

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

Revised July 18, 2013

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

| |
|---|
| WELL API NO. 30-025-47340 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. EO 19211 |
| 7. Lease Name or Unit Agreement Name UNCLE CHES 2116 FED COM |
| 8. Well Number 127H |
| 9. OGRID Number 228937 |
| 10. Pool name or Wildcat Featherstone; Bone Spring |

SUNDRY NOTICES AND REPORTS ON WELLS
 (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.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
MATADOR PRODUCTION COMPANY

3. Address of Operator
One Lincoln Center 5400 LBJ Freeway Suite 1500 Dallas, Texas 75240

4. Well Location

Unit Letter P 410 feet from the SOUTH line and 567 feet from the EAST line
 Section 21 Township 20-S Range 35-E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3705'

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. CTB-973, Matador files a copy of the attached communitization agreement, which has been approved.

Spud Date:

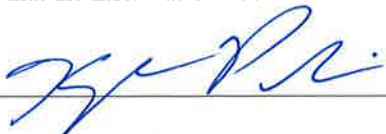
n/a

Rig Release Date:

n/a

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 10/19/21

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.runstatelands.org

Stephanie Kinsman
Matador Production Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

April 16th, 2021

Re: Communitization Agreement Approval
Uncle Ches 21 16 Fed Com #127
Vertical Extent: Bone Spring
Township: 20 South, Range 35 East, NMPM
Sect 16: W2E2
Sect 21: W2E2
Lea County, New Mexico

Dear Ms Kinsman,

The Commissioner of Public Lands has this date approved the Uncle Ches 21 16 Fed Com #127 Communitization Agreement for the Bone Spring formation effective 6/26/2020. 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 Niranjan Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Garcia Richard" followed by a stylized monogram or initials.

Stephanie Garcia Richard
COMMISSIONER OF PUBLIC LANDS

**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: Uncle Ches 2116 Federal Com #127H

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 W2E2 of Sections 16 and 21,

Sect 16 & 21, T 20S, R 35E, NMPM Lea County NM

containing 320 acres, more or less, and this agreement shall include only the

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

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.

02/12/25 11:07:02

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 June Month 26 Day, 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.

2020 DEC 11 11:05:43 AM

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

Date: _____

11/13/20

ACKNOWLEDGEMENT

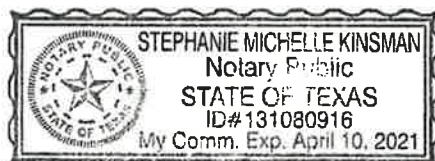
STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on November 13th, 2020, by Craig N. Adams, as Executive Vice President for Matador Production Company, on behalf of said corporation.



Signature

Name (Print)

My commission expires

4/10/2021

State/Fed/Fee

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

MRC Permian Company

By: *CA*

Craig N. Adams
Executive Vice President

pdh

Date: 11/13/20

Acknowledgment in a Representative Capacity

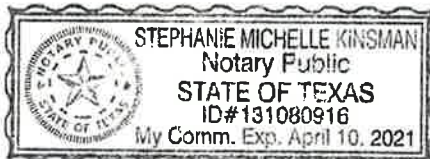
STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on November 13th, 2020, by **Craig N. Adams, as Executive Vice President, for MRC Permian Company** on behalf of said corporation.



Stephanie M. Kinsman
Signature

Stephanie M. Kinsman
Name (Print)
My commission expires 4/10/2021

2020 DEC 11 PM 2:20

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

ConocoPhillips Company

Date: 3/30/21 By: Justin K. Williams
Name: Justin K. Williams JKW
Title: Attorney-in-fact

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY Harris)

The foregoing instrument was acknowledged before me this 30th day of March, 2021,
by Justin K. Williams in his/her capacity as Attorney-in-fact of
ConocoPhillips Company, on behalf of said corporation.

My Commission Expires: 01-05-2022

Lakeiva Noel
Notary Public


EXHIBIT A

To Communitization Agreement dated June 26th, 2020

Plat of communitized area covering the: Subdivisions W2E2 of Section 16 & 21 of Sect. 16 & 21
T 20S, R 35E, NMPM, Lea County, NM.

