

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JUNE 16, 2022**

CASE NO. 22178

BO HOWARD 1211 FED COM #124H WELL

EDDY COUNTY, NEW MEXICO



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

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

CASE NO. 22178

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22178	APPLICANT'S RESPONSE
Date: June 16, 2022	
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MATADOR PRODUCTION COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Bo Howard 1211 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Avalon; Bone Spring, East (3713)
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	240 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240 acres
Building Blocks:	40 acres
Orientation:	East-West
Description: TRS/County	S/2 S/2 of Section 12, and the S/2 SE/4 of Section 11, Township 21 South, Range 27 East, Eddy County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico
Proximity Tracts: If yes, description	N/A Exhibit No. A Submitted by: Matador Production Company
Proximity Defining Well: if yes, description	N/A Hearing Date: June 16, 2022 Case No. 22178
Applicant's Ownership in Each Tract	See Exhibit C-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

Well #1	<p>Bo Howard 1211 Fed Com #124H well SHL: 925' FSL, 344' FEL (Unit P) of Section 12, Township 21 South, Range 27 East. BHL: 989' FSL, 2593' FEL (Unit O) of Section 11, Township 21 South, Range 27 East.</p> <p>Completion Target: Bone Spring Formation Orientation: East-West Completion Status: Expected to be Standard</p>
Well #2	
Horizontal Well First and Last Take Points	See Exhibit C-1
Completion Target (Formation, TVD and MD)	See Exhibit C-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	See Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-3
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3

Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-2
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D, D-2
Target Formation	Exhibit D, D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1, D-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	16-Jun-22

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

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

CASE NO. 22178

APPLICATION

Matador Production Company (“Matador” or “Applicant”) (OGRID No. 228937), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Section 12, and the S/2 SE/4 of Section 11, Township 21 South, Range 27 East, Eddy County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced spacing unit to the proposed initial **Bo Howard 1211 Fed Com #124H well**, to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 12, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11.
3. The completed interval of the well will comply with statewide setbacks for oil wells.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject acreage.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Matador Production Company
Hearing Date: June 16, 2022
Case No. 22178**

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

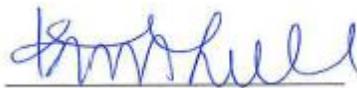
6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed initial well and the proposed horizontal spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 7, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Bone Spring formation and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

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Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
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**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

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

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

CASE NO. 22178

AFFIDAVIT OF NICHOLAS WEEKS

Nicholas Weeks, of lawful age and being first duly sworn, states the following:

1. My name is Nicholas Weeks and I am employed by MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as a Senior Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Matador in this case and the status of the lands in the subject area.
4. In this case, Matador seeks an order pooling uncommitted interests in the Bone Spring formation in the following standard horizontal spacing unit:
 - In **Case 22178**, Matador seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Section 12, and the S/2 SE/4 of Section 11, Township 21 South, Range 27 East, Eddy County, New Mexico. The spacing unit will be dedicated to the proposed initial **Bo Howard 1211 Fed Com #124H well**, to be drilled from a surface location in the SE/4 SE/4 (Unit

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C

Submitted by: Matador Production Company
Hearing Date: June 16, 2022
Case No. 22178

P) of Section 12, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11.

5. **Matador Exhibit C-1** contains a draft Form C-102 for the proposed initial well in this standard horizontal spacing unit. This form demonstrates that the completed interval for the well will meet the standard setback requirements for horizontal oil wells.

6. Matador understands that this Bone Spring wells will be placed in the Avalon; Bone Spring, East [3713] pool.

7. **Matador Exhibit C-2** identifies the tracts of land comprising the proposed horizontal spacing unit. The subject acreage is comprised of state and federal acreage.

8. There are no depth severances within the Bone Spring formation underlying this acreage.

9. **Matador Exhibit C-3** identifies the working interest owners that Matador is seeking to pool in this case.

10. **Matador Exhibit C-3** also identifies the overriding royalty interest that Matador is seeking to pool in this case.

11. Matador has conducted a diligent search of the public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each of these mineral owners. As indicated in **Exhibit C-5**, Matador has been able to locate and has had discussions with each working interest owners that it seeks to pool in this case in an effort to reach voluntary joinder.

12. **Matador Exhibit C-4** contains a sample of the well proposal letter and AFE sent to the working interest owners Matador is seeking to pool. The costs reflected in this AFE are

consistent with what other operators have incurred for drilling similar horizontal wells in the area in these formations.

13. **Matador Exhibit C-5** contains a general summary of the contacts with the uncommitted working interest owners that Matador was able to locate. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted mineral owners.

14. Matador requests that the overhead and administrative costs for drilling and producing the proposed well be set at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

15. Matador has provided the law firm of Holland & Hart LLP with the names and addresses (where able to locate) of the parties that Matador seeks to pool and instructed that they be notified of this hearing.

16. **Matador Exhibits C-1 through C-5** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.



Nicholas Weeks

STATE OF TEXAS)
)
COUNTY OF DALLAS)

SUBSCRIBED and SWORN to before me this 3RD day of JUNE 2022 by
Nicholas Weeks.

