

ABOVE THIS LINE FOR DMSION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- 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

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_

*-OLM CTR 786  
-Materon Production Company  
229137*

2016 APR - 6 P 2:45  
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- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

*WCL  
-D.K 242327E  
RB #203H  
30-015-4337  
-D.K 242327E  
Pool B34 2064  
30-015-4337  
-Foreland Ranch  
WOLF Camp (GAS)  
76780*

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

Jordan L. Kessler  
Print or Type Name

*[Signature]*  
Signature

Attorney  
Title

4/6/16  
Date

jlkessler@hollandhart.com  
e-mail Address



April 6, 2016

**VIA HAND DELIVERY**

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

RECEIVED 003  
2016 APR - 6 PM 2:45

**Re: Application of Matador Production Company for administrative approval for off-lease measurement and approval to surface commingle (lease commingle) oil and gas production from the spacing units comprised of the S/2 of Section 24 and the N/2 of Section 24, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.**

Dear Mr. Catanach,

Matador Production Company (OGRID No. 228937) seeks administrative approval for off-lease measurement and approval to surface lease commingle oil and gas production from the Forehand Ranch; Wolfcamp (Gas) Pool (76780) *from all existing and future wells and existing and future leases* drilled in the following areas of diverse ownership in Township 23 South, Range 27 East, NMPM, in Eddy County, New Mexico:

(a) The 320-acre standard spacing unit comprised of the S/2 of Section 24. This spacing unit is currently dedicated to the Dr. K 24-23S-27E RB No. 203H Well (API No. 30-015-43378) well. This well is producing from the Forehand Ranch; Wolfcamp (Gas) Pool (76780).

(b) The 320-acre standard spacing unit comprised of the N/2 of Section 24. This spacing unit is currently dedicated to the Dr. K 24-23S-27E RB No. 206H Well (API No. 30-015-43379). This well is planned to SPUD in the next couple of months and to produce from the Forehand Ranch; Wolfcamp (Gas) Pool (76780).

Pursuant to NMAC 19.15.12.7, approved spacing units with diverse ownership are considered separate leases for surface commingling purposes. Matador seeks authority to surface commingle production according to the provisions of NMAC 19.15.12.10.C *from all existing and future wells* in these separate areas of diverse ownership at a surface facility located in the NE/4 SE/4 (Unit I) of Section 23. Pursuant to 19.15.12.10(C)(4)(g), Matador also seeks authority to commingle production into the Black River North Trunk Line from future leases with notice



provided only to interest owners within future leases. Prior to commingling, gas production from each well will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each well will also be separately metered using a turbine meter.

**Exhibit 1** is a land plat showing Matador's current development and gathering system in the subject area. The plat identifies the wellbores, the spacing units, and the common surface facility located in the NE/4 SE/4 (Unit I) of Section 23. All lands in the Section 24 are fee lands.

**Exhibit 2** is a completed Application for Surface Commingling (Diverse Ownership) and Off-Lease Measurement Form C-107-B with attachments.

**Exhibit 3** is an in depth engineering explanation of Matador's commingling process.

**Exhibit 4** is a C-102 for each of the current wells drilled and planned within the existing spacing units.

**Exhibit 5** is a diagram of the surface facilities.

**Exhibit 6** is a list of the working interest, royalty, and overriding royalty interests affected by this request for approval to off-lease measure and surface commingle oil and gas production. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives Matador's application.

