

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office  
FORM APPROVED  
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.*

OCD Hobbs  
HOBBS OCD

File Serial No.  
NMNM136226  
6. If Indian, Allottee or Tribe Name  
7. If Unit or CA/Agreement, Name and/or No.

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

RECEIVED  
OCT 24 2018

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. Multiple--See Attached
2. Name of Operator MATADOR PRODUCTION COMPANY Contact: BRIAN FANCHER E-Mail: bfancher@matadorresources.com		9. API Well No. Multiple--See Attached
3a. Address 5400 LBJ FREEWAY SUITE 1500 DALLAS, TX 75240	3b. Phone No. (include area code) Ph: 972-371-5242	10. Field and Pool or Exploratory Area DOGIE DRAW-DELAWARE
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		11. County or Parish, State LEA 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 Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplete 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 recompletion 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.

Please accept this application as Matador Production Company's request for surface commingling approval of oil and gas, with regard to the following wells:

Leslie Fed. Com. 024H  
30-025-44331

Leslie Fed. Com. 203H  
30-025-44545

Leslie Fed. Com. 214H  
30-025-44332

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #414016 verified by the BLM Well Information System  
For MATADOR PRODUCTION COMPANY, sent to the Hobbs  
Committed to AFMSS for processing by PRISCILLA PEREZ on 05/04/2018 (18PP0929SE)

Name (Printed/Typed) BRIAN FANCHER

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 04/20/2018

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By

*J. D. W. Littlejohn*

Title

TLPET

10/23/18  
Date

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 \*\***

*KE*

## Additional data for EC transaction #414016 that would not fit on the form

### Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM136226	NMNM136226	<del>LESLIE FEDERAL COM 24H</del>	<del>30-025-44331-00-X1</del>	Sec 17 T25S R35E SESE 390FSL 554FEL 32.124191 N Lat, 103.382813 W Lon
NMNM136226	NMNM136226	<del>LESLIE FED COM 203H</del>	<del>30-025-44345-00-X1</del>	Sec 17 T25S R35E SESE 390FSL 584FEL 32.124195 N Lat, 103.382912 W Lon
NMNM136226	NMNM136226	<del>LESLIE FED COM 214H</del>	<del>30-025-44332-00-X1</del>	Sec 17 T25S R35E SESE 390FSL 524FEL 32.124191 N Lat, 103.382713 W Lon
NMNM136226	NMNM136226	<del>LESLIE FED COM 217H</del>	<del>30-025-44547-00-X1</del>	Sec 17 T25S R35E SWSE 300FSL 2085FEL 32.123959 N Lat, 103.387756 W Lon

### 32. Additional remarks, continued

Leslie Fed. Com. 217H  
30-025-44547

The following information is included with this application:

1. Cover letter;
2. Economic Justification;
3. Attachment A - Leslie Fed. Com 024H map;
4. Attachment B - Leslie Fed. Com 203H, 214H, and 217H map;
5. Attachment C - Serial register page for the subject wells;
6. Attachment D - Facility diagram with process flow description.

Please direct all correspondence and questions to Brian Fancher at [bfancher@matadorresources.com](mailto:bfancher@matadorresources.com) or 972-371-5242.

# 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](mailto:bpeterson@matadorresources.com)

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**Benjamin D. Peterson**  
Senior Production Engineer

April 20, 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 Oil and Gas at the Surface from the Leslie Fed. Com. Nos. 024H,  
203H, 214H, and 217H; Dogie Draw; Delaware Pool and Dogie Draw;  
Wolfcamp Pool; Lea 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 oil and gas at a centralized production facility for the Subject Wells. With this cover letter, please find the following supporting documents enclosed:

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 Leslie Fed. Com. No. 024H;
3. Attachment B – Aerial Map for the Leslie Fed. Com. Nos. 203H, 214H, and 217H;
4. Attachment C – Copy of the serial register page for NMNM 136226;
5. Attachment D – Site facility diagram with process flow description for the above-captioned wells.

The Subject Wells' proposed production facility will be located in the southern-half of Federal Lease NMNM 136226 (*i.e.*, "on-lease"), which is the only Federal Lease applicable to the Subject Wells. Therefore, Matador does not seek authority to store, measure, and sell the Subject Wells' oil and gas at an off-lease measurement facility because their production facility is situated "on-lease".

