

A8CJQ-200904-C-107B PLC-707

Revised March 23, 2017

|                  |              |           |                       |
|------------------|--------------|-----------|-----------------------|
| RECEIVED: 9/4/20 | REVIEWER: DM | TYPE: PLC | APP NO: pDM2025237788 |
|------------------|--------------|-----------|-----------------------|

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:** Voni Fed Com 023H, 024H, 123H, 124H, 203H, 204H, 217H, 218H**API:** 30-015-46994, 47216, 46982, 47015, et al.**Pool:** Jennings; Bone Spring West, Purple Sage; Wolfcamp (Gas), and Big Sinks Delaware; Southeast**Pool Code:** 97860, 98220, 96411

**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

9/4/20

Date

505-954-7286

Phone Number

kaluck@hollandhart.com

e-mail Address



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

September 4, 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: Application of Matador Production Company to authorize pool and lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Voni East Tank Battery located in the NW/4 NE/4 (Unit B) of Section 21, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico.**

Dear Ms. Sandoval:

Pursuant to 19.15.12.7 NMAC, individual spacing units are considered separate “leases” for surface commingling purposes. Accordingly, Matador Production Company (OGRID No. 228937) seeks administrative approval for pool and lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the **Voni East Tank Battery** of production from the Jennings; Bone Spring, West (97860), Purple Sage; Wolfcamp (Gas) (98220), and Big Sinks Delaware; Southeast (96411) pools from *all existing and future infill wells drilled in the following spacing units:*

(a) The 385.27-acre, more or less, spacing unit in the Delaware formation (Big Sinks Delaware; Southeast (96411)) underlying the W/2 E/2 of Sections 21, 28, and 33. The spacing unit is currently dedicated to the **Voni Fed Com #023H well** (API No. 30-015-46994);

(b) The 385.22-acre, more or less, spacing unit in the Delaware formation (Big Sinks Delaware; Southeast (96411)) underlying the E/2 E/2 of Sections 21, 28, and 33. The spacing unit is currently dedicated to the **Voni Fed Com #024H well** (API No. 30-015-47216);

(c) The 385.27-acre, more or less, spacing unit in the Bone Spring formation (Jennings; Bone Spring, West (97860)) underlying the W/2 E/2 of Sections 21, 28, and 33.



September 4, 2020  
Page 2

The spacing unit is currently dedicated to the **Voni Fed Com #123H well** (API No. 30-015-46982).

(d) The 385.22-acre, more or less, spacing unit in the Bone Spring formation (Jennings; Bone Spring, West (97860)) underlying the E/2 E/2 of Sections 21, 28, and 33. The spacing unit is currently dedicated to the **Voni Fed Com #124H well** (API No. 30-015-47015);

(e) The 770.49-acre, more or less, spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) (98220)) underlying the E/2 of Sections 21, 28, and 33. The spacing unit is currently dedicated to the **Voni Fed Com #203H well** (API No. 30-015-47016), the **Voni Fed Com #204H well** (API No. 30-015-47312), the **Voni Fed Com #217H well** (API No. 30-015-46993), the **Voni Fed Com #218H well** (API No. 30-015-47126); and

(f) Pursuant to 19.15.12.10.C(4)(g), any *spacing units connected to this central tank battery*, with notice provided only to the interest owners in the additional spacing units.

Oil and gas production from these spacing units will be commingled and sold at the **Voni East Tank Battery** located in the NW/4 NE/4 (Unit B) of Section 21. Prior to commingling, gas production from each spacing unit will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each spacing unit 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 NE/4 (Unit B) of Section 21.

**Exhibit 2** is a C-102 for each of the wells currently permitted or drilled within the existing spacing units. These wells are not yet producing.

**Exhibit 3** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Omar Enriquez, 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).

Ownership is diverse between the above-described spacing units. **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



September 4, 2020  
Page 3

receives this application, and proof of mailing. A copy of this application has also been provided to the Bureau of Land Management because federal lands are involved.

Finally, the communitization agreements for these wells are attached as **Exhibit 5**.

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

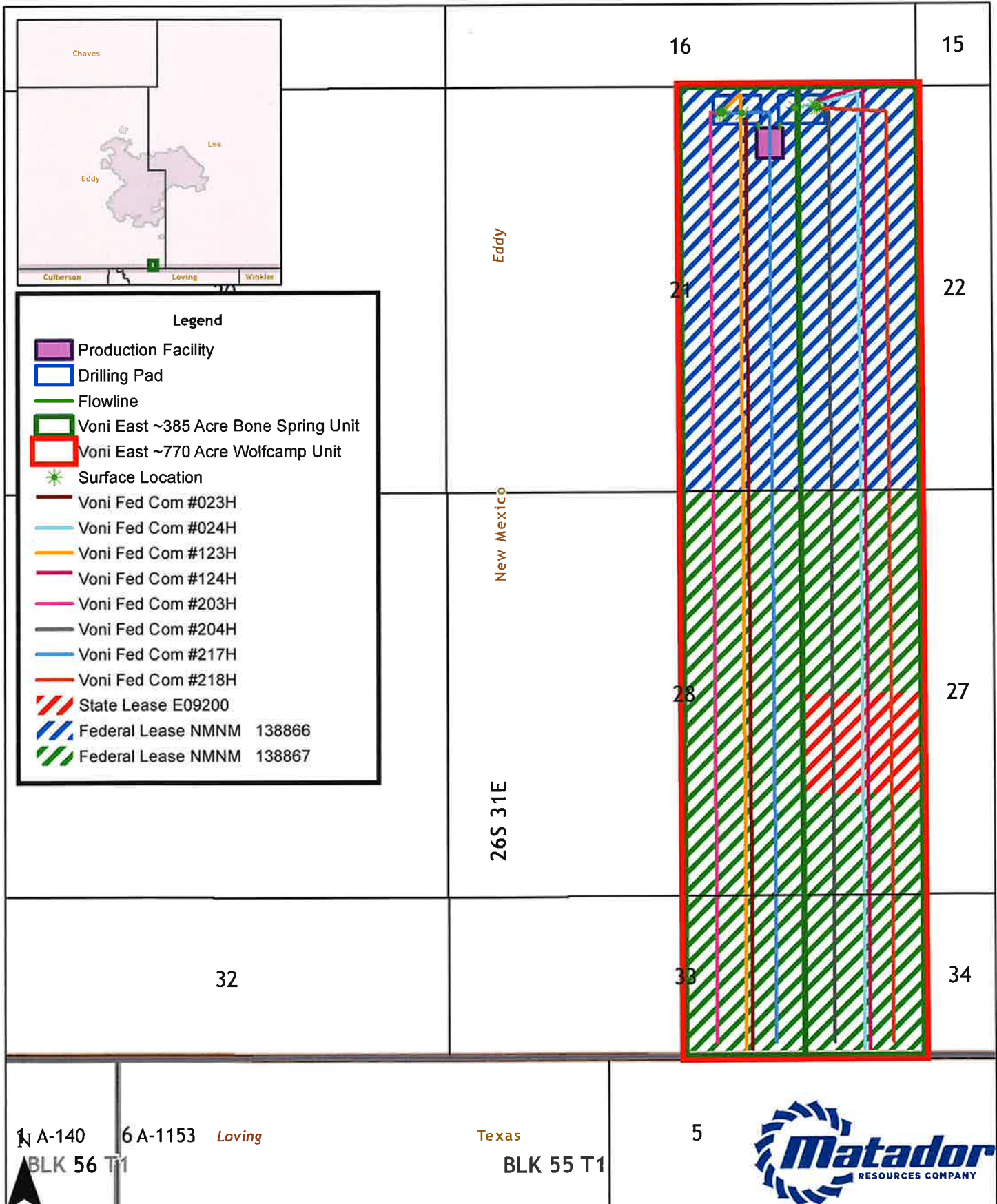
Sincerely,

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

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



## Voni East Land Plat



EXHIBIT

tabbier

1



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  
☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|   |  |                                 |   |
|---|--|---------------------------------|---|
| <sup>1</sup> API Number<br>30 015 46994 |  | <sup>2</sup> Pool Code<br>96411 | <sup>3</sup> Pool Name<br>Big Sinks Delaware, Southeast |
| <sup>4</sup> Property Code<br>328098    | <sup>5</sup> Property Name<br>VONI FED COM               |                                 | <sup>6</sup> Well Number<br>023H                        |
| <sup>7</sup> GRID No.<br>228937         | <sup>8</sup> Operator Name<br>MATADOR PRODUCTION COMPANY |                                 | <sup>9</sup> Elevation<br>3193'                         |

