

ATYXV-200505-C-107B PNR1G-191122-C-107B 948

Revised March 23, 2017

RECEIVED: 11/22/19	REVIEWER:	TYPE: CTB	APP NO: pDM2009225552
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Matador Production Company**OGRID Number:** 228937**Well Name:** Marlan Downey State Com 04 09 23S 35E #113H, #114H**API:** 30-025-46254, -46255**Pool:** Rock Lake; Bone Spring, South**Pool Code:** 52769

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☒ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application  
Content  
Complete

- 3) CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Kaitlyn A. Luck

Print or Type Name

Signature

05/04/20

Date

505-954-7286

Phone Number

kaluck@hollandhart.com

e-mail Address



**Kaitlyn A. Luck**  
Phone (505) 954-7286  
kaluck@hollandhart.com

May 5, 2020

**VIA ONLINE FILING**

Adrienne Sandoval  
Director, Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Amended Application of Matador Production Company to authorize lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Marlan Downey East Tank Battery located in the NW/4 SE/4 (Unit J) of Section 4, Township 23 South, Range 35 East, NMPM, Eddy County, New Mexico.**

Dear Ms. Sandoval:

Matador Production Company (OGRID No. 228937) originally submitted an application for approval of lease commingling at the subject **Marlan Downey East Tank Battery** on November 22, 2019. Since that time, Matador has revised the development plans for this area and now seeks administrative approval, as described in this amended application, for lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Marlan Downey East Tank Battery of production from the Rock Lake; Bone Spring, South (52769) pool from *all existing and future wells drilled in the following "leases"*:

(a) The 240-acre, more or less, spacing unit underlying the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9. The spacing unit is currently dedicated to the **Marlan Downey State Com 04 09 23S 35E #113H well** (API No. 30-025-46254);

(b) The 240-acre, more or less, spacing unit underlying the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9. The spacing unit is currently dedicated to the **Marlan Downey State Com 04 09 23S 35E #114H well** (API No. 30-025-46255); and

(c) Pursuant to 19.15.12.10.C(4)(g), *future spacing units connected to this central tank battery* with notice provided only to the interest owners within these future "leases."

Oil and gas production from these "leases" will be commingled and sold at the Marlan Downey East Tank Battery located in the NW/4 SE/4 (Unit J) of Section 4. Prior to commingling, gas production from each "lease" will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each "lease" will also be separately metered using turbine meters.

**Exhibit 1** is a land plat showing Matador's current development plan, flow lines, and central tank battery ("production facility") in the subject area. The plat identifies the wellbores, the existing spacing units, and the common surface facilities located in the NW/4 SE/4 (Unit J) of Section 4.

**Exhibit 2** is a C-102 for each of the wells currently permitted or drilled within the existing spacing units, together with existing production reports for both wells.

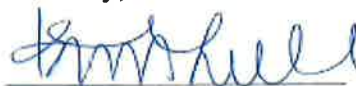
**Exhibit 3** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Ryan Hernandez, P.E., Production Engineer with Matador, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (attachment A to the statement) and a referenced gas sample (attachment B to the statement).

**Exhibit 4** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the New Mexico State Land Office since state lands are involved.

Finally, attached as **Exhibit 5** are the draft or approved communitization agreements for the acreage subject to this amended application.

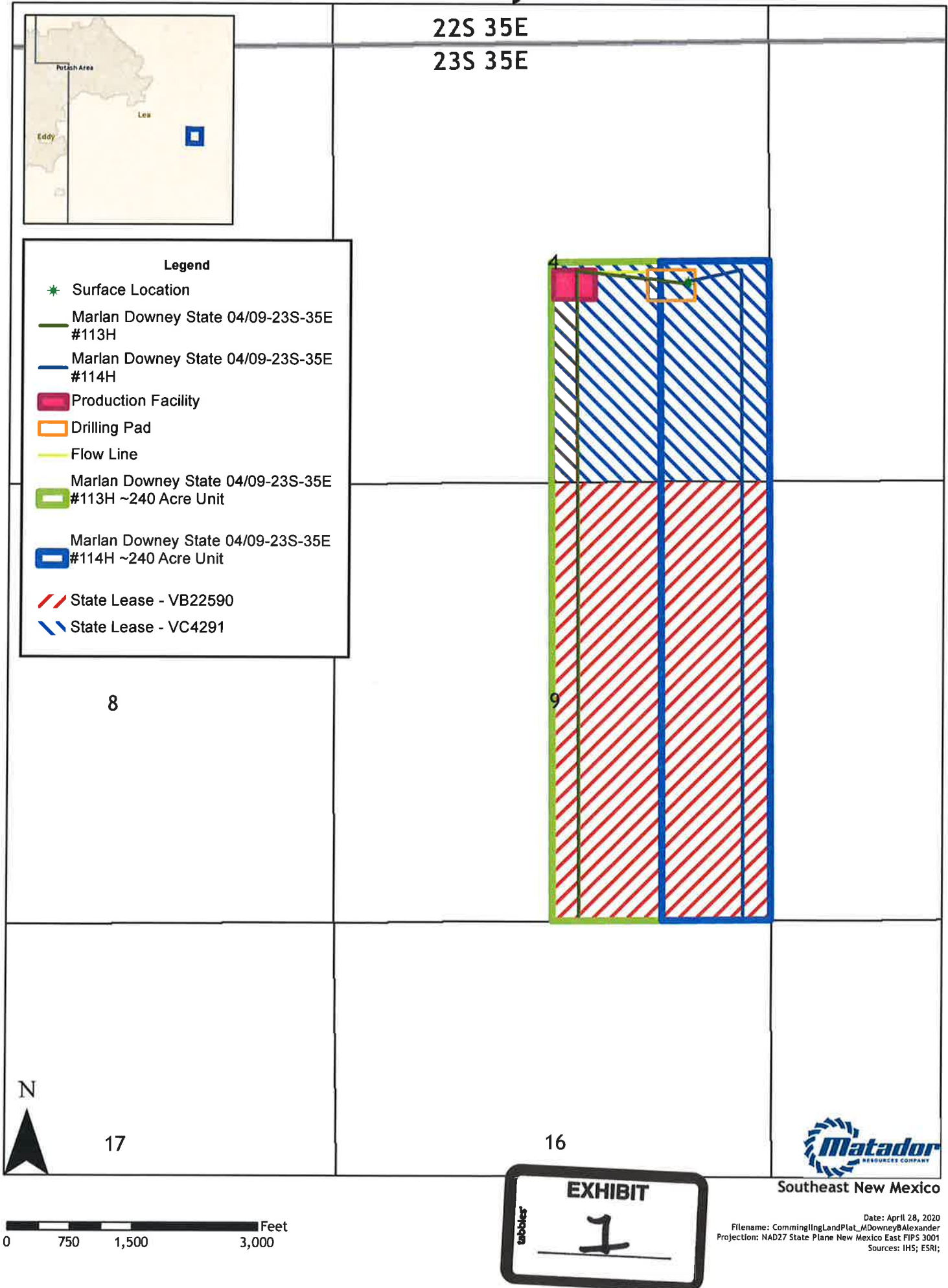
Thank you for your attention to this matter, and please feel free to call if you have any questions or require additional information.

