

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

**APPLICATIONS OF MRC PERMIAN
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 25183-25184

NOTICE OF REVISED EXHIBITS

MRC Permian Company applicant in the above-referenced cases, gives notice that it is filing the attached revised exhibits for acceptance into the record.

In each case, *Revised Exhibit A* and *Revised Exhibit C-1* include the footage locations for the surface location.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
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ATTORNEYS FOR MRC PERMIAN COMPANY

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 13, 2025**

CASE No. 25183

NOEL 0304 FED COM #123H WELL

LEA COUNTY, NEW MEXICO



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

**APPLICATION OF MRC PERMIAN COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25183

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 - Matador Exhibit C-4: Sample Well Proposal Letter with AFEs
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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| Case: 25183 | APPLICANT'S RESPONSE |
|---|--|
| Date | March 13, 2025 |
| Applicant | MRC Permian Company |
| Designated Operator & OGRID (affiliation if applicable) | Matador Production Company (OGRID No. 228937) |
| Applicant's Counsel: | Holland & Hart LLP |
| Case Title: | APPLICATION OF MRC PERMIAN COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. |
| Entries of Appearance/Intervenors: | N/A |
| Well Family | Noel |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Bone Spring |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | N/A |
| Pool Name and Pool Code: | MESCALERO ESCARPE; BONE SPRING [45793] |
| Well Location Setback Rules: | Statewide oil rules |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320-acre |
| Building Blocks: | 40 acres |
| Orientation: | West-East / Laydown |
| Description: TRS/County | N/2 S/2 of Sections 3 and 4, Township 18 South, Range 33 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? | Yes |
| 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 | 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>Noel 0304 Fed Com 123H well</p> <p>API No. PENDING</p> <p>SHL: 1340' FSL, 508' FWL (Unit L) Sec. 4</p> <p>BHL: 1980' FSL, 100' FEL (Unit I) of Sec. 3</p> <p>Target: Bone Spring</p> <p>Orientation: West-East / Laydown</p> <p>Completion: Standard</p> |
| <p>BEFORE THE OIL CONSERVATION DIVISION</p> <p>Santa Fe, New Mexico</p> <p>Revised Exhibit No. A</p> <p>Submitted by: Matador Production Company</p> <p>Hearing Date: March 13, 2025</p> <p>Case No. 25183</p> | |

| | |
|--|----------------|
| Horizontal Well First and Last Take Points | Exhibit C-1 |
| Completion Target (Formation, TVD and MD) | Exhibit C-4 |
| | |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$10,000 |
| Production Supervision/Month \$ | \$1,000 |
| 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-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 | Exhibit D-1 |
| 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-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): | Paula M. Vance |
| Signed Name (Attorney or Party Representative): |  |
| Date: | 3/5/2025 |

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25183

APPLICATION

MRC Permian Company (“MRC” or “Applicant”), through 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 a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the N2S2 of Sections 3 and 4, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, MRC states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Matador Production Company (OGRID No. 228937) as the operator of the proposed horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Noel 0304 Fed Com 123H** well to be horizontally drilled from a surface location in the SW4 of Section 4, with a first take point in the NW4SW4 (Unit L) of Section 4 and a last take point in the NE4SE4 (Unit I) of Section 3.
4. 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.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

5. The pooling of interests in the proposed horizontal well spacing unit 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 March 13, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit;
- B. Designating Matador Production Company as operator of this horizontal well spacing unit and the wells 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% 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
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pmvance@hollandhart.com

ATTORNEYS FOR MRC PERMIAN COMPANY

CASE _____: Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the N2S2 of Sections 3 and 4, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Noel 0304 Fed Com 123H** well to be horizontally drilled from a surface location in the SW4 of Section 4, with a first take point in the NW4SW4 (Unit L) of Section 4 and a last take point in the NE4SE4 (Unit I) of Section 3. 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 Matador Production Company as operator of the well, and a 200% charge for risk involved in drilling the wells. The subject area is located approximately 21 miles Southwest of Lovington, New Mexico.

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25183

SELF-AFFIRMED STATEMENT OF ETHAN FRASIER

Ethan Frasier, of lawful age and being first duly sworn, declares as follows:

1. My name is Ethan Frasier. I work for MRC Energy Company, an affiliate of MRC Permian Company (“MRC”), 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 MRC in this case, and I am familiar with the status of the lands in the subject area.
4. In this case, MRC is seeking an order pooling all uncommitted interests in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the N2S2 of Sections 3 and 4, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, and initially dedicate this Bone Spring spacing unit to the proposed **Noel 0304 Fed Com 123H** well to be horizontally drilled from a surface location in the SW4 of Section 4, with a first take point in the NW4SW4 (Unit L) of Section 4 and a last take point in the NE4SE4 (Unit I) of Section 3.
5. MRC understands this well will be placed in the MESCALERO ESCARPE; BONE SPRING [45793] pool.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

6. **MRC Exhibit C-1** contains a rough draft Form C-102 for the proposed initial well.
7. The completed intervals for the proposed well will remain within the standard setbacks required by the statewide rules set forth in 19.15.16.15 NMAC.
8. **MRC Exhibit C-2** identifies the tracts of land comprising the proposed horizontal spacing unit. The land in the proposed spacing unit is comprised of federal and fee lands.
9. **MRC Exhibit C-3** identifies the unleased mineral owners that MRC is seeking to pool along with their ownership interest in the proposed horizontal spacing unit. **MRC Exhibit C-3** also includes a list of the overriding royalty interest owners that MRC seeks to pool in this case.
10. There are no depth severances within the Bone Spring formation for this acreage.
11. While MRC was working to put this unit together, MRC proposed the above well to the unleased mineral interest parties it seeks to pool. **MRC Exhibit C-4** contains a copy of the representative example of the well proposal letters that were sent to the unleased mineral interest partners we seek to pool, along with the AFE that was sent for each well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.
12. **MRC Exhibit C-5** contains a summary of MRC's contacts with the unleased mineral owners we seek to pool in this case. As shown on MRC Exhibit C-5, when MRC's well proposal did not show as delivered to an owner at the first address attempted, MRC attempted to mail the well proposal to a second potential address. MRC also tried to call all of the owners for whom we were able to locate potential phone numbers. There is one party, Jody Carlson, where it appears the well proposal has not been delivered, but MRC sent proposals to Ms. Carlson at multiple potential addresses and attempted to call Ms. Carlson at the potential phone number we

were able to locate. In my opinion, MRC has undertaken good faith efforts to reach an agreement with the unleased mineral interest owners that MRC seeks to pool in this case.