<sup>10</sup>Surface Location

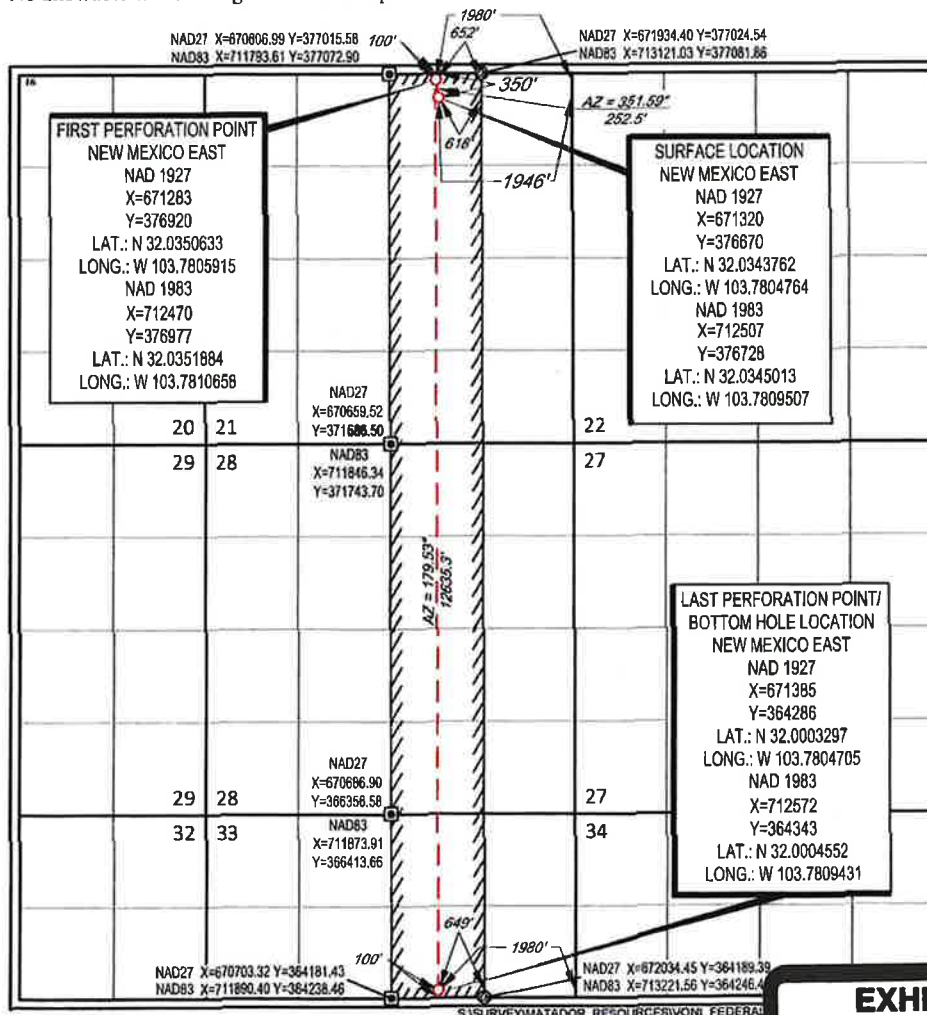
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B             | 21      | 26-S     | 31-E  | -       | 350'          | NORTH            | 1946'         | EAST           | EDDY   |

<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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 2             | 33      | 26-S     | 31-E  | -       | 100'          | SOUTH            | 1980'         | EAST           | EDDY   |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>385.27 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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 unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Cade LaBolt* Date: 3/26/2020

Cade LaBolt

Printed Name

cade.labolt@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.

01/16/2020

Date of Survey  
Signature and Seal of Professional Surveyor

ANGEL M. PACHECO  
NEW MEXICO  
PROFESSIONAL SURVEYOR  
255118

EXHIBIT

2

023H\_REV3 DWG 1/27/2020 3:13:01 PIA pichardson



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Department  
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Revised August 1, 2011

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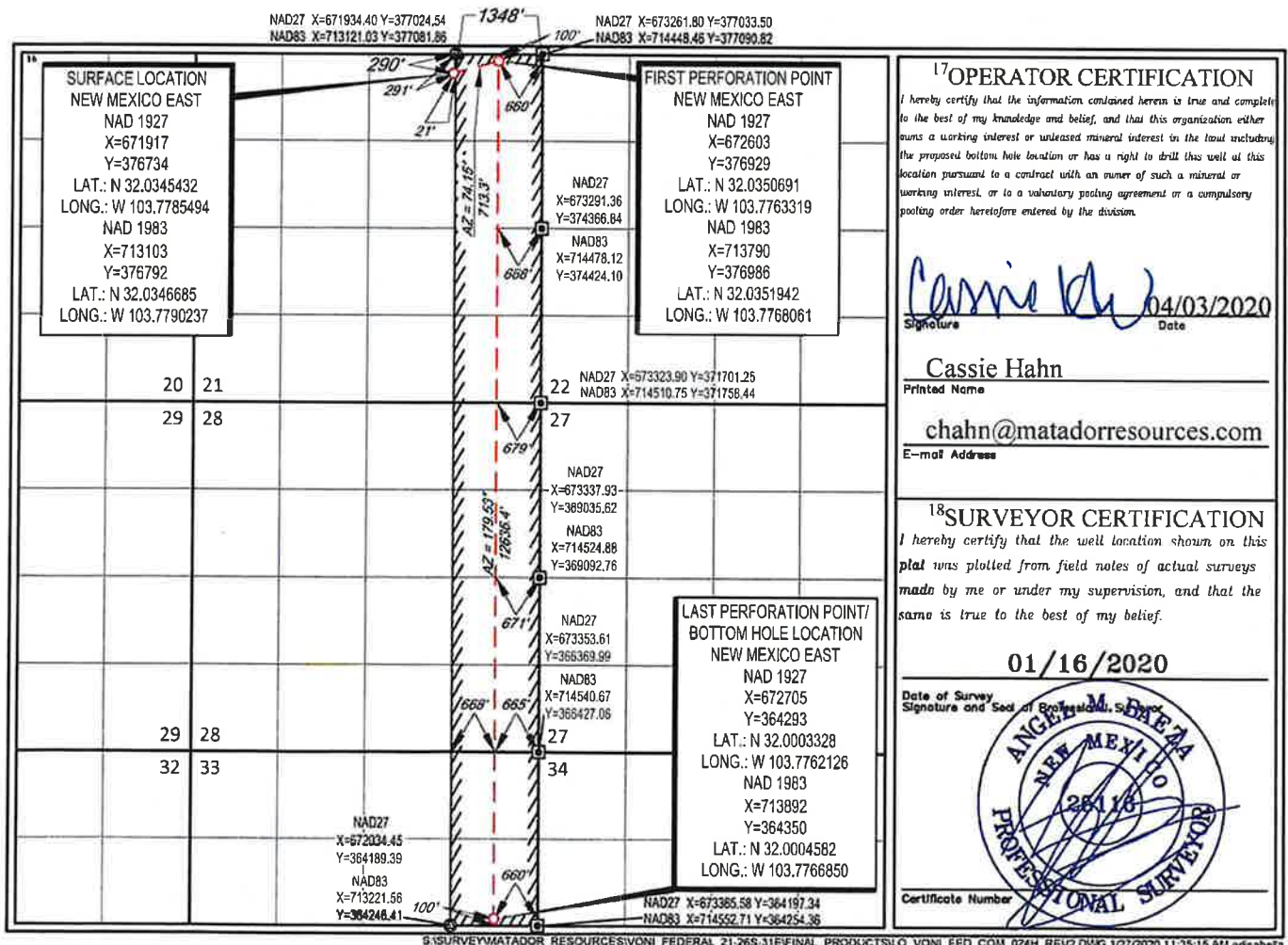
District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|  |               |  |               |   |                                  |
|--|---------------|--|---------------|---|----------------------------------|
| <sup>1</sup> API Number<br>30-015-47216                      |               | <sup>2</sup> Pool Code<br>96411                          |               | <sup>3</sup> Pool Name<br>Big Sinks Delaware, Southeast |                                  |
| <sup>4</sup> Property Code<br>328098                         |               | <sup>5</sup> Property Name<br>VONI FED COM               |               |   | <sup>6</sup> Well Number<br>024H |
| <sup>7</sup> GRID No.<br>228937                              |               | <sup>8</sup> Operator Name<br>MATADOR PRODUCTION COMPANY |               |   | <sup>9</sup> Elevation<br>3193'  |
| <sup>10</sup> Surface Location                               |               |  |               |   |                                  |
| UL or lot no.<br>B   | Section<br>21 | Township<br>26-S   | Range<br>31-E | Lot Idn<br>-  | Feet from the<br>290'            |
|  |               | North/South line<br>NORTH                                |               | Feet from the<br>1348'                                  | East/West line<br>EAST           |
|  |               |  |               | County<br>EDDY  |                                  |
| <sup>11</sup> Bottom Hole Location If Different From Surface |               |  |               |   |                                  |
| UL or lot no.<br>1   | Section<br>33 | Township<br>26-S   | Range<br>31-E | Lot Idn<br>-  | Feet from the<br>100'            |
|  |               | North/South line<br>SOUTH                                |               | Feet from the<br>660'                                   | East/West line<br>EAST           |
|  |               |  |               | County<br>EDDY  |                                  |
| <sup>12</sup> Dedicated Acres<br>385.22                      |               | <sup>13</sup> Joint or Infill                            |               | <sup>14</sup> Consolidation Code                        |                                  |
|  |               |  |               | <sup>15</sup> Order No.                                 |                                  |

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 unless 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.