Sincerely,



Kaitlyn A. Luck  
**ATTORNEY FOR MATADOR PRODUCTION  
COMPANY**

# Marlan Downey Land Plat





S - S/P

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

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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

OCD - HOBBS  
07/22/2019  
RECEIVED

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-025-46254</b>	<sup>2</sup> Pool Code <b>52769</b>	<sup>3</sup> Pool Name <b>Rock Lake; Bone Spring, South</b>
<sup>4</sup> Property Code <b>325951</b>	<sup>5</sup> Property Name <b>MARLAN DOWNEY STATE COM 04 09 23S 35E</b>	<sup>6</sup> Well Number <b>113H</b>
<sup>7</sup> GRID No. <b>228937</b>	<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>	<sup>9</sup> Elevation <b>3542'</b>

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>I</b>	<b>4</b>	<b>23-S</b>	<b>35-E</b>	<b>-</b>	<b>2376'</b>	<b>SOUTH</b>	<b>973'</b>	<b>EAST</b>	<b>LEA</b>

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>O</b>	<b>9</b>	<b>23-S</b>	<b>35-E</b>	<b>-</b>	<b>60'</b>	<b>SOUTH</b>	<b>2302'</b>	<b>EAST</b>	<b>LEA</b>

<sup>12</sup> Dedicated Acres <b>240</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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SL

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><b>FIRST PERFORATION POINT</b> NEW MEXICO EAST NAD 1927 X=797244 Y=486294 LAT.: N 32.3332881 LONG.: W 103.3709886 NAD 1983 X=838428 Y=486354 LAT.: N 32.3333931 LONG.: W 103.3714626</p>	<p><b>SURFACE LOCATION</b> NEW MEXICO EAST NAD 1927 X=798581 Y=486142 LAT.: N 32.3328178 LONG.: W 103.3666646 NAD 1983 X=839765 Y=486203 LAT.: N 32.3329429 LONG.: W 103.3671384</p>	<p><b><sup>17</sup>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sara Hartsfield</i> 7/16/19 Signature Date</p> <p><b>Sara Hartsfield</b> Printed Name</p> <p>shartsfield@matadorresources.com E-mail Address</p>
<p><b>BOTTOM HOLE LOCATION</b> NEW MEXICO EAST NAD 1927 X=797309 Y=478531 LAT.: N 32.3119300 LONG.: W 103.3710021 NAD 1983 X=838494 Y=478591 LAT.: N 32.3120552 LONG.: W 103.3714755</p>	<p><b>LAST PERFORATION POINT</b> NEW MEXICO EAST NAD 1927 X=797309 Y=478571 LAT.: N 32.3120400 LONG.: W 103.3710021 NAD 1983 X=838493 Y=478631 LAT.: N 32.3121651 LONG.: W 103.3714755</p>	<p><b><sup>18</sup>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>05/12/20/2019 Date of Survey Signature and Seal of Registered Professional Surveyor</p> <p><i>[Signature]</i> Certificate Number</p>

EXHIBIT

2

S:\SURVEY\MATADOR\_RESOURCE\MARLAN\_DOWNEY\_STATE\_COM\_04-09-23S-35E\FINAL\_PRODUCT\BLO\_MARLAN\_DOWNEY\_STATE\_COM\_04-09-23-35E\_113H10

Production Summary Report												
API: 30-025-46254												
MARLAN DOWNEY 4 9 23S 35E STATE COM #113H												
Printed On: Monday, April 27 2020												
Year	Pool	Production					Injection					
		Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure	
2019	[52769] ROCK LAKE;BONE SPRING, SOUTH	Dec	13990	18040	80296	30		0	0	0	0	0
2020	[52769] ROCK LAKE;BONE SPRING, SOUTH	Jan	29601	33852	38435	29		0	0	0	0	0
2020	[52769] ROCK LAKE;BONE SPRING, SOUTH	Feb	23988	29549	20952	29		0	0	0	0	0

S - S/P

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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

**OCD - HOBBS**  
**07/22/2019**  
**RECEIVED**

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-025-46255</b>		<sup>2</sup> Pool Code 52769		<sup>3</sup> Pool Name Rock Lake; Bone Spring, South	
<sup>4</sup> Property Code <b>325951</b>		<sup>5</sup> Property Name MARLAN DOWNEY STATE COM 04 09 23S 35E			<sup>6</sup> Well Number 114H
<sup>7</sup> GRID No. 228937		<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY			<sup>9</sup> Elevation 3544'

