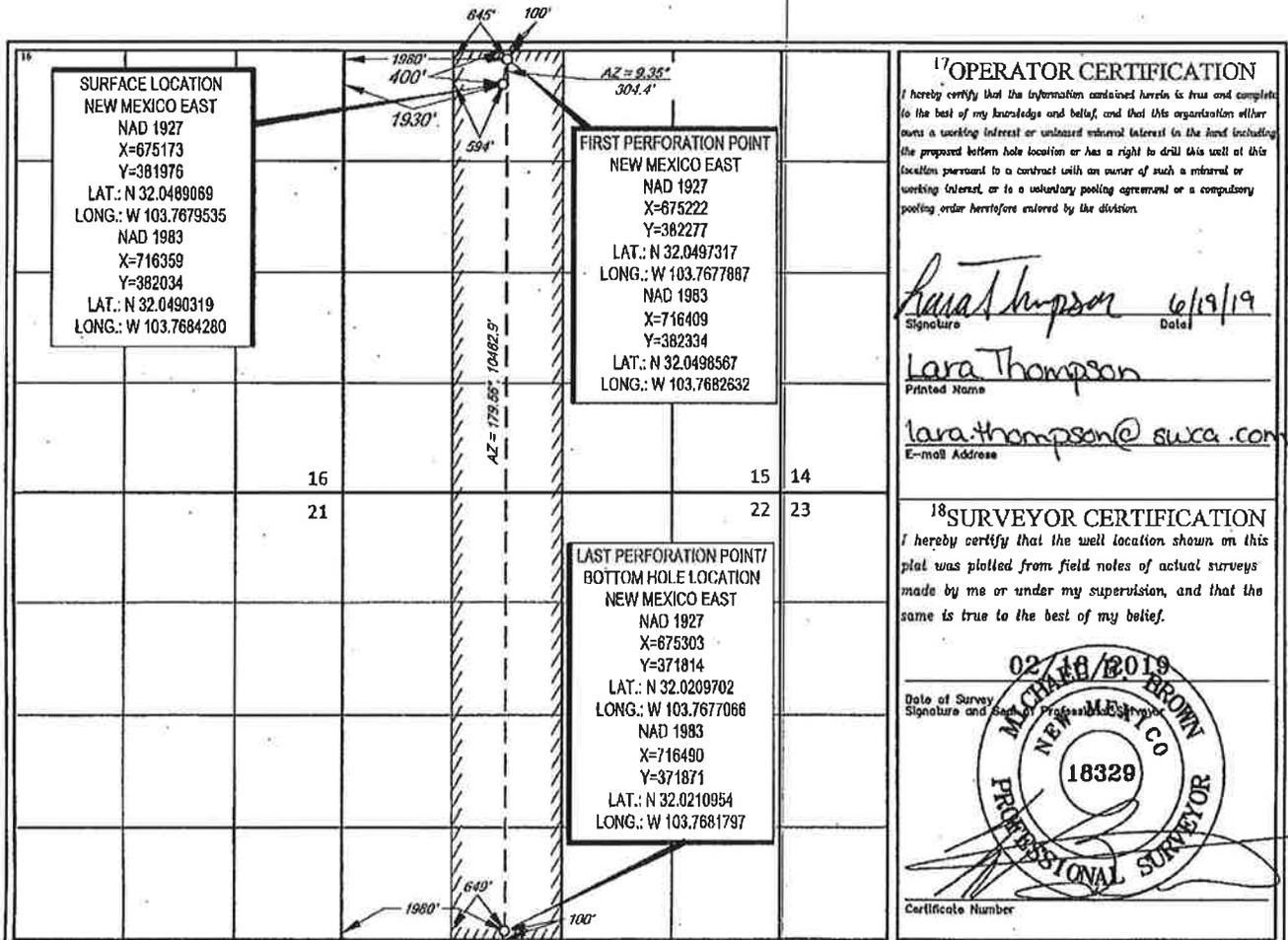
AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-46736		<sup>2</sup> Pool Code 97860		<sup>3</sup> Pool Name Jennings; Bonespring					
<sup>4</sup> Property Code 326329		<sup>5</sup> Property Name BOROS FEDERAL		<sup>6</sup> Well Number 122H					
<sup>7</sup> GRID No. 226937		<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY		<sup>9</sup> Elevation 3228'					
<sup>10</sup> Surface Location									
UL or lot no. C	Section 15	Township 26-S	Range 31-E	Lot Idn -	Feet from the 400'	North/South line NORTH	Feet from the 1930'	East/West line WEST	County EDDY
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. N	Section 22	Township 26-S	Range 31-E	Lot Idn -	Feet from the 100'	North/South line SOUTH	Feet from the 1980'	East/West line WEST	County EDDY
<sup>12</sup> Dedicated Acres 320		<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.