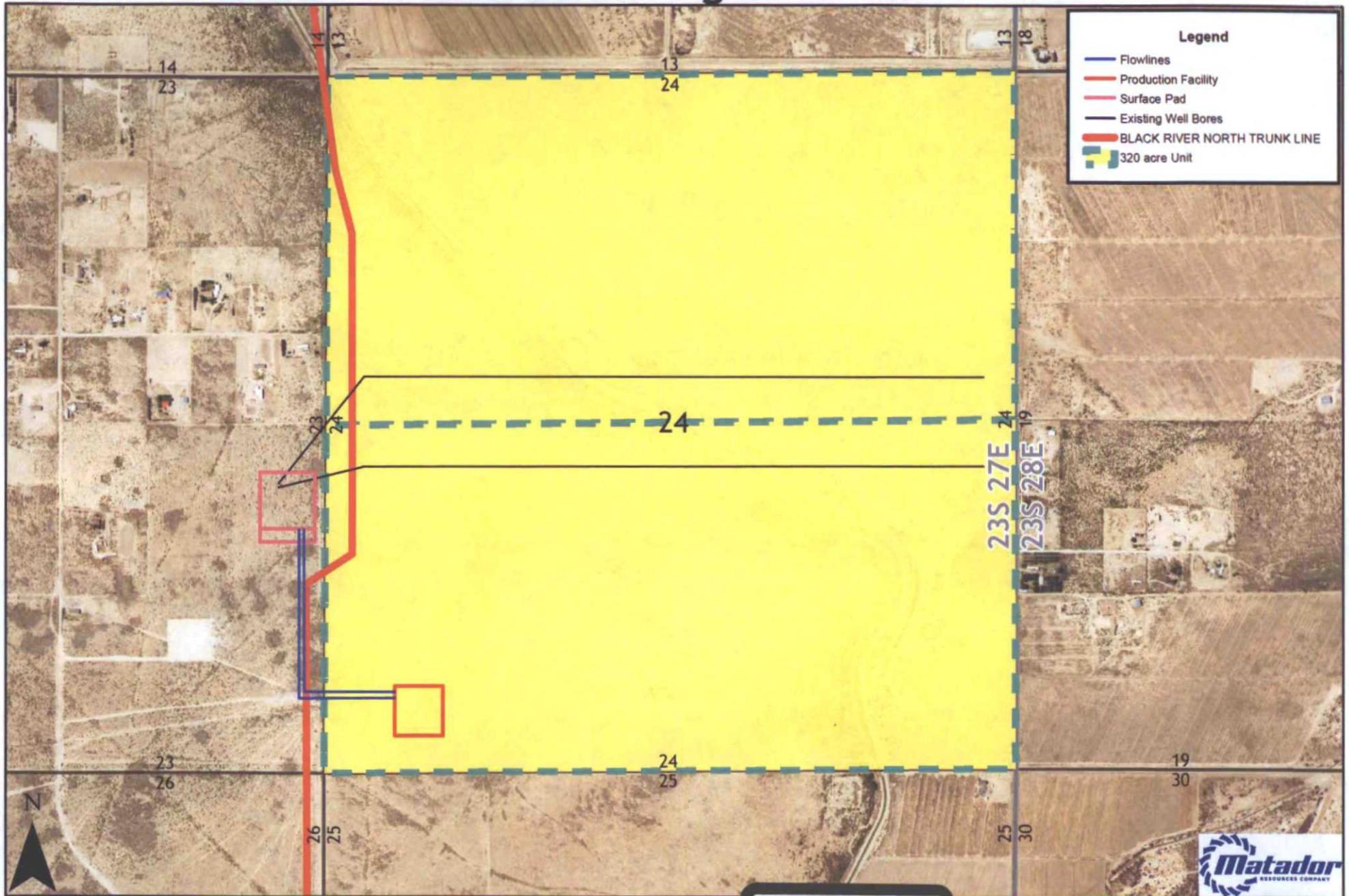
Your attention to this matter is appreciated.

Sincerely,

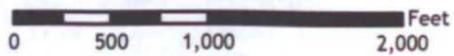
Jordan L. Kessler

**ATTORNEY FOR  
MATADOR PRODUCTION COMPANY**

# Dr K Gathering Land Plat



1 inch = 1,000 feet



**EXHIBIT**  
1



Southeast New Mexico

Map Prepared by: agreen  
Date: March 28, 2016  
Filename: DrKGathering\_LandPlat  
Projection: NAD27 State Plane New Mexico East FIPS 3001  
Sources: IHS; ESRI;

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
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 1 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:  Fcc  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		Calculated Value of Commingled Production	Volumes

(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.- Forehand Ranch; Wolfcamp (Gas) 76780  
(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.