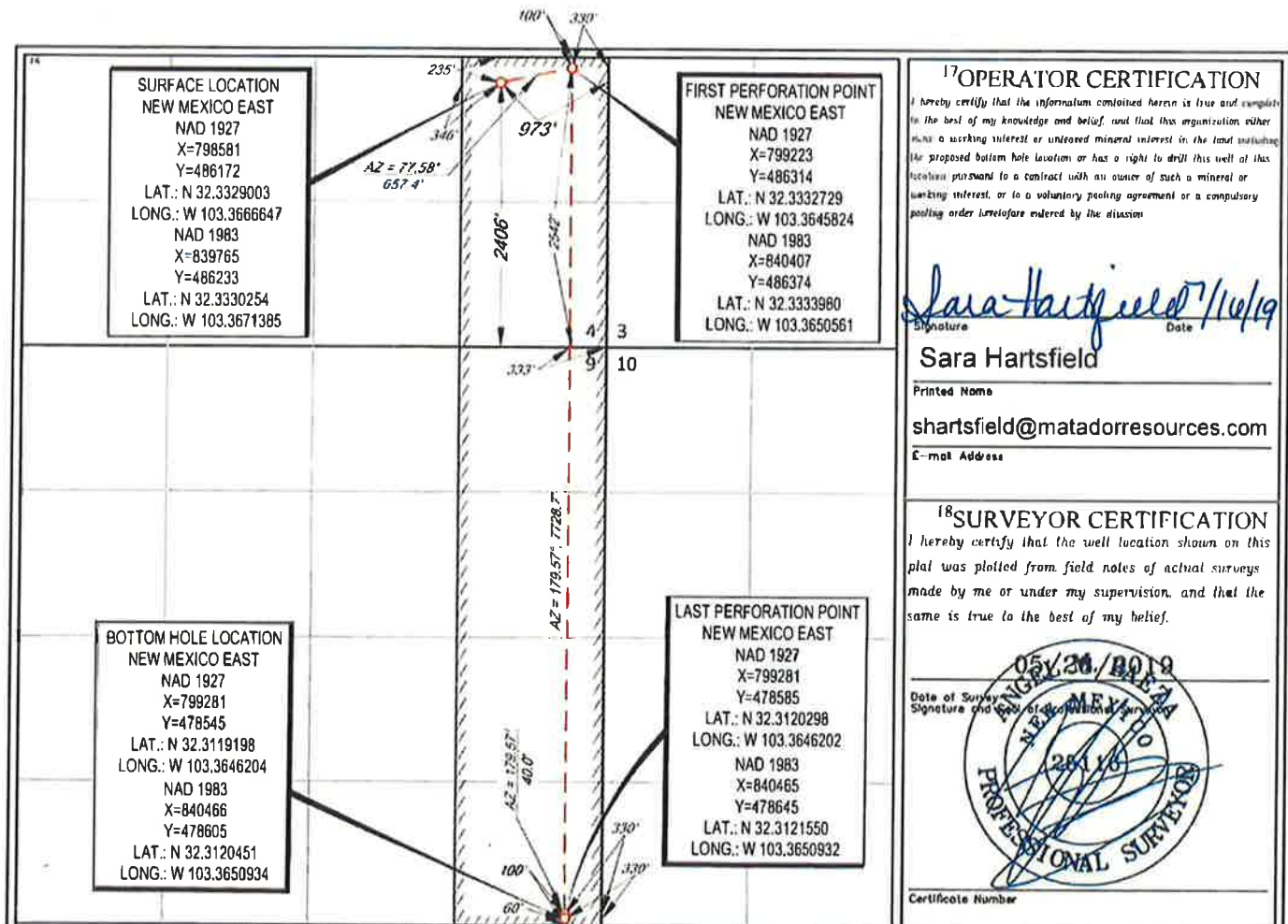
<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	4	23-S	35-E	-	2406'	SOUTH	973'	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	9	23-S	35-E	-	60'	SOUTH	330'	EAST	LEA

<sup>12</sup> Dedicated Acres 240	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

SL

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>17</sup>OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land underlying the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.

*Sara Hartsfield* 7/16/19  
Signature Date

Sara Hartsfield

Printed Name

shartsfield@matadorresources.com

E-mail Address

<sup>18</sup>SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

05/26/2019  
Date of Survey  
Signature and Seal of Licensed Surveyor  
Professional Surveyor

Certificate Number

Production Summary Report												
API: 30-025-46255												
MARLAN DOWNEY 4 9 23S 35E STATE COM #114H												
Printed On: Monday, April 27 2020												
Year	Pool	Production					Injection					
		Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure	
2019	[52769] ROCK LAKE;BONE SPRING, SOUTH	Dec	12699	15379	83511	31		0	0	0	0	0
2020	[52769] ROCK LAKE;BONE SPRING, SOUTH	Jan	26053	31772	43448	31		0	0	0	0	0
2020	[52769] ROCK LAKE;BONE SPRING, SOUTH	Feb	21055	26328	22015	29		0	0	0	0	0



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District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

### OIL CONSERVATION DIVISION

1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

### APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Matador Production Company

OPERATOR ADDRESS: 5400 I.B.J. Freeway Tower 1 Suite 1500 Dallas, TX 75240

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. CTB-948

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☐ Yes ☐ No

#### (A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

#### (B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code- Rock Lake; Bone Spring, South (52769)

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

#### (C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

#### (D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☒ Yes ☐ No

(2) Include proof of notice to all interest owners.

#### (E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Ryan Hernandez

TITLE: Production Engineer

DATE: \_\_\_\_\_

TYPE OR PRINT NAME Ryan Hernandez

TELEPHONE NO.: (817) 374-9992

E-MAIL ADDRESS: rhernandez@matadorresources.com

EXHIBIT

3

## Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Voice 972.587.4638 • Fax 972.371.5201  
[rhernandez@matadorresources.com](mailto:rhernandez@matadorresources.com)

---

**Ryan Hernandez**  
Production Engineer

April 27, 2020

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: Application of Matador Production Company for administrative approval to surface commingle (lease commingle) gas and oil production from the spacing units comprising Sections 4 and 9, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico (the "Lands")**

To Whom This May Concern,

Matador Production Company ("Matador"), OGRID: 228937, requests to commingle future oil and gas production from two (2) distinct wells located on the Lands and future production from the Lands as described herein. All wells will be metered through individual test separators with an oil turbine meter and gas orifice meter. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the Longwood Gathering line. Each well on the Lands will have its own test separator with an orifice meter manufactured and assembled in accordance with American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third party measurement company in accordance with industry specifications.

The orifice meter is the preferred measurement device utilized by midstream and E&P companies in natural gas measurement. The gas samples are obtained at the time of the meter testing/calibration and the composition and heating value are determined by a laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations. See example from Fesco Laboratory attached as **Exhibit B** hereto.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. The PFD shows that the water, oil, and gas leave the wellbore and flow into a wellhead test separator which separates the oil, gas, and water. The oil is measured via turbine meter which is calibrated periodically in accordance with industry specifications by a third party measurement company for accuracy. The gas is measured on a volume and MMBTU basis by an orifice meter and supporting EFM equipment in accordance with American Petroleum Association

(API) Chapter 21.1. The gas is then sent into a gathering line where it is commingled with each of the other wells' metered gas. The gathering line gas is then metered by another orifice meter at the tank battery check to show the total volume of gas leaving the Tank Battery. This meter is tested and calibrated in accordance with industry specifications and volume and energy are determined on an hourly, daily, and monthly basis. Once the gas exits this final tank battery sales check it travels directly into a third party sales connect meter. Longwood Gathering has its own orifice meter that measures the gas for custody transfer. These meters are also calibrated periodically to ensure the measurement accuracy.