*Cassie Hahn* 04/03/2020  
Signature Date

Cassie Hahn

Printed Name

chahn@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.

01/16/2020

Date of Survey

Signature and Seal of Professional Surveyor

ANGEL M. DIAZ

PROFESSIONAL SURVEYOR

Certificate Number

S:\SURVEY\MATADOR\_RESOURCES\VONI\_FEDERAL\_21-269-31E\FINAL\_PRODUCTS\LO\_VONI\_FED\_COM\_024H\_REV2.DWG 1/27/2020 11:35:15 AM adsabeta

RWP 6/24/2020



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Energy, Minerals & Natural Resources  
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Santa Fe, NM 87505

FORM C-102  
Revised August 1, 2011  
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### WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |                            |                        |                             |
|----------------------------|----------------------------|------------------------|-----------------------------|
| <sup>1</sup> API Number    |                            | <sup>2</sup> Pool Code | <sup>3</sup> Pool Name      |
|                            |                            | 97860                  | Jennings; Bone Spring, West |
| <sup>4</sup> Property Code | <sup>5</sup> Property Name |                        | <sup>6</sup> Well Number    |
|                            | VONI FED COM               |                        | 123H                        |
| <sup>7</sup> OGRID No.     | <sup>8</sup> Operator Name |                        | <sup>9</sup> Elevation      |
| 228937                     | MATADOR PRODUCTION COMPANY |                        | 3192'                       |

#### <sup>10</sup>Surface Location

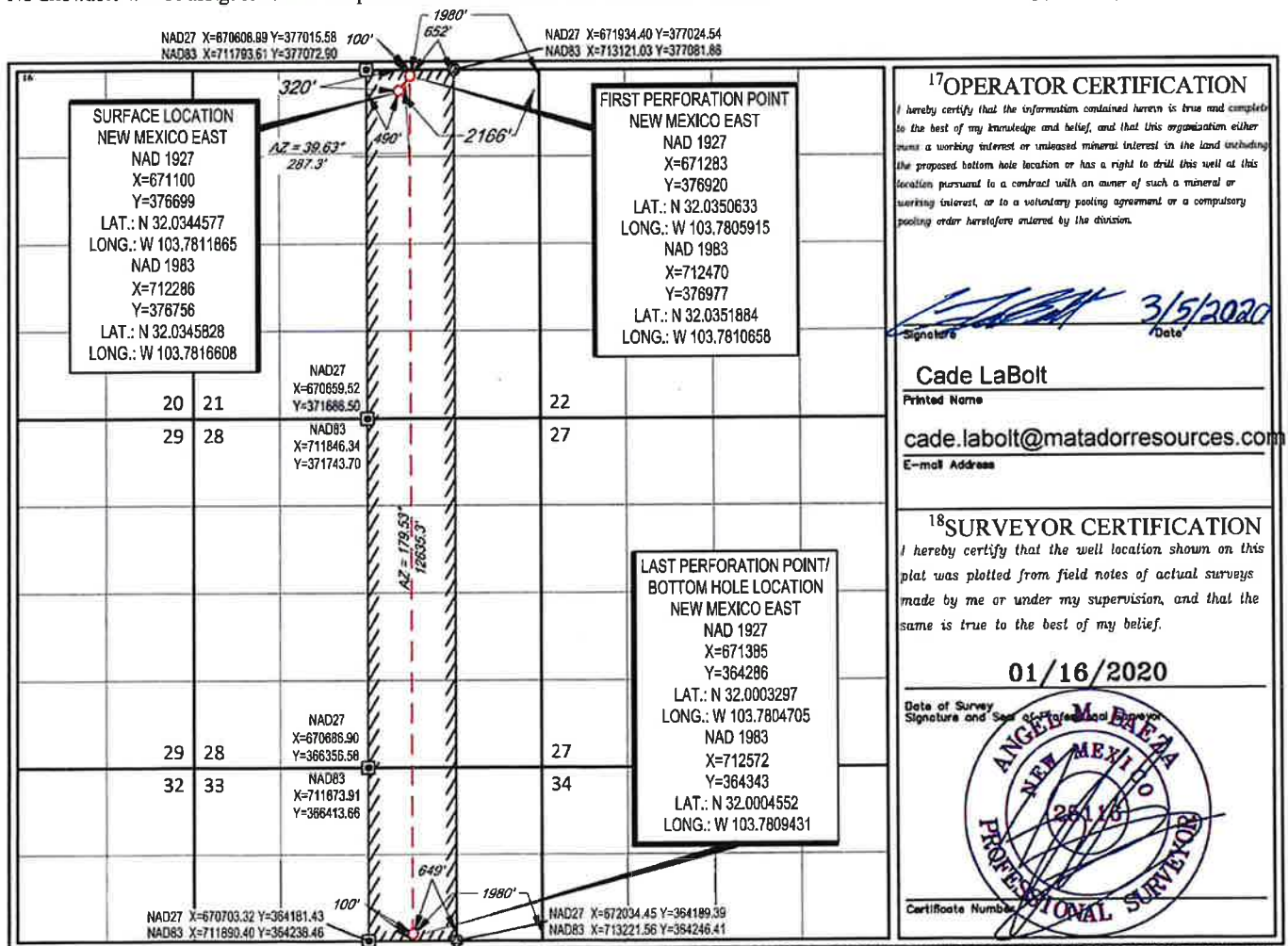
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B             | 21      | 26-S     | 31-E  | -       | 320'          | NORTH            | 2166'         | EAST           | EDDY   |

#### <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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 2             | 33      | 26-S     | 31-E  | -       | 100'          | SOUTH            | 1980'         | EAST           | EDDY   |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
| 385.27                        |                               |                                  |                         |

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 unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *[Signature]* Date: 3/5/2020

Cade LaBolt

Printed Name

cade.labolt@matadorresources.com

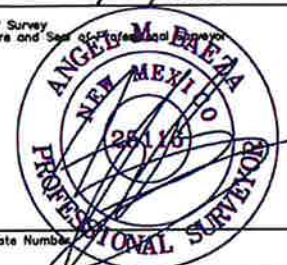
E-mail Address

#### <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.

01/16/2020

Date of Survey  
Signature and Seal of Registered Surveyor



Certificate Number

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FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

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## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |   |
|---|--|---|
| <sup>1</sup> API Number<br>30 015 47015 | <sup>2</sup> Pool Code<br>97860                          | <sup>3</sup> Pool Name<br>Jennings; Bone Spring, West |
| <sup>4</sup> Property Code<br>328098    | <sup>5</sup> Property Name<br>VONI FED COM               | <sup>6</sup> Well Number<br>124H                      |
| <sup>7</sup> OGRID No.<br>228937        | <sup>8</sup> Operator Name<br>MATADOR PRODUCTION COMPANY | <sup>9</sup> Elevation<br>3191'                       |

<sup>10</sup>Surface Location

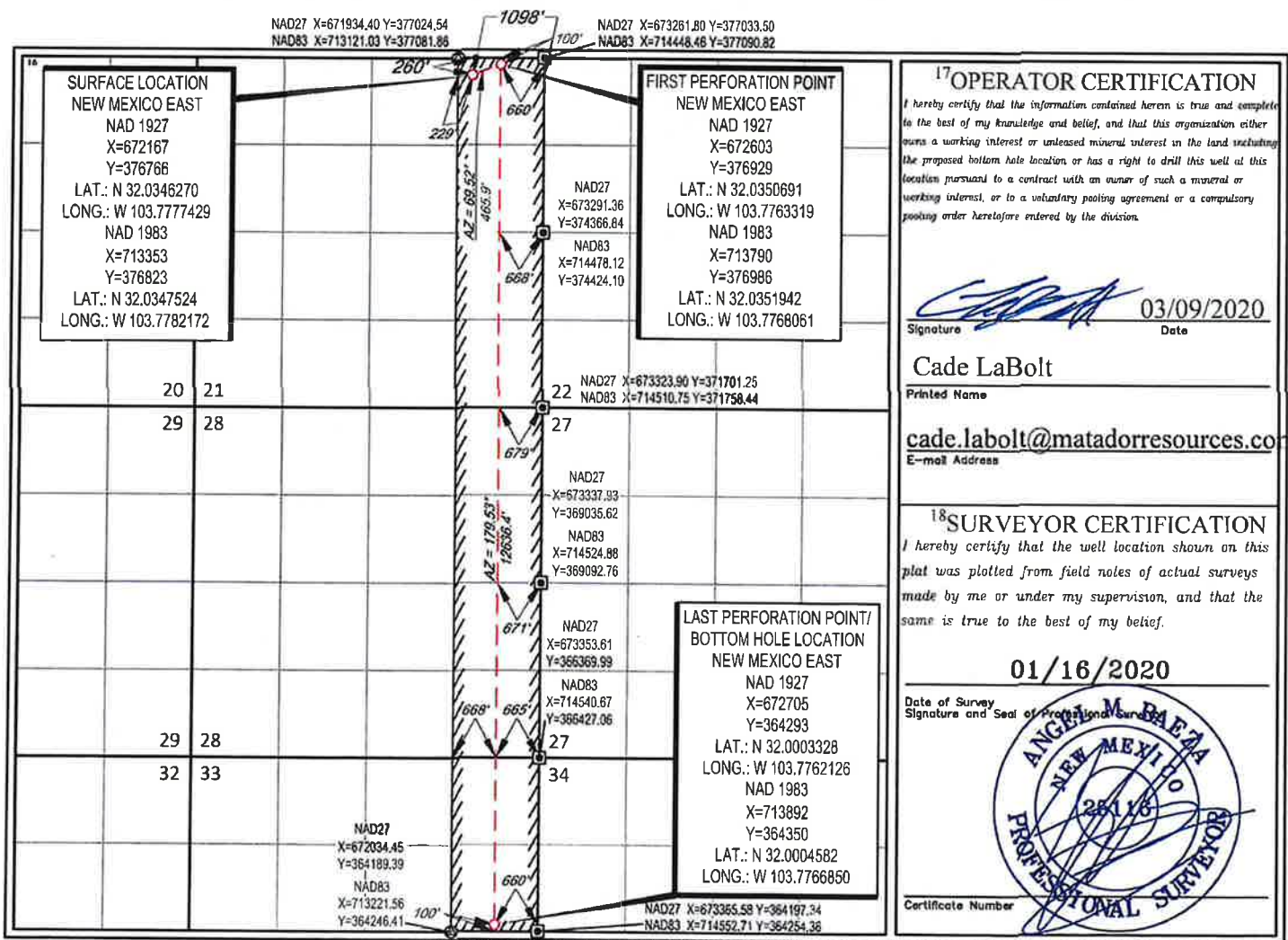
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 21      | 26-S     | 31-E  | -       | 260'          | NORTH            | 1098'         | EAST           | EDDY   |