Rev 2-12-2020

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FEB 10 2020

FORM C-102

District I  
1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30 015 46735</b>		<sup>2</sup> Pool Code <b>98220</b>	<sup>3</sup> Pool Name <b>Purple Sage; Wolfcamp</b>
<sup>4</sup> Property Code <b>327154</b>	<sup>5</sup> Property Name <b>BOROS FED COM</b>		<sup>6</sup> Well Number <b>201H</b>
<sup>7</sup> OGRID No. <b>228937</b>	<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>		<sup>9</sup> Elevation <b>3229'</b>

<sup>10</sup>Surface Location

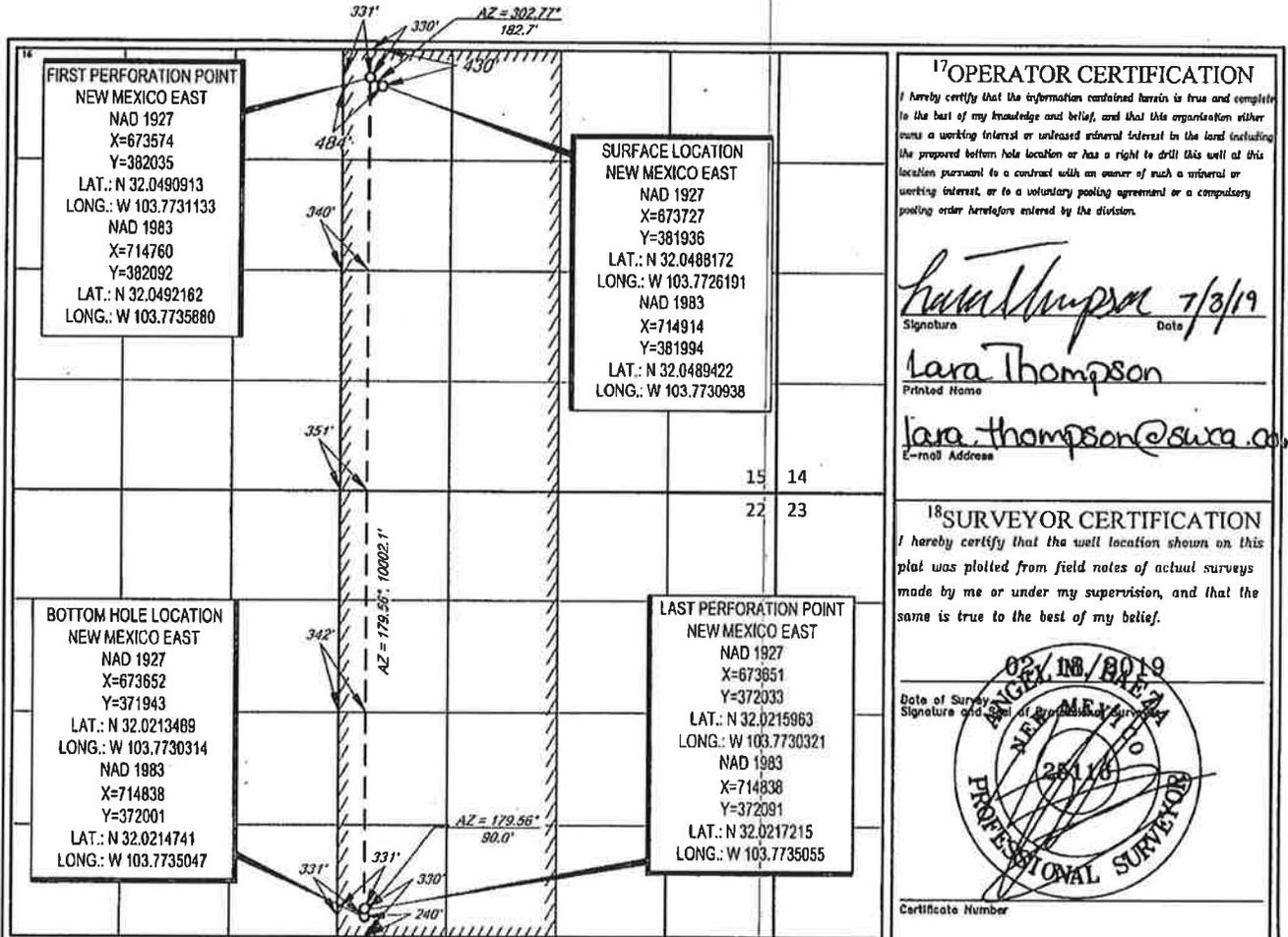
UL or Int no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>D</b>	<b>15</b>	<b>26-S</b>	<b>31-E</b>	<b>-</b>	<b>430'</b>	<b>NORTH</b>	<b>484'</b>	<b>WEST</b>	<b>EDDY</b>

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

UL or Int no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>M</b>	<b>22</b>	<b>26-S</b>	<b>31-E</b>	<b>-</b>	<b>240'</b>	<b>SOUTH</b>	<b>331'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>640</b>	<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.



<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 undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Lara Thompson* 7/3/19  
Signature Date

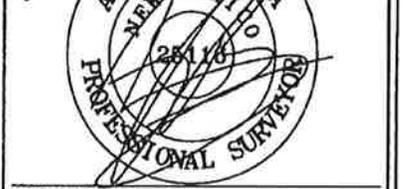
Lara Thompson  
Printed Name

lara.thompson@sura.com  
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.