Uncle Ches 2116 Federal Com #127H

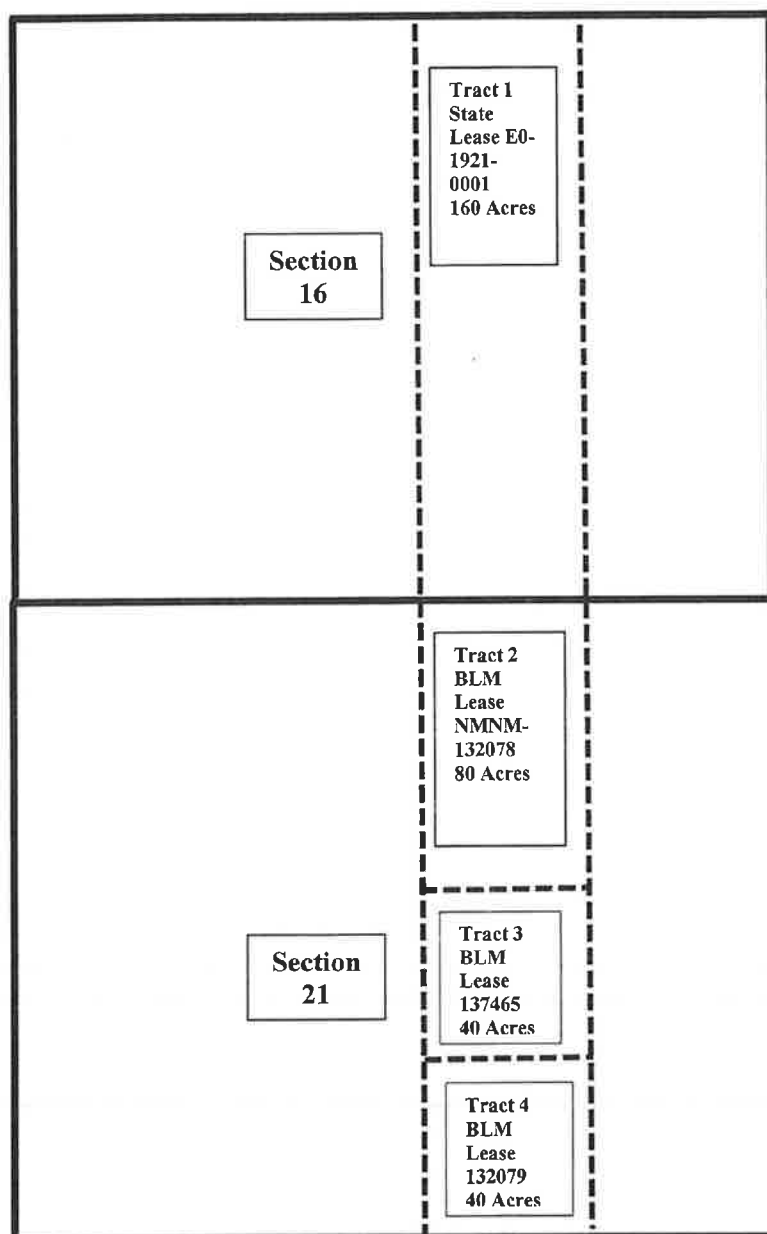


EXHIBIT B

To Communitization Agreement dated June 26th 2020, embracing the
Subdivisions E2E2 of Section 16 & 21 of Sect. 16 & 21 T 20S, R 35E, NMPM, Lea County, NM.
Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: E0-1921-0001
Lease Date: 6/10/1948
Lessor: State of New Mexico
Present Lessee: Conoco Phillips Company (Compulsory Pooled)
Description of Land Committed: Subdivisions E2NE4,
Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM
Number of Acres: 80
Name of WI Owners: Conoco Phillips (Compulsory Pooled)

Caza Petroleum, LLC (Compulsory Pooled)

TRACT NO. 2

Lease Serial No.: VB 2702-00
Lease Date: 5/1/2016
Lessor: State of New Mexico
Present Lessee: MRC Permian Company
Description of Land Committed: Subdivisions E2SE4,
Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM
Number of Acres: 80
Name of WI Owners: MRC Permian Company

TRACT NO. 3

Lease Serial No.: NMNM 132078
Lease Date: 5/21/2014
Lessor: United States of America
Present Lessee: MRC Permian Company
Description of Land Committed: Subdivisions E2NE4 of Section 21,
Sect 21 Twp 20S, Rng 35E, NMPM, Lea County, NM
Number of Acres: 80
Name of WI Owners: MRC Permian Company

TRACT NO. 4

Lease Serial No.: NMNM 137465
 Lease Date: 3/30/2018
 Lessor: United States of America
 Present Lessee: MRC Permian Company
 Description of Land Committed: Subdivisions NE4SE4,
 Sect 21, Twp 20S, Rng 35E, NMPM, Lea _____ County, NM
 Number of Acres: 40
 Name of WIOwners: MRC Permian Company