13. MRC has made an estimate of overhead and administrative costs for drilling and producing the proposed well. It is \$10,000/month while drilling, and \$1,000/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. MRC respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.

14. I provided MRC’s outside counsel, Holland & Hart, a list of names and addresses for the parties that MRC is seeking to pool. In compiling this notice list, MRC conducted a diligent search of all public records in the county where the proposed wells are located, including computer searches.

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

16. 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.



Ethan Frasier

3/5/2025

Date

Exhibit C-1

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Revised Exhibit No. C-1
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

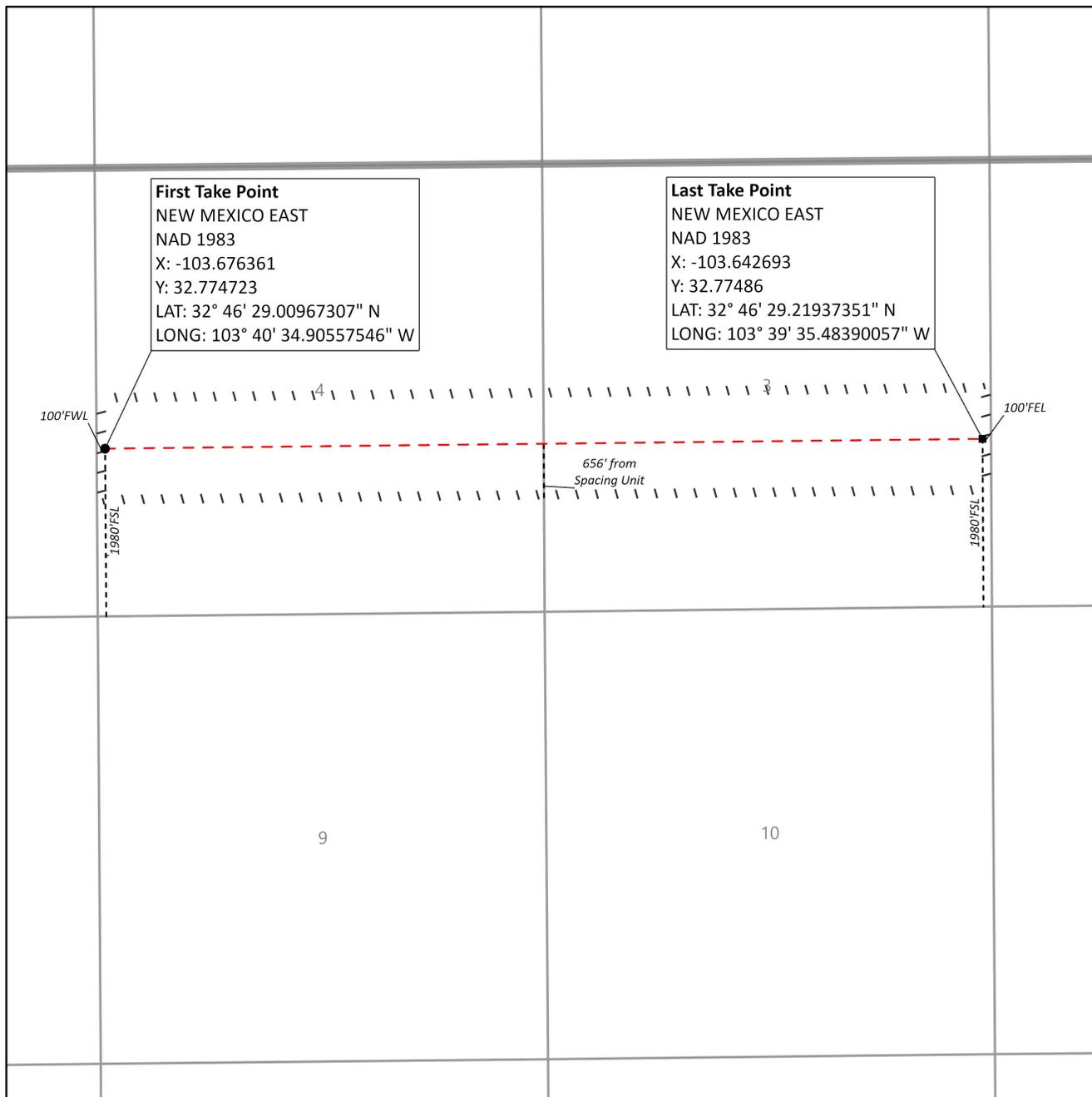


Exhibit C-2

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

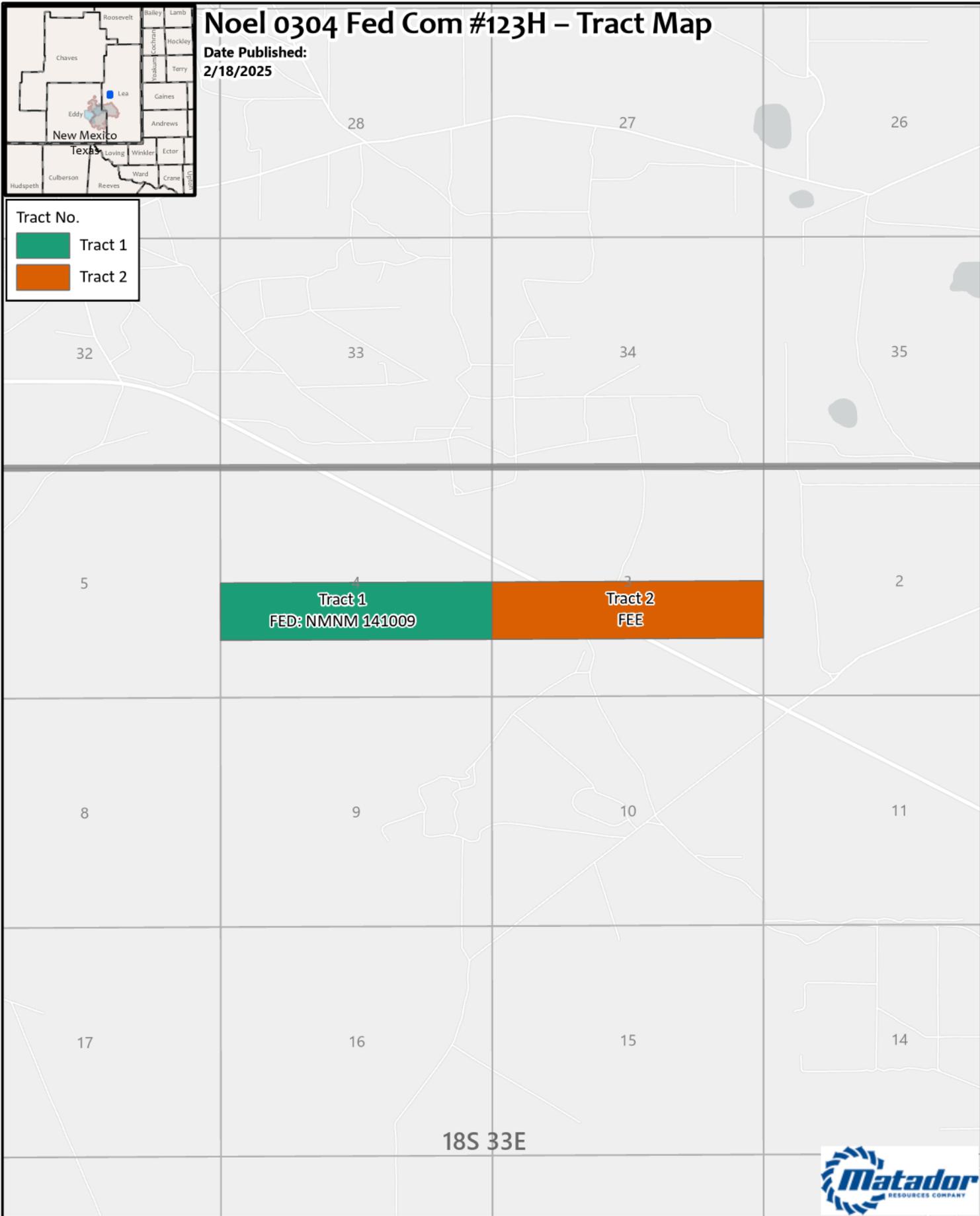
Noel 0304 Fed Com #123H – Tract Map

Date Published:
2/18/2025



Tract No.

- Tract 1
- Tract 2



GIS Standard Map Disclaimer:
This cartographic product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or planning purposes. Users of this information should review or consult the primary data and information sources to ascertain the validity of the information.

N

0 1,500 3,000 6,000 Feet

1:35,000
1 inch equals 2,917 feet

Map Prepared by: Lillian.yeargins
Date: February 18, 2025
Project: \\gis\UserData\yeargins\~\projects\Pooling Hearings\Pooling Hearings.aprx
Spatial Reference: GCS WGS 1984
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

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-3
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

N/2S/2 Bone Spring - Noel

**MRC Permian
Voluntary Joinder**

**98.106580%
0.396825%**

| Owner | Description | Tract | Interest |
|--|--------------------|--------------|------------------|
| Scott Allen Branson & Valerie Branson, husband and wife as JT with ROS | WI | 2 | 0.001736109 |
| RREP Royalties, LLC | WI | 2 | 0.001736109 |
| Blackbird Royalties, LLC | WI | 2 | 0.000496031 |
| Compulsary Pool | | | 1.496595% |
| Owner | Description | Tract | Interest |