Sara Marie Hartsfield
NOTARY PUBLIC

My Commission Expires:

8-21-2023

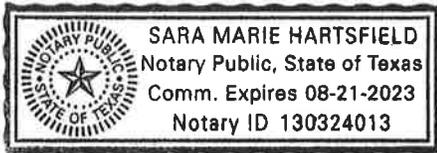


EXHIBIT C-1

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

Submitted by: Matador Production Company FORM C-102
 Hearing Date: June 16, 2022
 Case No. 22178

Revised August 1, 2011

Submit one copy to appropriate

District Office

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
 District II
 811 S. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 3713		³ Pool Name AVALON; BONE SPRING, EAST	
⁴ Property Code		⁵ Property Name BO HOWARD 1211 FED COM			⁶ Well Number 124H
⁷ OGRID No. 228937		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3161'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	12	21-S	27-E	-	925'	SOUTH	344'	EAST	EDDY

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	11	21-S	27-E	-	989'	SOUTH	2593'	EAST	EDDY

¹² Dedicated Acres 240	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

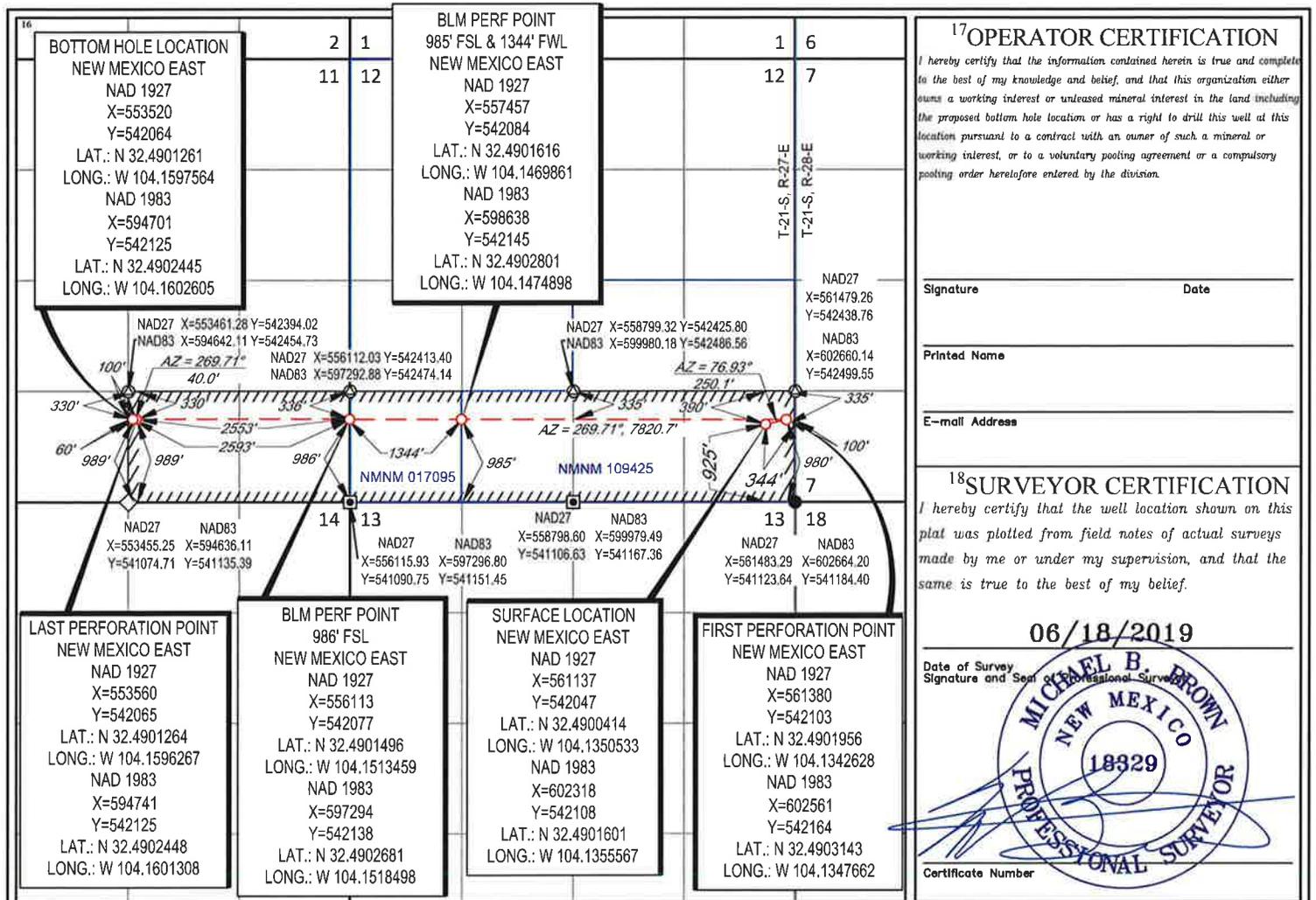


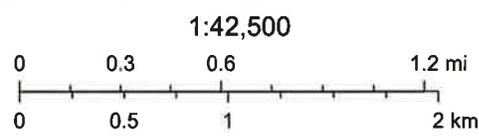
EXHIBIT C-2

T21S-R27E, Eddy County, NM



Tract 1 (State)	Tract 2 (Fed)	Tract 3 (Fed)
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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C2
Submitted by: Matador Production Company
Hearing Date: June 16, 2022
Case No. 22178



New Mexico State University, Texas Parks & Wildlife, CONANP, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, USDA, IHS, MATADOR, thudgins

EXHIBIT C-3

Summary of Interests

MRC Permian Company:			24.748093%
Compulsory Pool:			61.541666%
Voluntary Joinder:			13.710241%
Interest Owner:	Description:	Tract:	Interest:
Devon Energy Production Company, L.P.	Working Interest	1	33.208333%
Oxy Y-1 Company (WI)	Working Interest	3	13.333333%
Sharbro Energy, LLC (WI)	Working Interest	3	10.000000%
Chevron U.S.A. Inc.	Working Interest	2	5.000000%

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C3
 Submitted by: Matador Production Company
 Hearing Date: June 16, 2022
 Case No. 22178

