



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

In Reply Refer To:

NMNM143802
3105.2 (NM920)

Reference:

Communitization Agreement
Noel Hensley Fed Com #202H & #222H
Section 19: Lots 1-4, E2W2;
T.24 S., R.28 E., N.M.P.M.
Eddy County, NM

Matador Production Co.
5400 LBJ Freeway Suite 1500
Dallas TX 75240

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM143802 involving 200.32 acres of Federal land in lease NMNM18613A, and 120.00 acres of fee land, Eddy County, New Mexico, which comprise a 320.32 acre well spacing unit.

The agreement communitizes all rights to crude oil and associated natural gas from the Wolfcamp formation beneath Lots 1-4 and the E2W2 of Sec. 19 of T. 24 S., R. 28 E., NMPM, Eddy County, NM, and is effective January 1, 2019. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Jordan Yawn by email at jyawn@blm.gov or by phone (505) 954-2138. Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
ONRR, Denver
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
NM (P0220-CFO, File Room)
NMSO (NM925, File)
NM STATE LAND COMM.

DETERMINATION - APPROVAL - CERTIFICATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 266(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine and certify that the plan of development and operation contemplated in the attached Communitization Agreement is necessary, advisable, and in the public interest for the purpose of more properly conserving the natural resources.
- B. Approve the attached Communitization Agreement NMNM143802 involving Federal Lease(s) NMNM018613A. This Communitization Agreement is in Sec. 19, T. 24 S., R. 28 E., NMPM, Eddy County, New Mexico, for production of crude oil and associated natural gas producible from the Wolfcamp Formation.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said Communitization Agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the Communitization Agreement.

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto. In addition, approval of this agreement does not warrant or certify that the State or Patented land descriptions and acreages are consistent with the latest survey for those lands.

This approval is granted subject to the condition that the requirements of Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982 be satisfied for all wells drilled anywhere within the communitized area.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a leases site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells, as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for civil penalties for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e)(2).

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

Effective: January 1, 2019
Contract No.: NMNM143802

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) Serial Register Page

Run Date/Time: 9/27/2021 11:26 AM

Page 1 Of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres:
320.320

Serial Number
NMNM-- - 143802

Case Type 318310: O&G COMMUNITIZATION AGRMT

Commodity 459: OIL & GAS

Case Disposition: PENDING

Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM--- 143802

Name & Address					Int Rel	% Interest
BLM NMSO	301 DINOSAUR TRL	SANTA FE	NM	87508-1560	OFFICE OF RECORD OPERATOR	0.000000000
MATADOR PRODUCTION CO	5400 LBJ FREEWAY STE 1500	DALLAS	TX	75240		100.000000000

Serial Number: NMNM-- - 143802

Mer Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0240S	0280E	019	ALIQ		E2W2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0240S	0280E	019	LOTS		1-4;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 143802

Relinquished / Withdrawn Lands

Serial Number: NMNM-- - 143802
Pending Office

Act Date	Act Code	Action Txt	Action Remarks
01/01/2019	387	CASE ESTABLISHED	
01/01/2019	516	FORMATION	WOLFCAMP;
09/17/2021	580	PROPOSAL RECEIVED	CA RECD;

Serial Number: NMNM-- - 143802

Line Number	Remark Text
-------------	-------------

RECEIVED

SEP 17 2021

BLM, NMSO
SANTA FE

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5409 • Fax 972.371.5201
jgrainger@matadorresources.com

Jaime Grainger
Senior Land Analyst

September 16, 2021

VIA FEDERAL EXPRESS

Bureau of Land Management
Attn: Jordan Yawn
301 Dinosaur Trail
Santa Fe, NM 87508

NMNM 143802

Re: Matador Production Company
Federal Comm Agreement
Noel Hensley Fed Com #202H & #222H
Lots 1-4, E2W2 of Section 19-24S-28E
Lea County, New Mexico.

