

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**Carlsbad Field Office**
OCD ArtesiaFORM APPROVED
OMB NO. 1004-0137
Expires January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2		5. Lease Serial No.
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator MATADOR PRODUCTION COMPANY		7. If Unit or CA/Agreement, Name and/or No. NMNM137304
Contact: BRIAN FANCHER E-Mail: bfancher@matadorresources.com		8. Well Name and No. WARREN FEDERAL COM 206H
3a. Address ONE LINCOLN CENTER 5400 LBJ FREEWAY SUITE 1500 DALLAS, TX 75240	3b. Phone No. (include area code) 1500 972-371-5200 Fx: 972-371-5201	9. API Well No. 30-015-43828-00-S1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 25 T23S R27E SWSE 246FSL 2322FEL		10. Field and Pool or Exploratory Area PURPLE SAGE-WOLFCAMP (GAS)
		11. County or Parish, State EDDY COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Matador Production Company requests approval to surface commingle flash gas production only from the following wells at a common central tank battery located on a shared well pad:

~~Warren Fed. Com. 206H~~ Sec. 25, SWSE, T23S, R27E, ~~30-015-43828~~

~~Warren 25 23S 27E RB 203H~~ Sec. 25, SWSE, T23S, R27E, ~~30-015-43827~~

Please see attached detailed commingling information, map, serial register pages, and facility diagram.

RECEIVED

OCT 25 2018

GC 10-25-18
Accepted for record - NMOCD

DISTRICT II-ARTESIA O.C.D.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #424702 verified by the BLM Well Information System For MATADOR PRODUCTION COMPANY, sent to the Carlsbad Committed to AFMSS for processing by PRISCILLA PEREZ on 06/25/2018 (18PP2041SE)	
Name (Printed/Typed) BRIAN FANCHER	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 06/19/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. Whitlock</i>	Title TLRET	Date 10/25/18
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Matador Production Company

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

Voice 972.371.5427 • Fax 972.371.5201

bpeterson@matadorresources.com

Benjamin D. Peterson
Senior Production Engineer

June 19, 2018

Bureau of Land Management – Carlsbad Field Office
Mr. Duncan Whitlock
620 E. Greene Street
Carlsbad, NM 88220-6292

**Re: Application of Matador Production Company for Authority to
Commingle Flash Gas at the Surface from the Warren Federal Com. No. 206H
and Warren 25 23S 27E RB No. 203H; Purple Sage; Wolfemap (Gas) Pool;
Eddy County, New Mexico**

Dear Mr. Whitlock,

This cover letter serves to provide you with an overview of Matador Production Company's ("Matador") subject application, which includes a request to surface commingle flash gas only at a centralized production facility for the Warren Federal Com. No. 206H and Warren 25 23S 27E RB No. 203H. With this cover letter, please find the following supporting documents:

1. A memorandum of economic justification in support of Matador's request for authority to surface commingle the above-captioned wells' oil and gas;
2. Attachment A – Aerial Map for the Warren Federal Com. No. 206H and Warren 25 23S 27E RB No. 203H;
3. Attachment B – Copy of the serial register page for the approved communitization area for the Warren Federal Com. No. 206H (NMNM 137304);
4. Attachment C – Copy of the serial register page for NMNM 117115;
5. Attachment D – Site facility diagram with process flow description for the above-captioned wells.

Thank you for your time and consideration of this application. Please let me know if you have any additional questions or concerns.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Ben Peterson', with a long horizontal flourish extending to the right.

Benjamin D. Peterson, P.E.
Sr. Production Engineer

BDP/bkf

Enclosures

Matador Production Company

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

Voice 972.371.5427 • Fax 972.371.5201

bpeterson@matadorresources.com

Benjamin D. Peterson
Senior Production Engineer

June 19, 2018

Application for Warren Federal Com. No. 206H and Warren 25 23S 27E RB No. 203H for Surface Commingling of Flash Gas at a Common Central Tank Battery

This application seeks approval to surface commingle flash gas produced from the above-named wells (Gas FMP No. 2) at a common central tank battery. The enclosed map (Attachment "A") shows the boundaries of the subject wells' individual 320-acre unit areas in Section 25 of Township 23S Range 27E, the subject wells' locations, and the location of the subject wells' central tank battery. The subject wells' central tank battery is in the SW/4 of the SE/4 of Section 25-23S-27E, and adjoins the subject wells' well pad.

The Warren Fed. Com No. 206H is in an approved communitization area, NMNM137304 (Attachment "B"), involving 240 acres of fee land and 80 acres of Federal land in lease NMNM 117115 (Attachment "C"). The Warren 25 23S 27E RB No. 203H is located entirely within fee land that does not include federal minerals.