<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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1             | 33      | 26-S     | 31-E  | -       | 100'          | SOUTH            | 660'          | EAST           | EDDY   |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>385.22 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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.





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1220 South St. Francis Dr.  
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FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |   |  |  |                                     |
|---|--|---|--|--|-------------------------------------|
| 1 <sup>st</sup> Well Number<br>3001547016 |  | 2 <sup>nd</sup> Pool Code<br>98220                          |  | 3 <sup>rd</sup> Pool Name<br>PURPLE SAGE; WOLFCAMP (GAS) |                                     |
| 4 <sup>th</sup> Property Code<br>328098   |  | 5 <sup>th</sup> Property Name<br>VONI FED COM               |  |  | 6 <sup>th</sup> Well Number<br>203H |
| 7 <sup>th</sup> OGRID No.<br>228937       |  | 8 <sup>th</sup> Operator Name<br>MATADOR PRODUCTION COMPANY |  |  | 9 <sup>th</sup> Elevation<br>3191'  |

10<sup>th</sup> Surface Location

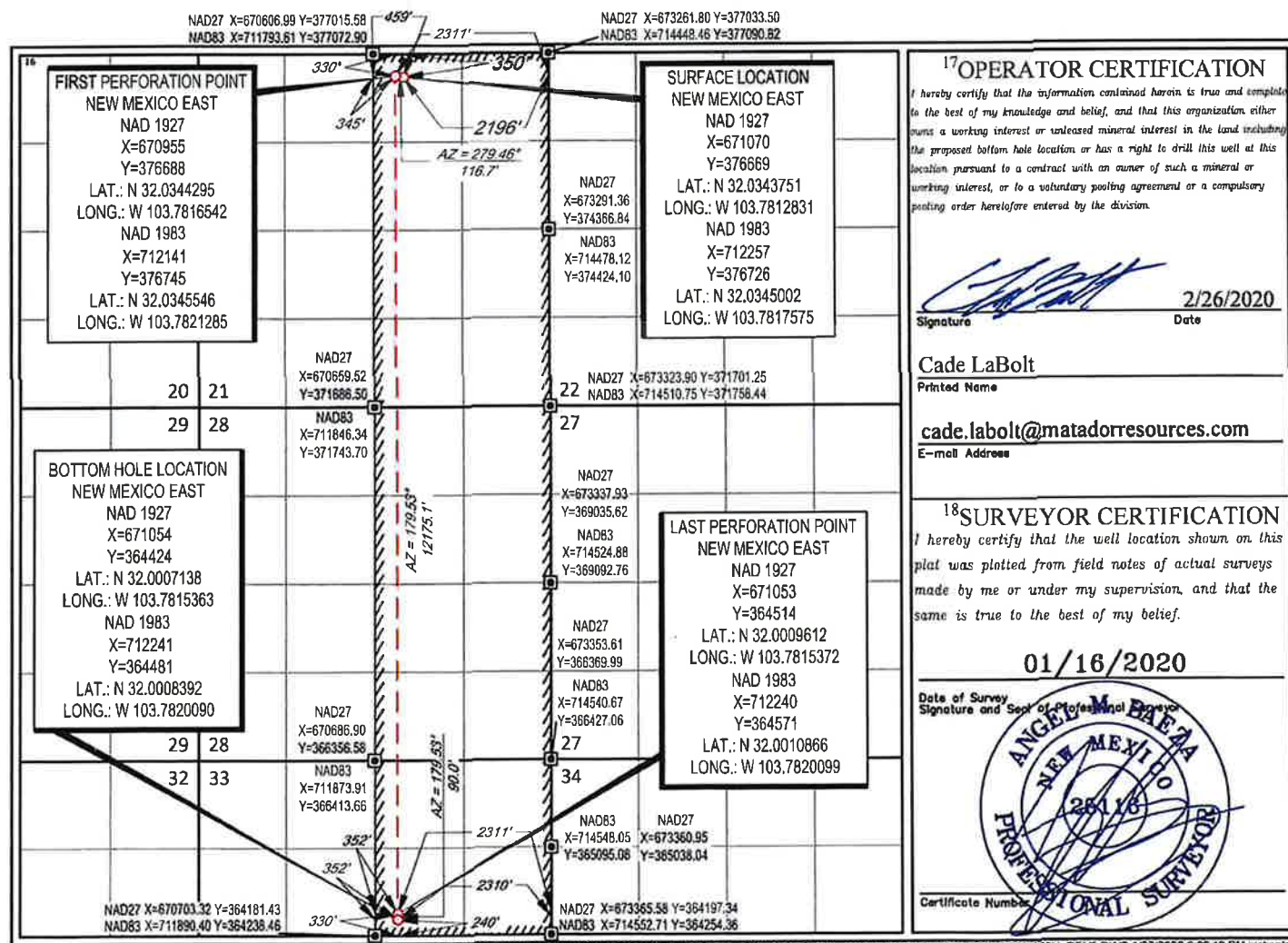
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B             | 21      | 26-S     | 31-E  | -       | 350'          | NORTH            | 2196'         | EAST           | EDDY   |

11<sup>th</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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 2             | 33      | 26-S     | 31-E  | -       | 240'          | SOUTH            | 2310'         | EAST           | EDDY   |

|  |                                  |                                     |                            |
|--|----------------------------------|-------------------------------------|----------------------------|
| 12 <sup>th</sup> Dedicated Acres<br>770.49 | 13 <sup>th</sup> Joint or Infill | 14 <sup>th</sup> Consolidation Code | 15 <sup>th</sup> Order No. |
|--|----------------------------------|-------------------------------------|----------------------------|

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OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