Dear Mr. Yawn:

Enclosed please find the following:

- Federal Communitization Agreement, for the Noel Hensley Fed Com #202H & #222H, Wolfcamp Unit, containing 320.23 acres of land, more or less, described as Lots 1-4, E2W2 of Section 19, Township 24 South, Range 28 East, Lea County, New Mexico.
 - o The Noel Hensley Fed Com #202H & #222H Communitization Agreement (NMNM-142897) was previously submitted and sent back unapproved due to the wrong Communitization Agreement form and incorrect effective date. Only one (1) set of original signature pages was returned back to MRC, please pull the second set of original signature pages from Communitization Agreement #NMNM-142897)

Should you have any questions or concerns please feel free to contact me,

Sincerely,

Matador Production Company


Jaime Grainger



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

In Reply Refer To:
NMNM142897
3105.2 (NM9250)

Reference:
Communitization Agreement
Noel Hensley Fed Com #202H
Noel Hensley Fed Com #222H
Section 19: E2W2;
Section 19: Lots 1-4;
T. 24 S., R. 28 E., N.M.P.M.
Eddy County, NM

Matador Production Co.
5400 LBJ Freeway Suite 1500
Dallas TX 75240

Gentlemen:

The submitted Communitization Agreement is being returned unapproved for the following reasons:

- The First Production Dates of the Noel Hensley Fed Com #202H and #222H wells are listed as January 31, 2019. However, the Effective Date of this Communitization Agreement is January 1, 2020. The Effective Date of a Communitization Agreement cannot be after the date of First Production. Please submit a new Agreement with a new Effective Date.
- The Communitization Agreement does not conform to the Model Federal CA language. Specifically, Paragraph 10 should state, "and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties," after the Effective Date is given. This language is omitted from the submitted Communitization Agreement. Attached is a Model Federal CA. Please submit a new Agreement that conforms to the Model Federal CA.

- The Legal Land Description given in Paragraph 1 and Exhibit A must be amended to separate aliquot part descriptions from lot descriptions. Please submit a new agreement that lists the full Legal Land Description as the following:

Section 19: E2W2;
 Section 19: Lots 1-4;
 T. 24 S., R. 28 E., N.M.P.M.
 Eddy County, NM

If you have any questions regarding this letter, please contact Jordan Yawn at (505) 954-2138 or email jyawn@blm.gov.

Sincerely,

KYLE PARADIS

Digitally signed by KYLE
 PARADIS
 Date: 2021.08.17 14:05:37
 -06'00'

Kyle Paradis
 Branch Chief of Reservoir Management
 Division of Minerals

1 Enclosure:

- 1 – Communitization Agreement
- 2 – Model Federal CA

RECEIVED

SEP 17 2021

BLM, NMSO
SANTA FE

Federal Communitization Agreement

Contract No. NMNM 143802

THIS AGREEMENT entered into as of the 1st day of **January, 2019**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Lots 1-4, E2W2 of Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico

Containing **320.32** acres, and this agreement shall include only the **Wolfcamp Formation** underlying said lands and the crude oil and associated natural gas hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **Matador Production Company 5400 Lyndon B Johnson Fwy, Suite 1500, Dallas, Texas, 75240**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month

of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2019**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date and year first above written and have set opposite their respective names the date of execution.

I, the undersigned, hereby certify, on behalf of Matador Production Company, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e., lessees of record and operating right owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of the Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all of the named owners have been obtained and will be made available to the BLM immediately upon request.

OPERATOR:

Matador Production Company

Date: 5.18.2020

By: 

Name: Craig N. Adams

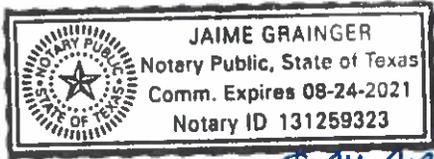
Title: Executive Vice President



CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me this 18th day of May, 2020 by **Craig N. Adams**, as **Executive Vice President of Matador Production Company**, a Texas corporation, on behalf of said corporation.