| Katherine Anderson York | UMI | 2 | 0.00396825 |
| Jody Carlson | UMI | 2 | 0.00396825 |
| Jessie Dean Anderson | UMI | 2 | 0.001984125 |
| Alexandra Connell Trust | UMI | 2 | 0.0004762 |
| Thomas H. Connell, III | UMI | 2 | 0.0004762 |
| Nancy Connell Gayer | UMI | 2 | 0.0004762 |
| Anne Clarke | UMI | 2 | 0.0004762 |
| Abigail Connell | UMI | 2 | 0.0004762 |
| April O'Byrne Passmore, heirs or assigns | UMI | 2 | 0.0003401 |
| Lynn O'Byrne Trosko, heirs or assigns | UMI | 2 | 0.0003401 |
| Shane Earl Anderson | UMI | 2 | 0.001984125 |
| McMullen Minerals II, LP | | | |
| | ORRI | 2 | |

Exhibit C-4

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-4
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5401 • Fax 972.371.5201

ethan.frasier@matadorresources.com

**Ethan Frasier
Landman**

November 13, 2024

VIA CERTIFIED RETURN RECEIPT MAIL

Katherine Anderson York
102 E. Riverside Dr. Condo 1
Carlsbad, NM 88220

Re: Noel 0304 Fed Com #123H & #124H (the “Wells”)
Participation Proposal
S/2 Sections 3 & 4, Township 18 South, Range 33 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s Noel 0304 Fed Com #123H & Noel 0304 Fed Com #124H wells, located in the S/2 of Sections 3 & 4, Township 18 South, Range 33 East, Lea 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 (“AFE”) dated November 7, 2024.
- **Noel 0304 Fed Com #123H:** to be drilled from a legal location with a proposed surface hole location located in the W/2SW/4 of Section 4-18S-33E, a proposed first take point located at 100' FWL and 1,980' FSL of Section 4-18S-33E and a proposed last take point located at 100' FEL and 1,980' FSL of Section 3-18S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Second Bone Spring (~ 9,500'TVD) to a Measured Depth of approximately 19,700'.
- **Noel 0304 Fed Com #124H:** to be drilled from a legal location with a proposed surface hole location located in the W/2SW/4 of Section 4-18S-33E, a proposed first take point located at 100' FWL and 660' FSL of Section 4-18S-33E and a proposed last take point located at 100' FEL and 660' FSL of Section 3-18S-33E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Second Bone Spring (~ 9,500'TVD) to a Measured Depth of approximately 19,700'.