02/18/2019  
Date of Survey  
Signature and Seal of Professional Surveyor



Certificate Number

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

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

FEB 14 2019

EMNRD-OCD ARTESIA

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30 015 46747		<sup>2</sup> Pool Code 98220		<sup>3</sup> Pool Name Purple Sage, Wolfcamp	
<sup>4</sup> Property Code 228937 321/54		<sup>5</sup> Property Name BOROS FED COM			<sup>6</sup> Well Number 216H
<sup>7</sup> GRID No. 228937		<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY			<sup>9</sup> Elevation 3226'

<sup>10</sup>Surface Location

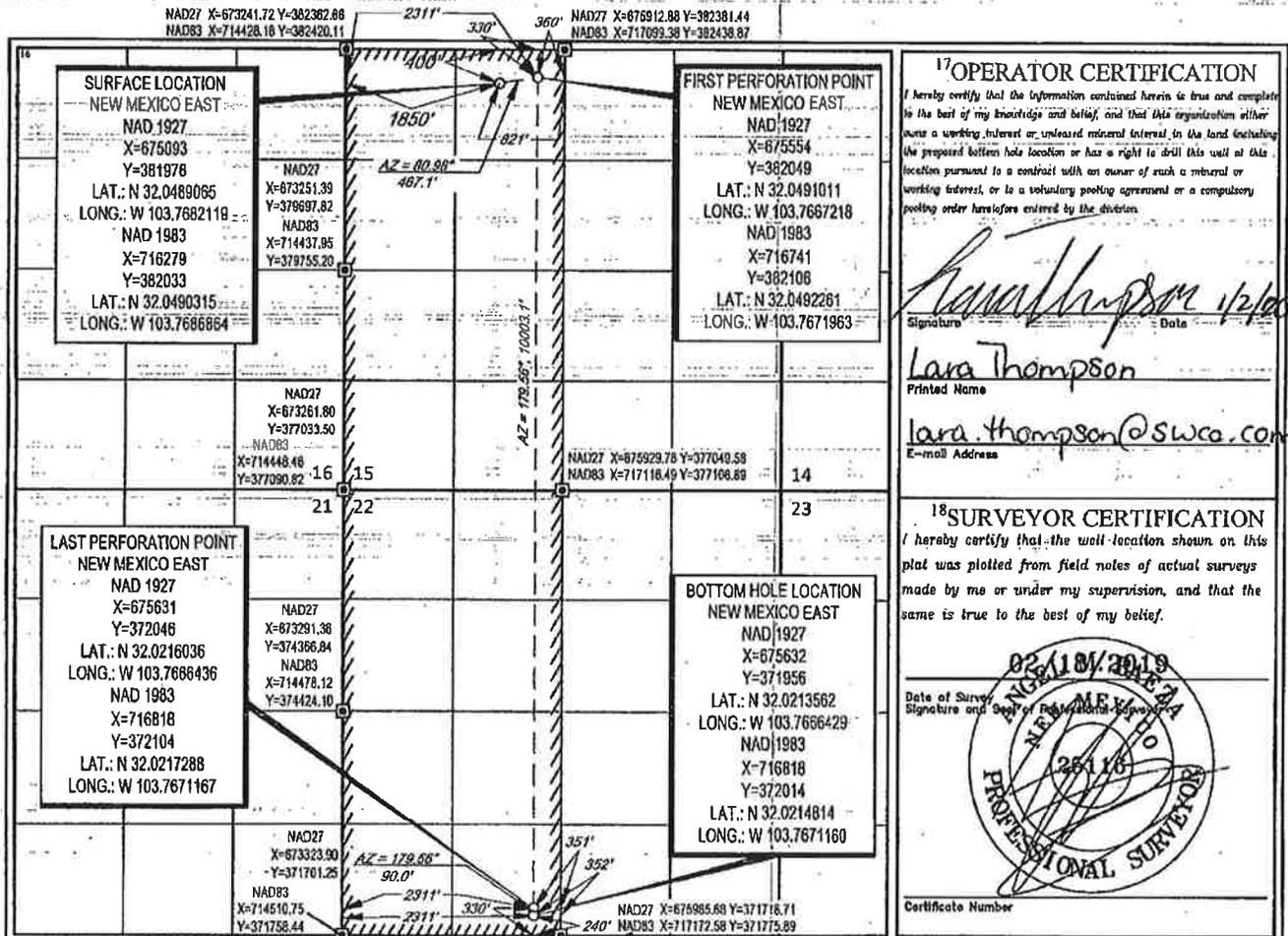
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	26-S	31-E	-	400'	NORTH	1850'	WEST	EDDY

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	22	26-S	31-E	-	240'	SOUTH	2311'	WEST	EDDY

<sup>12</sup> Dedicated Acres 640	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



KS 2-18-20

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DEC 09 2019

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1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

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District IV  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
DISTRICT IV-ARTESIA O.C.D.  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