My Commission Expires: 8-24-2021

Jaime Grainger
Notary Public, State of Texas

WORKING INTEREST OWNERS/RECORD TITLE OWNERS:

MRC Permian Company

Date: 5-18-2020

By: [Signature]

Name: Craig N. Adams

Title: Executive Vice President

*RM
Follet*

ConocoPhillips Company

Date: _____

By: _____

Name: _____

Title: _____

Roy G. Barton, Jr.

Date: _____

By: _____

Name: _____

Title: _____

Noel Henslev Fed Com #202H & #2221I
Township 24 South, Range 28 East, N.M.P.M
Section 19, W/2
Eddy County, New Mexico

Roy G. Barton, Jr., Trustee of the Roy G. Barton & Opal Barton Revocable Trust

Date: _____ By: _____

Name: _____

Title: _____

Roy G. Barton, III

Date: _____ By: _____

Name: _____

Title: _____

CORPORATE ACKNOWLEDGEMENT

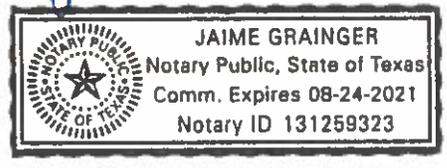
STATE OF TEXAS §

COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me this 18th day of May, 2020, by **Craig N. Adams, Executive Vice President** of MRC Permian Company, a Texas corporation, on behalf of said corporation.

My Commission Expires: 8-24-2021

Jaime Grainger
Notary Public, State of Texas



STATE OF TEXAS §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ___ day of _____, 2020, by _____, as _____ for **ConocoPhillips Company**, a Delaware corporation, on behalf of said corporation.

My Commission Expires: _____

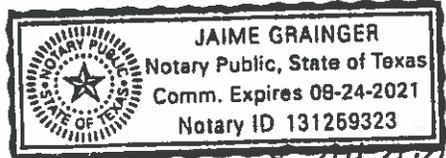
Notary Public, State of Texas

Noel Hensley Fed Com #202H & #222H
Township 24 South, Range 28 East, N.M.P.M
Section 19: W/2
Eddy County, New Mexico

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me this 18th day of May, 2020 by **Craig N. Adams**, as **Executive Vice President of Matador Production Company**, a Texas corporation, on behalf of said corporation.



My Commission Expires: 8-24-2021

Jaime Grainger
Notary Public, State of Texas

WORKING INTEREST OWNERS/RECORD TITLE OWNERS:

MRC Permian Company

Date: 5-18-2020

By: *[Signature]*

Name: Craig N. Adams

Title: Executive Vice President

*PN
004*

ConocoPhillips Company

Date: _____

By: *Justin K. Williams*

Name: Justin K. Williams

Title: Attorney in Fact

Roy G. Barton, Jr.

Date: _____

By: _____

Name: _____

Title: _____

Noel Hensley Fed Com #202H & #222H
Township 24 South, Range 28 East, N.M.P.M
Section 19: W/2
Eddy County, New Mexico

Roy G. Barton, Jr., Trustee of the Roy G. Barton & Opal Barton Revocable Trust

Date: _____

By: _____

Name: _____

Title: _____

Roy G. Barton, III

Date: _____

By: _____

Name: _____

Title: _____

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §

§

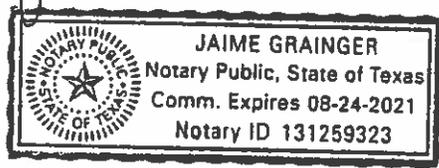
COUNTY OF DALLAS §

§

The foregoing instrument was acknowledged before me this 18th day of May, 2020, by **Craig N. Adams, Executive Vice President** of MRC Permian Company, a Texas corporation, on behalf of said corporation.