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". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

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](mailto:bpeterson@matadorresources.com)

**Benjamin D. Peterson**  
Senior Production Engineer

April 20, 2018

Application for Surface Commingling at a Common Central Tank Battery  
Proposal for Leslie Federal Com. Nos. 024H, 203H, 214H, and 217H

The following tables provide specific values of the subject wells' anticipated production attributes:

Federal Lease Well Name	NMNM136226 BOPD	Royalty Rate 12.5% Oil Gravity @60 deg	Dogie Draw: Delaware (97779) Value/bbl	MCFPD	Dry BTU	Value/mcf
Leslie Federal Com #024H	900	41.0	\$56.87	700	1,250	\$3.642

Federal Lease Well Name	NMNM136226 BOPD	Royalty Rate 12.5% Oil Gravity @60 deg	Dogie Draw: Wolfcamp (17980) Value/bbl	MCFPD	Dry BTU	Value/mcf
Leslie Federal Com #203H	1,200	43.0	\$56.87	1,400	1,250	\$3.642
Leslie Federal Com #214H	1,300	43.0	\$56.87	1,600	1,250	\$3.642
Leslie Federal Com #217H	1,300	43.0	\$56.87	1,600	1,250	\$3.642

## Economic combined production

Federal Lease NMNM136226 Royalty Rate 12.5%

Facility Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
Leslie Federal Com East Tank Battery	4,700	42.61	\$56.87	5,300	1,250	\$3.642

The enclosed maps (Attachments "A" and "B") show the federal lease and subject wells' locations within their proposed communitization areas that are in Section 17-25S-35E.

There is one federal lease involved in this application (NMNM 136226), which is 160-acres comprising the SE/4 of the Section 17. The royalty rate is 12.5% and involves 160-acres. Each well will be located in its respective 160-acre unit that is made of 80-acres from NMNM 136226 and 80-acres from private lands.

## Oil and Gas Measurement

### Oil Measurement

The central tank battery will be located in the SE/4 of Section 17-25S-35E on Federal Lease NMNM 136226 between the well pad for the Leslie Fed. Com. Nos. 203H and 217H (western-most pad) and the well pad for the Leslie Fed. Com. Nos. 024H and 214H (eastern-most pad). Each well will flow to the central tank battery through its own flowline, and each well will have its own test separator.

Beginning at each well's individual test separator, all oil production from that well will flow through its respective oil turbine meter. Subsequently, oil from each well will be routed by a common flow line to a single heater-treater. From there, the wells' oil production will be sent to the production facility's shared oil tanks (*i.e.*, Oil FMP No. 1). Accordingly, the Wells' shared oil production tanks will be deemed the Point of Royalty Measurement, as defined in 43 C.F.R. §3170.3. Matador will provide the tank identification numbers once they are obtained.

Each well will be paid royalty based on the amount of its respective oil production, as measured by each well's respective allocation meter. 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 test separator. Subsequently, gas will be measured by an individual Electronic Flow Measurement (EFM) system for each well before it enters the production facility's common gas line. From there, the wells' gas production will be routed to a sales check-meter (Gas FMP No. 2) that is "in-line" with a common gas sales meter (Gas FMP No. 1). Matador will provide the serial number of that gas sales meter once it is obtained.

The Wells' production facility will also include an EFM to measure "flash" gas that originates from its heater-treater and a vapor recovery unit to properly allocate the wells' flash volumes, according to each wells' respective oil production volumes. The sales gas meter volumes will be proportionately allocated to each well by accounting for the allocated flash gas combined with each Well's respective EFM meter measurements.

Fuel gas will be used after it is measured through its individual EFM, which is located downstream of the facility's gas compressor. Fuel gas will be used to fuel the facility's gas compressor, heater-treater burner, and supply blanket gas to the production and water tanks as needed in case of VRU operational upsets.

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 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

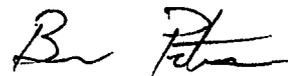
The flow of production is shown in detail on the enclosed facility diagram (Attachment "D"), which also identifies the facility's layout. The enclosed maps (Attachments "A" and "B") show the lease boundaries, proposed communitization agreement boundaries, well locations, and facility location. The commingling of this production is the most effective economical means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses, as well as reduce the surface facility footprint and overall emissions.