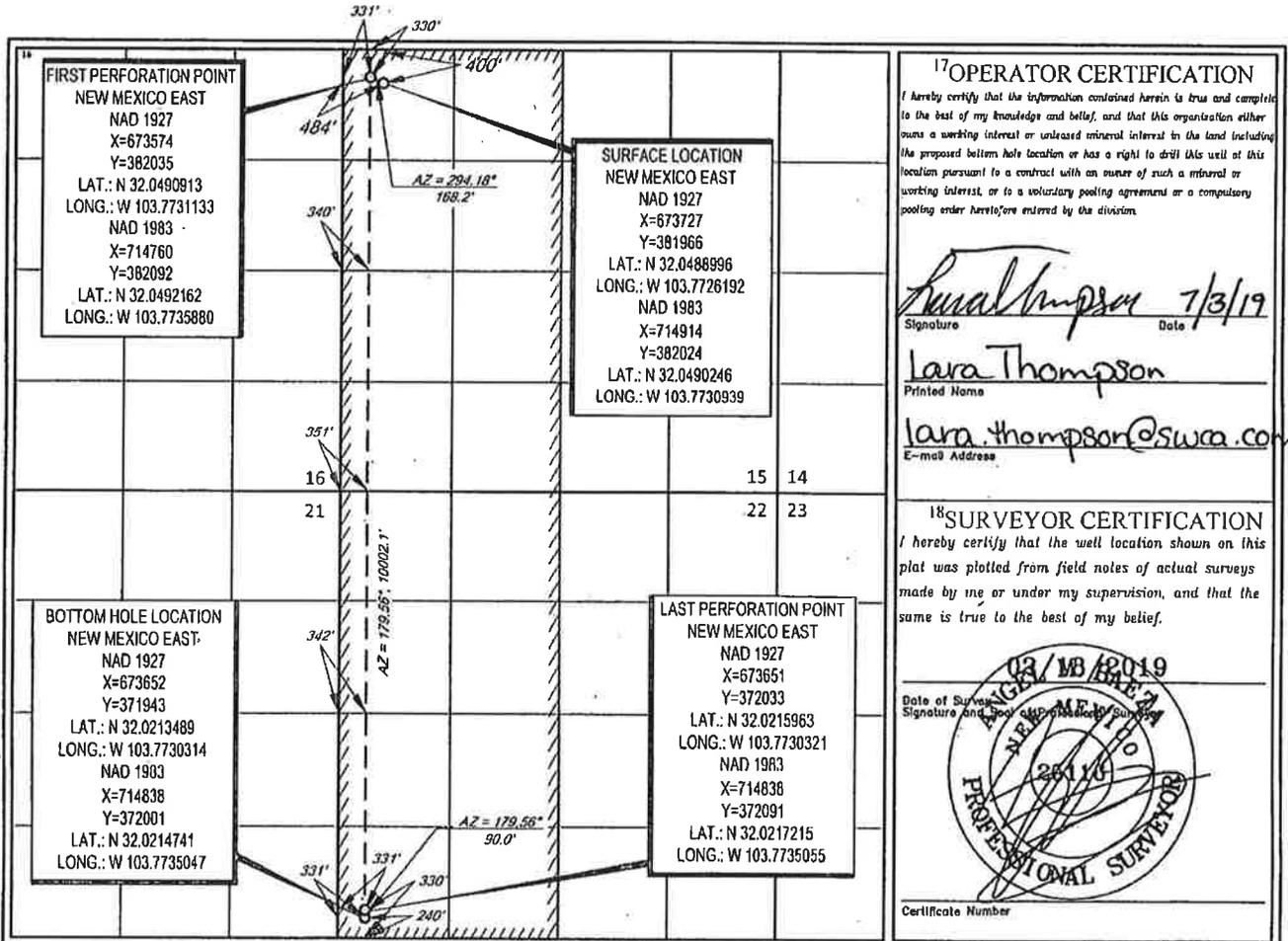
<sup>1</sup> API Number 30-015-46512	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name Purple SAGE Wolfcamp
<sup>4</sup> Property Code 326329	<sup>5</sup> Property Name BOROS FED COM	
<sup>6</sup> Well Number 221H	<sup>7</sup> Operator Name MATADOR PRODUCTION COMPANY	
<sup>8</sup> GRID No. 228 937	<sup>9</sup> Elevation 3231'	

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26-S	31-E	-	400'	NORTH	484'	WEST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	26-S	31-E	-	240'	SOUTH	331'	WEST	EDDY

<sup>10</sup> Dedicated Acres 640	<sup>11</sup> Joint or Infill	<sup>12</sup> Consolidation Code	<sup>13</sup> Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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Need ACP



District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
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District III  
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District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Matador Production Company  
OPERATOR ADDRESS: 5400 LBJ Freeway Tower I Suite 1500 Dallas, TX 75240  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes
Jennings; Bone Spring, West (97860)	46.9°	48.9°	\$50.80/bbl	\$50.80/bbl	2,200 bopd
Jennings; Bone Spring, West (97860)	1,186 BTU/scf		\$2.570/mcf		7,000 mcf
Purple Sage; Wolfcamp (Gas) (98220)	49.6°	1,240 BTU/scf	\$50.80/bbl	\$2.698/mcf	5,400 bopd
Purple Sage; Wolfcamp (Gas) (98220)	1,254 BTU/scf		\$2.730/mcf		27,800 mcf

- (2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Pool Name and Code-  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

- (1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Brian Fancher TITLE: Regulatory Manager DATE: 6/12/2020

TYPE OR PRINT NAME Brian Fancher TELEPHONE NO.: (972) 371 5200

E-MAIL ADDRESS: bfanher@matadorresources.com



# Matador Production Company

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

Voice 972.587.4638 • Fax 972.371.5201

[oenriquez@matadorresources.com](mailto:oenriquez@matadorresources.com)

---

**Omar Enriquez**  
Senior Production Engineer

June 9, 2020

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: Application of Matador Production Company for administrative approval to surface commingle (Pool and lease commingle) production from the spacing units comprising the W2 of Sections 15 and 22, Township 26 South, Range 31 East NMPM, Eddy County, New Mexico (the “Lands”)**

To Whom This May Concern,

Matador Production Company (“Matador”), OGRID: 228937, requests to commingle current oil and gas production from six distinct wells located on the Lands, and future production from the Lands as described herein. All wells will be metered through individual three-phase separators with an oil turbine meter and gas orifice meter. The gas commingling will occur after individual measurement at each well. Gas exiting each separator flows into one gathering line, as depicted on **Exhibit A**, the Longwood RB Pipeline, LLC line. Each well on the Lands will have its own three-phase separator with an orifice meter manufactured and assembled in accordance with American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third party measurement company in accordance with industry specifications.