Summary of Interests

Interest Owner:	Description:	Tract:	Interest:
BAS Energy, LP	Overriding Royalty	1	
Camarie Oil & Gas, LLC	Overriding Royalty	3	
Catherine Erb	Overriding Royalty	2	
Chevron U.S.A. Inc.	Overriding Royalty	2	
Chi Energy, Inc.	Overriding Royalty	1	
David H. Essex	Overriding Royalty	1	
Devon Energy Production Company, L.P.	Overriding Royalty	1	
Dynasty Partners LLC	Overriding Royalty	1	
EOG Resources Assets LLC	Overriding Royalty	2	
Estate of Dean W. Rowell	Overriding Royalty	2	
Estate of Hazel W. Brooks Kirkpatrick	Overriding Royalty	2	
Goodrich Petroleum Company of Louisiana	Overriding Royalty	1	
James Cody Kirkpatrick	Overriding Royalty	2	
James L. Pierce and wife, Sharon H. Pierce	Overriding Royalty	1	

Summary of Interests

Interest Owner:	Description:	Tract:	Interest:
Jami Huber Owen	Overriding Royalty	1	
Janet Lewis	Overriding Royalty	1	
Kim Margaret Kirkpatrick	Overriding Royalty	2	
McMullen Minerals, LLC	Overriding Royalty	2	
Michael D. Hayes and Kathryn A. Hayes, Co-Trustees of the Hayes Revocable Trust	Overriding Royalty	1	
Nelda Lee Davis	Overriding Royalty	1	
Pegasus Resources, LLC	Overriding Royalty	2	
Silverado Oil & Gas, LLP	Overriding Royalty	2	
Southwest Royalties, Inc.	Overriding Royalty	1	
Starrett Royalty, LLC	Overriding Royalty	1	
Taybecs Royalties, LLC	Overriding Royalty	1	
Tumbler Energy Partners, LLC	Overriding Royalty	1	

EXHIBIT C-4

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice (972) 371-5481 • Fax (214) 866-4981
nweeks@matadorresources.com

Nicholas Weeks
Senior Landman

August 2, 2021

VIA CERTIFIED RETURN RECEIPT MAIL

Devon Energy Production Co., LP
333 West Sheridan
Oklahoma City, OK 73102

Re: Bo Howard 1211 Fed Com #121H, #122H and #124H (the "Wells")
Participation Proposal
Sections 12 and 11, Township 21 South, Range 27 East
Eddy County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Bo Howard 1211 Fed Com #121H, Bo Howard 1211 Fed Com #122H and Bo Howard 1211 Fed Com #124H wells located in Sections 12 and 11, Township 21 South, Range 27 East, Eddy County, New Mexico.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the two (2) enclosed Authority for Expenditures ("AFEs") dated June 14, 2021.
- **Bo Howard 1211 Fed Com #121H:** to be drilled with a proposed surface hole location 616' FNL and 279' FEL of Section 12-T21S-R27E, with a proposed first take point 330' FNL & 100' FEL of Section 12-T21S-R27E and a proposed last take point 330' FNL & 2,540' FEL of Section 11-T21S-R27E. The well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,815' TVD) to a Measured Depth of approximately 15,865'.
- **Bo Howard 1211 Fed Com #122H:** to be drilled with a proposed surface hole location 616' FNL and 248' FEL of Section 12-T21S-R27E, with a proposed first take point 1,650' FNL & 100' FEL of Section 12-T21S-R27E and a proposed last take point 1,650' FNL & 2,540' FEL of Section 11-T21S-R27E. The well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,815' TVD) to a Measured Depth of approximately 15,865'.
- **Bo Howard 1211 Fed Com #124H:** to be drilled with a proposed surface hole location 925' FSL and 344' FEL of Section 12-T21S-R27E, with a proposed first take point 980' FSL & 100' FEL of Section 12-T21S-R27E and a proposed last take point 992' FSL & 2,540' FEL of Section 11-T21S-R27E. The well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,815' TVD) to a Measured Depth of approximately 15,865'.

MRC reserves the right to modify the locations and drilling plans described above to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C4
Submitted by: Matador Production Company
Hearing Date: June 16, 2022
Case No. 22178

August 2, 2021
Devon Energy Production Co., LP
Bo Howard 1211 Fed Com #121H, #122H, #124H Participation Proposal

MRC requests that you indicate your election to participate in the drilling and completion of the Wells in the space provided below, sign and return one (1) copy of this letter to the undersigned.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement enclosed herewith. The proposed Operating Agreement dated June 1, 2021, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators, contains the following general provisions:

- 100%/300%/300% Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Wells, please sign and return a copy of the enclosed AFEs within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

MRC Permian Company



Nicholas Weeks

Enclosure(s)

August 2, 2021
Devon Energy Production Co., LP
Bo Howard 1211 Fed Com #121H, #122H, #124H Participation Proposal

Devon Energy Production Co., LP hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bo Howard 1211 Fed Com #121H** well.
_____ Not to participate in the **Bo Howard 1211 Fed Com #121H** well.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bo Howard 1211 Fed Com #122H** well.
_____ Not to participate in the **Bo Howard 1211 Fed Com #122H** well.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Bo Howard 1211 Fed Com #124H** well.
_____ Not to participate in the **Bo Howard 1211 Fed Com #124H** well.

