

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 16, 2023**

CASE No. 23243

REY B 13-17S-#1 WELL

LEA COUNTY, NEW MEXICO



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

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

CASE NO. 23243

TABLE OF CONTENTS

- **Matador Exhibit A:** Compulsory Pooling Application Checklist
- **Matador Exhibit B:** Application of Matador Production Company for Compulsory Pooling
- **Matador Exhibit C:** Affidavit of Reece Clark, Landman
 - Matador Exhibit C-1: C-102
 - Matador Exhibit C-2: General Location & Tract Map
 - Matador Exhibit C-3: Ownership Schedule
 - Matador Exhibit C-4: Sample Well Proposal Letters with AFE
 - Matador Exhibit C-5: Chronology of Contacts
- **Matador Exhibit D:** Affidavit of Andrew Parker, Geologist
 - Matador Exhibit D-1: Locator Map
 - Matador Exhibit D-2: Subsea Structure Map
 - Matador Exhibit D-3: Structural Cross-Section
- **Matador Exhibit E:** Self-Affirmed Statement of Notice
- **Matador Exhibit F:** Affidavit of Publication for Each Case

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23243	APPLICANT'S RESPONSE
Date	March 16, 2023
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company (OGRID No. 228937)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MATADOR PRODUCTION COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	Fasken Oil & Ranch; Carl Farley's Boys Ranch Foundation
Well Family	Rey B
Formation/Pool	
Formation Name(s) or Vertical Extent:	Strawn Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Humble City; Strawn, South [Pool code 33500]
Well Location Setback Rules:	Special Pool Rules, Order No. R-6913 et. seq.: Within 150 feet of center of quarter-quarter section
Spacing Unit	
Type (Horizontal/Vertical)	Directional
Size (Acres)	80 acres
Building Blocks:	80 acres
Orientation:	Directional
Description: TRS/County	W/2 NE/4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Non-standard; Applicant has received administrative approval for the proposed non-standard location (NSL-8525; pLEL2300629700)
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit C-3
Well(s)	BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A

Submitted by: Matador Production Company

Hearing Date: March 16, 2023

Case No. 23243

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	Rey B 13-17S-37E #1 well SHL: 340' FNL, 2,373' FEL (Unit B) Section 13 BHL: 701' FNL, 2,362' FEL (Unit B) Section 13 Target: Strawn formation Orientation: Directional Completion: Non-standard
Horizontal Well First and Last Take Points	N/A
Completion Target (Formation, TVD and MD)	Exhibit C-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	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-2; C-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
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-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
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
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
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):	Paula M. Vance
Signed Name (Attorney or Party Representative):	
Date:	3/14/2023

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

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

CASE NO. 23243

APPLICATION

Matador Production Company (“Matador” or “Applicant”), 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 Strawn formation (Humble City; Strawn, South [Pool Code 33500]) underlying a standard 80-acre spacing unit comprised of the W/2 NE/4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador (OGRID No. 228937) is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Rey B 13-17S-37E #1** well, a directional well to be drilled and completed at a non-standard bottom-hole location in the NW/4 NE/4 (Unit B) of Section 13 to a depth sufficient to test the Strawn formation.
3. The special pool rules issued under Order No. R-6913, *et. seq.*, for the Humble City; Strawn, South, Pool requires 80-acre spacing and for wells to be located within 150 feet of the center of a governmental quarter-quarter section.
4. Applicant will separately seek administrative approval for the proposed non-standard location.

69:CF9`H<9`C=@7CBG9FJ5H=CB`8=J=G=CB`
GUbHU':YžBYk`AYI]Wt
91\]V]hBc"6
Gi Va]hYX`Vm`A UHUXcf`DfcXi W]cb`7ca dUbm
<YUf]b[`8 UhY.`A UfWl`%ž&\$&
7 UgY`Bc" &' &('

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed spacing unit;
- B. Designating Applicant operator of this spacing unit and the well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping 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% penalty 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: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-998-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
arankin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR MATADOR PRODUCTION COMPANY

CASE _____: **Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Strawn formation (Humble City; Strawn, South [Pool Code 33500]) underlying a standard 80-acre spacing unit comprised of the W/2 NE/4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Rey B 13-17S-37E #1** well, a directional well to be drilled and completed at a non-standard bottom-hole location in the NW/4 NE/4 (Unit B) of Section 13 to a depth sufficient to test the Strawn formation. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 8 miles southeast of Loving, New Mexico.

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

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

CASE NO. 23243

AFFIDAVIT OF REECE CLARK

Reece Clark, of lawful age and being first duly sworn, states the following:

1. My name is Reece Clark and I am employed by MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as a 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 public 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. Matador seeks an order pooling all uncommitted interests in the Strawn formation [Humble City; Strawn, South (Pool Code 33500)] underlying a standard 80-acre directional well spacing unit comprised of the W/2 NE/4 of Section 13, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. Matador further seeks to dedicate the spacing unit to its proposed **Rey B 13-17S-37E #1 well** (API pending), to be completed at a non-standard location in the NW/4 NE/4 (Unit B) of said Section 13 to a depth sufficient to test the Strawn formation. Matador also requests that it be designated as operator of the well and spacing unit.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Matador Production Company
Hearing Date: March 16, 2023
Case No. 23243**

5. Matador's affiliate owns a working interest in the W/2 NE/4 of Section 13 on which it proposes to drill the **Rey B 13-17S-37E #1 well**, with a surface location 340 feet from the north line and 2,373 feet from the east line, and bottom-hole location at 701 feet from the north line and 2,362 feet from the east line of Section 13.