My Commission Expires: 8-24-2021

Jaime Grainger
Notary Public, State of Texas



STATE OF TEXAS §

§

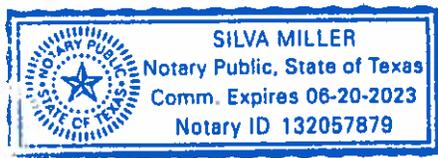
COUNTY OF Harris §

§

The foregoing instrument was acknowledged before me this 1st day of Oct., 2020, by Justin K. Williams, as Attorney-in-Fact for **ConocoPhillips Company**, a Delaware corporation, on behalf of said corporation.

My Commission Expires: 6/20/2023

Silva Miller
Notary Public, State of Texas



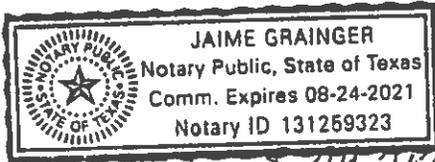
Noel Hensley Fed Com #202H & #222H
Township 24 South, Range 28 East, N.M.P.M
Section 19: W/2
Eddy County, New Mexico

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me this 18th day of May, 2020 by **Craig N. Adams**, as **Executive Vice President of Matador Production Company**, a Texas corporation, on behalf of said corporation.



My Commission Expires: 8-24-2021

Jaime Grainger
Notary Public, State of Texas

WORKING INTEREST OWNERS/RECORD TITLE OWNERS:

MRC Permian Company

Date: 5-18-2020

By: *CA*

Name: Craig N. Adams

Title: Executive Vice President

CA

ConocoPhillips Company

Date: _____

By: _____

Name: _____

Title: _____

Roy G. Barton, Jr.

Date: 5/26/2020

By: *Roy G Barton Jr*

Name: _____

Title: _____

Noel Henslev Fed Com #202H & #222H
Township 24 South, Range 28 East, N.M.P.M
Section 19 W/2
Eddy County, New Mexico

Roy G. Barton, Jr., Trustee of the Roy G. Barton & Opal Barton Revocable Trust

Date: 5/26/2020

By: Roy G. Barton Jr

Name: _____

Title: TRUSTEE

Roy G. Barton, III

Date: _____

By: _____

Name: _____

Title: _____

CORPORATE ACKNOWLEDGEMENT

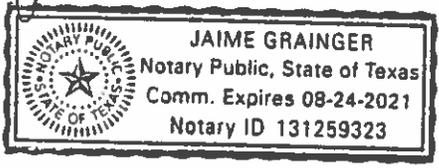
STATE OF TEXAS §

COUNTY OF DALLAS §

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My Commission Expires: 8-24-2021

Jaime Grainger
Notary Public, State of Texas



STATE OF TEXAS §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ___ day of _____, 2020, by _____, as _____ for **ConocoPhillips Company**, a Delaware corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public, State of Texas

Noel Henslev Fed Com #202H & #222H
Township 24 South, Range 28 East, N.M.P.M
Section 19 W/2
Eddy County, New Mexico

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF _____ §

COUNTY OF _____ §

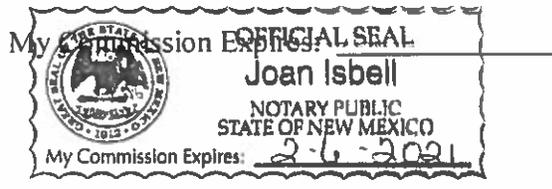
The foregoing instrument was acknowledged before me this ___ day of _____, 2020, by Roy G. Barton, Jr.

My Commission Expires: _____
Notary Public, State of _____

STATE OF New Mexico §

COUNTY OF Lea §

The foregoing instrument was acknowledged before me this 26 day of MAY, 2020, by Roy G. Barton, Jr., Trustee of the Roy G. Barton and Opal Barton Revocable Trust.



Joan Isbell
Notary Public, State of NEW MEXICO

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ___ day of _____, 2020, by Roy G. Barton, III.