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.

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, which is enclosed for your review. The proposed Operating Agreement dated November 1, 2024, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators, covers the S/2 of Sections 3 & 4, Township 18 South, Range 33 East, Lea County, New Mexico and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$10,000/\$1,000 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



Ethan Frasier

Katherine Anderson York hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Noel 0304 Fed Com #123H** well.

_____ Not to participate in the **Noel 0304 Fed Com #123H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Noel 0304 Fed Com #124H** well.

_____ Not to participate in the **Noel 0304 Fed Com #124H**.

Katherine Anderson York

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

| | | | |
|------------------|--|-----------------|--------------|
| DATE: | Thursday, November 7, 2024 | AFE NO.: | 0 |
| WELL NAME: | Noel Fed Com #123H | FIELD: | 0 |
| LOCATION: | Sections 4&3 18S-33E | MD/TVD: | 19700/9500' |
| COUNTY/STATE: | Lea | LATERAL LENGTH: | about 10,000 |
| MRC WI: | | | |
| GEOLOGIC TARGET: | 2nd Bone Spring | | |
| REMARKS: | Drill and complete a horizontal 2 mile long Second Bone Spring target with about 45 frac stages. | | |

| INTANGIBLE COSTS | DRILLING COSTS | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS |
|----------------------------------|------------------|------------------|------------------|----------------|------------------|
| Land / Legal / Regulatory | \$ 17,500 | \$ - | \$ - | \$ 10,000 | \$ 27,500 |
| Location, Surveys & Damages | 134,500 | 13,000 | 15,000 | 12,500 | 175,000 |
| Drilling | 878,311 | | | | 878,311 |
| Cementing & Float Equip | 307,000 | | | | 307,000 |
| Logging / Formation Evaluation | | 8,000 | | | 8,000 |
| Mud Logging | 24,000 | | | | 24,000 |
| Mud Circulation System | 92,405 | | | | 92,405 |
| Mud & Chemicals | 331,895 | 57,500 | | | 389,395 |
| Mud / Wastewater Disposal | 235,000 | | | 1,000 | 236,000 |
| Freight / Transportation | 22,500 | 33,500 | | \$ - | 56,000 |
| Rig Supervision / Engineering | 136,800 | 81,100 | 7,500 | 7,200 | 232,600 |
| Drill Bits | 130,000 | | | | 130,000 |
| Fuel & Power | 164,500 | 504,455 | | | 668,955 |
| Water | 76,250 | 477,709 | | 1,000 | 554,959 |
| Drig & Completion Overhead | 11,750 | | | | 11,750 |
| Plugging & Abandonment | | | | | |
| Directional Drilling, Surveys | 321,450 | | | | 321,450 |
| Completion Unit, Swab, CTU | | 150,000 | 25,000 | | 175,000 |
| Perforating, Wireline, Slickline | | 177,774 | | | 177,774 |
| High Pressure Pump Truck | | 97,000 | | \$ - | 97,000 |
| Stimulation | | 2,203,729 | | | 2,203,729 |
| Stimulation Flowback & Disp | | 15,500 | 127,500 | | 143,000 |
| Insurance | 12,411 | | | | 12,411 |
| Labor | 203,000 | 57,000 | 56,000 | 5,000 | 321,000 |
| Rental - Surface Equipment | 115,021 | 287,070 | 150,000 | 5,000 | 557,091 |
| Rental - Downhole Equipment | 170,700 | 82,500 | | | 253,200 |
| Rental - Living Quarters | 44,037 | 43,365 | | 5,000 | 92,402 |
| Contingency | 172,587 | 156,410 | 38,100 | 4,670 | 371,767 |
| Operations Center | 22,701 | | | | 22,701 |
| TOTAL INTANGIBLES > | 3,624,317 | 4,445,613 | 419,100 | 51,370 | 8,540,399 |

| TANGIBLE COSTS | DRILLING COSTS | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS |
|----------------------------------|------------------|------------------|------------------|----------------|-------------------|
| Surface Casing | \$ 74,180 | \$ - | \$ - | \$ - | \$ 74,180 |
| Intermediate Casing | 300,229 | | | | 300,229 |
| Drilling Liner | | | | | |
| Production Casing | 574,696 | | | | 574,696 |
| Production Liner | | | | | |
| Tubing | | | 140,000 | | 140,000 |
| Wellhead | 83,500 | | 45,000 | | 128,500 |
| Packers, Liner Hangers | | 64,258 | 5,000 | | 69,258 |
| Tanks | | | | 105,625 | 105,625 |
| Production Vessels | | | | 185,200 | 185,200 |
| Flow Lines | | | 40,000 | 120,000 | 160,000 |
| Rod string | | | | | |
| Artificial Lift Equipment | | | 370,000 | | 370,000 |
| Compressor | | | | 20,000 | 20,000 |
| Installation Costs | | | | 56,000 | 56,000 |
| Surface Pumps | | | 5,000 | 14,375 | 19,375 |
| Non-controllable Surface | 400 | | | 2,000 | 2,400 |
| Non-controllable Downhole | | | | | |
| Downhole Pumps | | | | | |
| Measurement & Meter Installation | | | 16,000 | 108,250 | 124,250 |
| Gas Conditioning / Dehydration | | | | | |
| Interconnecting Facility Piping | | | | 143,750 | 143,750 |
| Gathering / Bulk Lines | | | | \$ - | |
| Valves, Dumps, Controllers | | | | \$ - | |
| Tank / Facility Containment | | | | 8,750 | 8,750 |
| Flare Stack | | | | 21,875 | 21,875 |
| Electrical / Grounding | | | 60,000 | 49,800 | 109,800 |
| Communications / SCADA | | | 2,500 | 8,125 | 10,625 |
| Instrumentation / Safety | | | 12,500 | 30,600 | 43,100 |
| TOTAL TANGIBLES > | 1,033,005 | 64,258 | 696,000 | 874,350 | 2,667,613 |
| TOTAL COSTS > | 4,657,322 | 4,509,870 | 1,115,100 | 925,720 | 11,208,012 |