6. **Matador Exhibit C-1** is a form C-102 plat showing the well and the location within the proposed spacing unit. The spacing unit is comprised of the W/2 NE/4 of Section 13.

7. Special pool rules issued under Order No. R-6913 govern the Humble City; Strawn, South (Pool Code 33500) and require wells to be located within 150 feet of the center of a governmental quarter-quarter section. The proposed well location is unorthodox under the special pool rules. Matador has separately applied for and received approval for the non-standard location pursuant to Administrative Order NSL – 8525.

8. **Matador Exhibit C-2** is a map showing the proposed spacing unit, which is comprised of one fee tract.

9. **Matador Exhibit C-3** identifies the working ownership interests in the proposed spacing unit that Matador seeks to pool.

10. Matador is not seeking to pool any overriding royalty interest owners.

11. **Matador Exhibit C-4** contains a sample well proposal letters and AFE sent to each of the working interest parties Matador seeks to pool. Matador Exhibit C-4 also contains an example of a supplement notice sent to each of the working interest parties Matador seeks to pool. The costs reflected in the AFE are consistent with what other operators have incurred for similar wells in this formation.

12. No ownership depth severances exist within the Strawn formation in the proposed spacing unit.

13. Matador has estimated the overhead and administrative costs at \$8000/month while drilling and \$800/month while operating the well. These costs are consistent with what other operators are charging in this area for similar wells. Matador respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division.

14. 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 **Matador Exhibit C-5**, Matador has had discussion with each of the working interest parties it seeks to pool with the exception of one unleased mineral owner that Matador has been unable to reach.

15. **Matador Exhibit C-5** contains a general summary of the contacts with the uncommitted owners that Matador seeks to pool. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted owners.

16. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners that Matador seeks to pool and instructed that they be notified of this hearing.

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

FURTHER AFFIANT SAYETH NAUGHT.



REECE CLARK

STATE OF TEXAS)
)
COUNTY OF DALLAS)

SUBSCRIBED and SWORN to before me this 13th day of March 2023 by
Reece Clark.



NOTARY PUBLIC

My Commission Expires:

March 30, 2026

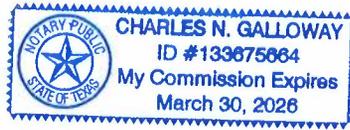


EXHIBIT C-1

DISTRICT I
 1828 N. FRENCH DR., HOBBS, NM 88240
 Phone: (505) 393-6181 Fax: (505) 393-0720

DISTRICT II
 911 S. FIRST ST., ARTESIA, NM 88210
 Phone: (505) 748-1283 Fax: (505) 748-9720

DISTRICT III
 1000 RIO BRAZOS RD., AZTEC, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
 1220 S. ST. FRANCIS DR., SANTA FE, NM 87508
 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 SOUTH ST. FRANCIS DR.
 Santa Fe, New Mexico 87505

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	33500	Humble City; Strawn, South
Property Code	Property Name	Well Number
	REY B 13-17S-37E	1
OGRID No.	Operator Name	Elevation
228937	MATADOR PRODUCTION COMPANY	

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	13	17-S	37-E		340	NORTH	2373	EAST	LEA