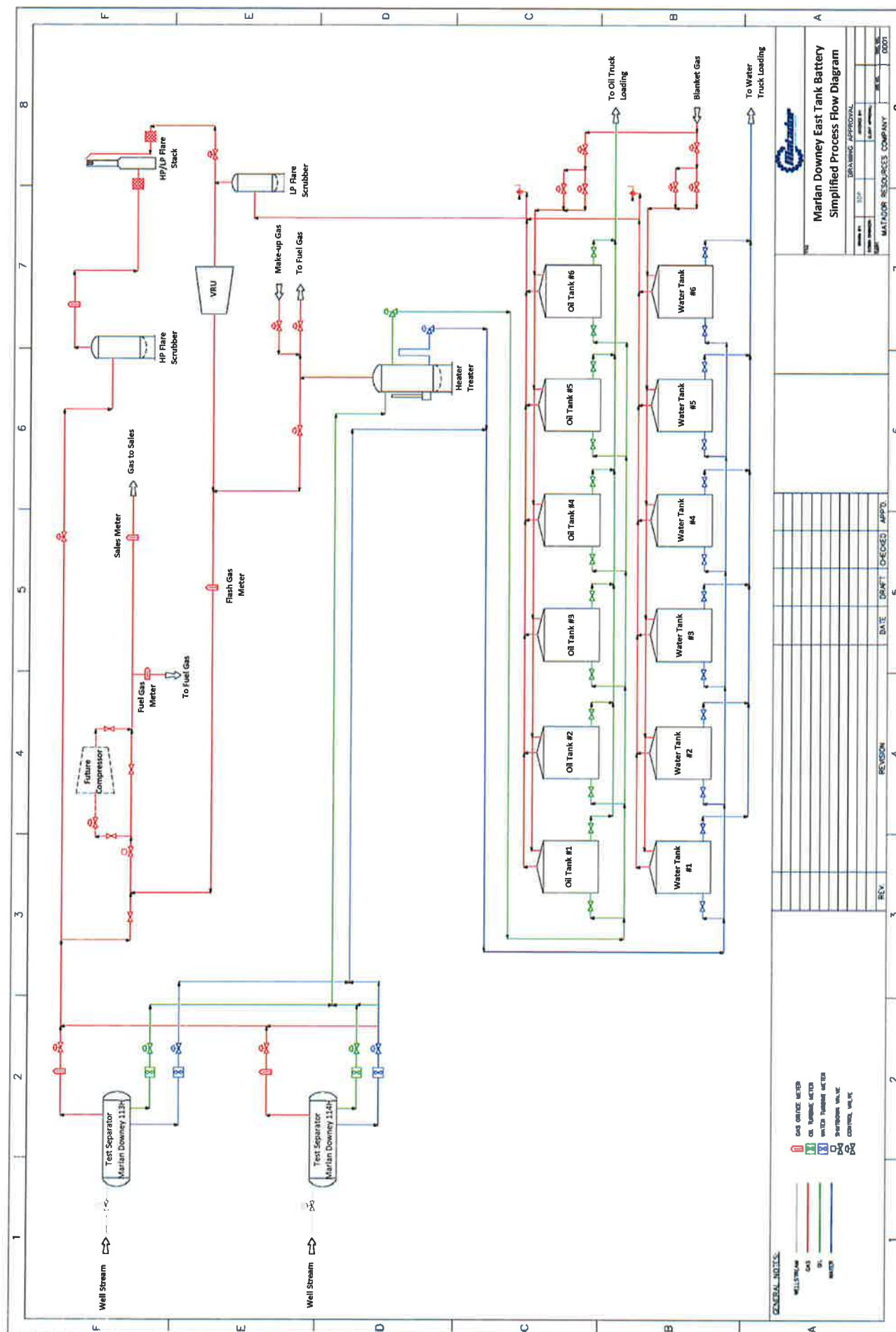
In conclusion, all the oil and gas produced on the Lands is and will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Very truly yours,

MATADOR PRODUCTION COMPANY

A handwritten signature in black ink, appearing to read 'Ryan Hernandez', with a stylized flourish at the end.

Ryan Hernandez  
Production Engineer





November 8, 2018

**FESCO, Ltd.**  
**1100 Fesco Ave. - Alice, Texas 78332**

**For:** Matador Production Company  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240

**Sample:** Marlan Downey 9 23 35 AR STATE No. 111H  
First Stage Separator  
Spot Gas sample @ 163 psig & 84 °F

Date Sampled: 10/25/18

Job Number: 84059.001

**CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286**

COMPONENT	MOL%	GPM
Hydrogen Sulfide*	0.450	
Nitrogen	1.832	
Carbon Dioxide	10.722	
Methane	66.680	
Ethane	12.222	3.347
Propane	5.805	1.637
Isobutane	0.000	0.000
n-Butane	1.223	0.395
2-2 Dimethylpropane	0.013	0.005
Isopentane	0.303	0.113
n-Pentane	0.294	0.109
Hexanes	0.224	0.094
Heptanes Plus	<u>0.232</u>	<u>0.094</u>
Totals	100.000	5.795

**Computed Real Characteristics Of Heptanes Plus:**

Specific Gravity ----- 3.329 (Air=1)  
Molecular Weight ----- 96.04  
Gross Heating Value ----- 5039 BTU/CF

**Computed Real Characteristics Of Total Sample:**

Specific Gravity ----- 0.828 (Air=1)  
Compressibility (Z) ----- 0.9960  
Molecular Weight ----- 23.88  
Gross Heating Value  
Dry Basis ----- 1155 BTU/CF  
Saturated Basis ----- 1136 BTU/CF

\*Hydrogen Sulfide tested on location by: Stain Tube Method (GPA 2377)

Results: 283.0 Gr/100 CF, 4500 PPMV or 0.450 Mol %

Base Conditions: 15.025 PSI & 60 Deg F

Sampled By: (24) Dennis Field  
Analyst: MR  
Processor: RG  
Cylinder ID: T-4818

Certified: FESCO, Ltd. - Alice, Texas

David Dannhaus 361-661-7015

FESCO, Ltd.