PREPARED BY MATADOR PRODUCTION COMPANY:

| | | | |
|-----------------------|--------------|--------------------|-----------|
| Drilling Engineer: | Julio Mayol | Team Lead - WTX/NM | <u>FM</u> |
| Completions Engineer: | Will Statton | | FM |
| Production Engineer: | Josh Bryant | | |

MATADOR RESOURCES COMPANY APPROVAL:

| | | | |
|----------------|------------|------------------------|------------|
| President | <u>BEG</u> | Chief Geologist | <u>NLF</u> |
| EVP, Co-COO | <u>CA</u> | Co-COO, SVP Operations | <u>CC</u> |
| EVP, Reservoir | <u>WTE</u> | | |

NON OPERATING PARTNER APPROVAL:

| | | | | | |
|---------------|-------|-----------------------|--------------------------------|---------|-------|
| Company Name: | _____ | Working Interest (%): | _____ | Tax ID: | _____ |
| Signed by: | _____ | Date: | _____ | | |
| Title: | _____ | Approval: | <u>Yes</u> _____ No (mark one) | | |

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation 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, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign.

Exhibit C-5

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-5
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**

| <u>N/2S/2 Bone Spring - Noel</u> | |
|---|---|
| WI Parties | Summary of Communications |
| Katherine Anderson York | 8/26/24 - Lease packet mailed to address on file 8/26/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 11/20/24 - Proposals delivered to address 1/29/2025 - Called, unable to contact |
| Jody Carlson | 8/26/24 - Lease packet mailed to address on file 8/26/24 - Called left voicemail 11/14/24 - Proposals sent to address on file 1/2/25 - Proposals sent to second address on file 1/29/2025 - Called, left voicemail |
| Jessie Dean Anderson | 8/26/24 - Lease packet mailed to address on file 8/26/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 12/10/2024 - Proposals sent to second address on file 12/19/2024 - Proposals delivered to address 1/29/2025 - Called, unable to contact |
| Alexandra Connell Trust | 8/28/24 - Lease packet mailed to address on file 8/28/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 12/10/2024 - Proposals sent to second address on file 12/16/2024 - Proposals delivered to address 1/29/2025 - Called, left voicemail |
| Thomas H. Connell, III | 8/28/24 - Lease packet mailed to address on file 11/14/2024 - Proposals sent to address on file 11/18/2024 - Proposals delivered to address 1/29/2025 - Called, unable to contact |
| Nancy Connell Gayer | 8/28/24 - Lease packet mailed to address on file 8/28/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 11/22/2024 - Proposals delivered to address 1/29/2025 - Called, left voicemail |
| Anne Clarke | 8/28/24 - Lease packet mailed to address on file 8/28/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 11/18/2024 - Proposals delivered to address 1/29/2025 - Spoke on the phone 1/29/2025 - Sent email 2/4/2025 - Received email |
| Abigail Connell | 8/28/24 - Lease packet mailed to address on file 8/28/24 - Called, unable to connect 11/14/2024 - Proposals sent to address on file 1/6/2024 - Proposals delivered to address 2/4/25 - Called, left voicemail |
| April O'Byrne Passmore c/o Jeffery Passmore | 8/28/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 11/20/2024 - Proposals delivered to address 2/4/25 - Called, unable to contact |
| Lynn O'Byrne Trosko c/o Michelle Trosko | 5/30/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 11/20/2024 - Proposals delivered to address 1/29/2025 - Called, left voicemail |
| Shane Earl Anderson | 8/26/24 - Lease packet mailed to address on file 8/26/24 - Called left voicemail 11/14/2024 - Proposals sent to address on file 12/10/2024 - Proposals sent to second address on file 1/15/2025 - Proposals sent to third address on file 1/21/2025 - Proposals delivered to address 1/29/2025 - Called, left voicemail |

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

**APPLICATION OF MRC PERMIAN
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25183

SELF-AFFIRMED STATEMENT OF JOSHUA BURRUS

1. My name is Joshua Burrus. I work for MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as a Senior Staff Geologist.
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 MRC in this case, and I have conducted a geologic study of the lands in the subject area.
4. **MRC 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.
5. In this case, MRC intends to develop the Second Bone Spring of the Bone Spring formation.
6. **MRC Exhibit D-2** is a subsea structure map prepared off the top of the Bone Spring formation. The contour interval is 100 feet. The structure map shows the Bone Spring formation dipping to the south/southwest. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.
7. Also included on MRC 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: March 13, 2025
Case No. 25183

8. **MRC Exhibit D-3** is a structural cross-section 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: gamma ray, caliper, resistivity, and porosity, where available. The proposed target interval for 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.

9. In my opinion, there is no preference towards a standup or laydown orientation for development in this area for Bone Spring wells because the maximum horizontal stress is oriented southwest-northeast in this area.

10. 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.

11. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to production from the horizontal spacing units.

12. 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.