The orifice meter is the preferred measurement device utilized by midstream and E&P companies in natural gas measurement. The gas samples are obtained at the time of the meter testing/calibration and the composition and heating value are determined by a laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations. See example from Fesco Laboratory attached as **Exhibit B** hereto.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. This PFD shows that the water, oil, and gas exit the wellbore and flow into a wellhead three-phase separator which separates the oil, gas, and water. The oil is measured via turbine meter which is calibrated periodically in accordance with industry specifications by a third party measurement company for accuracy. The gas is measured on a volume and MMBTU basis by an orifice meter and supporting EFM equipment in accordance with American Petroleum

Association (API) Chapter 21.1. The gas is then sent into a gathering line where it is commingled with each of the other wells' metered gas, as shown on **Exhibit A**. The gathering line gas is then metered by another orifice meter at the tank battery check to show the total volume of gas leaving the Tank Battery. This meter is tested and calibrated in accordance with industry specifications and volume and energy are determined on an hourly, daily, and monthly basis. Once the gas exits this final tank battery sales check it travels directly into a third party sales connect meter. Longwood RB Pipeline, LLC has its own orifice meter that measures the gas for custody transfer. These meters are also calibrated periodically to ensure the measurement accuracy.

In conclusion, all the oil and gas produced on the Lands will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Very truly yours,

MATADOR PRODUCTION COMPANY

**Omar  
Enriquez**

Omar Enriquez  
Production Engineer

Digitally signed by Omar Enriquez  
DN: cn=Omar Enriquez, o, ou,  
email=oenriquez@matadorresourc  
es.com, c=US  
Date: 2020.06.10 15:04:10 -05'00'

OE/bkf  
Enclosures



**FESCO, Ltd.**  
**1100 Fesco Ave. - Alice, Texas 78332**

**For:** Matador Production Company  
 One Lincoln Centre  
 5400 LBJ Freeway, Suite 1500  
 Dallas, Texas 75240

**Sample:** Mallon 27 Federal Com No. 1H  
 First Stage Separator  
 Spot Gas Sample @ 350 psig & 108 °F

Date Sampled: 12/28/2016

Job Number: 63963.021

**CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286**

COMPONENT	MOL%	GPM
Hydrogen Sulfide*	< 0.001	
Nitrogen	4.392	
Carbon Dioxide	0.101	
Methane	69.412	
Ethane	15.072	4.024
Propane	7.407	2.037
Isobutane	0.621	0.203
n-Butane	1.671	0.526
2-2 Dimethylpropane	0.004	0.002
Isopentane	0.305	0.111
n-Pentane	0.324	0.117
Hexanes	0.253	0.104
Heptanes Plus	<u>0.438</u>	<u>0.178</u>
Totals	100.000	7.302

**Computed Real Characteristics Of Heptanes Plus:**

Specific Gravity ----- 3.374 (Air=1)  
 Molecular Weight ----- 97.32  
 Gross Heating Value ----- 5032 BTU/CF

**Computed Real Characteristics Of Total Sample:**

Specific Gravity ----- 0.785 (Air=1)  
 Compressibility (Z) ----- 0.9960  
 Molecular Weight ----- 22.64  
 Gross Heating Value  
 Dry Basis ----- 1289 BTU/CF  
 Saturated Basis ----- 1268 BTU/CF

\*Hydrogen Sulfide tested on location b Stain Tube Method (GPA 2377)  
 0.031 Gr/100 CF, 0.5 PPMV or <0.0001 Mol%

Base Conditions: 14.650 PSI & 60 Deg F

Sampled By: (16) EJ/Ronnie  
 Analyst: MR  
 Processor: NG  
 Cylinder ID: T-4511

Certified: FESCO, Ltd. - Alice, Texas

David Dannhaus 361-661-7015



**CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286**  
**TOTAL REPORT**

COMPONENT	MOL %	GPM	WT %
Hydrogen Sulfide*	< 0.001		< 0.001
Nitrogen	4.392		5.434
Carbon Dioxide	0.101		0.196
Methane	69.412		49.182
Ethane	15.072	4.024	20.016
Propane	7.407	2.037	14.426
Isobutane	0.621	0.203	1.594
n-Butane	1.671	0.526	4.290
2,2 Dimethylpropane	0.004	0.002	0.013
Isopentane	0.305	0.111	0.972
n-Pentane	0.324	0.117	1.032
2,2 Dimethylbutane	0.003	0.001	0.011
Cyclopentane	0.000	0.000	0.000
2,3 Dimethylbutane	0.036	0.015	0.137
2 Methylpentane	0.075	0.031	0.285
3 Methylpentane	0.045	0.018	0.171
n-Hexane	0.094	0.039	0.358
Methylcyclopentane	0.070	0.024	0.260
Benzene	0.030	0.008	0.104
Cyclohexane	0.055	0.019	0.204
2-Methylhexane	0.012	0.006	0.053
3-Methylhexane	0.015	0.007	0.066
2,2,4 Trimethylpentane	0.000	0.000	0.000
Other C7's	0.056	0.024	0.245
n-Heptane	0.032	0.015	0.142
Methylcyclohexane	0.050	0.020	0.217
Toluene	0.017	0.006	0.069
Other C8's	0.048	0.022	0.234
n-Octane	0.014	0.007	0.071
Ethylbenzene	0.002	0.001	0.009
M & P Xylenes	0.004	0.002	0.019
O-Xylene	0.001	0.000	0.005
Other C9's	0.019	0.010	0.106
n-Nonane	0.004	0.002	0.023
Other C10's	0.007	0.004	0.044
n-Decane	0.001	0.001	0.006
Undecanes (11)	<u>0.001</u>	<u>0.001</u>	<u>0.006</u>
Totals	100.000	7.302	100.000