Job Number: 84059.001

## CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286

## TOTAL REPORT

COMPONENT	MOL %	GPM	WT %
Hydrogen Sulfide*	0.450		0.642
Nitrogen	1.832		2.149
Carbon Dioxide	10.722		19.757
Methane	66.680		44.788
Ethane	12.222	3.347	15.387
Propane	5.805	1.637	10.718
Isobutane	0.000	0.000	0.000
n-Butane	1.223	0.395	2.976
2,2 Dimethylpropane	0.013	0.005	0.039
Isopentane	0.303	0.113	0.915
n-Pentane	0.294	0.109	0.888
2,2 Dimethylbutane	0.002	0.001	0.007
Cyclopentane	0.000	0.000	0.000
2,3 Dimethylbutane	0.026	0.011	0.094
2 Methylpentane	0.070	0.030	0.253
3 Methylpentane	0.047	0.020	0.170
n-Hexane	0.079	0.033	0.285
Methylcyclopentane	0.029	0.010	0.102
Benzene	0.017	0.005	0.056
Cyclohexane	0.037	0.013	0.130
2-Methylhexane	0.009	0.004	0.038
3-Methylhexane	0.012	0.006	0.050
2,2,4 Trimethylpentane	0.000	0.000	0.000
Other C7's	0.021	0.009	0.087
n-Heptane	0.018	0.009	0.076
Methylcyclohexane	0.022	0.009	0.090
Toluene	0.024	0.008	0.093
Other C8's	0.018	0.009	0.083
n-Octane	0.005	0.003	0.024
Ethylbenzene	0.003	0.001	0.013
M & P Xylenes	0.004	0.002	0.018
O-Xylene	0.001	0.000	0.004
Other C9's	0.005	0.003	0.026
n-Nonane	0.001	0.001	0.005
Other C10's	0.003	0.002	0.018
n-Decane	0.001	0.001	0.006
Undecanes (11)	<u>0.002</u>	<u>0.001</u>	<u>0.013</u>
Totals	100.000	5.795	100.000

## Computed Real Characteristics of Total Sample

Specific Gravity -----	0.828	(Air=1)
Compressibility (Z) -----	0.9960	
Molecular Weight -----	23.88	
Gross Heating Value		
Dry Basis -----	1155	BTU/CF
Saturated Basis -----	1136	BTU/CF

November 8, 2018

**FESCO, Ltd.****1100 Fesco Ave. - Alice, Texas 78332****Sample:** Marlan Downey 9 23 35 AR STATE No. 111H

First Stage Separator

Spot Gas sample @ 163 psig &amp; 84 °F

Date Sampled: 10/25/18

Job Number: 84059.001

**GLYCALC FORMAT**

<b>COMPONENT</b>	<b>MOL%</b>	<b>GPM</b>	<b>Wt %</b>
Carbon Dioxide	10.722		19.757
Hydrogen Sulfide	0.450		0.642
Nitrogen	1.832		2.149
Methane	66.680		44.788
Ethane	12.222	3.347	15.387
Propane	5.805	1.637	10.718
Isobutane	0.000	0.000	0.000
n-Butane	1.236	0.400	3.015
Isopentane	0.303	0.113	0.915
n-Pentane	0.294	0.109	0.888
Cyclopentane	0.000	0.000	0.000
n-Hexane	0.079	0.033	0.285
Cyclohexane	0.037	0.013	0.130
Other C6's	0.145	0.061	0.524
Heptanes	0.089	0.038	0.353
Methylcyclohexane	0.022	0.009	0.090
2,2,4 Trimethylpentane	0.000	0.000	0.000
Benzene	0.017	0.005	0.056
Toluene	0.024	0.008	0.093
Ethylbenzene	0.003	0.001	0.013
Xylenes	0.005	0.002	0.022
Octanes Plus	<u>0.035</u>	<u>0.018</u>	<u>0.175</u>
Totals	100.000	5.795	100.000

**Real Characteristics Of Octanes Plus:**

Specific Gravity ----- 4.148 (Air=1)  
Molecular Weight ----- 119.68  
Gross Heating Value ----- 6323 BTU/CF

**Real Characteristics Of Total Sample:**

Specific Gravity ----- 0.828 (Air=1)  
Compressibility (Z) ----- 0.9960  
Molecular Weight ----- 23.88  
Gross Heating Value  
Dry Basis ----- 1155 BTU/CF  
Saturated Basis ----- 1136 BTU/CF



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

MRC - Marlan Downey  
CM# 83379.0001

Shipment Date: 05/05/2020

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	7
<b>Total</b>	<b>7</b>

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

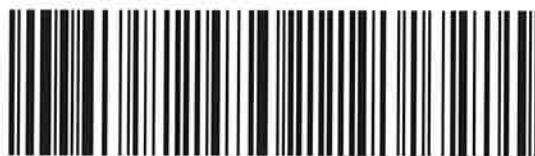
### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0021 7876 13







## Firm Mailing Book For Accountable Mail

Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.													
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COC	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1.	9214 8901 9403 8311 9354 20	Caza Petroleum LLC 200 N Lorraine St. Ste 1550 Midland TX 79701		1.45	3.55								1.70				
2.	9214 8901 9403 8311 9354 37	Gaedeke Holdings VII Ltd 3710 Rawlins St. Ste 1430 Dallas TX 75219		1.45	3.55								1.70				
3.	9214 8901 9403 8311 9354 44	The Allair Company PO BOX 1567 Graham TX 76450-1567		1.45	3.55								1.70				
4.	9214 8901 9403 8311 9354 51	Strategic Energy Income Fund IV LP 1521 N Cooper St. Ste 400 Arlington TX 76011		1.45	3.55								1.70				
5.	9214 8901 9403 8311 9354 68	Highland (Texas) Energy Company 7557 Rambler Rd #818 Dallas TX 75231		1.45	3.55								1.70				
6.	9214 8901 9403 8311 9354 75	State of New Mexico PO BOX 1148 Santa Fe NM 87504-1148		1.45	3.55								1.70				
7.	9214 8901 9403 8311 9354 82	Susan Marie Thoma PO BOX 17655 Golden CO 80402		1.45	3.55								1.70				
Total Number of Pieces Listed by Sender 7		Postmaster, Per (Name of receiving employee)															



**Kaitlyn A. Luck**  
**Phone** (505) 954-7286  
**Fax** (505) 819-5579  
kaluck@hollandhart.com

May 5, 2020

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PARTIES**

**Re: Amended Application of Matador Production Company to authorize lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Marlan Downey East Tank Battery located in the NW/4 SE/4 (Unit J) of Section 4, Township 23 South, Range 35 East, NMPM, Eddy County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced amended application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this amended application, please contact the following:

Brian Fancher  
Matador Production Company  
972-371-5242  
bfancher@matadorresources.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", written over a horizontal line.

Kaitlyn A. Luck  
**ATTORNEY FOR**  
**MATADOR PRODUCTION COMPANY**



**Commissioner**

**Stephanie Garcia Richard**

***State of New Mexico***  
***Commissioner of Public Lands***

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

[www.nmstatelands.org](http://www.nmstatelands.org)

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

February 25<sup>th</sup>, 2020

Re: Communitization Agreement Approval  
Marlan Downey 4-9-23S-35E State Com #113H  
Vertical Extent: Bone Spring  
Township: 23 South, Range 35 East, NMPM  
Sect 4: W2SE4  
Sect 9: W2E2  
Lea County, New Mexico

Dear Ms Kinsman,

The Commissioner of Public Lands has this date approved the Marlan Downey 4-9-23S-35E State Com #113H Communitization Agreement for the Bone Spring formation effective 7/31/2019. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Niranjana Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Garcia Richard".

