

Submit 1 Copy To Appropriate District Office  
 District I – (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II – (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III – (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV – (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

Form C-103  
 Revised July 18, 2013

|   |  |   |
|---|--|---|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) |  | WELL API NO.<br>30-015-47216  |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>  |  | 5. Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator<br>MATADOR PRODUCTION COMPANY   |  | 6. State Oil & Gas Lease No.<br>E09200  |
| 3. Address of Operator<br>One Lincoln Center 5400 LBJ Freeway Suite 1500 Dallas, Texas 75240  |  | 7. Lease Name or Unit Agreement Name<br>VONI FED COM  |
| 4. Well Location<br>Unit Letter B 290 feet from the NORTH line and 1348 feet from the EAST line<br>Section 21 Township 26-S Range 31-E NMPM Eddy County   |  | 8. Well Number 024H   |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.)<br>3193'   |  | 9. OGRID Number<br>228937   |
|   |  | 10. Pool name or Wildcat<br>Big Sinks Delaware, Southeast   |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
 DOWNHOLE COMMINGLE ☐  
 CLOSED-LOOP SYSTEM ☐  
 OTHER: ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ P AND A ☐  
 CASING/CEMENT JOB ☐  
 OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Pursuant to Paragraph 3 of Order No. PLC-707, Matador files a copy of the attached communitization agreement, which has been approved.

Spud Date:

Rig Release Date:

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

SIGNATURE



TITLE VP & Assistant General Counsel

DATE

2/23/22

Type or print name Kyle Perkins

E-mail address: kperkins@matadorresources.com PHONE: (972) 371-5202

**For State Use Only**

APPROVED BY:

TITLE

DATE



COMMISSIONER

Stephanie Garcia Richard

*State of New Mexico*  
**Commissioner of Public Lands**

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

[www.nmstatelands.org](http://www.nmstatelands.org)

Jaime Grainger  
MRC Permian Company  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240

January 25<sup>th</sup>, 2022

Re: Communitization Agreement Approval  
Voni Federal Com #024H  
Vertical Extent: Delaware  
Township: 26 South, Range 31 East, NMPM  
Section 21: E2E2  
Section 28: E2E2  
Section 33: E2NE4

Eddy County, New Mexico

Dear Ms. Grainger,

The Commissioner of Public Lands has this date approved the Voni Federal Com #024H Communitization Agreement for the Delaware formation effective 5-09-2020. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for Two Years, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Baylen Lamkin at (505) 827-6628.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Garcia Richard" followed by a stylized flourish.

Stephanie Garcia Richard  
Commissioner of Public Lands

**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO****Matador Production Company****Voni Federal Com #024H****Delaware****Township: 26 South, Range: 31 East, NMPM****Section 21: E2E2****Section 28: E2E2****Section 33: E2NE4****Eddy County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 09, 2020**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 25<sup>th</sup> day of January, 2022.

  
STEPHANIE GARCIA RICHARDS

of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO****Matador Production Company****Voni Federal Com #024H****Delaware****Township: 26 South, Range: 31 East, NMPM****Section 21: E2E2****Section 28: E2E2****Section 33: E2NE4****Eddy County, New Mexico**

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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **25<sup>th</sup>** day of January, 2022.

  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO****Matador Production Company****Voni Federal Com #024H****Delaware****Township: 26 South, Range: 31 East, NMPM****Section 21: E2E2****Section 28: E2E2****Section 33: E2NE4****Eddy County, New Mexico**

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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 25<sup>th</sup> day of January, 2022.

  
**COMMISSIONER OF PUBLIC LANDS**

**of the State of New Mexico**



Voni Fed Com  
 Delaware Formation  
 E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
 Eddy County, New Mexico

**NM State Land Office  
 Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR  
 STATE/FEDERAL/FEE**

Revised Feb. 2013

**ONLINE Version  
 COMMUNITIZATION AGREEMENT**

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

Well Name: Voni Fed Com #024H

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

**W I T N E S S E T H:**

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 portions 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 Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such 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 land 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 the 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:**

Subdivisions E2E2 of Section 21 & 28 and the E2NE/4 of Section 33

Sect 21, 28 & 33, T 26S, R 31E, NMPM Eddy County NM

containing 385.22 acres, more or less, and this agreement shall include only the

Delaware formation underlying said lands and the hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

Voni Fed Com

Delaware Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

2. Attached hereto, and made a part of this agreement for all purposes, is 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. All matters of operation 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 three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, 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 and the State of New Mexico, 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 therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
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.

Voni Fed Com

Delaware Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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 is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is May 9 2020 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-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; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, 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 the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
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 interest 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 lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.