13. In my opinion, approving MRC's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

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

15. 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

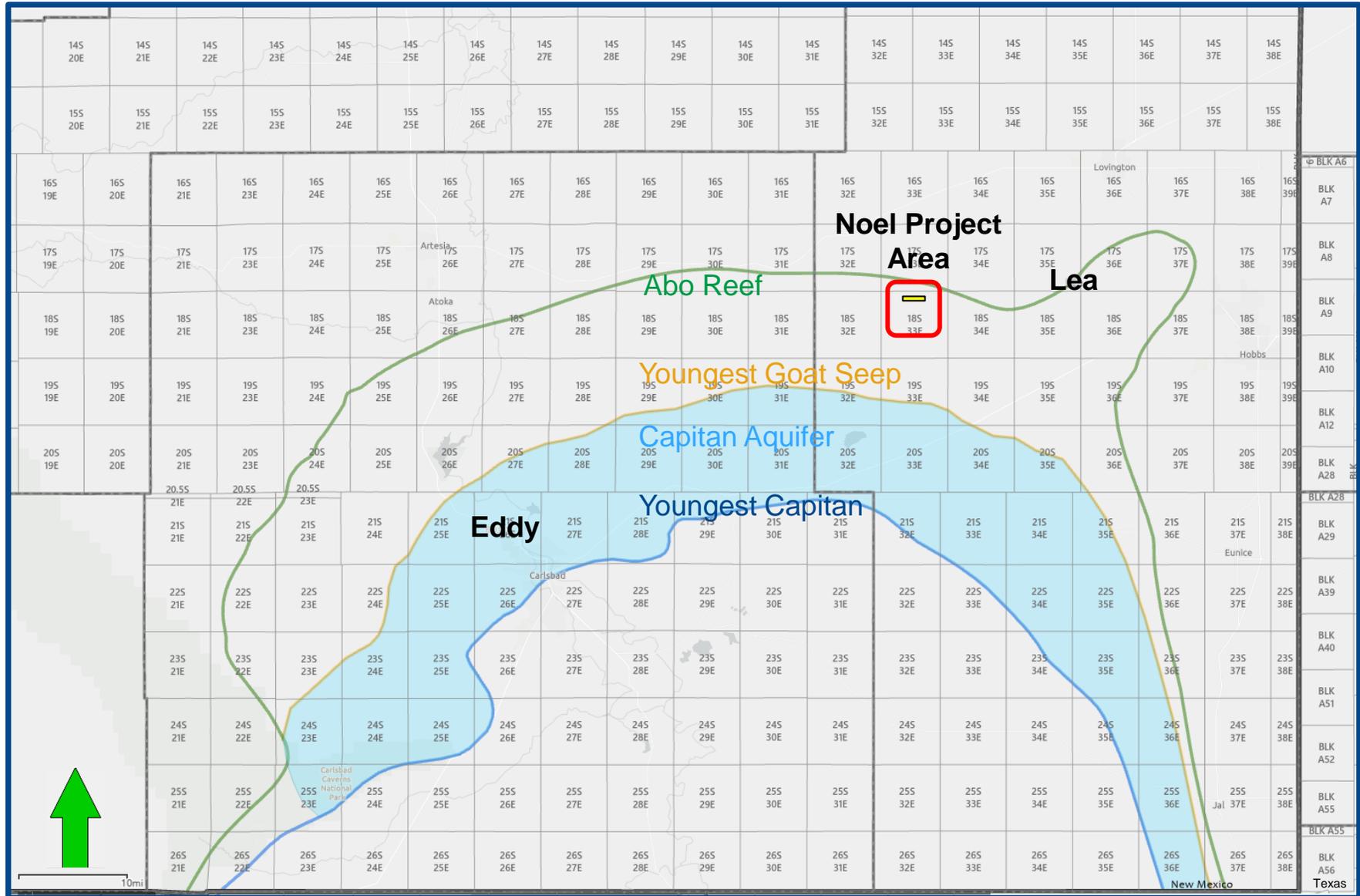
statement will be used as written testimony in this case. This statement is made on the date next to my signature below.