Stephanie Garcia Richard  
COMMISSIONER OF PUBLIC LANDS



**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**


**Matador Production Company**  
**Marlan Downey 4-9-23S-35E State Com #113H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 35 East, NMPM**  
**Section 4: W2SE4**  
**Section 9: W2E2**  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **July 31, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **25<sup>th</sup> Day of February, 2020**.

  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico



**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**


**Matador Production Company**  
**Marlan Downey 4-9-23S-35E State Com #113H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 35 East, NMPM**  
**Section 4: W2SE4**  
**Section 9: W2E2**  
**Lea County, New Mexico**

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**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**


**Matador Production Company**  
**Marlan Downey 4-9-23S-35E State Com #113H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 35 East, NMPM**  
**Section 4: W2SE4**  
**Section 9: W2E2**  
**Lea County, New Mexico**

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- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **25<sup>th</sup> Day of February, 2020**.

  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR  
STATE/FEDERAL/FEE**  
Revised Feb. 2013

**ONLINE Version  
COMMUNITIZATION AGREEMENT**

Contract No. \_\_\_\_\_

Well Name: Marlan Downey 4 9 23S 35E State Com #113H

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

**W I T N E S S E T H:**

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

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

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

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

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

Subdivisions W/2 SE/4 of Section 4 & W/2 E/2 of Section 9,  
Sect 4&9, T 23S, R 35E, NMPM Lea County NM  
containing 240 acres, more or less, and this agreement shall include only the  
Bone Spring Formation underlying said lands and the hydrocarbons (hereinafter  
referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.



8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July Month 31 Day, 2019 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

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

Operator: Matador Production Company

Lessees of Record: MRC Permian Company

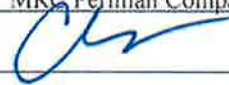
By: Craig N. Adams – Executive Vice President

Name & Title of Authorized Agent



Signature of Authorized Agent

*Smith  
pdd*



*ped  
smith*

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_)

County of \_\_\_\_\_) SS)

This instrument was acknowledged before me on \_\_\_\_\_  
DATEBy \_\_\_\_\_  
Name(s) of Person(s)

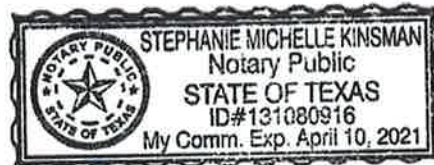
(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**State of Texas)County of Dallas) SS)This instrument was acknowledged before me on August 7, 2019  
DATEBy Craig N. Adams  
Name(s) of Person(s)as Executive Vice President of Matador Production Company  
Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Stephanie M Kinsman  
Signature of Notarial OfficerMy commission expires: 4-10-2021

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_)

County of \_\_\_\_\_) SS)

This instrument was acknowledged before me on \_\_\_\_\_

DATE

By \_\_\_\_\_

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**State of Texas \_\_\_\_\_)County of Dallas \_\_\_\_\_) SS)This instrument was acknowledged before me on August 7, 2019

DATE

By Craig N. Adams \_\_\_\_\_

Name(s) of Person(s)

as Executive Vice President of MRC Permian Company

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)


Stephanie M Kinsman  
 Signature of Notarial Officer
My commission expires: 4-10-2021

**EXHIBIT A**

To Communitization Agreement dated July 31, 2019

Plat of communitized area covering the:

Subdivisions W/2 SE/4 of Section 4 & W/2 E/2 of Section 9

of Sect. 4&9, T 23S, R 35E, NMPM, Lea County, NM.

**EXHIBIT B**

To Communitization Agreement dated July 31 2019, embracing the  
 Subdivisions W/2 SE/4 of Section 4 & W/2 E/2 of Section 9  
 of Section 4 & 9, T 23S, R 35E, N.M.P.M., Lea County, NM

Operator of Communitized Area: Matador Production Company

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

Lease Serial No.: VC0429  
 Lease Date: 8/1/2018  
 Lease Term: 5 years  
 Lessor: State of New Mexico  
 Original Lessee: Federal Abstract Company  
 Present Lessee: MRC Permian Company  
 Description of Land Committed: Subdivisions W/2 SE/4,  
 Sect 4, Twp 23S, Rng 35E NMPM, Lea County, NM  
 Number of Acres: 80  
 Royalty Rate: 20%  
 Name and Percent ORRI Owners: \_\_\_\_\_  
 Name and Percent WI Owners: Matador Production Company – 100%

**TRACT NO. 2**

Lease Serial No.: VB2259  
 Lease Date: 4/1/2013  
 Lease Term: 5 years  
 Lessor: State of New Mexico  
 Original Lessee: MRC Permian Company  
 Present Lessee: MRC Permian Company  
 Description of Land Committed: Subdivisions W/2 E/2,  
 Sect 9, Twp 23S, Rng 35E, NMPM, Lea County, NM  
 Number of Acres: 160  
 Royalty Rate: 18.75%  
 Name and Percent ORRI Owners: \_\_\_\_\_  
 Name and Percent WI Owners: Matador Production Company – 100%



**TRACT NO. 3**

Lease Serial No.: \_\_\_\_\_  
Lease Date: \_\_\_\_\_  
Lease Term: \_\_\_\_\_  
Lessor: \_\_\_\_\_  
Original Lessee: \_\_\_\_\_  
Present Lessee: \_\_\_\_\_  
Description of Land Committed: Subdivisions \_\_\_\_\_,  
Sect\_\_\_\_\_, Twp\_\_\_\_\_, Rng\_\_\_\_\_, NMPPM, \_\_\_\_\_ County, NM  
Number of Acres: \_\_\_\_\_  
Royalty Rate: \_\_\_\_\_  
Name and Percent ORRI Owners: \_\_\_\_\_  
Name and Percent WIOwners: \_\_\_\_\_