Bottom Hole Location If Different From Surface

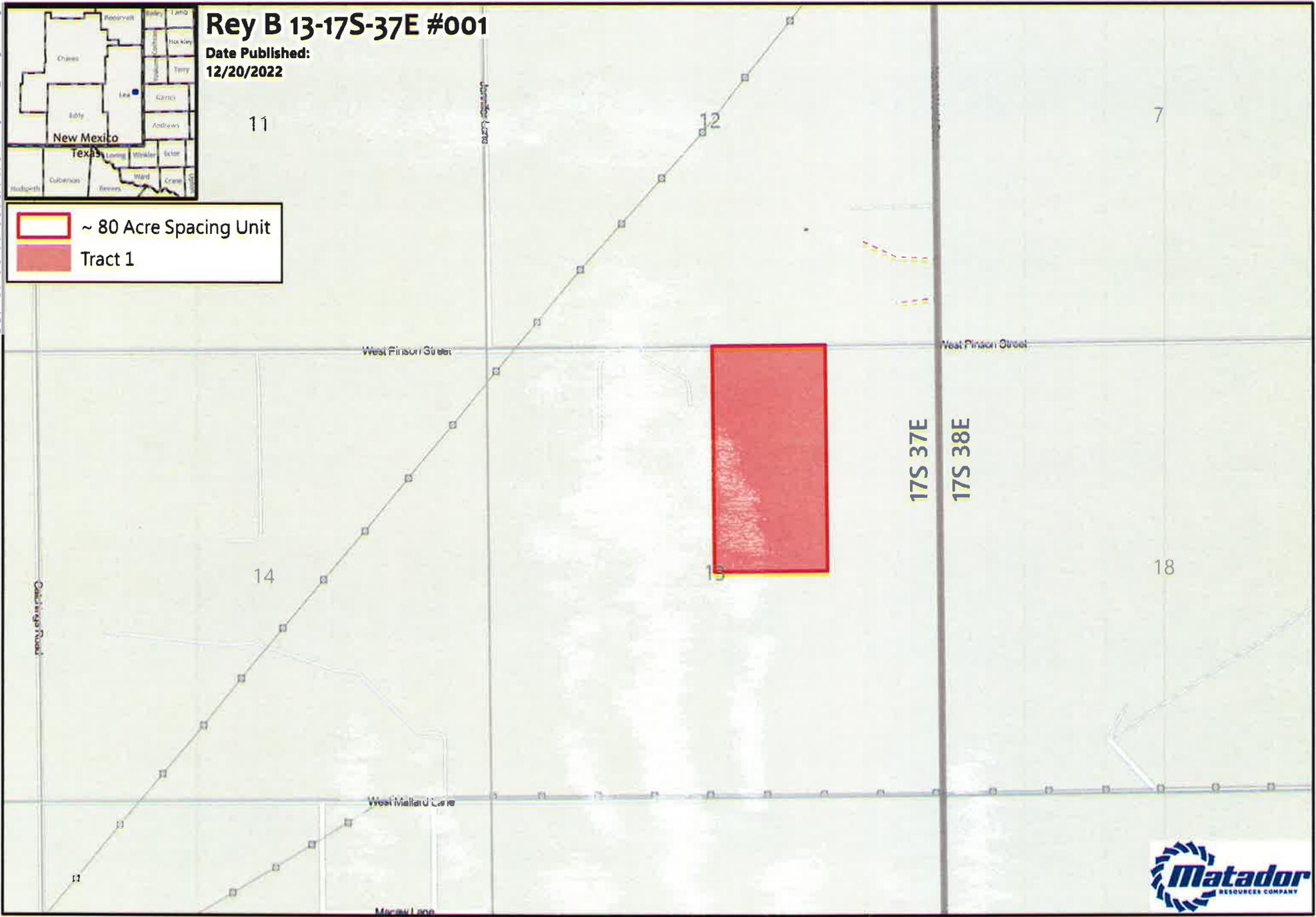
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	13	17-S	37-E		701	NORTH	2362	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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

<p>NAD 83 NME GRID AZ. - 177°29'53" HORZ. DIST. - 361.8' NAD 27 NME GRID AZ. - 177°29'59" HORZ. DIST. - 361.8'</p>				<p>OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Reece Clark</u> Date: <u>11/18/22</u> Printed Name: <u>Reece Clark</u> E-mail Address: <u>reece.clark@matadorresources.com</u></p>																																	
<p>NAD 83 NME SURFACE LOCATION Y=671557.4 N X=888165.5 E LAT.=32.841041° N LONG.=103.204091° W</p>	<p>NAD 27 NME SURFACE LOCATION Y=671495.7 N X=846987.0 E LAT.=32.840927° N LONG.=103.203599° W</p>	<p>POINT LEGEND NAD 83</p> <table border="1"> <tr><td>1</td><td>Y=671894.8 N</td></tr> <tr><td></td><td>X=887894.2 E</td></tr> <tr><td>2</td><td>Y=671905.7 N</td></tr> <tr><td></td><td>X=889214.4 E</td></tr> <tr><td>3</td><td>Y=669280.8 N</td></tr> <tr><td></td><td>X=889245.9 E</td></tr> <tr><td>4</td><td>Y=669251.2 N</td></tr> <tr><td></td><td>X=887925.6 E</td></tr> </table>		1	Y=671894.8 N		X=887894.2 E	2	Y=671905.7 N		X=889214.4 E	3	Y=669280.8 N		X=889245.9 E	4	Y=669251.2 N		X=887925.6 E	<p>POINT LEGEND NAD 27</p> <table border="1"> <tr><td>1</td><td>Y=671833.1 N</td></tr> <tr><td></td><td>X=846715.8 E</td></tr> <tr><td>2</td><td>Y=671844.1 N</td></tr> <tr><td></td><td>X=848036.0 E</td></tr> <tr><td>3</td><td>Y=669199.1 N</td></tr> <tr><td></td><td>X=848067.4 E</td></tr> <tr><td>4</td><td>Y=669189.5 N</td></tr> <tr><td></td><td>X=846747.1 E</td></tr> </table>		1	Y=671833.1 N		X=846715.8 E	2	Y=671844.1 N		X=848036.0 E	3	Y=669199.1 N		X=848067.4 E	4	Y=669189.5 N		X=846747.1 E
1	Y=671894.8 N																																				
	X=887894.2 E																																				
2	Y=671905.7 N																																				
	X=889214.4 E																																				
3	Y=669280.8 N																																				
	X=889245.9 E																																				
4	Y=669251.2 N																																				
	X=887925.6 E																																				
1	Y=671833.1 N																																				
	X=846715.8 E																																				
2	Y=671844.1 N																																				
	X=848036.0 E																																				
3	Y=669199.1 N																																				
	X=848067.4 E																																				
4	Y=669189.5 N																																				
	X=846747.1 E																																				
<p>NAD 83 NME PROPOSED BOTTOM HOLE LOCATION Y=671196.0 N X=888181.3 E LAT.=32.840047° N LONG.=103.204052° W</p>	<p>NAD 27 NME PROPOSED BOTTOM HOLE LOCATION Y=671134.3 N X=847002.8 E LAT.=32.839933° N LONG.=103.203561° W</p>	<p>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. AUGUST 9, 2022 Date of Survey Signature & Seal of Professional Surveyor</p>		<p>Signature: <u>Chad Hargrow</u> Date: <u>8/17/22</u> Certificate No. CHAD HARGROW 17777 W.O. # 22-832 DRAWN BY: AH</p>																																	