Joshua Burrus

03/06/2025
Date

Locator Map

Exhibit D-1



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D-1

Submitted by: Matador Production Company

Hearing Date: March 13, 2025

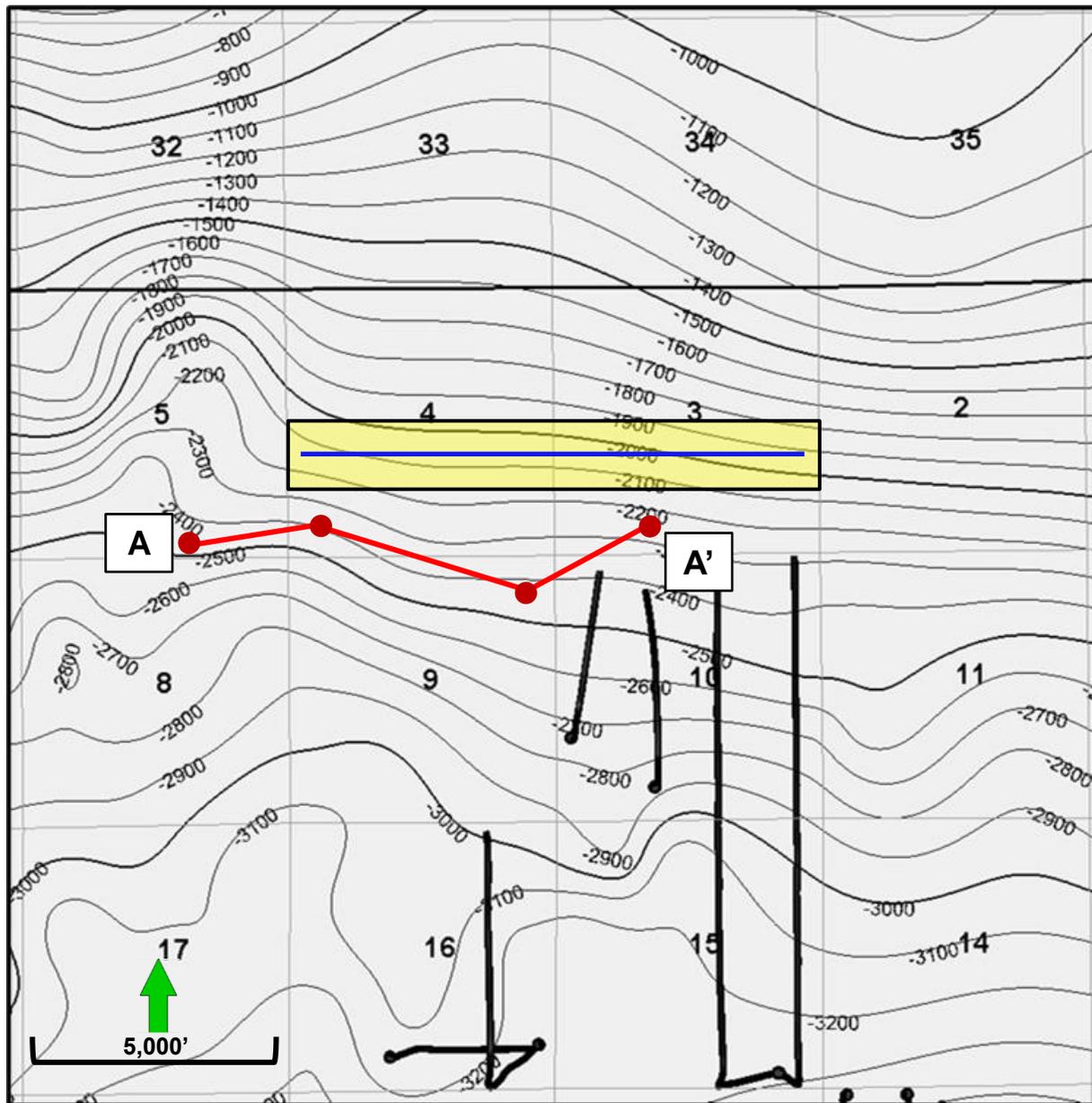
Case No. 25183



D-1

Mescalero Escarpe; Bone Spring [Pool Code 45793] Structure Map (Top Bone Spring Subsea)

Exhibit D-2



Map Legend

Noel 123H

Bone Spring Wells



Project Area

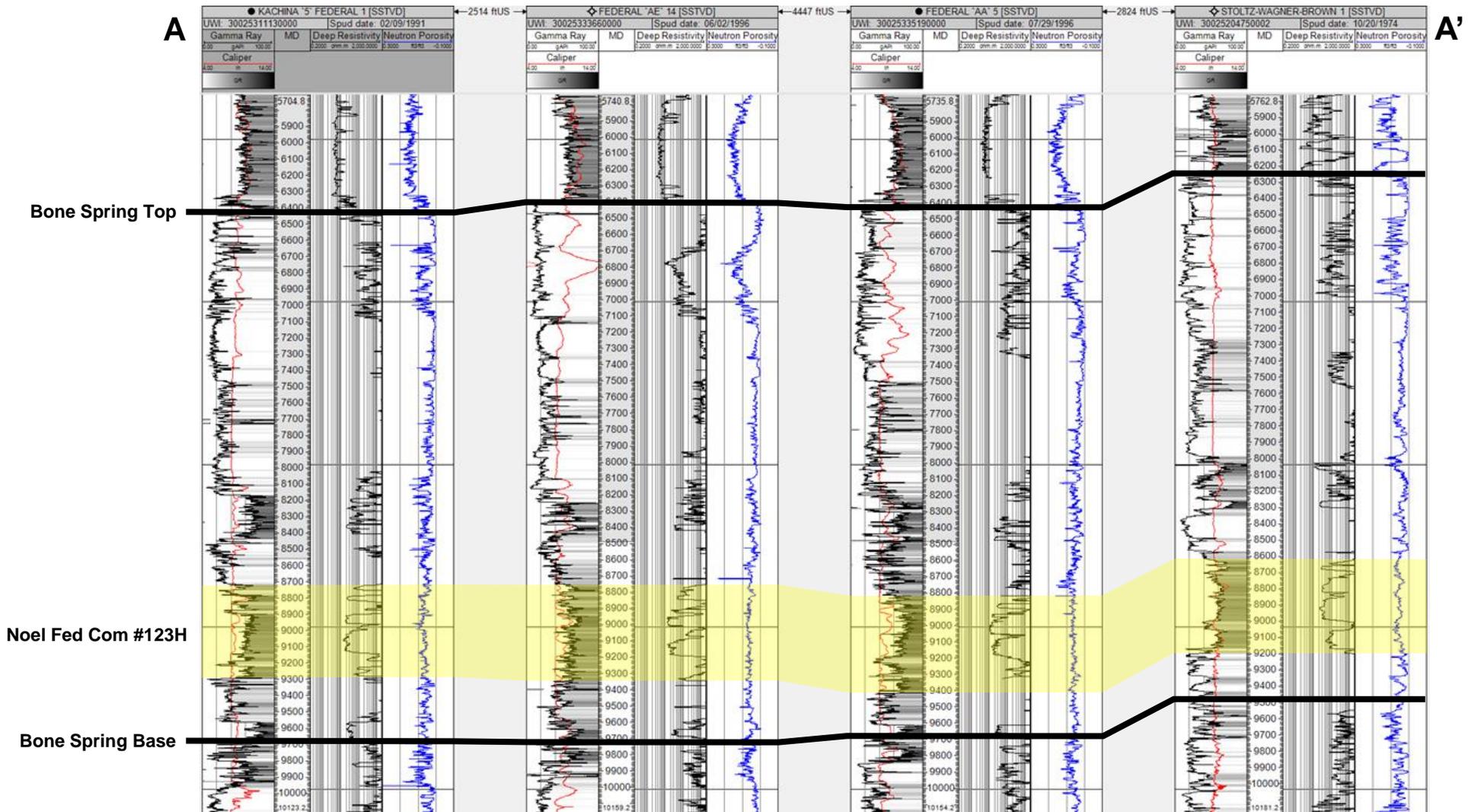


C. I. = 100'

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D-2
 Submitted by: Matador Production Company
 Hearing Date: March 13, 2025
 Case No. 25183

Mescalero Escarpe; Bone Spring [Pool Code 45793] Structural Cross Section A – A' Reference Line

Exhibit D-3



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. D-3

Submitted by: Matador Production Company

Hearing Date: March 13, 2025

Case No. 25183



D-3

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

**APPLICATION OF MRC PERMIAN COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25183

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

1. I am attorney in fact and authorized representative of MRC Permian Company (“MRC”), 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 locatable 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 February 28, 2025.

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 herein.