TRACT NO. 5

Lease Serial No.: NMNM 132079
 Lease Date: 5/21/2014
 Lessor: United States of America
 Present Lessee: MRC Permian Company
 Description of Land Committed: Subdivisions SE4SE4,
 Sect 21, Twp 20S, Rng 35E, NMPM, Lea _____ County, NM
 Number of Acres: 40
 Name of WIOwners: MRC Permian Company

RECAPITULATION

| Tract numbers | Number of Acres Committed | Percentage of Interest in Communitized Area |
|----------------------|--------------------------------------|--|
| Tract No.1 | <u>80.00</u> | <u>25.00%</u> |
| Tract No.2 | <u>80.00</u> | <u>25.00%</u> |
| Tract No.3 | <u>80.00</u> | <u>25.00%</u> |
| Tract No.4 | <u>40.00</u> | <u>12.50%</u> |
| Tract No.5 | <u>40.00</u> | <u>12.50%</u> |

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
MATADOR PRODUCTION COMPANY**

**CASE NO. 21150
ORDER NO. R-21279**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on April 16, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

FINDINGS OF FACT

1. Matador Production Company ("Operator") submitted an application ("Application") to compulsorily pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

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

**IN THE MATTER OF APPLICATION FOR
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ORDER

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FINDINGS OF FACT

1. Matador Production Company ("Operator") submitted an application ("Application") to compulsorily pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 21150
ORDER NO. R-21279

Page 2 of 7

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

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16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 21150
ORDER NO. R-21279

Page 2 of 7

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR
AES/kms**

Date: 4/28/2020

CASE NO. 21150
ORDER NO. R-21279

Page 4 of 7

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR
AES/kms**

Date: 4/28/2020

CASE NO. 21150
ORDER NO. R-21279

Page 4 of 7

Exhibit "A"

| COMPULSORY POOLING APPLICATION CHECKLIST (pdf) | |
|--|--|
| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS | |
| Case: 21150 | APPLICANT'S RESPONSE |
| Date April 16, 2020 | |
| Applicant | Matador Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 228937 |
| Applicant's Counsel: | Michael H. Feldewert of Holland & Hart |
| Case Title | Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico |
| Entries of Appearance/Intervenors: | None |
| Well Family | Uncle Ches 2116 Fed Com #123H |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Bone Spring |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | Entire formation |
| Pool Names and Pool Codes: | Featherstone; Bone Spring Pool (Pool Code 24250) |
| Well Location Setback Rules: | Statewide rules |
| Spacing Unit Size: | 320-acres (more or less) |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320-acres (more or less) |
| Building Blocks: | Quarter-Quarter sections |
| Orientation: | South-North |
| Description: TRS/County | W/2 E/2 of Sections 16 and 21, 20S, 35E, Lea County |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | No |
| Applicant's Ownership in Each Tract | Exhibit A-3 |
| Well(s) | |

CASE NO. 21150
ORDER NO. R-21279

Page 5 of 7

Exhibit "A"

| COMPULSORY POOLING APPLICATION CHECKLIST (pdf) | |
|--|--|
| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS | |
| Case: 21150 | APPLICANT'S RESPONSE |
| Date April 16, 2020 | |
| Applicant | Matador Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 228937 |
| Applicant's Counsel: | Michael H. Feldewert of Holland & Hart |
| Case Title | Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico |
| Entries of Appearance/Intervenors: | None |
| Well Family | Uncle Ches 2116 Fed Com #123H |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Bone Spring |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | Entire formation |
| Pool Names and Pool Codes: | Featherstone; Bone Spring Pool (Pool Code 24250) |
| Well Location Setback Rules: | Statewide rules |
| Spacing Unit Size: | 320-acres (more or less) |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320-acres (more or less) |
| Building Blocks: | Quarter-Quarter sections |
| Orientation: | South-North |
| Description: TRS/County | W/2 E/2 of Sections 16 and 21, 20S, 35E, Lea County |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | No |
| Applicant's Ownership in Each Tract | Exhibit A-3 |
| Well(s) | |