EXHIBIT C-2

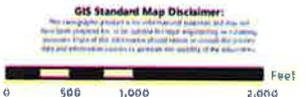


Rey B 13-17S-37E #001

Date Published:
12/20/2022

 ~ 80 Acre Spacing Unit

 Tract 1



1:18,000
1 inch equals 1,500 feet

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: **Matador Production Company**
Hearing Date: **March 16, 2023**
Case No. **23243**

Map Prepared by: khudgins
Date: December 20, 2022
Project: \\GIS\UserData\agamarra\temp\20221215 Rey B\Rey_B\Rey_B.aprx
Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office; GIS Department; Texas Cooperative Wildlife Collection; Texas A&M University; United States Census Bureau (TIGER)

EXHIBIT C-3

Case No. 23243			
Summary of Interests			
Matador Working Interest			51.551%
Voluntary Joinder			5.000%
Anticipated Voluntary Joinder			0.977%
Compulsory Pooled Interst			42.472%
Interest Owners:	Description:	Tract:	Interest:
Cal Farley's Boys Ranch Foundation	Uncommitted Mineral Interest Owner	1	25.00%
Loveless Land Holdings	Uncommitted Mineral Interest Owner	1	2.6156%
Rickie D. Thompson	Uncommitted Mineral Interest Owner	1	0.8333%
Teddie D. Shelfer and Linda C. Shelfer, his wife	Uncommitted Mineral Interest Owner	1	2.500%
Fasken Acquisitions 02, Ltd.	Uncommitted Working Interest Owner	1	9.375%
Worrall Investment Corporation	Uncommitted Working Interest Owner	1	0.586%
Sharbro Energy, LLC	Uncommitted Working Interest Owner	1	0.586%
Loveless Land Holdings	Uncommitted Working Interest Owner	1	0.488%
The Lucinda Loveless Revocable Trust	Uncommitted Working Interest Owner	1	0.307%
Lucinda Loveless Hershenhorn	Uncommitted Working Interest Owner	1	0.182%

EXHIBIT C-4

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5403 • Fax 214.866.4946
reece.clark@matadorresources.com

**Reece Clark
Landman**

August 24, 2022

VIA CERTIFIED RETURN RECEIPT MAIL

Cal Farley's Boys Ranch Foundation
P.O. Box 1
Amarillo, TX 79105

Re: MRC Permian Company – Rey B. 13-17S-37E #001 (the "Well")
Participation Proposal
Section 13, Township 17 South, Range 37 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Rey B. 13-17S-37E #001 well, located in NE/4 Section 13, Township 17 South, Range 37 East, Lea County, New Mexico.

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

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping the Well is \$4,987,508 as itemized on the enclosed Authority for Expenditure ("AFE") dated August 1, 2022.

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

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, 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,



Reece Clark

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-4
 Submitted by: Matador Production Company
 Hearing Date: March 16, 2023
 Case No. 23243

Enclosure(s)

Cal Farley's Boys Ranch Foundation hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with MRC Permian Company's **Rey B. 13-17S-37E #001** well.
_____ Not to participate in the **Rey B. 13-17S-37E #001**.

Cal Farley's Boys Ranch Foundation

By: _____

Title: _____

Date: _____

Contact Number: _____

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5403 • Fax 214.866.4946
reece.clark@matadorresources.com

**Reece Clark
Landman**

October 26, 2022

VIA CERTIFIED RETURN RECEIPT MAIL

Rickie D. Thompson
P.O. Box 84
Blue Mountain, AR 72826

Re: MRC Permian Company – Rey B. 13-17S-37E #001 (the “Well”)
Participation Proposal
Section 13, Township 17 South, Range 37 East
Lea County, New Mexico

Dear Sir/Madam:

Reference is made to that previous proposal for the Rey B. 13-17S-37E #001, dated August 24, 2022. I am writing to provide further information about the Well being proposed.

- The Well will have a targeted interval within the Strawn formation. We plan to drill the well vertically in the Strawn (~12,000' TVD).
- The proposed surface location of the Well is approximately 340' FNL and 2,373' FEL of Section 13, Township 17S, Range 37E, Lea County, New Mexico. The proposed bottom-hole location is 701' FNL and 2,362' FEL of Section 13, Township 17S, Range 37E, Lea County, New Mexico.

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement, and will be mailed at a later date or upon request and have the following general provisions:

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

Please contact me if you have any questions.

Sincerely,



Reece Clark

EXHIBIT C-5

Summary of Communications Case No. 23243

Uncommitted Working Interest Owner:

1. Fasken Acquisitions 02, Ltd.

In addition to sending well proposals, Matador has had discussions with Fasken Acquisitions 02, Ltd. regarding their interest and we are continuing to discuss voluntary joinder.

2. Worrall Investment Corporation

Matador sent well proposals to Worrall's predecessor in interest, David Petroleum Corporation. Now that Worrall has acquired that interest, Matador has had discussions with Worrall Investment Corporation regarding their interest and we are continuing to discuss voluntary joinder.