**EXHIBIT**  
2

**(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: *John Romano* TITLE: Production Engineer DATE: 4/5/16  
TYPE OR PRINT NAME: John Romano TELEPHONE NO.: (972) 371-5245  
E-MAIL ADDRESS: jromano@matadorresources.com

# Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Voice 972.371.5245 • Fax 972.371.5201  
[jromano@matadorresources.com](mailto:jromano@matadorresources.com)

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**John L. Romano**  
Production Engineer

March 23, 2016

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

**Re: Application of Matador Production Company for administrative approval for off-lease measurement and approval to surface commingle (lease commingle) production from the spacing units comprised of the S/2 of Section 24 and the N/2 of Section 24, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Lands")**

To Whom This May Concern,

Matador Production Company ("Matador"), OGRID: 228937, requests to commingle production from the Dr. K 24-23S-27E #206H well unit with the Dr. K 24-23S-27E #203H well unit. Both wells and future wells located on the Lands will be metered through a test separator. The commingling will occur after individual measurement at each well test separator. Oil is separated and metered by a turbine meter before commingling into a common oil line which flows into tanks for storage and sales. Gas exiting each well test separator is measured by an orifice meter and flows into one gathering line which is measured for total flow before exiting the battery for sales to a third party midstream company.

Each well on the Lands has and will have its own test separator with an oil turbine meter and gas orifice meter manufactured and assembled in accordance with American Petroleum Institute (API) and 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 guidelines.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. The PFD shows that the water, oil, and gas leave the wellbore and flow into a wellhead test separator which separates the oil, gas, and water. The oil is metered through a turbine meter which is calibrated with appropriate shrink factors based on individual tests. This process ensures each meter is accurately accounting for the oil produced from each individual well. After the oil is metered, it is then sold out of oil tanks to third party purchasers. The gas is measured on a volume basis by an orifice meter and supporting EFM equipment in accordance with API Chapter 21.1. After the gas is measured, it is sent into a gathering line where it is commingled with gas from the other wells located on the Lands. The gathering line gas is then metered by another



orifice meter to show the total volume of gas leaving the tank battery traveling to the Third Party Pipeline Sales Connect. The Third Party Pipeline has its own orifice meter that measures the gas for custody transfer. At this point, Matador has its own orifice meter to confirm the measurement for all the commingled gas that is sold. This meter is also calibrated periodically to ensure measurement accuracy.

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

Regards,  
**MATADOR PRODUCTION COMPANY**

A handwritten signature in black ink, appearing to read "J L Romano". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John L. Romano  
Production Engineer

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 397-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax: (575) 748-0720  
District III  
1000 Rio Grande Road, Artesia, NM 88210  
Phone (505) 334-6179 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3460 Fax: (505) 476-3462

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

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

NOV 05 2015  
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AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-015-43378	Pool Code 76780	Pool Name FOREHAND RANCH; WOLFCAMP (GAS)
Property Code 315274	Property Name DR. K 24-23S-27E RB	
OGRID No. 228937	Operator Name MATADOR PRODUCTION COMPANY	
		Well Number #203H
		Elevation 3126'