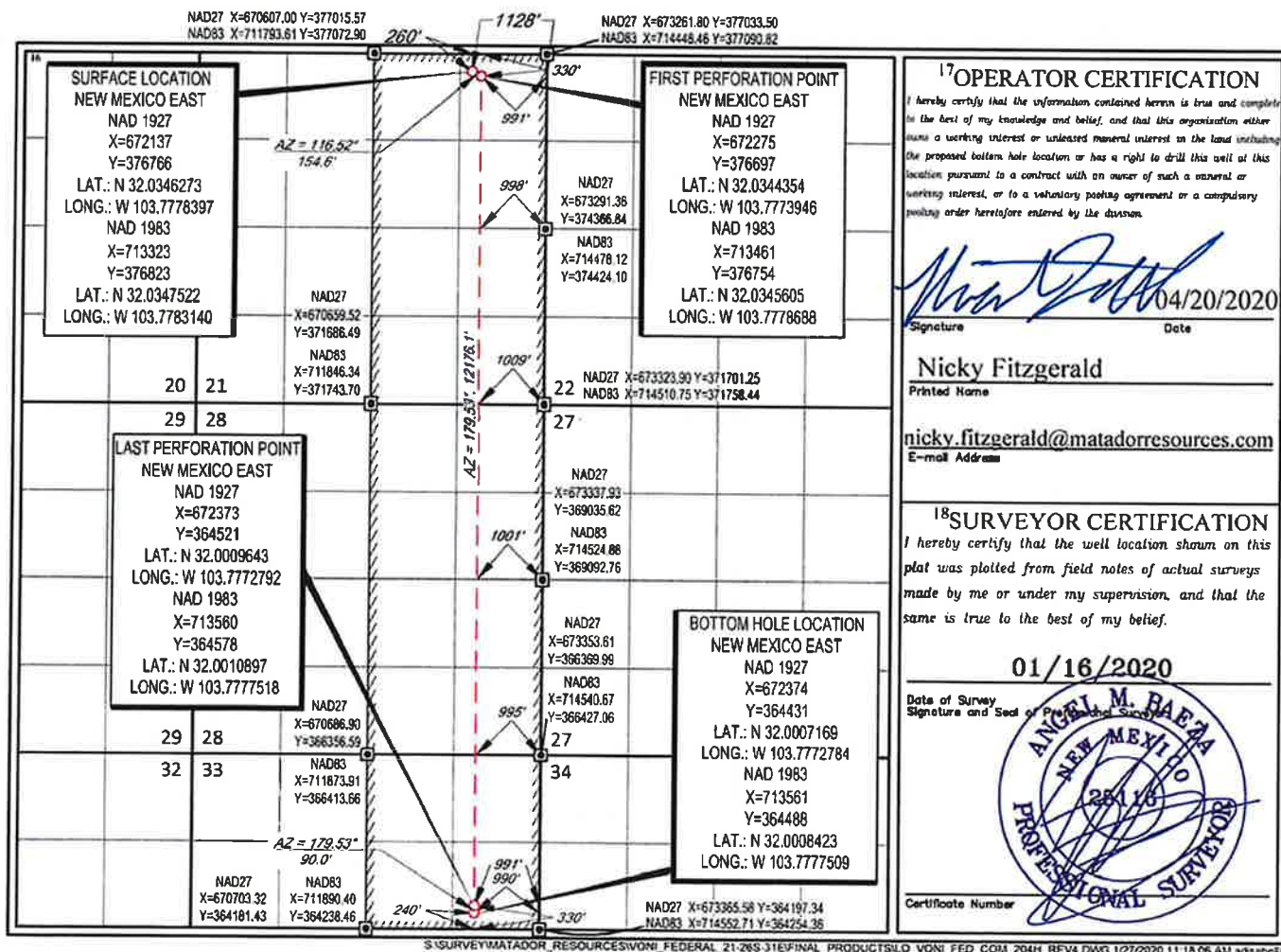
District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|  |               |  |               |   |                                  |
|--|---------------|--|---------------|---|----------------------------------|
| <sup>1</sup> API Number<br>30-015-47312                      |               | <sup>2</sup> Pool Code<br>98220                          |               | <sup>3</sup> Pool Name<br>Purple Sage; Wolfcamp (Gas) |                                  |
| <sup>4</sup> Property Code<br>328098                         |               | <sup>5</sup> Property Name<br>VONI FED COM               |               |   | <sup>6</sup> Well Number<br>204H |
| <sup>7</sup> GRID No.<br>228937                              |               | <sup>8</sup> Operator Name<br>MATADOR PRODUCTION COMPANY |               |   | <sup>9</sup> Elevation<br>3191'  |
| <sup>10</sup> Surface Location                               |               |  |               |   |                                  |
| UL or lot no.<br>A   | Section<br>21 | Township<br>26-S   | Range<br>31-E | Lot Idn<br>-  | Feet from the<br>260'            |
|  |               |  |               |   | North/South line<br>NORTH        |
|  |               |  |               |   | Feet from the<br>1128'           |
|  |               |  |               |   | East/West line<br>EAST           |
|  |               |  |               |   | County<br>EDDY                   |
| <sup>11</sup> Bottom Hole Location If Different From Surface |               |  |               |   |                                  |
| UL or lot no.<br>1   | Section<br>33 | Township<br>26-S   | Range<br>31-E | Lot Idn<br>-  | Feet from the<br>240'            |
|  |               |  |               |   | North/South line<br>SOUTH        |
|  |               |  |               |   | Feet from the<br>990'            |
|  |               |  |               |   | East/West line<br>EAST           |
|  |               |  |               |   | County<br>EDDY                   |
| <sup>12</sup> Dedicated Acres<br>770.49                      |               | <sup>13</sup> Joint or Infill                            |               | <sup>14</sup> Consolidation Code                      |                                  |
|  |               |  |               | <sup>15</sup> Order No.                               |                                  |

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.





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

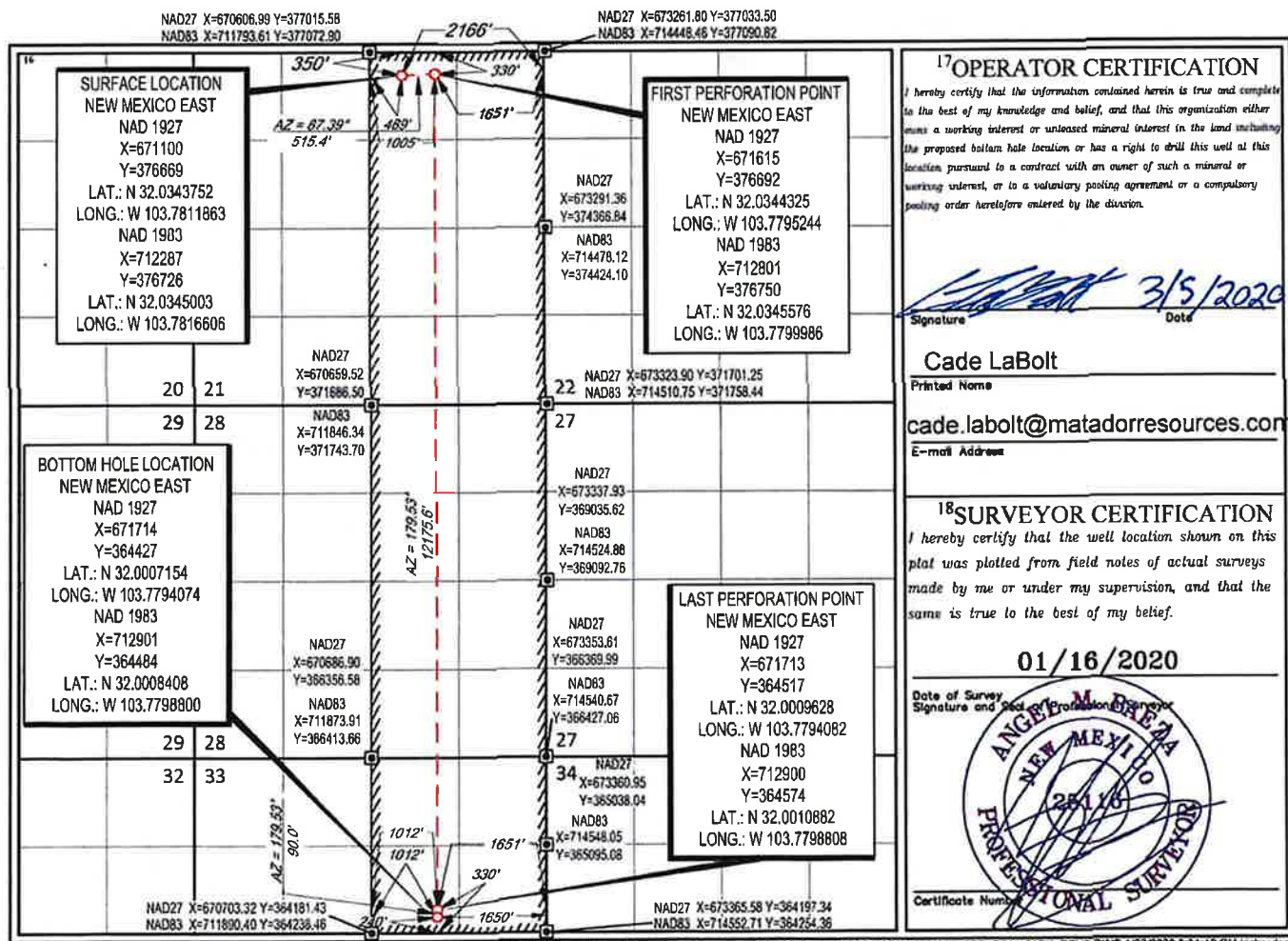
FORM C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

|  |               |  |               |   |                                  |
|--|---------------|--|---------------|---|----------------------------------|
| <sup>1</sup> API Number<br>30 015 46993                      |               | <sup>2</sup> Pool Code<br>98220                          |               | <sup>3</sup> Pool Name<br>Purple Sage; Wolfcamp (Gas) |                                  |
| <sup>4</sup> Property Code<br>328098                         |               | <sup>5</sup> Property Name<br>VONI FED COM               |               |   | <sup>6</sup> Well Number<br>217H |
| <sup>7</sup> GRID No.<br>228937                              |               | <sup>8</sup> Operator Name<br>MATADOR PRODUCTION COMPANY |               |   | <sup>9</sup> Elevation<br>3191'  |
| <sup>10</sup> Surface Location                               |               |  |               |   |                                  |
| UL or lot no.<br>B   | Section<br>21 | Township<br>26-S   | Range<br>31-E | Lot Idn<br>-  | Feet from the<br>350'            |
|  |               | North/South line<br>NORTH                                |               | Feet from the<br>2166'                                | East/West line<br>EAST           |
|  |               |  |               | County<br>EDDY  |                                  |
| <sup>11</sup> Bottom Hole Location If Different From Surface |               |  |               |   |                                  |
| UL or lot no.<br>2   | Section<br>33 | Township<br>26-S   | Range<br>31-E | Lot Idn<br>-  | Feet from the<br>240'            |
|  |               | North/South line<br>SOUTH                                |               | Feet from the<br>1650'                                | East/West line<br>EAST           |
|  |               |  |               | County<br>EDDY  |                                  |
| <sup>12</sup> Dedicated Acres<br>770.49                      |               | <sup>13</sup> Joint or Infill                            |               | <sup>14</sup> Consolidation Code                      |                                  |
|  |               |  |               | <sup>15</sup> Order No.                               |                                  |