3. Sharbro Energy, LLC

Matador sent well proposals to Sharbro's predecessor in interest, David Petroleum Corporation. Now that Sharbo has acquired that interest, Matador has reached out to Sharbro Energy, LLC regarding their interest and we are continuing to discuss voluntary joinder.

4. Loveless Land Holdings

In addition to sending well proposals, Matador has had discussions with Loveless Land Holdings regarding their interest and we are continuing to discuss voluntary joinder.

5. Lucinda Loveless, individually and as Trustee for the Lucinda Loveless Trust

In addition to sending well proposals, Matador has had discussions with Lucinda Loveless, individually and as Trustee for the Lucinda Loveless Trust regarding their interest and we are continuing to discuss voluntary joinder.

Uncommitted Mineral Interest Owner:

6. Cal Farley's Boys Ranch Foundation

In addition to sending well proposals, Matador has had discussions with Cal Farley's Boys Ranch Foundation regarding their interest and we are continuing to discuss voluntary joinder.

7. Loveless Land Holdings

In addition to sending well proposals, Matador has had discussions with Loveless Land Holdings regarding their interest and we are continuing to discuss voluntary joinder.

8. Rickie D. Thompson

Matador has sent well proposals to the last known address of Rickie D. Thompson and attempted to make communication regarding their interest.

9. Teddie D. Shelfer and Linda C. Shelfer, his wife

In addition to sending well proposals, Matador has had discussions with Teddie D. Shelfer and Linda C. Shelfer, his wife regarding their interest and we are continuing to discuss voluntary joinder.

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

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

CASE NO. 23243

AFFIDAVIT OF ANDREW PARKER

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

1. My name is Andrew Parker. I work for MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as a Senior Vice President of Geosciences.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist 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 I have conducted a geologic study of the lands in the subject area.
4. **Matador Exhibit D-1** is a locator map identifying the location of the proposed spacing unit within Section 13, Township 17 South, Range 37 East, Lea County, New Mexico. A red box identifies the general area where the spacing unit, which is depicted by a yellow rectangle, is located.
5. **Matador Exhibit D-2** is a subsea structure map that I prepared off the top of the Strawn formation. The contour interval is 50 feet. The proposed spacing unit is depicted as a yellow box with a black outline. The proposed bottom-hole location for the Rey B 13-17S-37E #1 well is identified with a red dot. The structure map shows the Strawn formation is relatively flat across the area of the spacing unit but on a regional scale gently dips to the east. The structure appears

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Matador Production Company
Hearing Date: March 16, 2023
Case No. 23243

consistent across the spacing unit. I do not observe any faulting, pinchouts, or other geologic impediments to drilling in this acreage or at the proposed location.

6. **Matador Exhibit D-3** is a structural cross-section that I prepared displaying open-hole logs run over the Strawn formation from the three representative wells denoted from A to A'. For each well in the cross-section, the following logs are included: gamma ray, caliper, resistivity, and porosity, where available. The top and bottom of the targeted Strawn formation are marked and depicted with a black line running across the cross-section. The proposed target interval is labeled and marked from the top to the base of the Strawn formation as depicted in the representation of the Rey B 13-17S-37E #1 well in the middle of the cross-section. At the time the well is completed, Matador may choose to selectively complete only a portion of this vertical interval.

7. Matador has identified a discrete reservoir in the spacing unit that it expects will be prospective. The take points for Rey B 13-17S-37E #1 well are located where Matador believes it can most effectively and efficiently drain the discrete reservoir it has identified within this spacing unit. In my opinion, the proposed location is necessary to prevent waste and protect correlative rights.

8. In my opinion, the proposed vertical well is the most efficient way to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