Voni Fed Com

Delaware Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The 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 of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. 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 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

gt  
2020

## ACKNOWLEDGEMENT

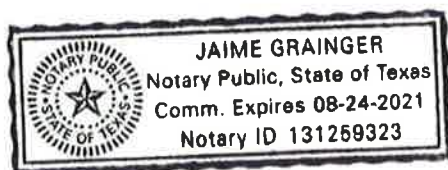
STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on June 24, 2020, by Craig N. Adams, as Executive Vice President, for Matador Production Company on behalf of said corporation.



Jaime Grainger  
Signature

Jaime Grainger  
Name (Print)

My commission expires 8.24.2021

2020 JUN -5 AM 10:47

Voni Fed Com

Delaware Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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

MRC Permian CompanyBy: *CM**CM  
pdd*

Print Name

*CHAIK N- Adams*

Date:

*6/29/20*

**Acknowledgment in a Representative Capacity**

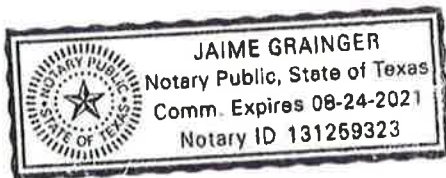
STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on *June 29*, 2020, by **Craig N. Adams, as Executive Vice President, for MRC Permian Company** on behalf of said corporation.



Signature

*Jaime Grainger*

Name (Print)