My Commission Expires: _____
Notary Public, State of Texas

EXHIBIT "A"

**PLAT OF COMMUNITIZED AREA COVERING THE LOTS 1-4, E2W2 OF SECTION 19,
TOWNSHIP 24 SOUTH, RANGE 28 EAST, EDDY COUNTY, NEW MEXICO**

NOEL HENSLEY #202H & #222H

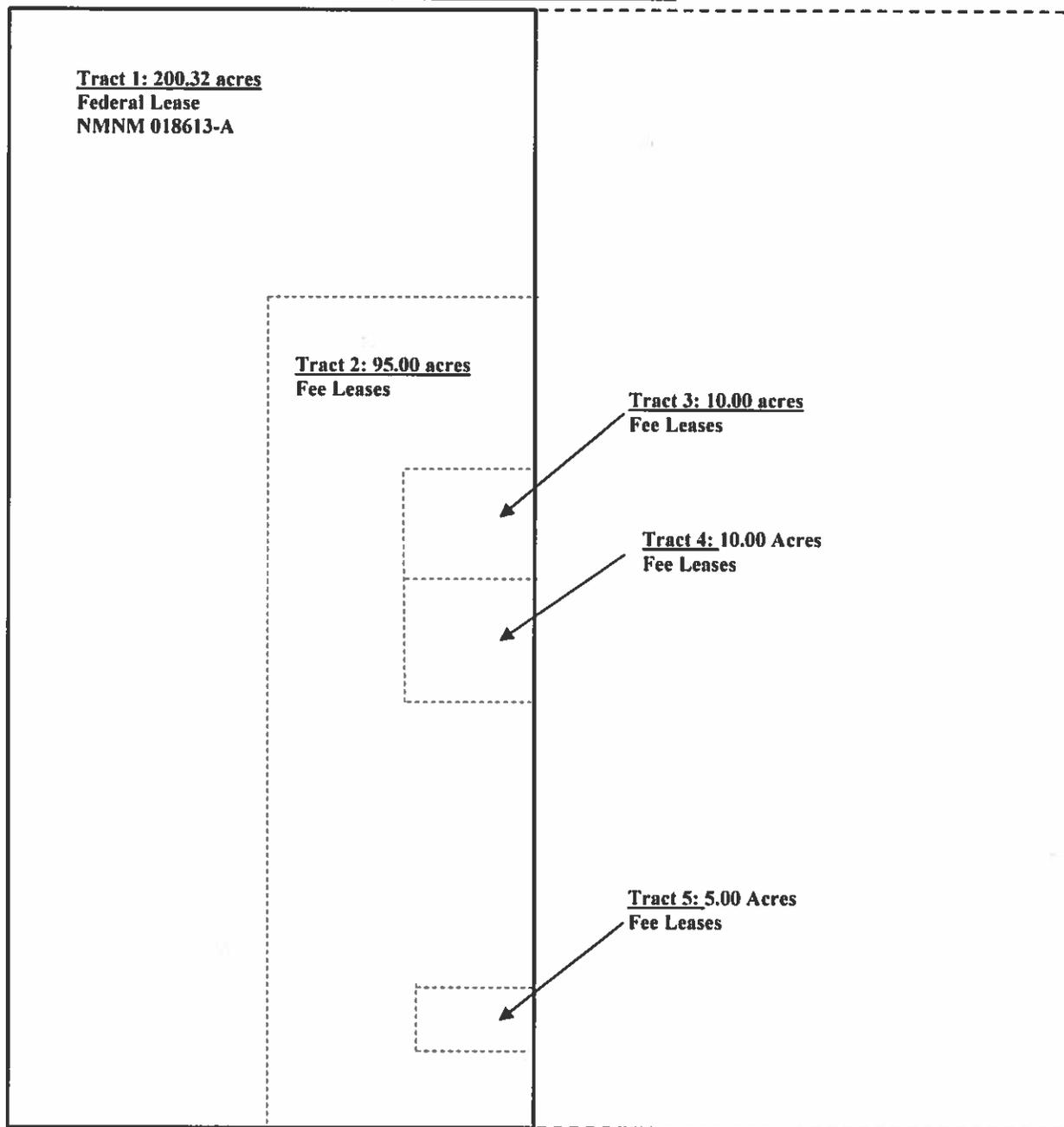


EXHIBIT "B"