**Computed Real Characteristics Of Total Sample:**

Specific Gravity -----	0.785	(Air=1)
Compressibility (Z) -----	0.9960	
Molecular Weight -----	22.64	
Gross Heating Value		
Dry Basis -----	1289	BTU/CF
Saturated Basis -----	1268	BTU/CF

Name	Street	City	State	Zip
Occidental Permian Limited Partnership	580 Westlake Park Blvd.	Houston	Texas	77079
Gates Properties, Ltd.	P.O. Box 81119	Midland	Texas	79708
John W. Gates, LLC	706 West Grand Ave.	Artesia	New Mexico	88210
Halloran Family Joint Venture	927 Park Rd.	El Paso	Texas	79902
Chisos Minerals, LLC	1111 Bagby St., Suite 2150	Houston	Texas	77002
MRC Permian Company	5400 LBJ Fwy., Ste. 1500	Dallas	Texas	75240
Bureau of Land Management	301 Dinosaur trail	Santa	NM	87508



June 16, 2020

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PERSONS**

**Re: Application of Matador Production Company to authorize pool and lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Boros Fed West Tank Battery located in the N/2 NW/4 (Units C & D) of Section 15, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Brian Fancher  
Matador Production Company  
972-371-5242  
bfancher@matadorresources.com

Sincerely,



**Kaitlyn A. Luck**  
**ATTORNEY FOR**  
**MATADOR PRODUCTION COMPANY**



# Shipment Confirmation Acceptance Notice

## A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

MRC - Boros C107B, 121H, 122H, 201H, 216H, 221H, 222H Wells  
CM# 83379.0001

Shipment Date: 06/16/2020

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	7
Total	7

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

## B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0022 4564 95



**Firm Mailing Book For Accountable Mail**

Name and Address of Sender		Check type of mail or service		Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.</i>													
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1.	9214 8901 9403 8314 6020 77	Occidental Permian Limited Partnership 590 Westlake Park Blvd Houston TX 77079		1.45	3.55								1.70				
2.	9214 8901 9403 8314 6020 84	Gates Properties Ltd PO BOX 811119 Midland TX 79708		1.45	3.55								1.70				
3.	9214 8901 9403 8314 6020 91	John W Gates LLC 706 West Grand Ave Artesia NM 88210		1.45	3.55								1.70				
4.	9214 8901 9403 8314 6021 07	Halloran Family Joint Venture 927 Park Rd El Paso TX 79902		1.45	3.55								1.70				
5.	9214 8901 9403 8314 6021 14	Chisos Minerals LLC 1111 Bagby St Suite 2150 Houston TX 77002		1.45	3.55								1.70				
6.	9214 8901 9403 8314 6021 21	MRC Permian Company 5400 LBJ Fwy Ste 1500 Dallas TX 75240		1.45	3.55								1.70				
7.	9214 8901 9403 8314 6021 38	Bureau of Land Management 301 Dinosaur Trail Santa NM 87508		1.45	3.55								1.70				
Total Number of Pieces Listed by Sender		Postmaster, Per (Name of receiving employee)															
7																	

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1st day of February 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

The W2 of Sections 15 and 22, Township 26 South, Range 31 East, Eddy County, New Mexico

Containing **640.00** acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico



2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Matador Production Company, 5400 Lyndon B. Johnson Fwy, Suite 1500, Dallas, Texas, 75240. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is February 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_ day of \_\_\_\_\_, 20 \_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS)

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian LKE Company, LLC**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL) .