My commission expires

*8.24.2021*

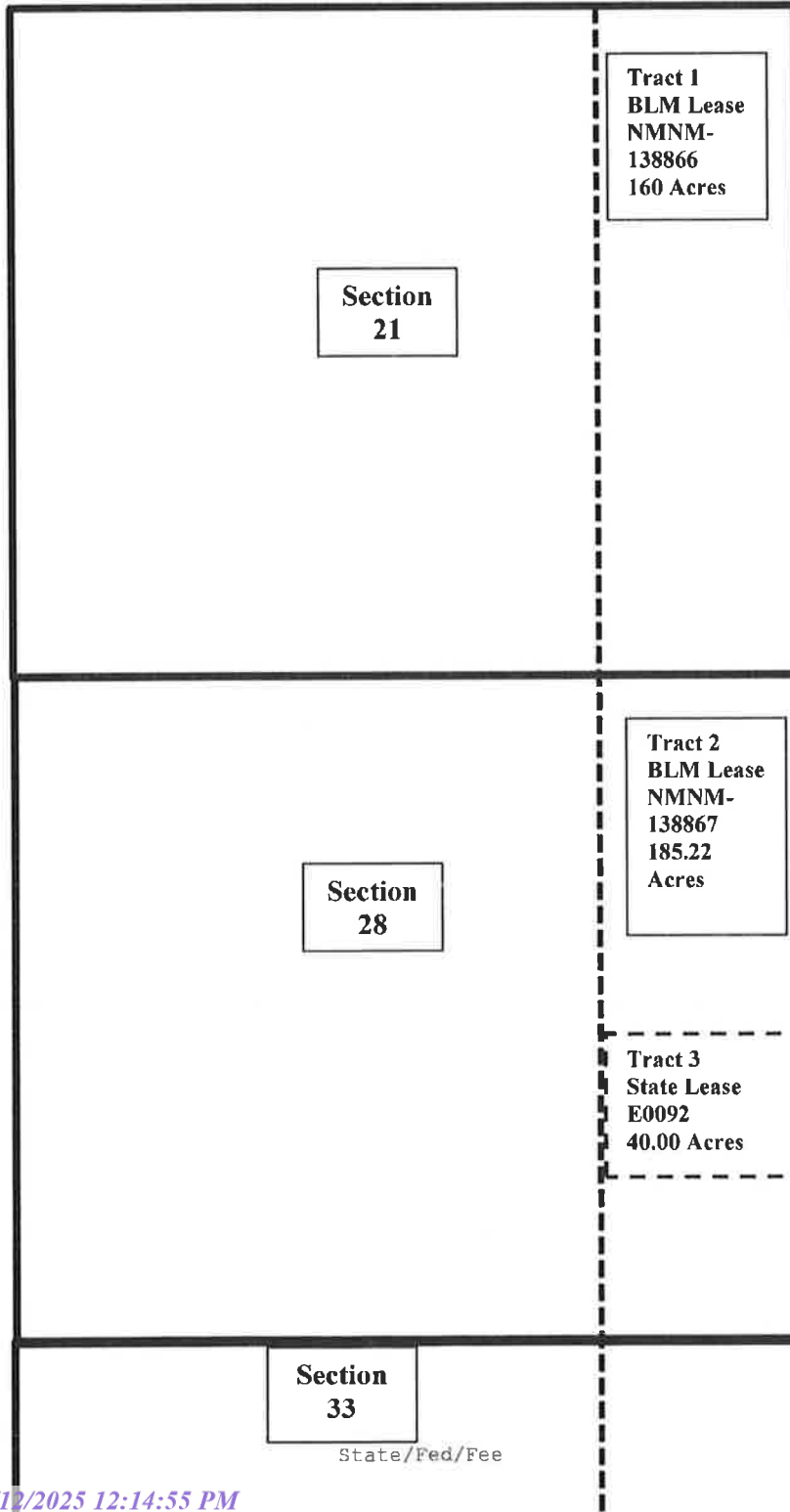
2020 JUN -6 PM 3:47

Voni Fed Com  
Delaware Formation  
E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT A**

To Communitization Agreement dated May 9, 2020

Plat of communitized area covering the: Subdivisions E2E2 of Section 21 & 28 and the E2NE/4 of Section 33 of Sect. 21,28 & 33, T 26S, R 31E, NMPM, Eddy County, NM.



2020 MAY - 9 PM 01:47

Voni Fed Com

Delaware Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

**EXHIBIT B**To Communitization Agreement dated May 9 2020, embracing theSubdivisions E2E2 of Section 21 & 28 and the E2NE/4 of Section 33of Section 21, 28 & 31, T 26S, R 31E, N.M.P.M., Eddy County, NMOperator of Communitized Area: Matador Production Company**DESCRIPTION OF LEASES COMMITTED****TRACT NO. 1**Lease Serial No.: NMNM-138866

Lease Date: \_\_\_\_\_

Lessor: United States of AmericaPresent Lessee: MRC Permian CompanyDescription of Land Committed: Subdivisions E2E2,Sect 21, Twp 26S, Rng 31E NMPM, Eddy County, NMNumber of Acres: 160Name and Percent W/Owners: Matador Production Company – 100%**TRACT NO. 2**Lease Serial No.: NMNM-13887

Lease Date: \_\_\_\_\_

Lessor: United States of AmericaPresent Lessee: MRC Permian CompanyDescription of Land Committed: Subdivisions E2E2 of Section 28 & E2NE/4 of Section 33,Sect 28&33, Twp 26S, Rng 31E, NMPM, Eddy County, NMNumber of Acres: 185.22Name and Percent W/Owners: Matador Production Company – 100%

2020 May 9 PM 3:47

Voni Fed Com

Delaware Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

**TRACT NO. 3**Lease Serial No.: E0-0920-0Lease Date: 7/10/1946Lease Term: 10 YearsLessor: State of New MexicoPresent Lessee: Chevron U.S.A. Inc. (Compulsory Pooled)Description of Land Committed: Subdivisions NE/4SE/4Sect 28, Twp 26S, Rng 31E, NMPM, Eddy County, NMNumber of Acres: 40Royalty Rate: 1/8Name and WI Owners: MRC Permian Company**RECAPITULATION**

| Tract numbers | Number of Acres<br>Committed | Percentage of Interest<br>in Communitized Area |
|---------------|------------------------------|--|
| Tract No.1    | <u>160</u>                   | <u>41.53%</u>                                  |
| Tract No.2    | <u>185.22</u>                | <u>48.08%</u>                                  |
| Tract No.3    | <u>40.00</u>                 | <u>10.39%</u>                                  |

2025 JUL -6 PM 0:47



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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION TO  
CONSIDER:**

**CASE NO. 20367  
ORDER NO. R-20651**

**APPLICATION OF MATADOR PRODUCTION COMPANY FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on April 4, 2019, at Santa Fe, New Mexico, before Examiner Michael A. McMillan.

NOW, on this 24<sup>th</sup> day of June 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT**

- (1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.
- (2) Applicant seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit, as that unit is described in the attached Exhibit "A".
- (3) Applicant seeks to dedicate the Proposed Well(s) detailed in Exhibit "A" to the Unit.
- (4) No other party entered an appearance in this case or otherwise opposed this application.
- (5) Applicant appeared at the hearing through counsel and presented evidence to the effect that:
  - (a) All completed well locations are expected to be standard or Applicant will apply administratively for approval of location exceptions.

Case No. 20367  
Order No. R 20651  
Page 2 of 7

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- (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.

The Division finds and concludes that

(6) If the location of any of the Well(s) is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(8) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one-year period to complete at least one of the Well(s) after commencing drilling of the Well(s).

(9) There are interest owners in the Unit that have not agreed to pool their interests.