There is one federal lease involved in this application, NMNM 117115. In part, it consists of 80 acres comprising the W/2 of the SW/4 (Attachment "C"). The royalty rate is 12.5%. Each of the subject wells are drilled and completed in the Wolfcamp formation. As a result, this application seeks "lease commingling" and not "pool commingling". Therefore, no economic table has been provided with this application.

The wells' central tank battery is physically located within the SW/4 of the SE/4 of Section 25, Township 23S, Range 27E, which is part of the subject wells' well pad. As a result, Matador Production Company ("Matador") does not seek off-lease measurement authority, pursuant to 43 C.F.R. §3173.28(a).

Oil and Gas Measurement

Oil Measurement

Each subject well will flow to the previously mentioned central tank battery through its own flowline, and each well will have its own three-phase separator. Beginning at each well's individual separator, all oil production from that well will flow through its respective oil turbine meter. Subsequently, oil from each well will be routed by its own flow line to its individual heater-treater. The oil from each heater treater will be routed by separate flowlines to unique oil tankage (*i.e.*, Oil FMP No. 1). Because each unit has its own separate oil tankage, Matador does not seek to surface commingle oil at this central tank battery, as defined in 43 C.F.R. §3170.3(a).

Each well will be paid royalty based on the amount of its respective oil production, as measured by sales volumes from each well's respective tanks. Matador's contractual agreement with the wells' oil purchaser provides that all oil production will be purchased on a fixed basis as sweet crude at 40 API gravity.

Gas Measurement

All gas production will flow through each well's individual three-phase separator. Each well's production will be measured by its individual orifice meter (allocation meter) before it enters the production facility's common gas line. The Warren Fed. Com. 206H's orifice meter will be designated as the point of royalty measurement (Gas FMP No. 1), as defined by 43 C.F.R. §3170.3, before it enters the facility's common gas line. As a result, this application seeks only to commingle flash gas produced from the subject wells (Gas FMP No. 2). Matador will provide the meter serial numbers for the meters identified in the facility diagram once they are obtained. (Attachment "D").

The wells' production facility will also include an orifice meter to measure "flash" gas that originates from each respective heater-treater and the facility's vapor recovery unit to properly allocate the wells' flash volumes, based on each wells' respective oil production volumes. As a result, the facility's sales gas meter volumes will be proportionately allocated to each well based on each well's orifice meter measurement at its separator combined with each well's respective amount of attributable flash gas, as previously described.

The wells' gas samples will be obtained at each meter's testing/calibration, and the composition and heating value will be determined by a third-party laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and energy (MMBTU) determinations. All primary and secondary Electronic Flow Measurement (EFM) equipment will be tested and calibrated by a reputable third-party measurement company in accordance with API, NMOCD, and BLM specifications.

Process and Flow Descriptions

The flow of production is shown in detail on the enclosed facility diagram (Attachment "D"), which also identifies the facility's layout. The commingling of this flash gas production is the most effective economical means of producing the reserves and will not result in reduced royalty, reduced value, or improper measurement of production. There is no potential for adverse royalty impact because all gas production will be allocated on a volume basis (*i.e.*, MCF), and it will be valued on an energy basis (*i.e.* BTU). The proposed commingling will reduce operating expenses, as well as reduce the surface facility footprint and overall emissions.

Matador understands that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail.

Thank you for your time and consideration in reviewing this application. Please let me know if you have any additional questions or concerns.