Attached to and made a part of that certain Communitization Agreement Dated January 1, 2019 embracing the following described lands in the Lots 1-4, E2W2 of Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico

Operator of Communitized Area: MATADOR PRODUCTION COMPANY

DESCRIPTION OF LEASES COMMITTED:

Tract No. 1:

Lease Serial No: NMNM 018613-A
Lessor: United States of America
Lessee of Record: ConocoPhillips Company
Description of Lands Committed: Township 24 South, Range 28 East, N.M.P.M. Section 19: NE/4NW/4 and LOTS 1-4
Number of Acres: 200.32 acres
Name of ORRI Owners: See attached Exhibit "C"

Tract No. 1 Working Interest Owner:

ConocoPhillips Company..... 100.0000%

Tract No. 2:

Lessor: Fee Mineral Owners
Description of Lands Committed: Township 24 South, Range 28 East, N.M.P.M. Section 19: W/2SE/4NW/4, W/2NE/4SW/4, W/2SE/4SW/4, NE/4SE/4NW/4, SE/4NE/4SW/4, NE/4SE/4SW/4, S/2SE/4SE/4SW/4, SE/4SE/4NW/4, NE/4NE/4SW/4, N/2SE/4SE/4SW/4
Number of Acres: 95.00 acres
Authority for Pooling: OGL Paragraph 5

Tract No. 2 Working Interest Owner(s):

MRC Permian Company..... 100.0000%

Tract No. 3:

Lessor: Fee Mineral Owners
Description of Lands Committed: Township 24 South, Range 28 East, N.M.P.M. Section 19: SE/4SE/4NW/4
Number of Acres: 10.00 acres
Authority for Pooling: Order No. R-20632, OGL Paragraph 5

Tract No. 3 Working Interest Owner(s):

MRC Permian Company..... 16.6667%
Pooled Interest subject to Order No. R-20632..... 75.0000%
Roy G. Barton, III..... 8.3333%
100.0000%

Tract No. 4:

Lessor: Fee Mineral Owners
Description of Lands Committed: Township 24 South, Range 28 East, N.M.P.M. Section 19: NE/4NE/4SW/4
Number of Acres: 10.00 acres
Authority for Pooling: Order No. R-20632, OGL Pooling Clause

Tract No. 4 Working Interest Owner(s):

Roy G. Barton, Jr.....25.0000%
Pooled Interest subject to Order No. R-20632..... 25.0000%
Roy G. Barton, Jr., Trustee..... 50.0000%

100.0000%

Tract No. 5:

Lessor: Fee Mineral Owners
 Description of Township 24 South, Range 28 East, N.M.P.M.
 Lands Committed: Section 19: N/2SE/4SE/4SW/4
 Number of Acres: 5.00
 Authority for Pooling: OGL Pooling Clause

Tract No. 5 Working Interest Owner(s):

MRC Permian Company..... 100.0000%

RECAPITULATION

<u>Tract No.</u>	<u>Acreage Committed</u>	<u>Percentage of Interest</u>
Tract 1	200.32 acres	62.537463%
Tract 2	95.00 acres	29.657842%
Tract 3	10.00 acres	3.121878%
Tract 4	10.00 acres	3.121878%
Tract 5	5.00 acres	1.560939%
Total:	320.32 acres	100.00000%