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

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

Santa Fe, New Mexico

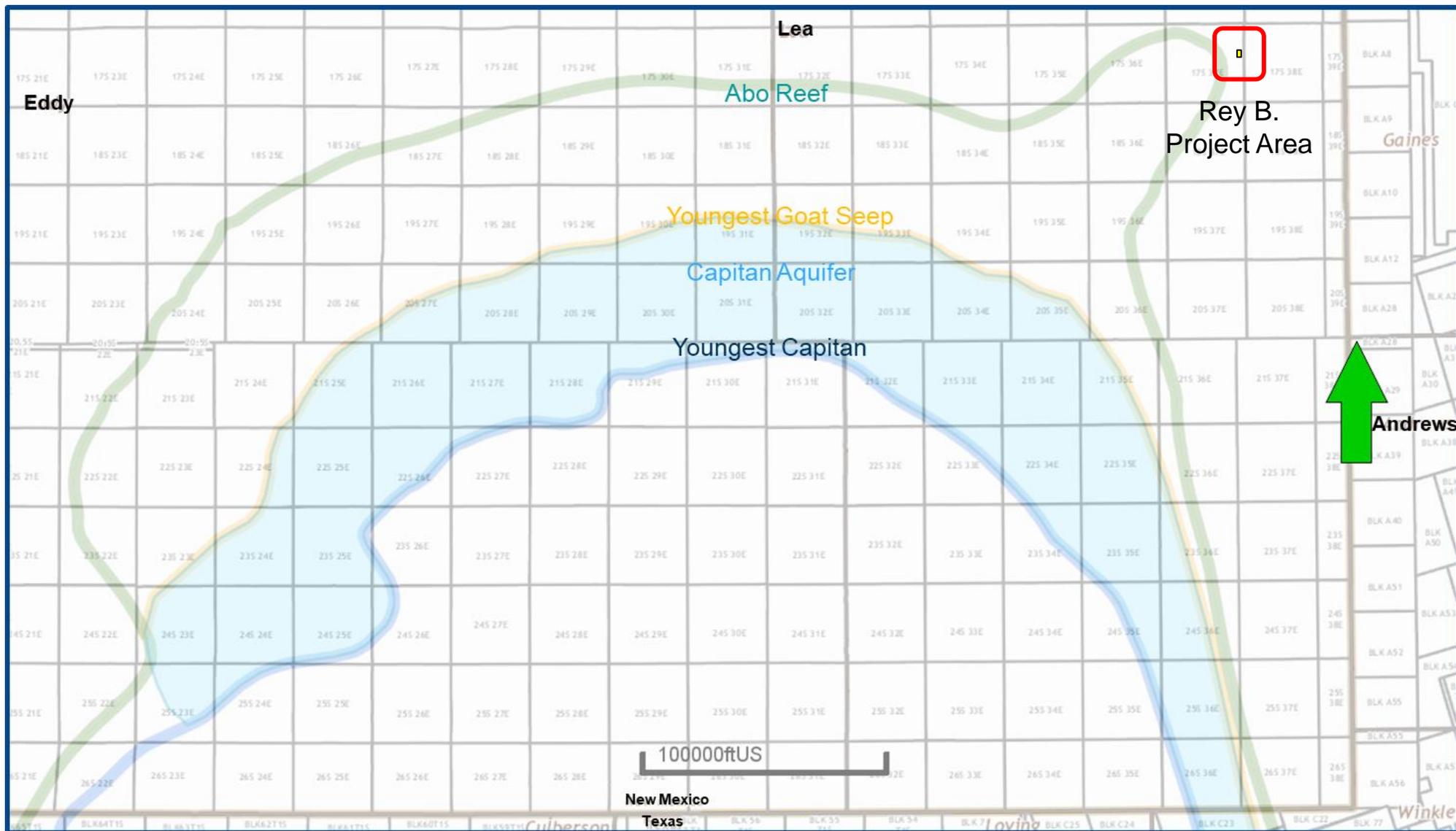
Exhibit No. D-1

Submitted by: Matador Production Company

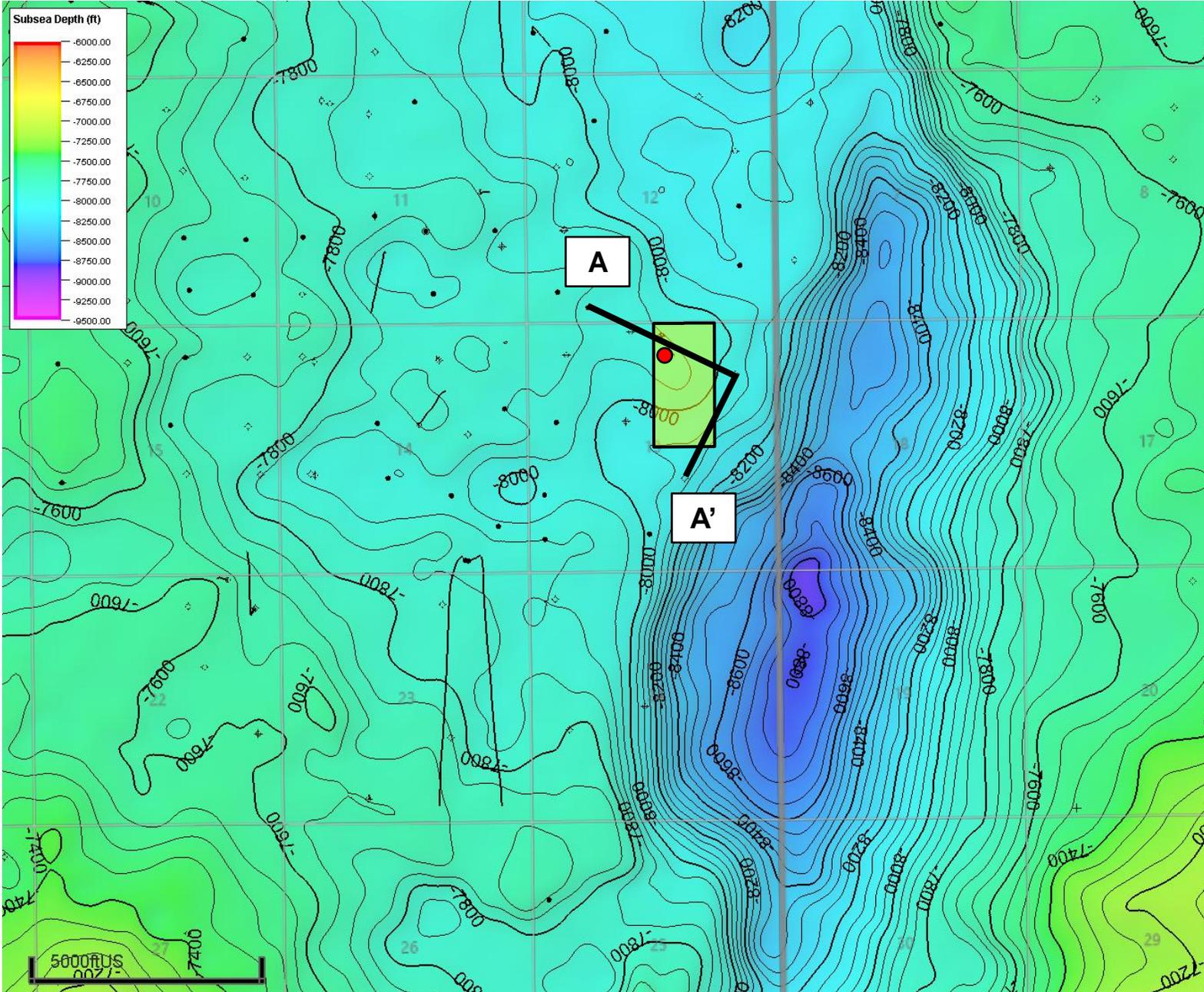
Hearing Date: March 16, 2023

Case No. 23243

Locator Map



Structure Map (Top Strawn Subsea) A – A' Reference Line



Map Legend

Rey B. #001



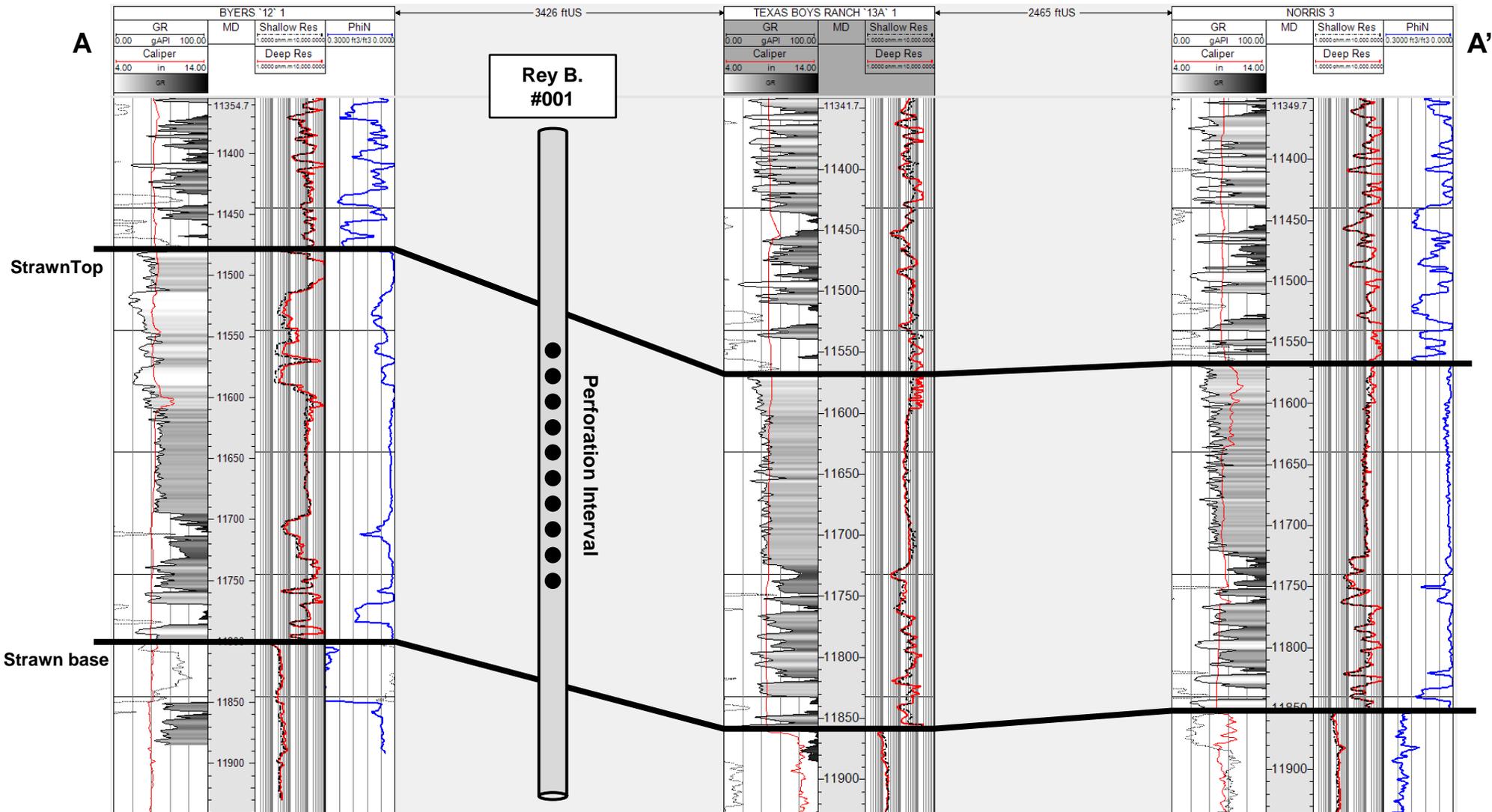
Project Area



C. I. = 50'

Humble City; Strawn, South (Pool Code 33500) Structural Cross-Section A – A'

Santa Fe, New Mexico
Exhibit No. D-3
Submitted by: Matador Production Company
Hearing Date: March 16, 2023
Case No. 23243



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

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

CASE NO. 23243

**SELF-AFFIRMED STATEMENT OF
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of Matador Production Company (“Matador”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of March 14, 2023.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached as Exhibit F.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



Paula M. Vance

3/14/2023

Date

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Matador Production Company
Hearing Date: March 16, 2023
Case No. 23243**



Paula M. Vance
Associate Attorney
Phone (505) 988-4421
Email pmvance@hollandhart.com

December 16, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico: Rev B 13-17S-37E #1

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on January 5, 2023, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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 to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Reece Clark at (972) 371-5403 or reece.clark@matadorresources.com.