_____ I / We are interested in selling our interest in the contract Area, please contact us at _____ to discuss.

Devon Energy Production Co., LP

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY
 ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1600 • DALLAS, TEXAS 75240
 Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	June 14, 2021	AFE NO.:	
WELL NAME:	Bo Howard 1211 Fed Com 124H	FIELD:	
LOCATION:	Sections 12 & 11, T21S-R27E	MD/TVD:	15,800/7,750'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	7,500'
MRC Wt:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill, complete and equip a horizontal 2nd Bone Spring well		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 25,000	\$ -	\$ -	\$ 10,000	\$ 35,000
Location, Surveys & Damages	94,000	13,000	15,000	25,000	147,000
Drilling	689,688	-	-	-	689,688
Cementing & Float Equip	240,500	-	-	-	240,500
Logging / Formation Evaluation	-	5,000	3,000	-	8,000
Flowback - Labor	-	-	23,400	-	23,400
Flowback - Surface Rentals	-	-	20,304	-	20,304
Mud Logging	21,250	-	-	-	21,250
Mud Circulation System	51,375	-	-	-	51,375
Mud & Chemicals	160,000	38,000	6,000	-	204,000
Mud / Wastewater Disposal	130,000	-	-	1,000	131,000
Freight / Transportation	7,500	19,500	-	-	27,000
Rlg Supervision / Engineering	89,375	92,800	4,350	14,400	200,925
Drill Bits	76,500	-	-	-	76,500
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	96,250	6,000	-	-	102,250
Water	35,000	452,813	3,000	1,000	491,813
Drig & Completion Overhead	13,750	7,500	-	-	21,250
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	157,800	-	-	-	157,800
Completion Unit, Swab, CTU	-	120,000	13,500	-	133,500
Perforating, Wireline, Slickline	-	134,500	-	-	134,500
High Pressure Pump Truck	-	49,500	6,000	-	55,500
Stimulation	-	1,404,563	-	-	1,404,563
Stimulation Flowback & Disp	-	15,500	338,000	-	353,500
Insurance	28,440	-	-	-	28,440
Labor	108,000	57,500	15,000	5,000	185,500
Rental - Surface Equipment	62,288	242,375	10,000	5,000	319,663
Rental - Downhole Equipment	79,326	47,000	-	-	126,326
Rental - Living Quarters	24,413	36,955	-	5,000	66,368
Contingency	65,714	133,794	22,878	6,640	229,026
Operations Center	25,263	-	-	-	25,263
TOTAL INTANGIBLES >	2,281,429	2,876,299	480,432	73,048	5,711,208

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 47,678	\$ -	\$ -	\$ -	\$ 47,678
Intermediate Casing	52,273	-	-	-	52,273
Drilling Liner	75,241	-	-	-	75,241
Production Casing	364,749	-	-	-	364,749
Production Liner	-	-	-	-	-
Tubing	-	-	38,720	-	38,720
Wellhead	54,000	-	28,350	-	82,350
Packers, Liner Hangers	-	56,300	-	-	56,300
Tanks	-	-	-	29,900	29,900
Production Vessels	-	-	-	119,638	119,638
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	275,000	-	275,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	-	96,000	96,000
Surface Pumps	-	-	2,500	26,250	28,750
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	49,000	59,000
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	62,500	62,500
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	-	-	-
Tank / Facility Containment	-	-	-	11,250	11,250
Flare Stack	-	-	-	20,000	20,000
Electrical / Grounding	-	-	30,000	16,000	46,000
Communications / SCADA	-	-	4,000	2,500	6,500
Instrumentation / Safety	-	-	-	55,750	55,750
TOTAL TANGIBLES >	593,840	56,300	386,570	653,288	1,690,098
TOTAL COSTS >	2,875,369	2,932,599	867,002	728,328	7,401,298

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermas	Team Lead - WTX/NM	
Completions Engineer:	Garrett Hunt		
Production Engineer:	George Malloy		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	DEL	Executiv VP - Drilling	EG
Executive VP, COO - Legal	CA	Exec Dir - Exploration	NLF
President	MVH		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes	No (mark one)

The data on this AFE was submitted by and this AFE is based on an estimate on any specific item or the total cost of a project. Funding notations approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred including legal, auditing, engineering, geology and other costs under the terms of the applicable permit, operating agreement, regulatory order or other agreement governing this well. Participants shall be deemed to have agreed to the Operator's well control and general liability insurance unless participant provides a written endorsement to its insurance as an addendum acceptable to the Operator by the date of this AFE.

EXHIBIT C-5

Summary of Communication

Devon Energy Production Company, L.P. (Working Interest)

- 8/10/2021: Proposals and Operating Agreement mailed via certified mail.
- 8/11/2021: Proposals delivered. (Received signed return receipt)
- 8/12/2021 – 5/6/2022: Negotiating alternative to Devon's participation in the proposed well.

Chevron U.S.A. Inc. (Working Interest)

- 8/10/2021: Proposals and Operating Agreement mailed via certified mail.
- 8/13/2021: Proposals delivered. (Received signed return receipt)
- 9/3/2021 - 5/6/2022: Negotiating alternative to Chevron's participation in the proposed well.

Oxy Y-1 Company (Working Interest)

- 8/10/2021: Proposals and Operating Agreement mailed via certified mail.
- 8/14/2021: Proposals delivered. (Received signed return receipt)
- 8/18/2021 – 5/6/2022: Negotiating operating agreement. Awaiting Oxy's election in the proposed well.

Sharbro Energy, LLC (Working Interest)

- 8/10/2021: Proposals and Operating Agreement mailed via certified mail.
- 8/16/2021: Proposals delivered. (Received signed return receipt)
- 8/16/2021 – 5/6/2022: Discussed Sharbro participating in the well and possible alternatives to participation. Awaiting Sharbro's election in the proposed well.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C5
Submitted by: Matador Production Company
Hearing Date: June 16, 2022
Case No. 22178**

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

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

CASE NO. 22178

AFFIDAVIT OF ANDREW PARKER

Andrew Parker, of lawful age and being first duly sworn, declares as follows:

1. My name is Andrew Parker and I am employed by MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as a Vice President of Geology.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. I am familiar with the application filed by Matador in this case and have conducted a geologic study of the lands in the subject area.
3. **Matador Exhibit D-1** is a locator map outlining the horizontal spacing unit with a black box shaded in yellow, with the larger area identified in a red box.
4. The target interval for the initial wells in this proposed spacing unit is the Second Bone Spring interval within the Bone Spring formation.
5. **Matador Exhibit D-2** is a subsea structure map that I prepared for the top of the Bone Spring formation. The contour interval is 50 feet. The structure map shows the Bone Spring formation gently dipping to the east. The structure appears consistent across the proposed spacing unit and I do not observe any faulting, pinch outs, or other geologic impediments to horizontal drilling.
6. Also included on Matador Exhibit D-2 is a line of cross section from A to A’.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Matador Production Company
Hearing Date: June 16, 2022
Case No. 22178**

7. **Matador Exhibit D-3** is a structural cross-section that I prepared displaying open-hole logs run over the Bone Spring formation from the four representative wells denoted from A to A'. For each well in the cross-section, the following logs are included, when available: gamma ray, caliper, resistivity, and porosity. The proposed target interval of the proposed well is labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted interval, within the Bone Spring formation, is consistent in thickness across the entirety of the proposed spacing unit.

8. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells within the Bone Spring formation in the area of the spacing unit proposed in this case.

9. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to production from this horizontal spacing unit.

10. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

11. Approving Matador's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

12. **Matador Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT



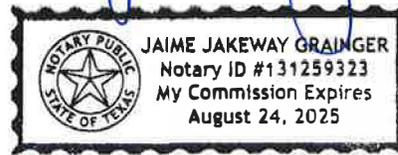
ANDREW PARKER

STATE OF TEXAS)
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before me this 11th day of April 2022 by
Andrew Parker.

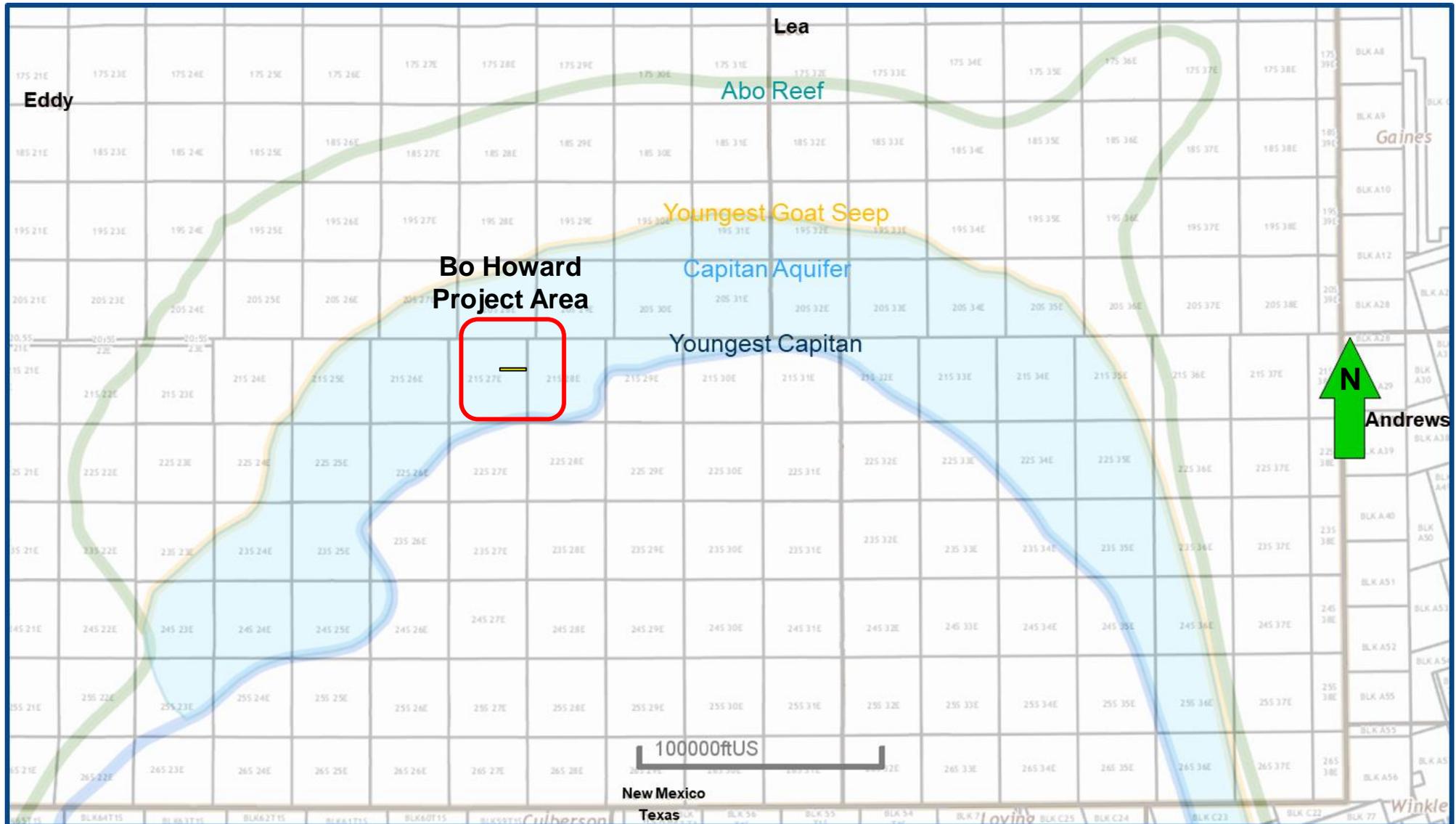
Jaime Jakeway Grainger
NOTARY PUBLIC

My Commission Expires:
8/24/2025



Locator Map

Exhibit D-1



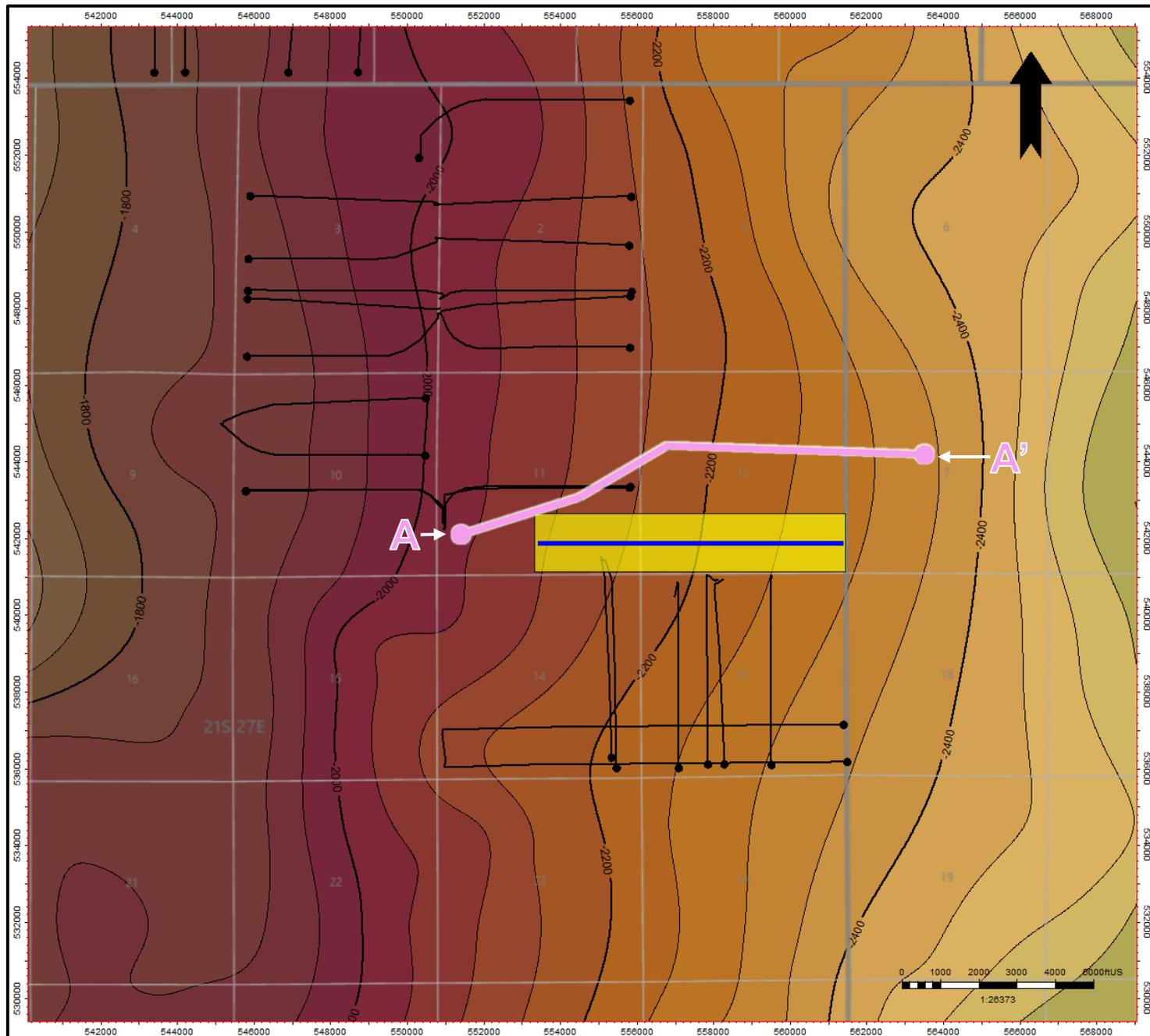
BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D1
 Submitted by: Matador Production Company
 Hearing Date: June 16, 2022
 Case No. 22178



D-1

Avalon; Bone Spring, East (Pool Code 3713) Structure Map (Bone Spring Subsea) A – A' Reference Line

Exhibit D-2



Map Legend

Bo Howard 124H



Bone Spring Wells



Project Area



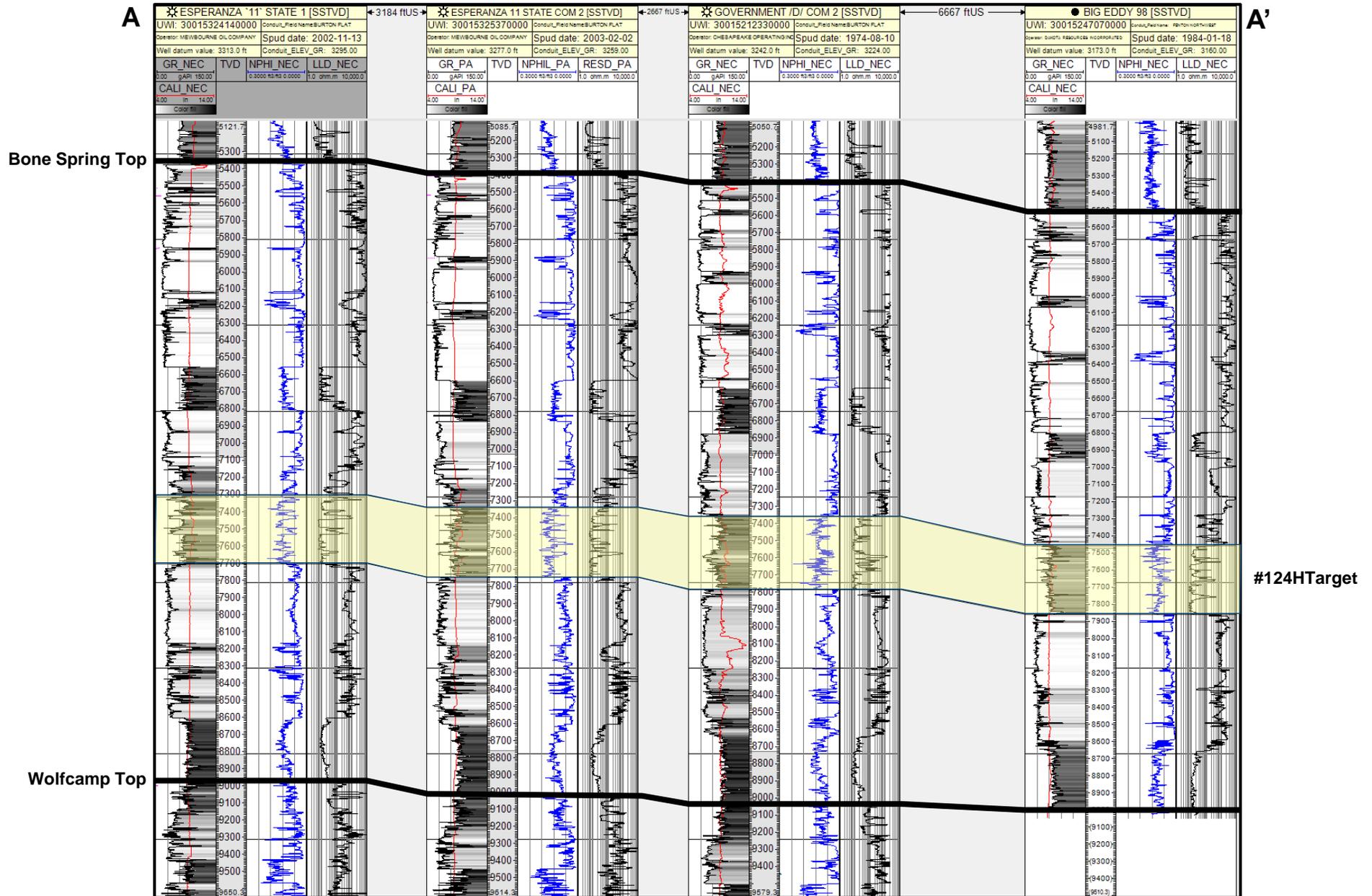
C. I. = 50'