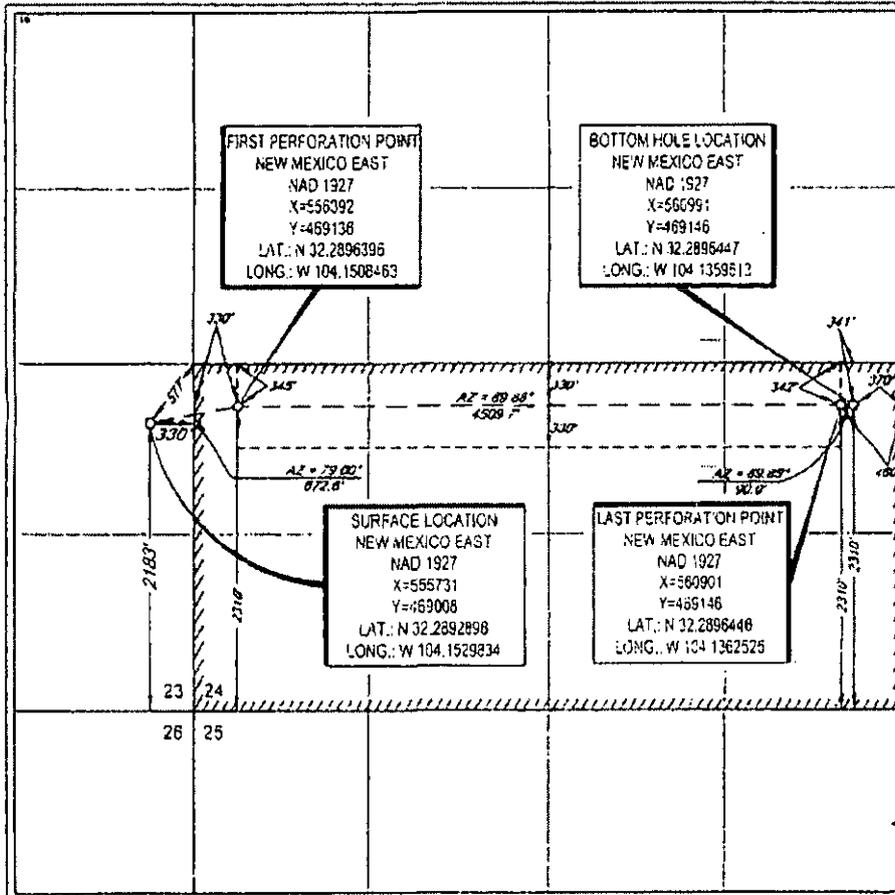
**10 Surface Location**

UL or lot no.	Section	Township	Range	Lot line	Feet from the	North/South line	Feet from the	East/West line	County
I	23	23-S	27-E	-	2183'	SOUTH	330'	EAST	EDDY

UL or lot no.	Section	Township	Range	Lot line	Feet from the	North/South line	Feet from the	East/West line	County
I	24	23-S	27-E	-	2310'	SOUTH	370'	EAST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	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.



**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and accurate to the best of my knowledge and belief, and that this application complies with all applicable laws and regulations, and that I am the owner of the interest in the land described in the proposed well location or has a right to drill this well on the land described in a contract with or consent of such a mineral or royalty interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Bureau.

Signature: Trey Goodwin Date: 11/4/15  
Printed Name: Trey Goodwin  
E-mail Address: TGoodwin@matadorresources.com

**18 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.

Date of Survey: 09/16/2015  
Signature: Michael B. Brown  
Certificate Number: 18329

SURVEY BY MATADOR RESOURCES FOR W. K 24-23S-27E RB, 203H, SURFACE LOCATION, 203H, REVISED 11/4/2015 BY 1344



District I  
 1023 N French Dr., Hobbs, NM 88240  
 Phone: (575) 393-6151 Fax: (575) 397-0720  
 District II  
 511 S. First St., Artesia, NM 88210  
 Phone: (575) 748-1281 Fax: (575) 748-9720  
 District III  
 1000 N. Brazos Road, Aztec, NM 87110  
 Phone: (505) 334-6178 Fax: (505) 334-6170  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505  
 Phone: (505) 476-7460 Fax: (505) 476-7462