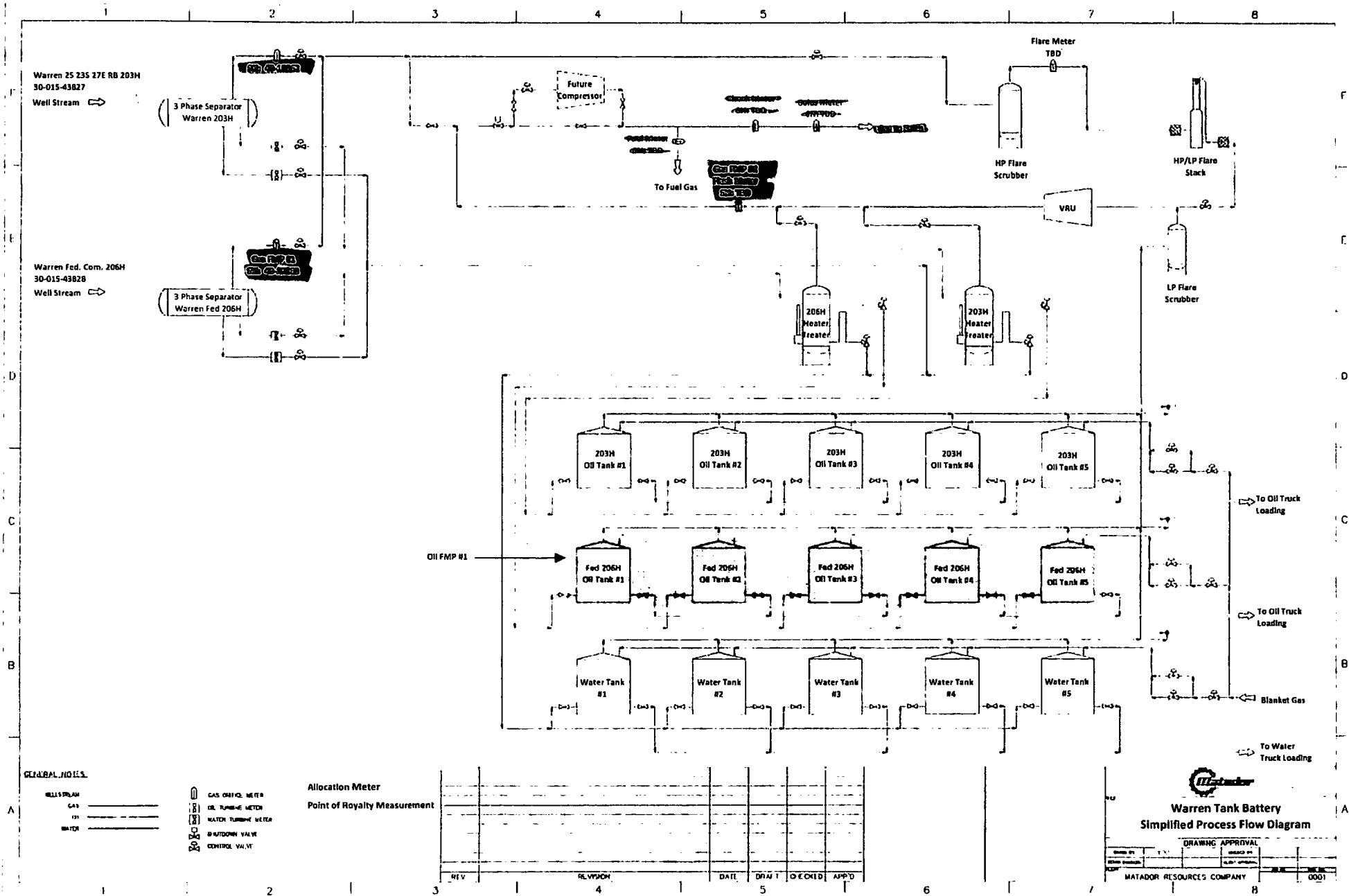
Very truly yours,

A handwritten signature in black ink, appearing to read 'B. Peterson', with a long horizontal flourish extending to the right.