Matador Production Company 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,



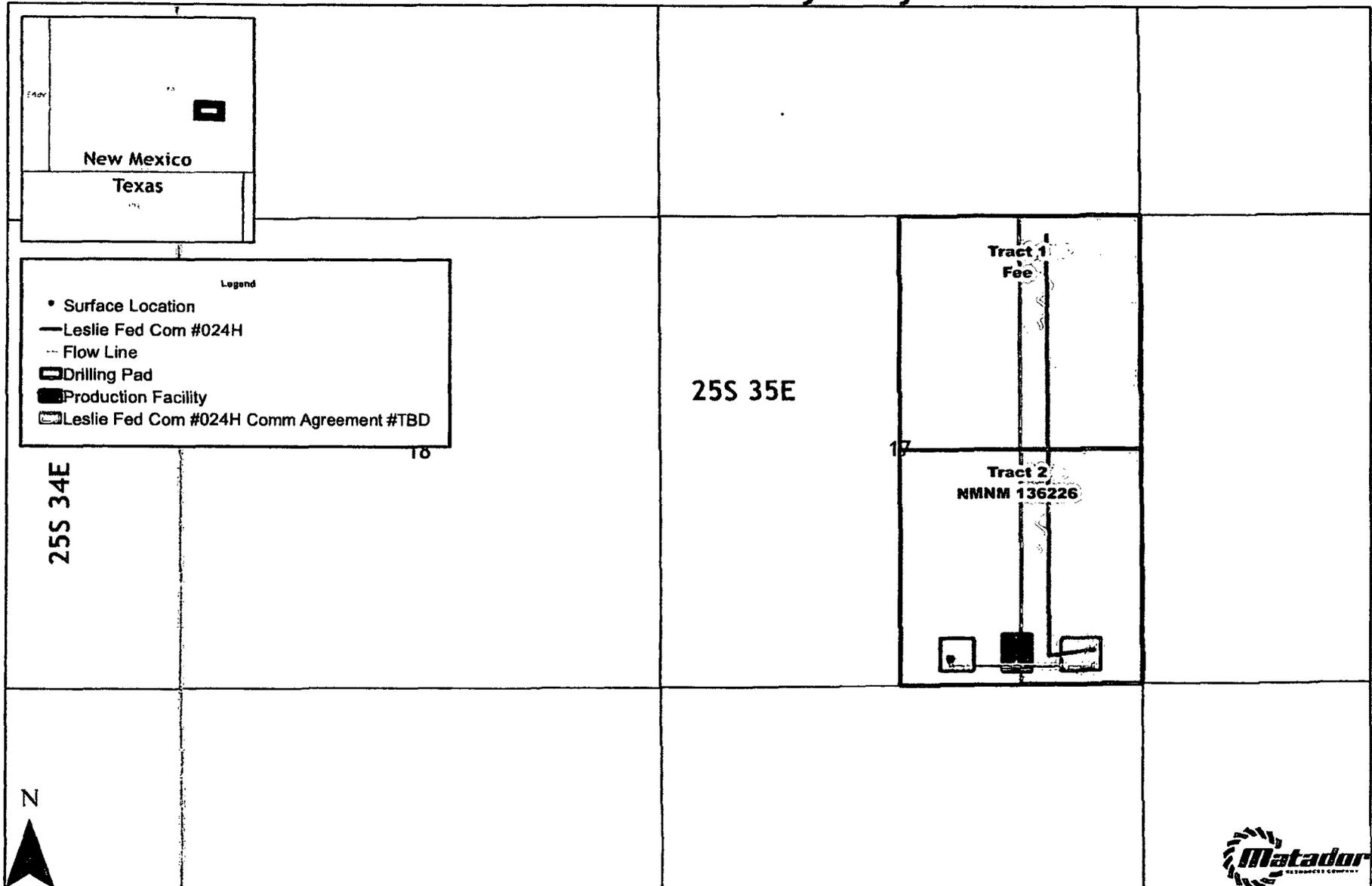
Benjamin D. Peterson, P.E.  
Sr. Production Engineer