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D2
 Submitted by: Matador Production Company
 Hearing Date: June 16, 2022
 Case No. 22178



Avalon; Bone Spring, East (Pool Code 3713) Structural Cross-Section A – A'

Exhibit D-3



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D3
 Submitted by: Matador Production Company
 Hearing Date: June 16, 2022
 Case No. 22178



D-3

SUBSCRIBED AND SWORN to before me this 16th day of June, 2022 by Adam G.

Rankin.



Notary Public

My Commission Expires:

**STATE OF NEW MEXICO
NOTARY PUBLIC
JOANNA M. GARCIA
COMMISSION # 1084379
COMMISSION EXPIRES 08/26/2025**



Adam G. Rankin
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

April 1, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Matador Production Company for compulsory pooling,
Eddy County, New Mexico.
Bo Howard 1211 Fed Com #124H well**

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 21, 2022 beginning at 8:15 a.m., until it is concluded. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed online or in person at the Division's Santa Fe office and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Nicholas Weeks, at (972) 371-5481 or nweeks@matadorresources.com.

Sincerely,

Adam G. Rankin
**ATTORNEY FOR MATADOR PRODUCTION
COMPANY**

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Bo Howard 1211 Fed Com 124H
Case No. 22178 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765841679822	BAS Energy, LP	PO Box 472087	Fort Worth	TX	76147-0287	Your item was delivered at 9:22 am on April 4, 2022 in FORT WORTH, TX 76147.
9414811898765841679723	Goodrich Petroleum Company of Louisiana	333 Texas St Ste 1350	Shreveport	LA	71101-3665	Your item was returned to the sender on April 14, 2022 at 9:45 am in SANTA FE, NM 87501 because the addressee moved and left no forwarding address.
9414811898765841679709	Howard Morris Kirkpatrick	53 Skyland Blvd	Tijeras	NM	87059-8106	Your item was returned to the sender on May 12, 2022 at 9:45 am in SANTA FE, NM 87501 because the addressee was not known at the delivery address noted on the package.
9414811898765841679792	James L. Pierce and wife, Sharon H. Pierce	2607 Ward St	Midland	TX	79705-7328	Your item was delivered to an individual at the address at 11:01 am on April 4, 2022 in MIDLAND, TX 79705.
9414811898765841679747	James Mark Kirkpatrick	594 S Nutwood St	Orange	CA	92869-5333	Your item was returned to the sender on April 14, 2022 at 9:45 am in SANTA FE, NM 87501 because the addressee moved and left no forwarding address.
9414811898765841679785	Jami Huber Owen	3323 Providence Dr	Midland	TX	79707-4813	Your item was delivered to an individual at the address at 11:06 am on April 7, 2022 in ROCKWALL, TX 75032.
9414811898765841679730	Janet Lewis	910 S Donner Way Apt 701	Salt Lake City	UT	84108-4122	Your item was returned to the sender on April 14, 2022 at 9:45 am in SANTA FE, NM 87501 because the addressee moved and left no forwarding address.
9414811898765841679778	Kim Margaret Kirkpatrick	36 Blue Mule Dr	Edgewood	NM	87015-7046	Your item was delivered to an individual at the address at 11:01 am on April 7, 2022 in HIGH RIDGE, MO 63049.
9414811898765841679914	McMullen Minerals, LLC	PO Box 470857	Fort Worth	TX	76147-0857	Your item was delivered at 9:22 am on April 4, 2022 in FORT WORTH, TX 76147.
9414811898765841679952	Michael D. Hayes and Kathryn A. Hayes, Co-Trustees of the Hayes Revocable Trust	3608 Meadowridge Ln	Midland	TX	79707-4543	Your item has been delivered to an agent for final delivery in MIDLAND, TX 79707 on April 4, 2022 at 5:08 pm.
9414811898765841679969	Nelda Lee Davis	4703 Boulder Dr	Midland	TX	79707-3308	Your item was delivered to an individual at the address at 2:20 pm on April 7, 2022 in AUSTIN, TX 78741.
9414811898765841679808	Camarie Oil & Gas, LLC	2502 Camarie Ave	Midland	TX	79705-6309	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765841679921	Oxy Y-1 Company	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on April 4, 2022 at 10:51 am.
9414811898765841679907	Pegasus Resources, LLC	PO Box 470698	Fort Worth	TX	76147-0698	Your item was delivered at 9:21 am on April 4, 2022 in FORT WORTH, TX 76147.
9414811898765841679990	Sharbro Energy, LLC	PO Box 840	Artesia	NM	88211-0840	Your item was picked up at the post office at 10:55 am on April 4, 2022 in ARTESIA, NM 88210.
9414811898765841679945	Silverado Oil & Gas, LLP	PO Box 52308	Tulsa	OK	74152-0308	Your item was delivered at 9:58 am on April 6, 2022 in TULSA, OK 74114.
9414811898765841679983	Southwest Royalties, Inc.	PO Box 53570	Midland	TX	79710-3570	Your item has been delivered to an agent for final delivery in MIDLAND, TX 79705 on April 5, 2022 at 7:04 pm.
9414811898765841679938	Starrett Royalty, LLC	PO Box 700093	Tulsa	OK	74170-0093	Your item was picked up at the post office at 10:10 am on April 5, 2022 in TULSA, OK 74136.
9414811898765841679976	Taybecs Royalties, LLC	PO Box 220	Jenks	OK	74037-0220	Your item was picked up at the post office at 1:03 pm on April 4, 2022 in JENKS, OK 74037.
9414811898765841679617	True North Exploration, Inc.	PO Box 5061	Midland	TX	79704-5061	Your item was picked up at the post office at 12:10 pm on April 5, 2022 in MIDLAND, TX 79701.
9414811898765841679655	Tumbler Energy Partners, LLC	1701 River Run Ste 306	Fort Worth	TX	76107-6547	Your item was delivered to the front desk, reception area, or mail room at 11:22 am on April 7, 2022 in DALLAS, TX 75219.
9414811898765841679662	Chevron U.S.A. Inc. Attn Land Manager	6301 Deauville	Midland	TX	79706-2964	Your item was delivered to an individual at the address at 1:45 pm on April 4, 2022 in MIDLAND, TX 79706.
9414811898765841679891	Catherine Erb	PO Box 5279	Austin	TX	78763-5279	Your item was delivered at 8:10 am on April 5, 2022 in AUSTIN, TX 78703.
9414811898765841679846	Chevron U.S.A. Inc. Attn Land Manager	1400 Smith St	Houston	TX	77002-7327	Your item was picked up at a postal facility at 4:15 pm on April 8, 2022 in HOUSTON, TX 77002.