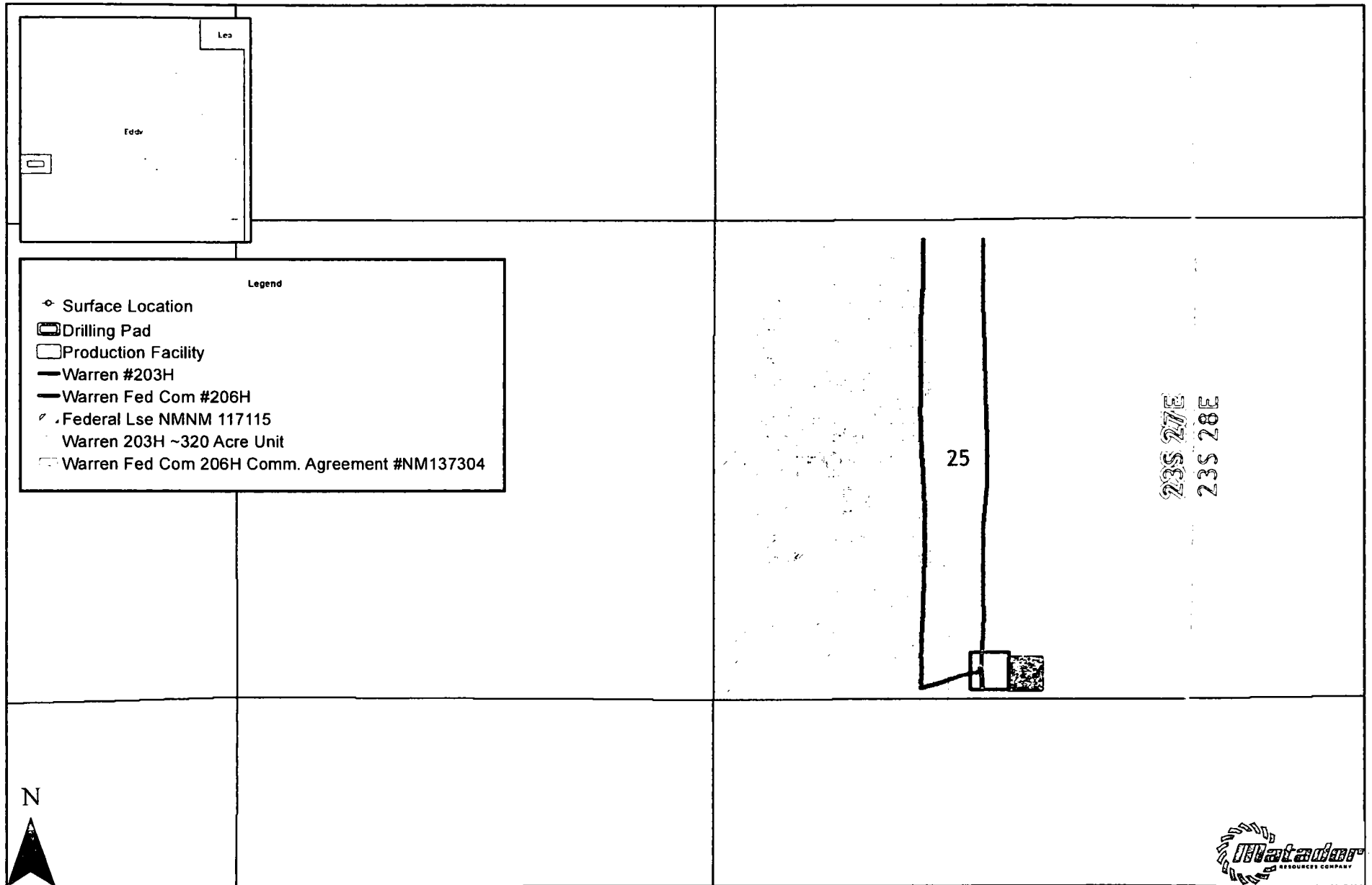
Benjamin D. Peterson, P.E.
Sr. Production Engineer

BDP/bkf
Enclosures

Attachment "D"



Attachment "A"



Southeast New Mexico

0 750 1,500 3,000 Feet

Date: June 7, 2018
 Filename: Commingl and Plat_Warren
 Projection: NAD27 State Plane New Mexico East FIPS 3001
 Sources: IHS; ESRI;

023

NMNM 138621

024

019

NMNM 117115

NMNM 117115

NMNM 117115

026

NMNM 137304

025

NMNM 117115

NMNM 117115

NMNM 117115

030

035

036

031

023

NMNM 138621

024

019

NMNM 117115

NMNM 117115

NMNM 117115

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NMNM 117115

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030

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031

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 09/10/18 09:23 AM

Page 1 of 2

01 12-22-1987;101STAT1330;30USC181 ET SEQ

**Total Acres
640.000**

**Serial Number
NMNM-- - 117115**

Case Type 312021: O&G LSE COMP PD -1987

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Serial Number: NMNM-- - 117115

Name & Address			Int Rel	%Interest
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND TX 797062964	OPERATING RIGHTS	0.000000000
CHEVRON USA INC	6301 DEAUVILLE	MIDLAND TX 797062964	LESSEE	100.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 117115

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0230S	0270E	025	ALIQ	W2SW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0230S	0270E	026	ALIQ	NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0230S	0270E	033	ALIQ	E2NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0230S	0270E	034	ALIQ	N2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: ~~NMNM-- - 117115~~