(10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the pooling depths or formation(s) within the Unit.

(11) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(12) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(14) Exhibit "A" and its details should be accepted and made a part of this order.

Case No. 20367  
Order No. R-20651  
Page 3 of 7

**IT IS THEREFORE ORDERED THAT**

(1) All uncommitted interests, whatever they may be, in the oil and gas within the spacing unit (or the portion thereof within the pooled vertical extent) described in Exhibit "A" are hereby pooled. Exhibit "A" is incorporated herein by this reference and made a part of this order for all purposes.

(2) The Unit shall be dedicated to the proposed "Well(s)".

(3) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(4) The operator of the Unit shall commence drilling the Well(s) on or before the end of the month in the year following the date of this order and shall thereafter continue drilling the Well(s) with due diligence to test the pooled formation or pooled vertical depths. The Well(s) shall be drilled approximately to the proposed true vertical and measured depths.

(5) In the event the operator does not commence drilling at least one of the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(6) In the event the operator does not commence completion operations on at least one of the Well(s) within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(8) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing

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the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(11) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(12) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(13) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(14) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

- (a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, the percent (shown in Exhibit A) of the above costs.

(15) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account

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pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at the rates shown in Exhibit "A" per month, per well, while drilling and while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(19) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(20) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

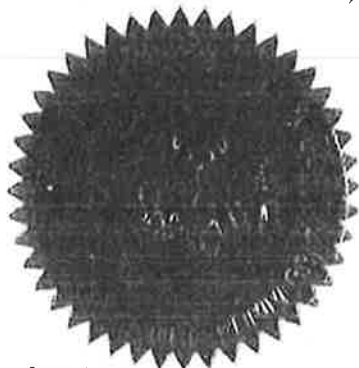
(21) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(22) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.



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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'Adrienne' or 'Adrienne Sandoval'. The signature is fluid and cursive.

ADRIENNE SANDOVAL  
Director

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### Exhibit A

Applicant: Matador Production Company  
Operator: Matador Production Company (OGRID 228937)

Cases Consolidated for Hearing: 20367 and 20368

Spacing Unit: Horizontal Oil  
Building Blocks: quarter-quarter sections  
Size (more or less): 385.22 Acres (More or less)  
Orientation of Unit: North/South  
Unit Description: E/2 E/2 of Sections 21 and 28, and Lot 1/ Unit H and NE/4 NE/4 (E/2 NE/4 equivalent) of Section 33, all in Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation  
Depth Severance? (Yes/No): No  
Pool: Jennings; Bone Spring, West (Pool code 97860)  
Pool Spacing Unit Size: quarter-quarter sections  
Governing Well Setbacks: Horizontal Oil Well Rules,  
Pool Rules: Latest Horizontal Rules Apply  
Proximity Tracts: N/A  
Monthly charge for supervision: While drilling: \$8000 While producing: \$800

As the charge for risk, 200 percent of reasonable well costs.

#### **There are 2 Proposed Wells:**

##### **Voni Federal Com Well No. 104H, API No. 30-015-Pending**

SHL: 260 feet from the North line and 1128 feet from the East line,  
(Unit A) of Section 21, Township 26 South, Range 31 East, NMPM.  
BHL: 100 feet from the South line and 990 feet from the East line,  
(Lot1/ Unit H) of Section 33, Township 26 South, Range 31 East, NMPM.

##### **Voni Federal Com Well No. 124H, API No. 30-015-Pending**

SHL: 260 feet from the North line and 1208 feet from the East line,  
(Unit A) of Section 21, Township 26 South, Range 31 East, NMPM.  
BHL: 100 feet from the South line and 660 feet from the East line,  
(Lot1/ Unit H) of Section 33, Township 26 South, Range 31 East, NMPM.

#### **For Both Wells:**

Completion Target:  
Different Bone Spring Sand intervals  
Well Orientation: North to South  
Completion Location expected to be: Standard

2025 JUL -6 PM 9:47

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/oed/contact-us>

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

CONDITIONS

Action 431257

CONDITIONS

|   |  |
|---|--|
| Operator:<br>MATADOR PRODUCTION COMPANY<br>One Lincoln Centre<br>Dallas, TX 75240 | OGRID:<br>228937   |
|   | Action Number:<br>431257                                       |
|   | Action Type:<br>[IM-SD] Admin Order Support Doc (ENG) (IM-AAO) |

CONDITIONS

| Created By     | Condition   | Condition Date |
|----------------|---|----------------|
| sarah.clelland | ACCEPTED FOR RECORD ONLY; any revisions or the addition of wells to the commingling project shall be reported in accordance with the Commingling Order. | 2/12/2025      |