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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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |                                 |   |
|---|--|---------------------------------|---|
| <sup>1</sup> API Number<br>30 015 47126 |  | <sup>2</sup> Pool Code<br>98220 | <sup>3</sup> Pool Name<br>Purple Sage; Wolfcamp (Gas) |
| <sup>4</sup> Property Code<br>328098    | <sup>5</sup> Property Name<br>VONI FED COM               |                                 | <sup>6</sup> Well Number<br>218H                      |
| <sup>7</sup> OGRID No.<br>228937        | <sup>8</sup> Operator Name<br>MATADOR PRODUCTION COMPANY |                                 | <sup>9</sup> Elevation<br>3190'                       |

<sup>10</sup>Surface Location

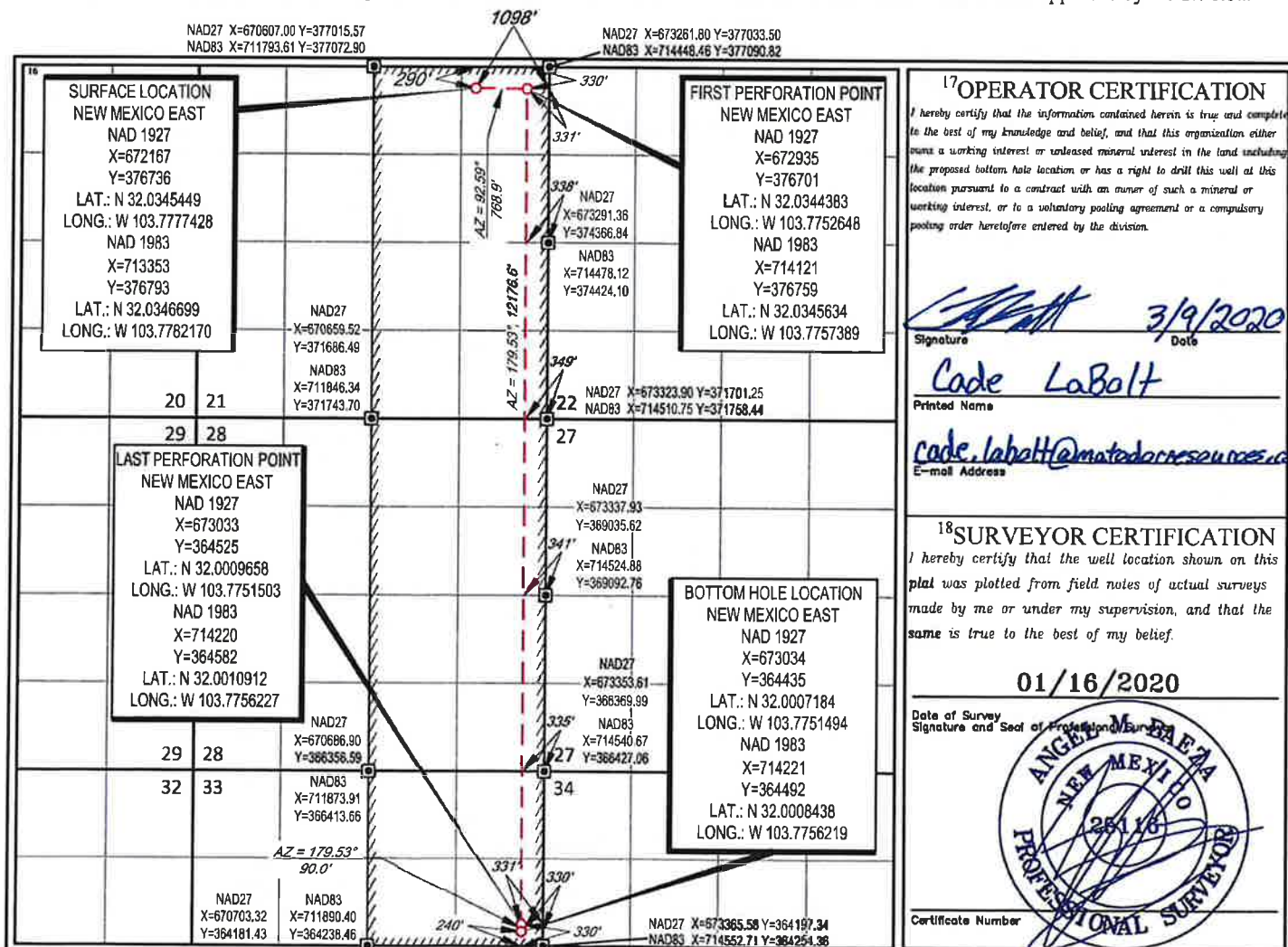
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 21      | 26-S     | 31-E  | -       | 290'          | NORTH            | 1098'         | EAST           | EDDY   |

<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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1             | 33      | 26-S     | 31-E  | -       | 240'          | SOUTH            | 330'          | EAST           | EDDY   |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>770.49 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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.



District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
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 LBJ 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 Commingled)

LEASE TYPE: ☐ Fee ☒ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No.  
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 | Value of Non-Commingled Production | Calculated Value of Commingled Production | Volumes    |
|---------------------------------------|--|---|------------------------------------|---|------------|
| Jennings; Bone Spring West (97860)    | 46.9°  | 47.7°   | \$50.62/bbl                        | \$50.50/bbl                               | 2,400 bopd |
| Jennings; Bone Spring West (97860)    | 1,186 BTU/scf                                |   | \$2.57/mcf                         |   | 7,700 mcf  |
| Purple Sage; Wolfcamp (Gas) (98220)   | 49.6°  | 1,250 BTU/scf                                       | \$50.08/bbl                        | \$2.71/mcf                                | 7,040 bopd |
| Purple Sage; Wolfcamp (Gas) (98220)   | 1,254 BTU/scf                                |   | \$2.73/mcf                         |   | 17,160 mcf |
| Big Sinks Delaware; Southeast (96411) | 41.4°  |   | \$50.80/bbl                        |   | 1,800 bopd |
| Big Sinks Delaware; Southeast (96411) | 1,326 BTU/scf                                |   | \$2.87                             |   | 5,760 mcf  |

- (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-  
(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: \_\_\_\_\_ TITLE: Senior Production Engineer DATE: 8/31/2020  
TYPE OR PRINT NAME: Omar Enriquez TELEPHONE NO.: (972) 371 5200  
E-MAIL ADDRESS: oenriquez@matadorresources.com

**EXHIBIT**

**3**



## Matador Production Company

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

Voice 972.371.5427 • Fax 972.371.5201

[oenriquez@matadorresources.com](mailto:oenriquez@matadorresources.com)

---

**Omar Enriquez**  
Senior Production Engineer

August 31, 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 and Pool) Production from the Spacing Units Comprising the E2 of Sections 21, 28 and 33, Township 26 South, Range 31 East NMPM, Eddy County, New Mexico (the "Lands")**

To Whom This May Concern,

Matador Production Company ("Matador"), OGRID: 228937, requests to commingle production from eight distinct wells located on the Lands, and future production from the Lands as described herein. All wells will be metered through individual three-phase separators with an oil turbine meter and gas orifice meter. The gas commingling will occur after individual measurement at each well. Gas exiting each separator flows into one gathering line, the Longwood RB Pipeline, LLC line, as depicted on **Exhibit A**. Each well on the Lands will have its own three-phase 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. This PFD shows that the water, oil, and gas exit the wellbore and flow into a wellhead three-phase 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, as shown on **Exhibit A**. 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 RB Pipeline, LLC has its own orifice meter that measures the gas for custody transfer. These meters are also calibrated periodically to ensure the measurement accuracy.