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.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183**



Paula M. Vance

3/6/2025

Date



Michael H. Feldewert
Partner
Phone (505) 988-4421
mfeldewert@hollandhart.com

February 21, 2025

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS

**Re: Application of MRC Permian Company for Compulsory Pooling, Lea County,
New Mexico: Noel 0304 Fed Com 123H well**

Ladies & Gentlemen:

This letter is to advise you that MRC Permian Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on March 13, 2025, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the 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 Ethan Fraser at (972) 371-5401 or at ethan.fraser@matadorresources.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR MRC PERMIAN COMPANY

Location
110 North Guadalupe, Suite 1
Santa Fe, NM 87501-1849

Mailing Address
P.O. Box 2208
Santa Fe, NM 87504-2208

Contact
p: 505.988.4421 | f: 505.983.6043
www.hollandhart.com

Holland & Hart LLP Anchorage Aspen Billings Boise Boulder Cheyenne Denver Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

MRC - Noel 123H - 124H BS wells - Case nos. 25183-25184
Postal Delivery Report

| | | | | | | |
|------------------------|-------------------------|----------------------------|----------------|----|------------|---|
| 9414811898765456354039 | Katherine Anderson York | 102 E Riverside Dr Condo 1 | Carlsbad | NM | 88220-5244 | Your item was picked up at the post office at 3:14 pm on February 26, 2025 in CARLSBAD, NM 88220. |
| 9414811898765456354459 | Jody Carlson | 18 Jemez St | Moriarty | NM | 87035-5225 | Your item was picked up at the post office at 12:09 pm on February 25, 2025 in MORIARTY, NM 87035. |
| 9414811898765456354404 | Jessie Dean Anderson | 3825 Fleetwood St | Carlsbad | NM | 88220-9128 | We were unable to attempt delivery of your item on February 25, 2025 at 9:36 am in CARLSBAD, NM 88220 due to interference by an animal. Your item will go out for delivery on the next delivery day as conditions permit. |
| 9414811898765456354435 | Alexandra Connell Trust | 45 Crosslands Dr | Kennett Square | PA | 19348-2010 | Your item was delivered to the front desk, reception area, or mail room at 2:59 pm on February 27, 2025 in KENNETT SQUARE, PA 19348. |
| 9414811898765456354510 | Thomas H. Connell, III | 528 Canal St unit 3 | New York | NY | 10013-1304 | Your item was delivered to an individual at the address at 1:42 pm on February 25, 2025 in NEW YORK, NY 10013. |
| 9414811898765456354565 | Nancy Connell Gayer | 45 Crosslands Dr | Kennett Square | PA | 19348-2010 | Your item was delivered to the front desk, reception area, or mail room at 3:00 pm on February 27, 2025 in KENNETT SQUARE, PA 19348. |

MRC - Noel 123H - 124H BS wells - Case nos. 25183-25184
Postal Delivery Report

| | | | | | | |
|------------------------|--|----------------------|------------|----|------------|--|
| 9414811898765456354503 | Anne Clarke | 3635 Silver Plume Ln | Boulder | CO | 80305-7200 | Your item is being held at the BOULDER, CO 80305 post office at 11:35 am on February 22, 2025. This is at the request of the customer. |
| 9414811898765456354541 | Anne Clarke Secondary Address | 2621 5th St | Boulder | CO | 80304-3203 | Your item was delivered to an individual at the address at 12:32 pm on February 24, 2025 in BOULDER, CO 80304. |
| 9414811898765456354534 | April OByrne Passmore c/o Jeffery Passmore | 1028 Edgewater Ct | Orlando | FL | 32804-6718 | Your item was delivered to an individual at the address at 10:14 am on February 25, 2025 in ORLANDO, FL 32804. |
| 9414811898765456355210 | Lynn OByrne Trosko c/o Michelle Trosko | 120 Myoak Dr | Eugene | OR | 97404-5406 | Your item was delivered to an individual at the address at 3:18 pm on February 24, 2025 in EUGENE, OR 97404. |
| 9414811898765456355265 | Shane Earl Anderson | 922 N Thomas St | Carlsbad | NM | 88220-4574 | Your item was delivered to an individual at the address at 3:14 pm on February 25, 2025 in CARLSBAD, NM 88220. |
| 9414811898765456355203 | McMullen Minerals II, LP | PO Box 470857 | Fort Worth | TX | 76147-0857 | Your item has been delivered and is available at a PO Box at 9:40 am on February 25, 2025 in FORT WORTH, TX 76147. |

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

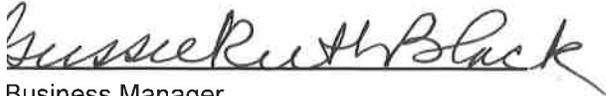
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 25, 2025
and ending with the issue dated
February 25, 2025.



Publisher

Sworn and subscribed to before me this
25th day of February 2025.



Business Manager

My commission expires
January 29, 2027

(Seal) **STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027**

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 publication has been made.

LEGAL NOTICE
February 25, 2025
Case No. 25183: Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: Katherine Anderson York; Jody Carlson; Jessie Dean Anderson; Alexandra Connell Trust; Thomas H. Connell, III; Nancy Connell Gayer; Anne Clarke; Abigail Connell; April O'Byrne Passmore c/o Jeffery Passmore; Lynn O'Byrne Trosko c/o Michelle Trosko; Shane Earl Anderson; McMullen Minerals II, LP. The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on March 13, 2025, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/> or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. Applicant in the above-styled cause seeks an order pooling a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the N2S2 of Sections 3 and 4, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Noel 0304 Fed Com 123H** well to be horizontally drilled from a surface location in the SW4 of Section 4, with a first take point in the NW4SW4 (Unit L) of Section 4 and a last take point in the NE4SE4 (Unit I) of Section 3. 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 Matador Production Company as operator of the well, and a 200% charge for risk involved in drilling the wells. The subject area is located approximately 21 miles Southwest of Lovington, New Mexico.
#00298566

67100754

00298566

HOLLAND & HART LLC
110 N GUADALUPE ST., STE. 1
SANTA FE, NM 87501

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Matador Production Company
Hearing Date: March 13, 2025
Case No. 25183