Sincerely,

Paula M. Vance
**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

MRC_Rey B 1H
Case No 23243 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765835123720	Cal Farleys Boys Ranch Foundation	PO Box 1	Amarillo	TX	79105-000	Your item was picked up at a postal facility at 7:12 am on December 23, 2022 in AMARILLO, TX 79105.
9414811898765835123706	Loveless Land Holdings	4024 Goodfellow Dr	Dallas	TX	75229-281	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765835123799	Rickie D. Thompson	PO Box 411	Rogers	AR	72757-041	Your item was refused by the addressee at 10:42 am on January 5, 2023 in SANTA FE, NM 87501 and is being returned to the sender.
9414811898765835123744	Teddie D. Shelfer and Linda C. Shelfer, his wife	4508 Skylark Way	El Paso	TX	79922-182	Your item was delivered to an individual at the address at 1:17 pm on December 24, 2022 in EL PASO, TX 79922.
9414811898765835123782	Fasken Acquisitions 02, Ltd.	6101 Holiday Hill Rd	Midland	TX	79707-163	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765835123737	David Petroleum Corporation	116 W 1st St	Roswell	NM	88203-470	Your item was delivered to an individual at the address at 1:05 pm on January 3, 2023 in ROSWELL, NM 88203.
9414811898765835123775	Kay R. McMillan, Trustee of the Kay R. McMillan Survivors Trust	118 W 1st St	Roswell	NM	88203-470	Your item was delivered to an individual at the address at 1:14 pm on December 22, 2022 in ROSWELL, NM 88203.
9414811898765835123911	Christine Schlicher Johnson	6521 Park Ln	Dallas	TX	75225	Your item was delivered to an individual at the address at 5:43 pm on December 20, 2022 in DALLAS, TX 75225.
9414811898765835123959	James Coe Schlicher	2309 Bridal Path	Austin	TX	78703	Your shipment was received at 3:28 pm on December 16, 2022 in DENVER, CO 80217. The acceptance of your package is pending.
9414811898765835123966	Lucinda Loveless, individually and as Trustee for the Lucinda Loveless Trust	PO Box 8	Hondo	NM	88336-000	Your item was delivered at 12:19 pm on December 29, 2022 in HONDO, NM 88336.
9414811898765835123928	Worrall Investment Corporation	PO Box 1834	Roswell	NM	88202-183	Your item was picked up at the post office at 12:36 pm on December 23, 2022 in ROSWELL, NM 88201.
9414811898765835123904	Sharbro Energy, LLC	PO Box 840	Artesia	NM	88211-084	Your item was picked up at the post office at 10:52 am on December 22, 2022 in ARTESIA, NM 88210.

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated December 16, 2022 and ending with the issue dated December 16, 2022.



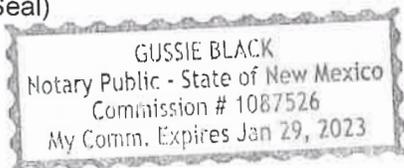
Publisher

Sworn and subscribed to before me this 16th day of December 2022.



Business Manager

My commission expires January 29, 2023
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
December 16, 2022

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, January 5, 2023, 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@emnrd.nm.gov. 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@emnrd.nm.gov, or the New Mexico Relay Network at 1-800-659-1779, no later than **December 25, 2022**.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m70857b43582c30c1009e8e4c5f5461e7> Webinar number: 2499 289 7870

Panelist password: AvxgVmMe829 (28948663 from phones and video systems)

Join by video: 24992897870@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your webinar number

Join by phone: 1-844-992-4726 United States Toll Free
+1-408-418-9388 United States Toll
Access code: 2499 289 7870

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 parties, including: Cal Farley's Boys Ranch Foundation; Loveless Land Holdings; Rickie D. Thompson, his or her heirs and devisees; Teddle D. Shelfer and Linda C. Shelfer, his wife, their heirs and devisees; Fasken Acquisitions 02, Ltd.; David Petroleum Corporation; Kay R. McMillan, Trustee of the Kay R. McMillan Survivor's Trust; Christine Schlicher Johnson, her heirs and devisees; James Coe Schlicher, his heirs and devisees; and Lucinda Loveless, individually and as Trustee for the Lucinda Loveless Trust.

Case No. 23243: Application of Matador Production Company for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Strawn formation (Humble City; Strawn, South [Pool Code 33500]) underlying a standard 80-acre spacing unit comprised of the W/2 NE/4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Rey B 13-17S-37E #1** well, a directional well to be drilled and completed at a non-standard bottom-hole location in the NW/4 NE/4 (Unit B) of Section 13 to a depth sufficient to test the Strawn formation. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 8 miles southeast of Loving, New Mexico.
#00273919

67100754

00273919

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Matador Production Company
Hearing Date: March 16, 2023
Case No. 23243