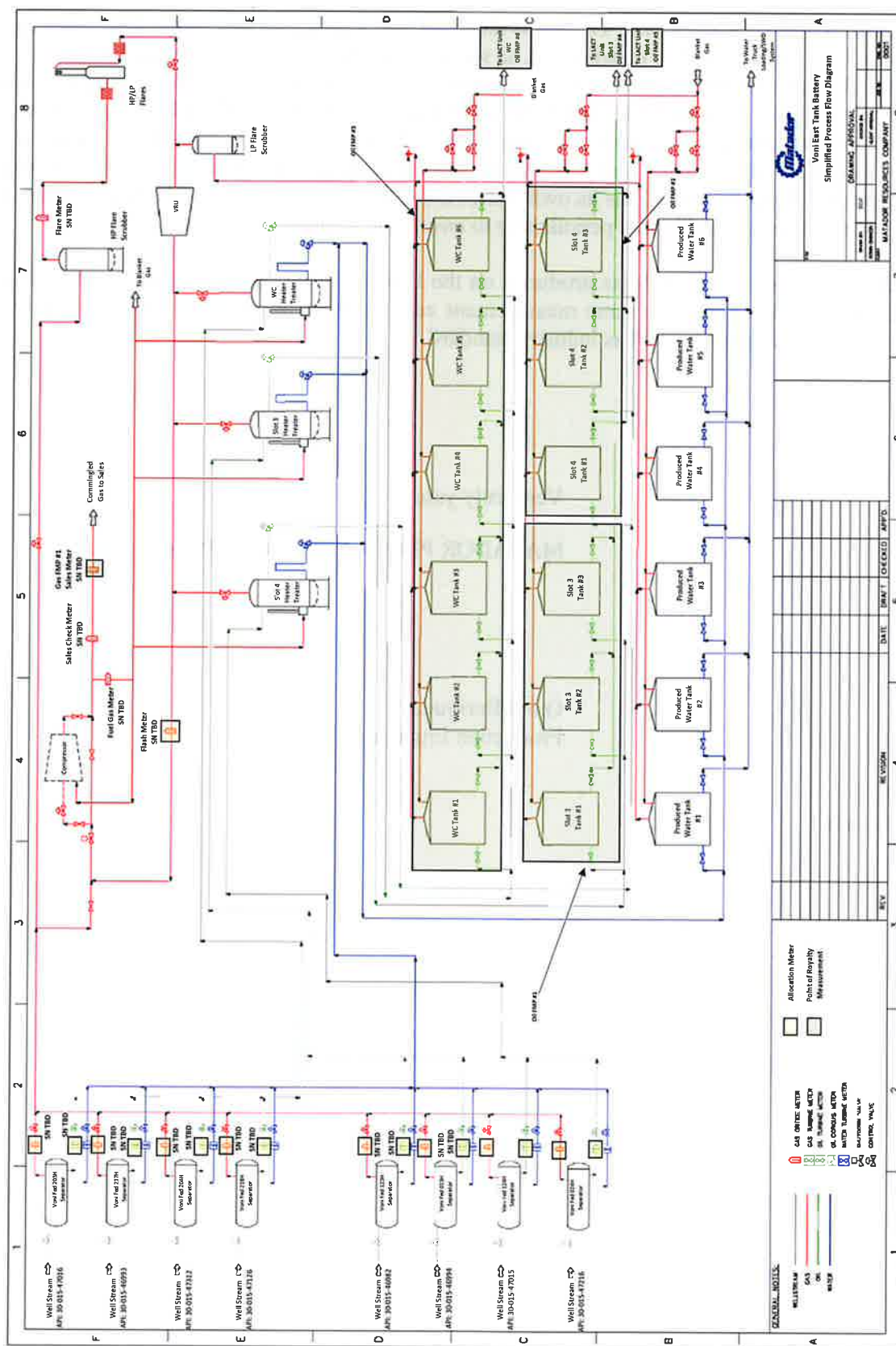
In conclusion, all the oil and gas produced on the Lands will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Very truly yours,

MATADOR PRODUCTION COMPANY

Omar Enriquez  
Production Engineer

OE/bkf  
Enclosures



March 13, 2014

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

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

Sample: Rustler Breaks No. 1H  
First Stage Separator Gas  
Sampled @ 393 psig & 125 °F

Date Sampled: 02/27/14

Job Number: 42010.001

## CHROMATOGRAPH EXTENDED ANALYSIS - SUMMATION REPORT - GPA 2288

| COMPONENT           | MOL%         | GPM          |
|---------------------|--------------|--------------|
| Hydrogen Sulfide*   | < 0.001      |              |
| Nitrogen            | 0.784        |              |
| Carbon Dioxide      | 0.185        |              |
| Methane             | 79.180       |              |
| Ethane              | 11.339       | 3.092        |
| Propane             | 4.775        | 1.342        |
| Isobutane           | 0.755        | 0.252        |
| n-Butane            | 1.479        | 0.475        |
| 2-2 Dimethylpropane | 0.007        | 0.003        |
| Isopentane          | 0.384        | 0.143        |
| n-Pentane           | 0.393        | 0.146        |
| Hexanes             | 0.313        | 0.132        |
| Heptanes Plus       | <u>0.406</u> | <u>0.176</u> |
| Totals              | 100.000      | 5.760        |

## Computed Real Characteristics Of Heptanes Plus:

Specific Gravity \_\_\_\_\_ 3.466 (Air=1)  
Molecular Weight \_\_\_\_\_ 100.00  
Gross Heating Value \_\_\_\_\_ 5344 BTU/CF

## Computed Real Characteristics Of Total Sample:

Specific Gravity \_\_\_\_\_ 0.730 (Air=1)  
Compressibility (Z) \_\_\_\_\_ 0.9963  
Molecular Weight \_\_\_\_\_ 21.06  
Gross Heating Value  
Dry Basis \_\_\_\_\_ 1294 BTU/CF  
Saturated Basis \_\_\_\_\_ 1272 BTU/CF

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

&lt;0.013 Gr/100 CF, &lt;0.2 PPMV or &lt;0.001 Mol %

Base Conditions: 15.025 PSI &amp; 60 Deg F

Analyst: JRG  
Processor: ANB  
Cylinder ID: T-4663

Certified: FESCO, Ltd. Alice, Texas



David Dannhaus 361-661-7015

FESCO, Ltd.

Job Number: 42010.001

**CHROMATOGRAPH EXTENDED ANALYSIS  
TOTAL REPORT - GPA 2286**

| COMPONENT              | MOL %        | GPM          | WT %         |
|------------------------|--------------|--------------|--------------|
| Hydrogen Sulfide*      | < 0.001      |              | < 0.001      |
| Nitrogen               | 0.784        |              | 1.043        |
| Carbon Dioxide         | 0.185        |              | 0.387        |
| Methane                | 79.180       |              | 60.318       |
| Ethane                 | 11.339       | 3.092        | 16.191       |
| Propane                | 4.775        | 1.342        | 9.999        |
| Isobutane              | 0.755        | 0.252        | 2.084        |
| n-Butane               | 1.479        | 0.475        | 4.082        |
| 2,2 Dimethylpropane    | 0.007        | 0.003        | 0.024        |
| Isopentane             | 0.384        | 0.143        | 1.316        |
| n-Pentane              | 0.393        | 0.145        | 1.346        |
| 2,2 Dimethylbutane     | 0.009        | 0.004        | 0.037        |
| Cyclopentane           | 0.000        | 0.000        | 0.000        |
| 2,3 Dimethylbutane     | 0.025        | 0.010        | 0.102        |
| 2 Methylpentane        | 0.099        | 0.042        | 0.405        |
| 3 Methylpentane        | 0.053        | 0.022        | 0.217        |
| n-Hexane               | 0.127        | 0.053        | 0.520        |
| Methylcyclopentane     | 0.044        | 0.015        | 0.176        |
| Benzene                | 0.005        | 0.001        | 0.019        |
| Cyclohexane            | 0.046        | 0.016        | 0.184        |
| 2-Methylhexane         | 0.021        | 0.010        | 0.100        |
| 3-Methylhexane         | 0.022        | 0.010        | 0.105        |
| 2,2,4 Trimethylpentane | 0.000        | 0.000        | 0.000        |
| Other C7's             | 0.049        | 0.022        | 0.231        |
| n-Heptane              | 0.044        | 0.021        | 0.209        |
| Methylcyclohexane      | 0.056        | 0.023        | 0.261        |
| Toluene                | 0.011        | 0.004        | 0.048        |
| Other C8's             | 0.054        | 0.026        | 0.283        |
| n-Octane               | 0.015        | 0.008        | 0.081        |
| Ethylbenzene           | 0.001        | 0.000        | 0.005        |
| M & P Xylenes          | 0.006        | 0.002        | 0.030        |
| O-Xylene               | 0.001        | 0.000        | 0.005        |
| Other C9's             | 0.020        | 0.010        | 0.120        |
| n-Nonane               | 0.004        | 0.002        | 0.024        |
| Other C10's            | 0.005        | 0.003        | 0.034        |
| n-Decane               | 0.001        | 0.001        | 0.007        |
| Undecanes (11)         | <u>0.001</u> | <u>0.001</u> | <u>0.007</u> |
| Totals                 | 100.000      | 5.760        | 100.000      |

**Computed Real Characteristics Of Total Sample:**

|                           |        |         |
|---------------------------|--------|---------|
| Specific Gravity -----    | 0.730  | (Air=1) |
| Compressibility (Z) ----- | 0.9963 |         |
| Molecular Weight -----    | 21.06  |         |
| Gross Heating Value       |        |         |
| Dry Basis -----           | 1294   | BTU/CF  |
| Saturated Basis -----     | 1272   | BTU/CF  |



| Name                           | Street                   | City     | State      | Zip        |
|--------------------------------|--------------------------|----------|------------|------------|
| Chevron U.S.A., Inc.           | P.O. Box 1635            | Houston  | Texas      | 77251      |
| MRC Permian Company            | 5400 LBJ Fwy., Ste. 1500 | Dallas   | Texas      | 75240      |
| State of New Mexico            | P.O. Box 1148            | Santa Fe | New Mexico | 87504-1148 |
| United States of America (BLM) | 620 E Greene St.         | Carlsbad | New Mexico | 88220      |





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

September 4, 2020

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

**TO: ALL AFFECTED PARTIES**

**Re: Application of Matador Production Company to authorize pool and lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Voni East Tank Battery located in the NW/4 NE/4 (Unit B) of Section 21, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced 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 application, please contact the following:

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

Sincerely,

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



## 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.

Shipment Date: 09/04/2020

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                        | 4      |
| Total                        | 4      |

\*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.