CASE NO. 21150
ORDER NO. R-21279

Page 5 of 7

| | |
|--|--|
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | <p>Uncle Chas 2116 Fed Com #123H Well (API pending): SNL: 425 FSL and 604 FEL (Unit P) of Section 21, 20S, 35E BILL: 60 FNL and 1870 FEL (Unit B) of Section 16, 20S, 35E</p> <p>Completion Target: Bone Spring formation Well Orientation: South to North Completion Location expected to be Standard</p> |
| Horizontal Well First and Last Take Points | Exhibit A-1 (C-102 plats) |
| Completion Target (Formation, TVD and MD) | Exhibit A-5 (well proposals) |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$8,000 |
| Production Supervision/Month \$ | \$800 |
| Justification for Supervision Costs | Exhibit A |
| Requested Risk Charge | 200% |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit C |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit C |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit D |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit A-2 |
| Tract List (including lease numbers and owners) | Exhibit A-2 |
| Pooled Parties (including ownership type) | Exhibits A-3 and A-4 |
| Unlocatable Parties to be Pooled | Exhibits C and D |
| Ownership Depth Severance (including percentage above & below) | N/A |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-5 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-3 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-6 |
| Overhead Rates in Proposal Letter | Exhibit A-5 |
| Cost Estimate to Drill and Complete | Exhibit A-5 |
| Cost Estimate to Equip Well | Exhibit A-5 |
| Cost Estimate for Production Facilities | Exhibit A-5 |
| Geology | |
| Summary (including special considerations) | Exhibit B |
| Spacing Unit Schematic | Exhibit B-1 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-1 |
| Well Orientation (with rationale) | Exhibit B |


CASE NO. 21150
 ORDER NO. R-21279

Page 6 of 7

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|--|--|
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | <p>Single Ches 2116 Fed Corp #123H Well (API pending)</p> <p>SHL: 425 FSL and 604 FEL (Unit P) of Section 21, 20S, 35E</p> <p>BHL: 60 FNL and 1870 FEL (Unit B) of Section 16, 20S, 35E</p> <p>Completion Target: Bone Spring formation</p> <p>Well Orientation: South to North</p> <p>Completion Location expected to be Standard</p> |
| Horizontal Well First and Last Take Points | Exhibit A-1 (C-102 plats) |
| Completion Target (Formation, TVD and MD) | Exhibit A-5 (well proposals) |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$8,000 |
| Production Supervision/Month \$ | \$800 |
| Justification for Supervision Costs | Exhibit A |
| Requested Risk Charge | 200% |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit C |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit C |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit D |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit A-2 |
| Tract List (including lease numbers and owners) | Exhibit A-2 |
| Pooled Parties (including ownership type) | Exhibits A-3 and A-4 |
| Unlocatable Parties to be Pooled | Exhibits C and D |
| Ownership Depth Severance (including percentage above & below) | N/A |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-5 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-3 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-6 |
| Overhead Rates in Proposal Letter | Exhibit A-5 |
| Cost Estimate to Drill and Complete | Exhibit A-5 |
| Cost Estimate to Equip Well | Exhibit A-5 |
| Cost Estimate for Production Facilities | Exhibit A-5 |
| Geology | |
| Summary (including special considerations) | Exhibit B |
| Spacing Unit Schematic | Exhibit B-1 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-1 |
| Well Orientation (with rationale) | Exhibit B |

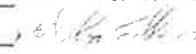
CASE NO. 21150
ORDER NO. R-21279

Page 6 of 7

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| Target Formation | Exhibit B |
| HSU Cross Section | Exhibit B-3 |
| Depth Severance Discussion | Exhibit B (n/a) |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-1 |
| Tracts | Exhibit A-2 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-3 |
| General Location Map (including basin) | Exhibit B-1 |
| Well Bore Location Map | Exhibit A-2 and B-1 |
| Structure Contour Map - Subsea Depth | Exhibit B-2 |
| Cross Section Location Map (including wells) | Exhibit B-2 |
| Cross Section (including Landing Zone) | Exhibit B-3 |
| Additional Information | |
| | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| | |
| Printed Name (Attorney or Party Representative): | Michael H. Feldewert |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 14-Apr-20 |

CASE NO. 21150
ORDER NO. R-21279

Page 7 of 7

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|--|--|
| Target Formation | Exhibit B |
| HSU Cross Section | Exhibit B-3 |
| Depth Severance Discussion | Exhibit B (n/a) |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-1 |
| Tracts | Exhibit A-2 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-3 |
| General Location Map (including basin) | Exhibit B-1 |
| Well Bore Location Map | Exhibit A-2 and B-1 |
| Structure Contour Map - Subsea Depth | Exhibit B-2 |
| Cross Section Location Map (including wells) | Exhibit B-2 |
| Cross Section (including Landing Zone) | Exhibit B-3 |
| Additional Information | |
| | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| | |
| Printed Name (Attorney or Party Representative): | Michael H. Feldewert |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 14-Apr-20 |

CASE NO. 21150
ORDER NO. R-21279

Page 7 of 7

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 431192

CONDITIONS

| | |
|---|--|
| Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240 | OGRID: 228937 |
| | Action Number: 431192 |
| | Action Type: [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 |