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

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

NOV 09 2015

RECEIVED

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

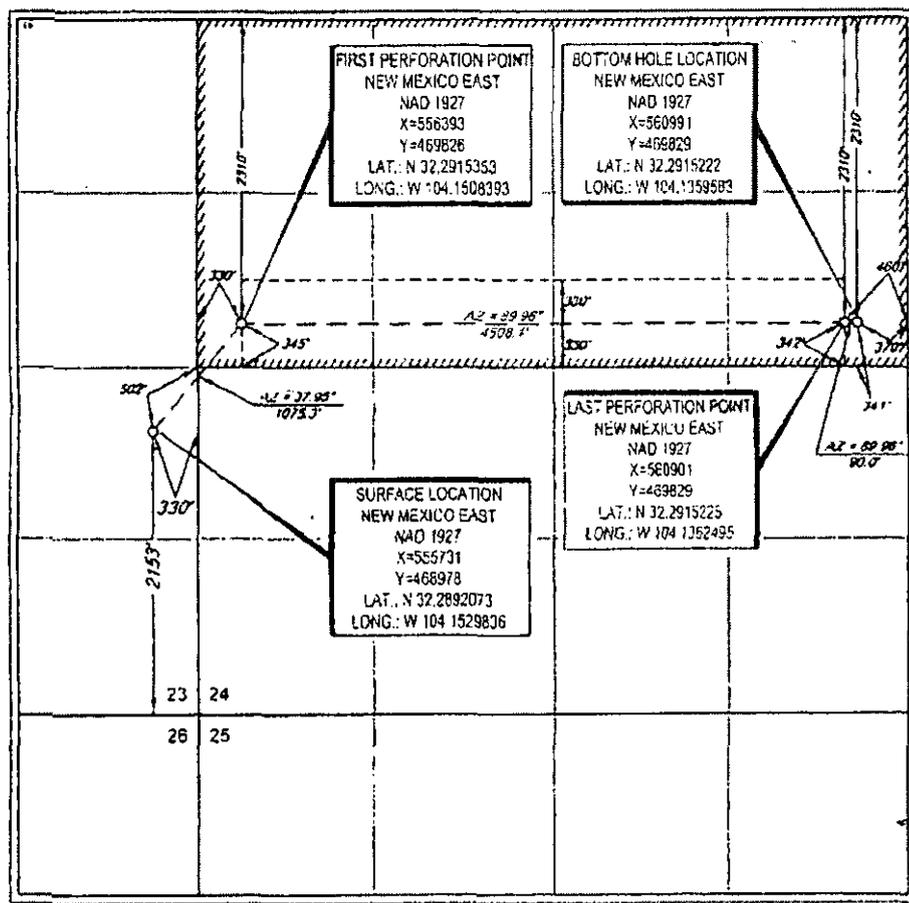
API Number 30-015-43379	Pool Code 76780	Pool Name FOREHAND RANCH; WOLFCAMP (GAS)
Property Code 315274	Property Name DR. K 24-23S-27E RB	
OCRID No. 228937	Operator Name MATADOR PRODUCTION COMPANY	Well Number #206H Elevation 3127'

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	23	23-S	27-E	-	2153'	SOUTH	330'	EAST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	23-S	27-E	-	2310'	NORTH	370'	EAST	EDDY

Dedicated Acres 320	Joint or InRI	Consolidation Code	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.



**12 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief, and that the operator either owns a working interest or holds mineral interest in the land underlying the proposed well hole location or has a right to drill and use of this location pursuant to a contract with its owner of such a mineral or common interest or by a validatory pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Trey Goodwin*  
 Date: 11/4/15

Printed Name: Trey Goodwin  
 E-mail Address: TGoodwin@matadorresources.com

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**13 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.

09/16/2015

Date of Survey: \_\_\_\_\_  
 Signature and Seal of Surveyor: *Michael B. Brown*

Certificate Number: \_\_\_\_\_



**WORKING INTERESTS/MINERAL INTERESTS:**

Artesia Oil & Gas LLC  
P.O. Box 1768  
Artesia, NM 88211

Big Three Energy Group, LLC  
P. O. Box 429  
Roswell, NM 88202

Blackbird Royalties LLC  
28 Haley Circle  
Roswell, NM 88201

Chalcam Exploration LLC  
200 West First  
Suite 434  
Roswell, NM 88201

Featherstone Development  
Corporation  
P.O. Box 429  
Roswell, NM 88202

Lovella Williams Kilman  
8425 James, NE  
Albuquerque, NM 87111

Melissa McCarthy  
(f/k/a Melissa G. Williams)  
48073 Larrabee St.  
Edwall, WA 99008