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

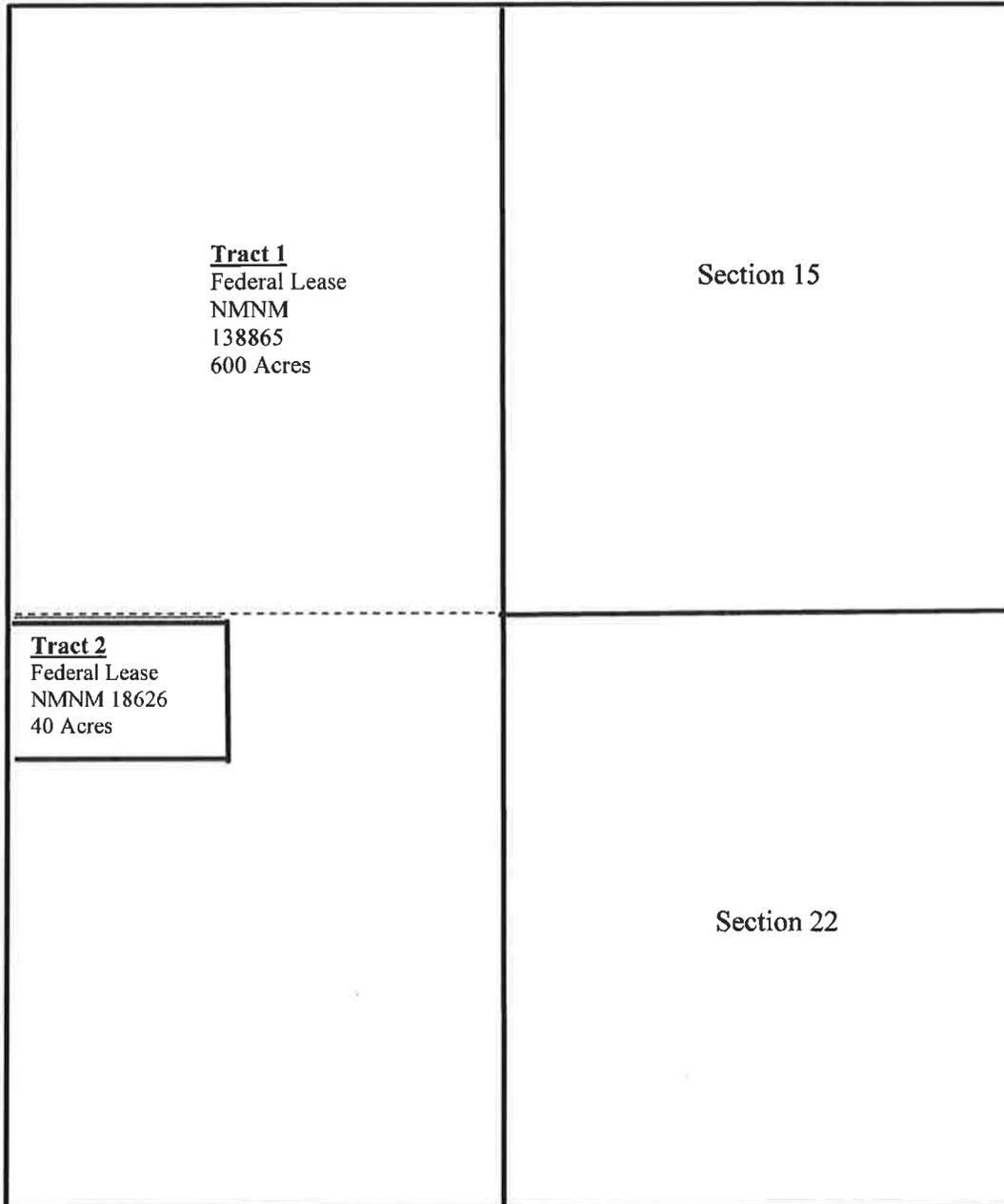


# EXHIBIT "A"

Plat of communitized area covering 640.00 acres in The W2 of Sections 15 and 22,  
Township 26 South, Range 31 East, Eddy County, New Mexico.

## Boros Fed Com Wells

#201H, #202H, #215H, 216H, #221H, #222H, #225H, #226H, #241H & #242H



Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

## **EXHIBIT "B"**

To Communitization Agreement Dated February 1, 2020 embracing the following described land in the W2 of Sections 15 and 22, Township 26 South, Range 31 East, N.M.P.M, Eddy County, New Mexico

Operator of Communitized Area: Matador Production Company

### DESCRIPTION OF LEASES COMMITTED

#### Tract No. 1

Lease Serial Number:	NMNM 138865
Description of Land Committed:	W2 of Section 15, and NE4NW4, S2NW4, SW4 of Section 22, Township 26 South, Range 31 East, N.M.P.M., Eddy County, New Mexico
Number of Acres:	600
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

Tract No. 2

Lease Serial Number: NMNM 18626

Description of Land Committed: NW4NW4 of Section 22, Township 26 South, Range 31 East, N.M.P., Eddy County, New Mexico

Number of Acres: 40

Current Lessee of Record: Occidental Permian LP

Name of Working Interest Owners: MRC Permian Company  
MRC Permian LKE Company, LLC

Overriding Royalty Interest Owners: John W. Gates, LLC  
Halloran Family Joint Venture  
Chisos Minerals, LLC  
Gates Properties, LTD.

**RECAPITULATION**

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	600.00	93.75%
2	40.00	6.25%
	640.00	100.00%

Boros Fed Com  
Wolfcamp Formation  
W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1st day of February 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

The W2W2 of Sections 15 and 22, Township 26 South, Range 31 East, Eddy County, New Mexico

Containing **320.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

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Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Matador Production Company, 5400 Lyndon B. Johnson Fwy, Suite 1500, Dallas, Texas, 75240. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.  
  