Exhibit "C"
Noel Hensley Fed Com - W2 of Section 19-24S-28E, Eddy County, New Mexico
Jerune Allen, as her separate property
Unknown Successor Trustee of the Robert N. Enfield Revocable Trust dated March 16, 1999
Howard A. Rubin, Inc.
Rubie Crosby Bell Family, LLC
Bryan Bell Family Limited Partnership No. 1
Excalibur Energy Company
Justin Nine and wife, Sara Nine
Foundation Minerals, LLC
Mavros Minerals II, LLC
Oak Valley Mineral and Land, LP
Rolla R. Hinkle III, as his separate property
Penasco Petroleum, LLC
Tim Lilley and wife, Tashina Lilley
DMA, Inc.
Charmar, LLC
Richard C. Deason, whose marital status is unknown
Thomas D. Deason, whose marital status is unknown
Ronald H. Mayer, Trustee of the Ronald H. Mayer and Martha M. Mayer Revocable Trust dated March 19, 1990
SAP, LLC
MerPel, LLC
TD Minerals, LLC
Pony Oil Operating, LLC

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SANTA FE

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

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

CASE NO. 20326
ORDER NO. R-20632

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 18, 2019, at Santa Fe, New Mexico, before Examiner William V. Jones. The case was again heard on May 30, 2019 and at that date taken under advisement.

NOW, on this 19th day of June 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

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

- (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.
- (c) Notice to certain affected parties was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

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

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

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

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

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

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

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

(13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional reasonable charge [see Exhibit "A"] for the risk involved in drilling the Well(s).

IT IS THEREFORE ORDERED THAT

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

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

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

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

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

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

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

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

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

(10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the

Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

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

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

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

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

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

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

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

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

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

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

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

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

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

Case No. 20326
Order No. R-20632
Page 6 of 8

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
Director

Exhibit "A"

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

Spacing Unit: Horizontal Gas
Building Blocks: half sections
Unit Size: 320.32 acres (more or less)
Orientation of Unit: North to South

Unit Description: W/2 of Section 19, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation

Depth Severance? (Yes/No): No

Pool: Purple Sage; Wolfcamp Gas (Pool code 98220)
Pool Spacing Unit Size: half sections
Governing Well Setbacks: Horizontal Gas Well Rules
Pool Rules: 330-foot.

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$8000 While producing: \$800
As the charge for risk, 200 percent of reasonable well costs.

There are 2 Proposed Well(s):

Noel Hensley Federal Com Well No. 202H, API No. 30-015-Pending

SHL: 250 feet from the North line and 1491 feet from the West line,
(Unit C) of Section 19, Township 24 South, Range 28 East, NMPM.
BHL: 240 feet from the South line and 2346 feet from the West line,
(Unit N) of Section 19, Township 24 South, Range 28 East, NMPM.
Completion Target: Upper Wolfcamp at approx 9370 feet TVD and 14600 feet MD.
Well Orientation: North to South
Completion Location expected to be: standard

Noel Hensley Federal Com Well No. 222H, API No. 30-015-Pending

SHL: 280 feet from the North line and 1492 feet from the West line,
(Unit C) of Section 19, Township 24 South, Range 28 East, NMPM.
BHL: 240 feet from the South line and 2346 feet from the West line,
(Unit N) of Section 19, Township 24 South, Range 28 East, NMPM.
Completion Target: Lower Wolfcamp at approx. 10450 feet TVD and 15300 feet MD
Well Orientation: North to South

Case No. 20326
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Page 8 of 8

Completion Location expected to be: standard

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

COMMENTS

Action 177294

COMMENTS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 177294
	Action Type: [IM-SD] Well File Support Doc (ENG) (IM-AWF)

COMMENTS

Created By	Comment	Comment Date
dmcclosure	NMNM 143802	1/18/2023

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
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CONDITIONS

Action 177294

CONDITIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 177294
	Action Type: [IM-SD] Well File Support Doc (ENG) (IM-AWF)

CONDITIONS

Created By	Condition	Condition Date
dmcclore	None	1/18/2023