Prospector, LLC  
P.O. Box 429  
Roswell, NM 88202

Reed T. Kimbley  
PO Box 595  
Loving, NM 88202-0429

Ross Duncan Properties, LLC  
3349 South St Paul  
Wichita, KS 67217

Shrader Enterprises, LP  
3349 South St Paul  
Wichita, KS 67217

Tierra Oil Company, LLC  
P.O. Box 700968  
San Antonio, TX 78270-0968

Xplor Resources, LLC  
1104 North Shore Drive  
Carlsbad, NM 88220-4638

Bonnie R. Norfleet Newman  
1564 Northcrest Lane  
Vista, CA 92083

Gumesinda Carrasco Onsurez  
Revocable Trust  
P.O. Box 598  
Loving, NM 88256

Madison M. Hinkle  
P. O. Box 2292  
Roswell, NM 88202-2292

Rolla R. Hinkle III  
P. O. Box 2292  
Roswell, NM 88202-2292

Sandra K. Norfleet Clark  
2725 Aspen Ridge Court  
Beaver Creek, OH 45431

**ROYALTY INTERESTS:**

Gumesinda Carrasco Onsurez  
Revocable Trust  
P.O. Box 598  
Loving, NM 88256

Tierra Oil Company, LLC  
P.O. Box 700968  
San Antonio, TX 78270-0968

Chalcam Exploration LLC  
200 West First  
Suite 434  
Roswell, NM 88201



Blackbird Royalties LLC  
28 Haley Circle  
Roswell, NM 88201

Artesia Oil & Gas LLC  
P.O. Box 1768  
Artesia, NM 88211

Lovella Williams Kilman  
8425 James, NE  
Albuquerque, NM 87111

Big Three Energy Group, LLC  
P. O. Box 429  
Roswell, NM 88202

Melissa McCarthy (f/k/a  
Melissa G. Williams)  
48073 Larrabee St.  
Edwall, WA 99008

Reed T. Kimbley  
PO Box 595  
Loving, NM 88202-0429

Sandra K. Norfleet Clark  
2725 Aspen Ridge Court  
Beaver Creek, OH 45431

Bonnie R. Norfleet Newman  
1564 Northcrest Lane  
Vista, CA 92083

Rolla R. Hinkle III  
P. O. Box 2292  
Roswell, NM 88202-2292

Madison M. Hinkle  
P. O. Box 2292  
Roswell, NM 88202-2292

Shrader Enterprises, LP  
3349 South St Paul  
Wichita, KS 67217

Ross Duncan Properties, LLC  
3349 South St Paul  
Wichita, KS 67217

Xplor Resources, LLC  
1104 North Shore Drive  
Carlsbad, NM 88220-4638

Featherstone Development  
Corporation  
P.O. Box 429  
Roswell, NM 88202

Prospector, LLC  
P.O. Box 429  
Roswell, NM 88202

**OVERRIDING ROYALTY INTERESTS:**

Mo Oil, LLC  
P.O. Box 429  
Roswell, NM 88202

Rolla R. Hinkle and Rosemary  
H. Hinkle  
P. O. Box 2292  
Roswell, NM 88202-2292

April 6, 2016

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

**TO: ALL AFFECTED PARTIES**

**Re: Application of Matador Production Company for administrative approval for off-lease measurement and approval to surface commingle (lease commingle) oil and gas production from the spacing units comprised of the S/2 of Section 24 and the N/2 of Section 24, Township 23 South, Range 27 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:

Dana Arnold  
Matador Production Company  
972-371-5284  
darnold@matadorresources.com

Sincerely,



Jordan L. Kessler  
**ATTORNEY FOR**  
**MATADOR PRODUCTION COMPANY**