Bo Howard 1211 Fed Com 124H
Case No. 22178 Postal Delivery Report

9414811898765841679839	Chi Energy, Inc.	PO Box 1799	Midland	TX	79702-1799	Your item was picked up at a postal facility at 1:28 pm on April 6, 2022 in MIDLAND, TX 79701.
9414811898765841679877	David H. Essex	PO Box 50577	Midland	TX	79710-0577	Your item has been delivered to an agent for final delivery in MIDLAND, TX 79705 on April 5, 2022 at 7:04 pm.
9414811898765841679716	Dean W. Rowell	PO Box 11206	Salt Lake City	UT	84147-0206	Your item was picked up at the post office at 9:35 am on April 11, 2022 in SALT LAKE CITY, UT 84101.
9414811898765841679754	Devon Energy Production Company, L.P.	333 W Sheridan Ave	Oklahoma City	OK	73102-5010	Your item was picked up at a postal facility at 8:15 am on April 5, 2022 in OKLAHOMA CITY, OK 73102.
9414811898765841679761	Dynasty Partners LLC	5910 S University Blvd no C18432	Greenwood Village	CO	80121-2879	Your item was delivered to an individual at the address at 1:40 pm on April 4, 2022 in LITTLETON, CO 80121.

Carlsbad Current Argus.

Affidavit of Publication

Ad # 0005195835

This is not an invoice

HOLLAND AND HART
POBOX 2208

SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

03/31/2022



Legal Clerk

Subscribed and sworn before me this March 31, 2022:



State of WI, County of Brown
NOTARY PUBLIC



My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0005195835

PO #:

of Affidavits 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. F

Submitted by: Matador Production Company

Hearing Date: June 16, 2022

Case No. 22178

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, April 21, 2022, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **April 10, 2022.**

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: BAS Energy, LP; Camarie Oil & Gas, LLC; Catherine Erb, her heirs and devisees; Chevron U.S.A. Inc.; Chi Energy, Inc. David H. Essex, his heirs and devisees; Dean W. Rowell, his heirs and devisees; Devon Energy Production Company, L.P.; Dynasty Partners LLC; Estate of Hazel W. Brooks Kirkpatrick, her heirs and devisees; Goodrich Petroleum Company of Louisiana; Howard Morris Kirkpatrick, his heirs and devisees; James L. Pierce and wife, Sharon H. Pierce, their heirs and devisees; James Mark Kirkpatrick, his heirs and devisees; Jami Huber Owen, his or her heirs and devisees; Janet Lewis, her heirs and devisees; Kim Margaret Kirkpatrick, her heirs and devisees; McMullen Minerals, LLC; Michael D. Hayes and Kathryn A. Hayes, Co-Trustees of the Hayes Revocable Trust; Nelda Lee Davis, his or her heirs and devisees; Oxy Y-1 Company; Pegasus Resources, LLC; Sharbro Energy, LLC; Silverado Oil & Gas, LLP; Southwest Royalties, Inc.; Starrett Royalty, LLC; Taybecs Royalties, LLC; True North Exploration, Inc.; and Tumbler Energy Partners, LLC.

Case No. 22178: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the S/2 S/2 of Section 12, and the S/2 SE/4 of Section 11, Township 21 South, Range 27 East, Eddy County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial **Bo Howard 1211 Fed Com #124H well**, to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 12, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11. The completed interval of the well will comply with statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 1 mile east of Carlsbad, New Mexico.

#5195835, Current Argus, March 31, 2022