BDP/bkf  
Enclosures



# Attachment "A"

## Leslie Fed Com Brushy Canyon

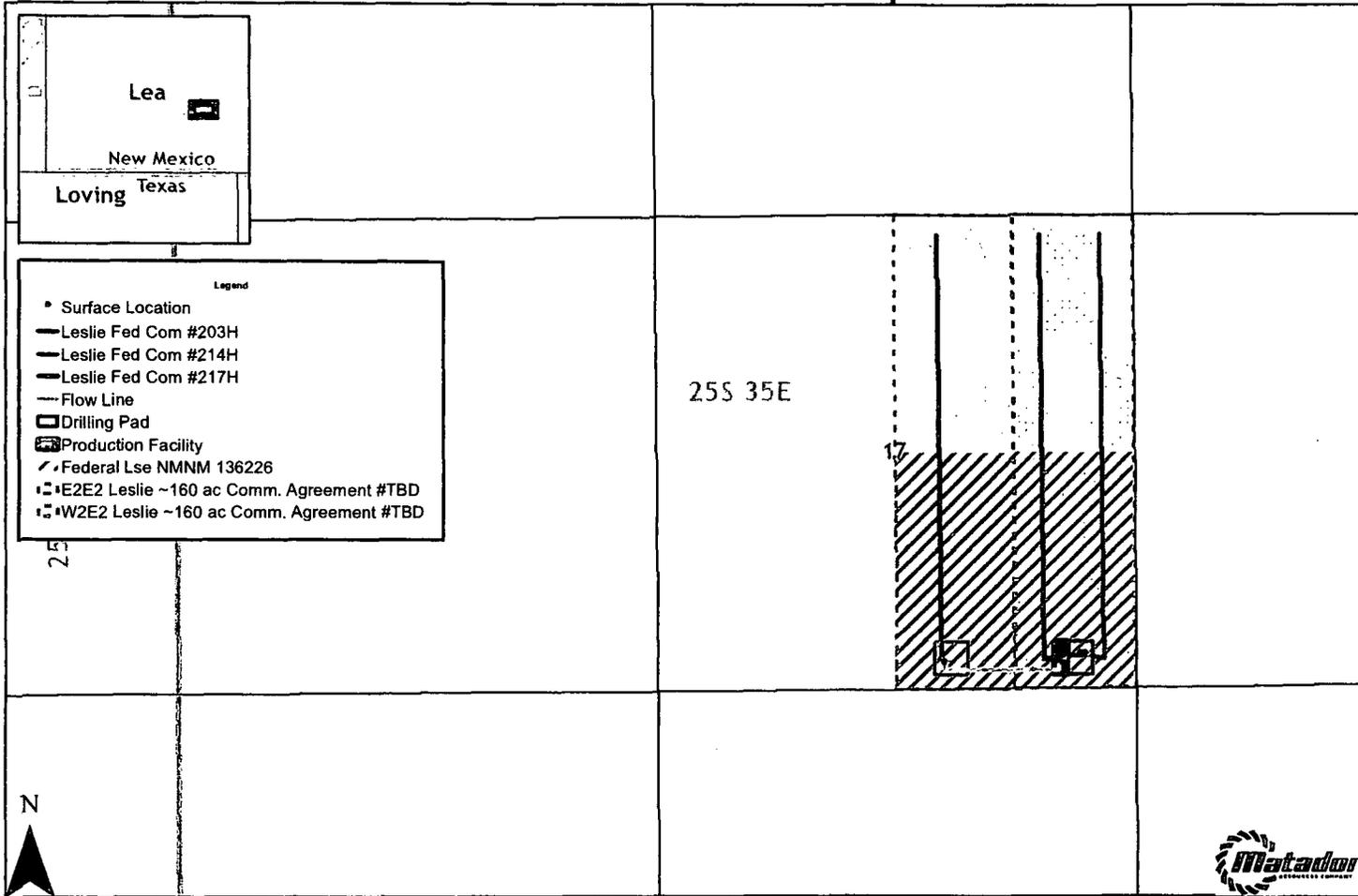


Southeast New Mexico



Date: February 27, 2018  
 Filename: CommInglLandPlat\_LeslieBC  
 Projection: NAD27 State Plane New Mexico East FIPS 3001  
 Sources: IMS; ESRI;

# Attachment "B" Leslie Fed Com Wolfcamp



- Legend**
- ▀ Surface Location
  - Leslie Fed Com #203H
  - Leslie Fed Com #214H
  - Leslie Fed Com #217H
  - Flow Line
  - Drilling Pad
  - ▣ Production Facility
  - ▨ Federal Lse NMNM 136226
  - ▤ E2E2 Leslie ~160 ac Comm. Agreement #TBD
  - ▥ W2E2 Leslie ~160 ac Comm. Agreement #TBD



Southeast New Mexico

0 750 1,500 3,000 Feet

Date: September 13, 2018  
 Filename: ComminglingLandPlat\_LeslieWC  
 Projection: NAD27 State Plane New Mexico East FIPS 3001  
 Sources: IHS, ESRI

NMNM  
132950

NMNM 119760

008

NMNM 119760 007

NMNM 125658

NMNM 125658

NMNM 125658

009

NMNM 125658

WHITE FALCON  
WHITE FALCON 16 FEDERAL  
16 FEDERAL COM 11H  
COM 22H  
WHITE FALCON  
16 FEDERAL  
COM 21H

NMNM 125659

NMNM 125659

NMNM 125659

017

018

016

NMNM 136226

LESLIE FED  
COM 202H

LESLIE FED  
COM 217H

LESLIE 24 H

LESLIE FED  
COM 214H

NMNM 136223

019

NMNM 132951

020

021

NMNM  
132950

007

NMNM 119760

NMNM 119760

NMNM 125658

NMNM 125658

008

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NMNM 136226

NMNM 136223

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NMNM 132951

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NMNM  
132950

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

Run Date/Time: 2/19/2018 10:57 AM

Page 1 Of 2

01 12-22-1987;101STAT1330;30USC181 ET SEQ  
 Case Type 312021: O&G LSE COMP PD -1987  
 Commodity 459: OIL & GAS  
 Case Disposition: AUTHORIZED