**TRACT NO. 4**

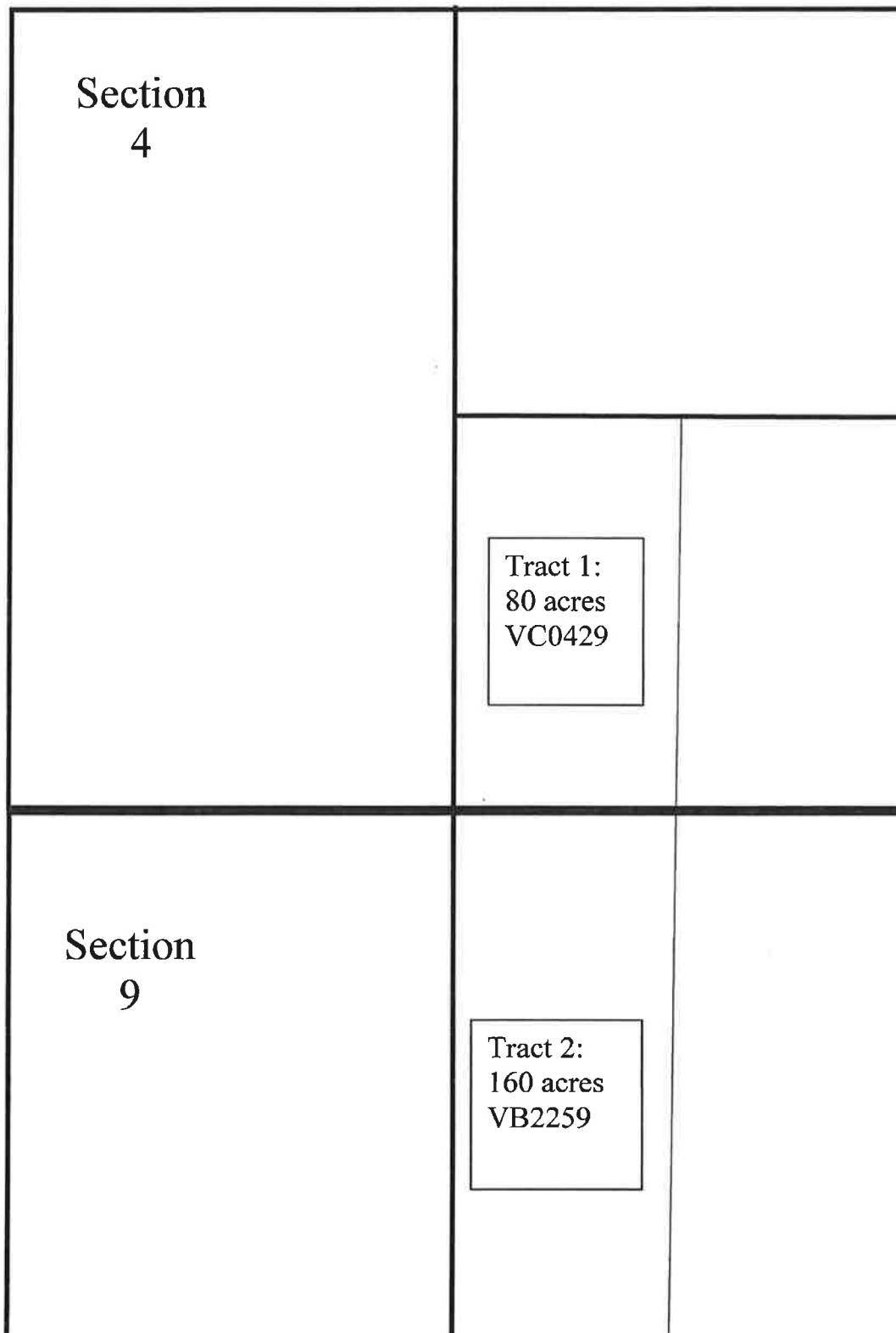
Lease Serial No.: \_\_\_\_\_  
Lease Date: \_\_\_\_\_  
Lease Term: \_\_\_\_\_  
Lessor: \_\_\_\_\_  
Original Lessee: \_\_\_\_\_  
Present Lessee: \_\_\_\_\_  
Description of Land Committed: Subdivisions \_\_\_\_\_,  
Sect\_\_\_\_\_, Twp\_\_\_\_\_, Rng\_\_\_\_\_, NMPPM, \_\_\_\_\_ County, NM  
Number of Acres: \_\_\_\_\_  
Royalty Rate: \_\_\_\_\_  
Name and Percent ORRI Owners: \_\_\_\_\_  
Name and Percent WIOwners: \_\_\_\_\_

**RECAPITULATION**

<b>Tract numbers</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No.1	<u>80</u>	<u>33.33%</u>
Tract No.2	<u>160</u>	<u>66.67%</u>
Tract No.3	<u>                    </u>	<u>                    </u>
Tract No.4	<u>                    </u>	<u>                    </u>

**EXHIBIT "A"**

**PLAT OF COMMUNITIZED AREA COVERING THE W2 SE/4 OF SECTION 4 & W/2  
E/2 OF SECTION 9, TOWNSHIP 23 SOUTH, RANGE 35 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO**





**Commissioner**

**Stephanie Garcia Richard**

***State of New Mexico***  
***Commissioner of Public Lands***

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

[www.nmstatelands.org](http://www.nmstatelands.org)

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

February 25<sup>th</sup>, 2020

Re: Communitization Agreement Approval  
Marlan Downey 4-9-23S-35E State Com #114H  
Vertical Extent: Bone Spring  
Township: 23 South, Range 35 East, NMPM  
Sect 4: E2SE4  
Sect 9: E2E2  
Lea County, New Mexico

Dear Ms Kinsman,

The Commissioner of Public Lands has this date approved the Marlan Downey 4-9-23S-35E State Com #114H Communitization Agreement for the Bone Spring formation effective 7/31/2019. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Niranjana Khalsa at (505) 827-6628.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Garcia Richard" followed by a stylized flourish.

Stephanie Garcia Richard  
COMMISSIONER OF PUBLIC LANDS

**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

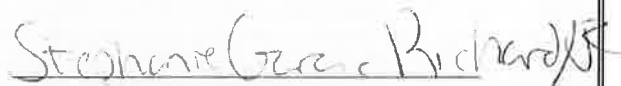
**Matador Production Company**  
**Marlan Downey 4-9-23S-35E State Com #114H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 35 East, NMPM**  
**Section 4: E2SE4**  
**Section 9: E2E2**  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **July 31, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **25<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE****CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

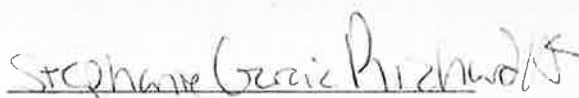
**Matador Production Company**  
**Marlan Downey 4-9-23S-35E State Com #114H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 35 East, NMPM**  
**Section 4: E2SE4**  
**Section 9: E2E2**  
**Lea County, New Mexico**

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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **25<sup>th</sup> Day of February, 2020**.