All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is February 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

Boros Fed Com  
Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS)

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Boros Fed Com  
Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Boros Fed Com  
Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian LKE Company, LLC**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Boros Fed Com  
Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

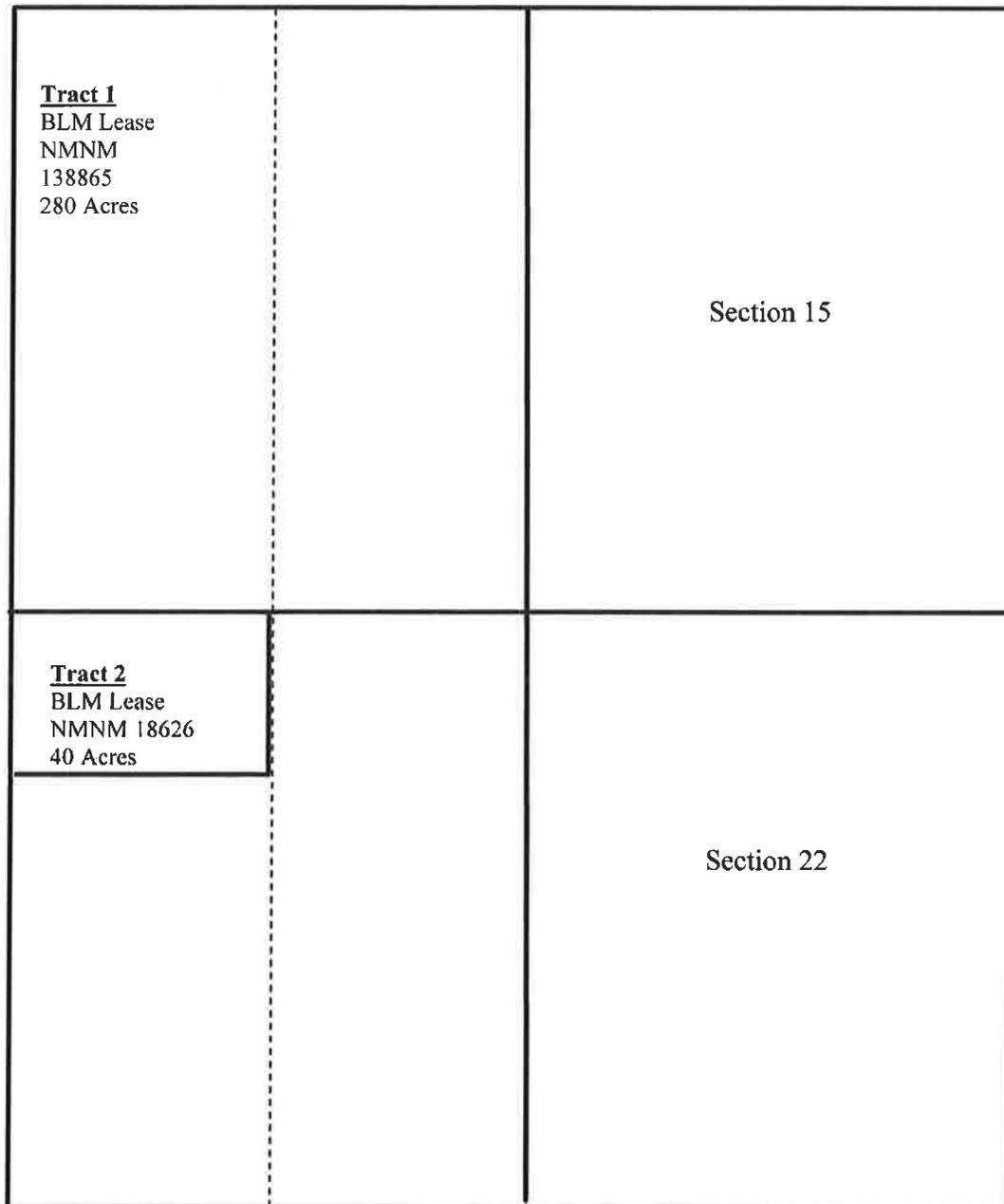


# EXHIBIT "A"

Plat of communitized area covering 320.00 acres in The W2W2 of Sections 15 and 22,  
Township 26 South, Range 31 East, Eddy County, New Mexico.

## Boros Fed Com Wells

#101H, #105H, #111H, #131H, #121H



Boros Fed Com  
Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

## **EXHIBIT "B"**

To Communitization Agreement Dated February 1, 2020 embracing the following described land in the W2W2 of Sections 15 and 22, Township 26 South, Range 31 East, N.M.P.M, Eddy County, New Mexico.

Operator of Communitized Area: Matador Production Company

### DESCRIPTION OF LEASES COMMITTED

#### Tract No. 1

Lease Serial Number:	NMNM 138865
Description of Land Committed:	W2W2 of Section 15, and SW4NW4, W2SW4 of Section 22, Township 26 South, Range 31 East, N.M.P.M., Eddy County, New Mexico
Number of Acres:	280
Current Lessee of Record:	MRC Permian Company
Name of Working Interest Owners:	MRC Permian Company

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Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico

Tract No. 2

Lease Serial Number: NMNM 18626

Description of Land Committed: NW4NW4 of Section 22, Township 26 South, Range 31 East, N.M.P., Eddy County, New Mexico

Number of Acres: 40

Current Lessee of Record: Occidental Permian LP

Name of Working Interest Owners: MRC Permian Company  
MRC Permian LKE Company, LLC

Overriding Royalty Interest Owners: John W. Gates, LLC  
Halloran Family Joint Venture  
Chisos Minerals, LLC  
Gates Properties, LTD.

**RECAPITULATION**

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	280.00	87.5%
2	40.00	12.5%
	320.00	100.00%

Boros Fed Com  
Bone Spring Formation  
W2W2 of Sections 15 and 22 -26S-31E  
Eddy County, New Mexico