Total Acres:  
 799.200

Serial Number  
~~NMNM 136226~~

Serial Number: NMNM-- 136226

Name & Address		Int Rel	% Interest
MRC PERMIAN CO	5400 LBJ FWY STE 1500	DALLAS TX 752401017	LESSEE 100.000000000

Serial Number: NMNM-- 136226

Mer	Twp Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0250S 0350E	017	ALIQ			S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S 0350E	018	LOTS			1-4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S 0350E	018	ALIQ			E2W2,SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands

Serial Number: NMNM-- 136226

Serial Number: ~~NMNM-- 136226~~  
 Pending Off

Act Date	Act Code	Action Txt	Action Remarks
04/20/2016	387	CASE ESTABLISHED	201609018;
05/20/2016	299	PROTEST FILED	CENTER BIO DIVERSITY;
05/20/2016	299	PROTEST FILED	WILDEARTH GUARDIANS;
09/01/2016	143	BONUS BID PAYMENT RECD	\$1600.00;
09/01/2016	191	SALE HELD	
09/01/2016	267	BID RECEIVED	\$26400000.00;
09/15/2016	143	BONUS BID PAYMENT RECD	\$26398400.00;
04/26/2017	298	PROTEST DISMISSED	CENTER BIO DIVERSITY;
04/26/2017	298	PROTEST DISMISSED	WILDEARTH GUARDIANS;
04/27/2017	237	LEASE ISSUED	
04/27/2017	974	AUTOMATED RECORD VERIF	LBO
05/01/2017	496	FUND CODE	05;145003
05/01/2017	530	<del>RLTY RATE - 12 1/2%</del>	
05/01/2017	868	EFFECTIVE DATE	
04/30/2027	763	EXPIRES	

Line Number Remark Text Serial Number: NMNM-- 136226

0002 STIPULATIONS ATTACHED TO LEASE:  
 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  
(MASS) Serial Register Page

Run Date/Time: 2/19/2018 10:57 AM

Page 2 Of 2

Line Number      Remark Text      Serial Number: NMNM-- 136226

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0003	SENM-S-22 PRAIRIE CHICKENS
0004	SENM-S-34 ZONE 3 - POD
0005	NM-11-LN SPECIAL CULTURAL RESOURCE

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

**Leslie Federal Com wells (see list below)**

**Matador Production Company  
October 23, 2018**

**Condition of Approval  
Pool Lease/CA Commingling of Delaware, (Brushy Canyon) and Wolfcamp production**

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. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. 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.
6. 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.
7. Oil measurement for allocation must be measured as per Onshore Order #4 or 43 CFR 3174 and API requirements for oil measurement, or as approved in this approval to commingle production.
8. 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**
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases/CAs require additional commingling approvals.
11. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.

**12. Submit meter numbers upon installation of meters and also provide updated facility diagram with meter numbers**

13. Turbine meters will be proven, as per API, BLM, and NMOCD specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then turbine meter proving frequency requirement will be as per applicable BLM regulations, notwithstanding further guidance from the local BLM authorized officer. The factor obtained will be used to allocate the production volumes.
  
14. This approval does not authorize any by passes around any allocation meter or metering separator, this is to include the use of headers to divert production other production equipment other than the approve measurement points.

<b>Leslie Fed Com 24H</b>	<b>3002544331, Delaware, (Brushy Canyon)</b>	<b>Lease NMNM136226</b>	<b>CA Pending</b>
<b>Leslie Fed Com 203H</b>	<b>3002544545, Wolfcamp</b>	<b>Lease NMNM136226</b>	<b>CA Pending</b>
<b>Leslie Fed Com 214H</b>	<b>3002544332, Wolfcamp</b>	<b>Lease NMNM136226</b>	<b>CA Pending</b>
<b>Leslie Fed Com 217H</b>	<b>3002544547, Wolfcamp</b>	<b>Lease NMNM136226</b>	<b>CA Pending</b>

**Lease NMNM136226      Royalty Rate 12.5%**  
**Pending CAs - Allocation of production Lease NMNM136226 - 50% and Fee 50%. All CAs will have the same allocation of production.**