  
**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**



**NEW MEXICO STATE LAND OFFICE**

## CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

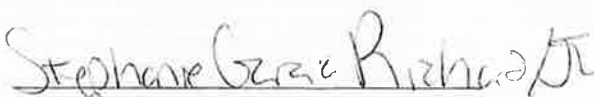
**Matador Production Company**  
**Marlan Downey 4-9-23S-35E State Com #114H**  
**Vertical Extent: Bone Spring**  
**Township: 23 South, Range: 35 East, NMPM**  
**Section 4: E2SE4**  
**Section 9: E2E2**  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **July 31, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **25<sup>th</sup> Day of February, 2020**.



**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

NM State Land Office  
Oil, Gas, & Minerals Division

STATE/FEDERAL OR  
STATE/FEDERAL/FEE  
Revised Feb. 2013

ONLINE Version  
COMMUNITIZATION AGREEMENT

Contract No. \_\_\_\_\_

Well Name: Marian Downey 4 9 23S 35E State Com #114H

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

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

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

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

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

Subdivisions E/2 SE/4 of Section 4 & E/2 E/2 of Section 9,

Sect 4&9, T 23S, R 35E, NMPM Lea County NM

containing 240 acres, more or less, and this agreement shall include only the

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

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July Month 31 Day, 2019 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

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

Operator: Matador Production Company

Lessees of Record: MRC Permian Company

By: Craig N. Adams – Executive Vice President

Name & Title of Authorized Agent

Signature of Authorized Agent

Attach additional page(s) if needed.

[Acknowledgments are on following page.]



**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_)

County of \_\_\_\_\_) SS)

This instrument was acknowledged before me on \_\_\_\_\_

DATE

By \_\_\_\_\_

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**State of Texas \_\_\_\_\_)County of Dallas \_\_\_\_\_) SS)This instrument was acknowledged before me on August 7, 2019

DATE

By Craig N. Adams \_\_\_\_\_

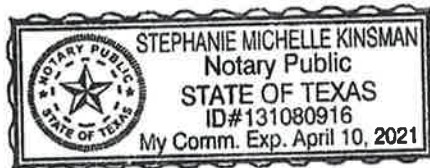
Name(s) of Person(s)

as Executive Vice President of Matador Production Company

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)


Stephanie M Kinsman  
 Signature of Notarial Officer
My commission expires: 4-10-2021



**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_)

County of \_\_\_\_\_) SS)

This instrument was acknowledged before me on \_\_\_\_\_  
DATEBy \_\_\_\_\_  
Name(s) of Person(s)

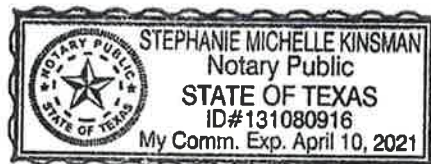
(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**State of Texas)County of Dallas) SS)This instrument was acknowledged before me on August 7, 2019  
DATEBy Craig N. Adams  
Name(s) of Person(s)as Executive Vice President of MRC Permian Company  
Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Stephanie M Kinsman  
Signature of Notarial OfficerMy commission expires: 4.10.2021

**EXHIBIT A**

To Communitization Agreement dated July 31, 2019

Plat of communitized area covering the:

Subdivisions E/2 SE/4 of Section 4 & E/2 E/2 of Section 9

of Sect. 4&9, T. 23S, R. 35E, NMPM, Lea County, NM.

**EXHIBIT B**

To Communitization Agreement dated July 31 2019, embracing the  
 Subdivisions E/2 SE/4 of Section 4 & E/2 E/2 of Section 9  
 of Section 4 & 9, T 23S, R 35E, N.M.P.M., Lea County, NM

Operator of Communitized Area: Matador Production Company

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

Lease Serial No.: VC0429  
 Lease Date: 8/1/2018  
 Lease Term: 5 years  
 Lessor: State of New Mexico  
 Original Lessee: Federal Abstract Company  
 Present Lessee: MRC Permian Company  
 Description of Land Committed: Subdivisions E/2 SE/4,  
 Sect 4, Twp 23S, Rng 35E NMPM, Lea County, NM  
 Number of Acres: 80  
 Royalty Rate: 20%  
 Name and Percent ORRI Owners: \_\_\_\_\_  
 Name and Percent WI Owners: Matador Production Company – 100%

**TRACT NO. 2**

Lease Serial No.: VB2259  
 Lease Date: 4/1/2013  
 Lease Term: 5 years  
 Lessor: State of New Mexico  
 Original Lessee: MRC Permian Company  
 Present Lessee: MRC Permian Company  
 Description of Land Committed: Subdivisions E/2 E/2,  
 Sect 9, Twp 23S, Rng 35E, NMPM, Lea County, NM  
 Number of Acres: 160  
 Royalty Rate: 18.75%  
 Name and Percent ORRI Owners: \_\_\_\_\_  
 Name and Percent WI Owners: Matador Production Company – 100%

**TRACT NO. 3**

Lease Serial No.: \_\_\_\_\_

Lease Date: \_\_\_\_\_

Lease Term: \_\_\_\_\_

Lessor: \_\_\_\_\_

Original Lessee: \_\_\_\_\_

Present Lessee: \_\_\_\_\_

Description of Land Committed: Subdivisions \_\_\_\_\_,

Sect \_\_\_\_\_, Twp \_\_\_\_\_, Rng \_\_\_\_\_, NMPM, \_\_\_\_\_ County, NM

Number of Acres: \_\_\_\_\_

Royalty Rate: \_\_\_\_\_

Name and Percent ORRI Owners: \_\_\_\_\_

Name and Percent WI Owners: \_\_\_\_\_

**TRACT NO. 4**

Lease Serial No.: \_\_\_\_\_

Lease Date: \_\_\_\_\_

Lease Term: \_\_\_\_\_

Lessor: \_\_\_\_\_

Original Lessee: \_\_\_\_\_

Present Lessee: \_\_\_\_\_

Description of Land Committed: Subdivisions \_\_\_\_\_,

Sect \_\_\_\_\_, Twp \_\_\_\_\_, Rng \_\_\_\_\_, NMPM, \_\_\_\_\_ County, NM

Number of Acres: \_\_\_\_\_

Royalty Rate: \_\_\_\_\_

Name and Percent ORRI Owners: \_\_\_\_\_

Name and Percent WI Owners: \_\_\_\_\_

**RECAPITULATION**

<b>Tract numbers</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
Tract No.1	<u>80</u>	<u>33.33%</u>
Tract No.2	<u>160</u>	<u>66.67%</u>
Tract No.3	<u>                    </u>	<u>                    </u>
Tract No.4	<u>                    </u>	<u>                    </u>

EXHIBIT "A"

**PLAT OF COMMUNITIZED AREA COVERING THE E/2 OF SE/4 OF SECTION 4 &  
E/2 OF E/2 OF SECTION 9, TOWNSHIP 23 SOUTH, RANGE 35 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO**