Act Date	Code	Action	Action Remarks	Pending Office
10/17/2006	387	CASE ESTABLISHED	200610020;	
10/18/2006	143	BONUS BID PAYMENT RECD	\$1280.00;	
10/18/2006	191	SALE HELD		
10/18/2006	267	BID RECEIVED	\$608000.00;	
10/31/2006	143	BONUS BID PAYMENT RECD	\$606720.00;	
11/14/2006	237	LEASE ISSUED		
11/14/2006	974	AUTOMATED RECORD VERIF	LBO	
12/01/2006	496	FUND CODE	05;145003	
12/01/2006	530	ELTY RATE - 12 1/2%		
12/01/2006	868	EFFECTIVE DATE		
03/22/2007	963	CASE MICROFILMED/SCANNED		
06/02/2008	932	TRF OPER RGTS FILED	CHESAPEAK/DEVON ENE;1	
06/11/2008	817	MERGER RECOGNIZED	CHESA LLC/CHESA LP	
08/22/2008	817	MERGER RECOGNIZED		
01/14/2009	933	TRF OPER RGTS APPROVED	EFF 07/01/08;	
01/14/2009	974	AUTOMATED RECORD VERIF	ANN	
11/27/2012	140	ASGN FILED	CHESAPEAK/CHEVRON U;1	
04/11/2013	139	ASGN APPROVED	EFF 12/01/12;	
04/11/2013	974	AUTOMATED RECORD VERIF	ANN	
11/26/2014	932	TRF OPER RGTS FILED	DEVON ENE/CHEVRON;1	
12/05/2014	933	TRF OPER RGTS APPROVED	EFF 12/01/14;	
12/05/2014	974	AUTOMATED RECORD VERIF	JA	
10/01/2016	246	LEASE COMMITTED TO CA	NMNM136943;	
03/01/2017	246	LEASE COMMITTED TO CA	NMNM137304	
03/24/2017	650	HELD BY PROD - ACTUAL	/1/	
03/24/2017	658	MEMO OF 1ST PROD-ACTUAL	/1/NMNM139643;#28-33	
04/20/2017	643	PRODUCTION DETERMINATION	/1/	
05/06/2017	660	MEMO OF 1ST PROD-ALLOC	/2/NMNM137304;#2068	
07/26/2017	643	PRODUCTION DETERMINATION	/2/	

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) Serial Register Page

Run Date/Time: 9/10/2018 8:11 AM

Page 1 Of 2

01 02-25-1920;041STAT0437;30USC181

Total Acres:

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

320.000

~~NMNM~~ - 137304

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM--- 137304

Name & Address					Int Rel	% Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD	NM	88220	OFFICE OF RECORD	0.000000000
MATADOR RESOURCES CO	5400 LBJ FWY #1500	DALLAS	TX	75240	OPERATOR	100.000000000

Serial Number: NMNM-- - 137304

Mer Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0230S	0270E	025	ALIQ		W2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 137304

Relinquished / Withdrawn Lands

Serial Number: ~~NMNM~~ - 137304
Pending Office

Act Date	Act Code	Action Txt	Action Remarks
03/01/2017	387	CASE ESTABLISHED	
03/01/2017	516	FORMATION	WOLFCAMP
03/01/2017	525	ACRES-NONFEDERAL	240;75%
03/01/2017	526	ACRES-FED INT 100%	80;25%
03/01/2017	868	EFFECTIVE DATE	/A/
05/06/2017	654	AGRMT PRODUCING	/1/
05/06/2017	660	MEMO OF 1ST PROD-ALLOC	/1/30-015-43828
07/26/2017	334	AGRMT APPROVED	
07/26/2017	643	PRODUCTION DETERMINATION	/1/

Serial Number: NMNM-- - 137304

Line Number	Remark Text			
0001	/A/ RECAPITULATION EFFECTIVE 03/01/2017			
0002	TR# LEASE SERIAL NO AC COMMITTED % INTEREST			
0003	1 FEE	240.00	75.000	
0004	2 NMNM 117115	80.00	25.000	
0005	TOTAL	320.00	100.000	

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Warren Fed Com 206H 3001543828 CA – NMNM137304
Warren 25 23S 27E RB 203H 3001543827 Fee well**

Matador Production Company

September 10, 2018

Condition of Approval

Flash gas from Heater Treater and oil tanks only

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
5. Gas measurement for allocation must be measured as per Onshore Order #5 or 43 CFR 3175 and API requirements for sales meters, or as approved in this approval to commingle production.
6. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33" for royalty-bearing flared gas and disposition code 63 for royalty-bearing vented gas.
DC 33 = Flared gas – royalty due
DC 63 = Vented gas – royalty due
7. This agency shall be notified of any change in sales method or location of sales point.
8. Additional wells and/or leases/CAs require additional commingling approvals.
9. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
10. Submit meter numbers upon installation of meters and also provide updated facility diagram with meters numbers.
11. This approval does not authorize any by passes around any allocation meter.

**Warren Fed Com 206H
Warren 25 23S 27E RB 203H**

**3001543828, Wolfcamp
3001543827, Wolfcamp**

**FEE Lease within CA – NMNM137304
FEE well**

Lease NMNM117115

Royalty Rate 12.5%

Well is located on a FEE lease with allocated production to CA NMNM137304.

CA NMNM137304 allocates Production to Federal lease NMNM117115 25% and FEE lease 75%