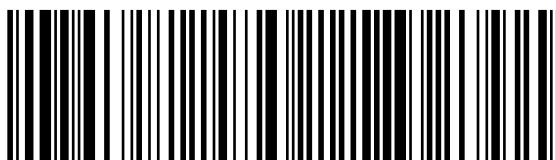
### B. USPS Action

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 0023 9830 75



## Firm Mailing Book For Accountable Mail

|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|--|--|--|---------------------|---|----------------------------|---------------|-------------------|---------|----------|--------|--------|--------|----------|--------|--|--|
| Name and Address of Sender<br><b>Holland &amp; Hart LLP (1)</b><br><b>110 N Guadalupe St # 1</b><br><b>Santa Fe NM 87501</b> |  | Check type of mail or service<br><input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express<br><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail<br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation<br><input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery<br><input type="checkbox"/> Insured Mail<br><input type="checkbox"/> Priority Mail |                     | Affix Stamp Here<br>(for additional copies of this receipt).<br><b>Postmark with Date of Receipt.</b> |                            |               |                   |         |          |        |        |        |          |        |  |  |
| 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 COD | ASR Fee | ASRD Fee | RD Fee | RR Fee | SC Fee | SCRD Fee | SH Fee |  |  |
| 1. <b>9214 8901 9403 8320 3940 10</b>  | Chevron U S A Inc PO BOX 1635 Houston TX 77251                   | 2.20   | 3.55                | Handling Charge - if Registered and over \$50,000 in value  |                            |               |                   |         |          |        | 1.70   |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
| 2. <b>9214 8901 9403 8320 3940 27</b>  | MRC Permian Company 5400 LBJ Fwy Ste 1500 Dallas TX 75240        | 2.20   | 3.55                |   |                            |               |                   |         |          |        |        | 1.70   |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
| 3. <b>9214 8901 9403 8320 3940 34</b>  | State of New Mexico PO BOX 1148 Santa Fe NM 87504-1148           | 2.20   | 3.55                |   |                            |               |                   |         |          |        |        | 1.70   |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
| 4. <b>9214 8901 9403 8320 3940 41</b>  | United States of America (BLM) 620 E Greene St Carlsbad NM 88220 | 2.20   | 3.55                |   |                            |               |                   |         |          |        |        | 1.70   |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
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|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
|  |  |  |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |
| Total Number of Pieces Listed by Sender<br><b>4</b>  | Total Number of Pieces Received at Post Office                   | Postmaster, Per (Name of receiving employee)   |                     |   |                            |               |                   |         |          |        |        |        |          |        |  |  |



Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the 19<sup>th</sup> day of May, 2020, 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:

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Containing **385.27** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

Voni Fed Com

Bone Spring Formation

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



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.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

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,

Voni Fed Com

Bone Spring Formation

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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 May 19, 2020, 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

Voni Fed Com

Bone Spring Formation

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

Voni Fed Com  
Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



## ACKNOWLEDGEMENT

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this 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.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS)

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

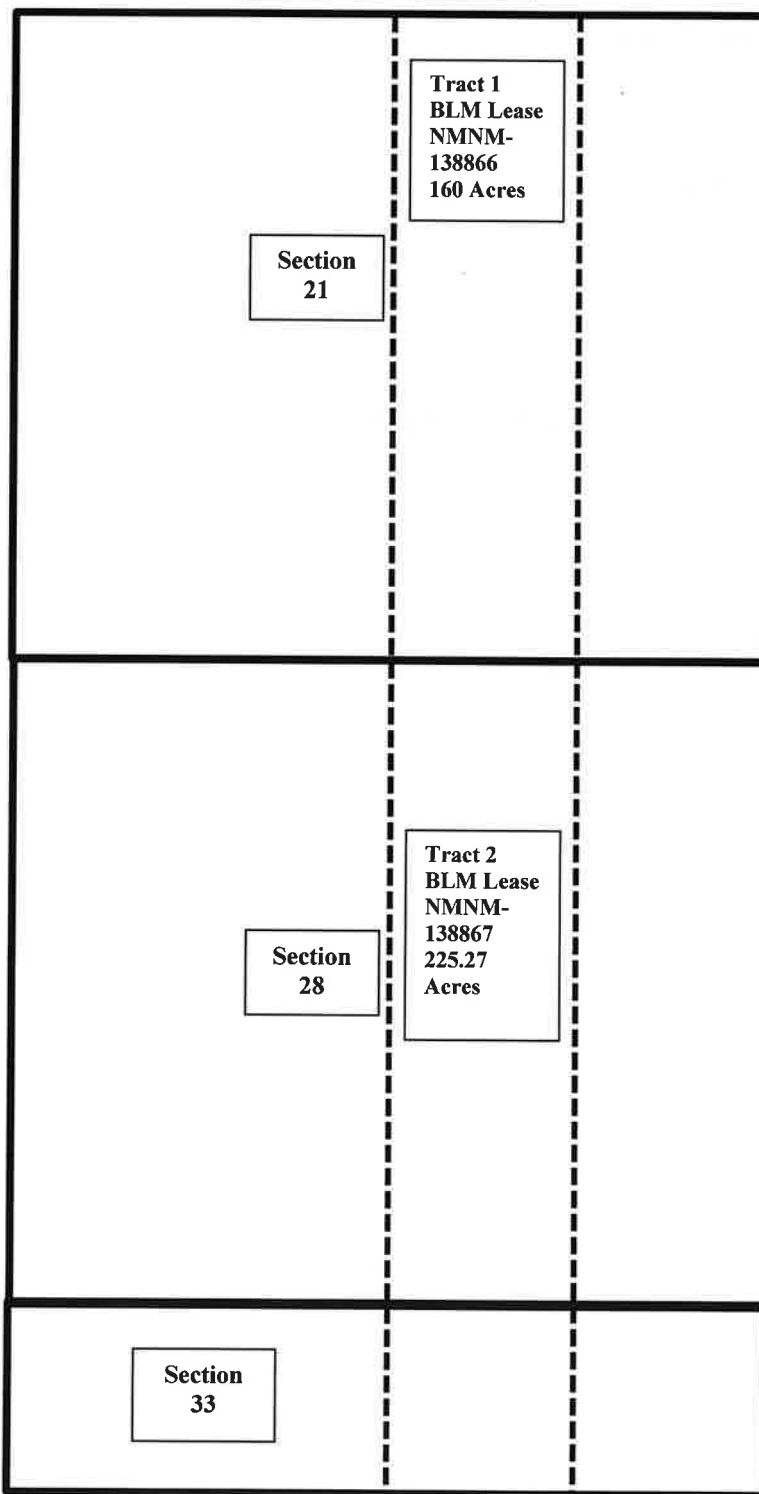
\_\_\_\_\_  
Notary Public

Voni Fed Com  
Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "A"**

Plat of communitized area covering **385.27** acres in W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Voni Federal Com #103H



Voni Fed Com  
Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



**EXHIBIT "B"**

To Communitization Agreement Dated May 19, 2020 embracing the following described land in W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Operator of Communitized Area: Matador Production Company

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138866   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>Section 21: W2E2 |
| Number of Acres:                 | 160   |
| Current Lessee of Record:        | MRC Permian Company                                   |
| Name of Working Interest Owners: | MRC Permian Company                                   |
| Name of ORRI:                    | N/A   |

**Tract No. 2**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138867   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>W2E2 of Section 28 & the W2NE/4 of<br>Section 33 |
| Number of Gross Acres:           | 225.27  |
| Current Lessee of Record:        | MRC Permian Company   |
| Name of Working Interest Owners: | MRC Permian Company   |
| Name of ORRI:                    | N/A   |

**Voni Fed Com**

Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 160.00                        | 41.52%   |
| 2                | 225.27                        | 58.48%   |
| Total            | 385.27                        | 100.0000%  |

Voni Fed Com  
Bone Spring Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the 19<sup>th</sup> day of May, 2020, 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:

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Containing **385.22** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

Voni Fed Com

Bone Spring Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

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 May 19, 2020, 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

Voni Fed Com

Bone Spring Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

## ACKNOWLEDGEMENT

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this 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.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS)

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

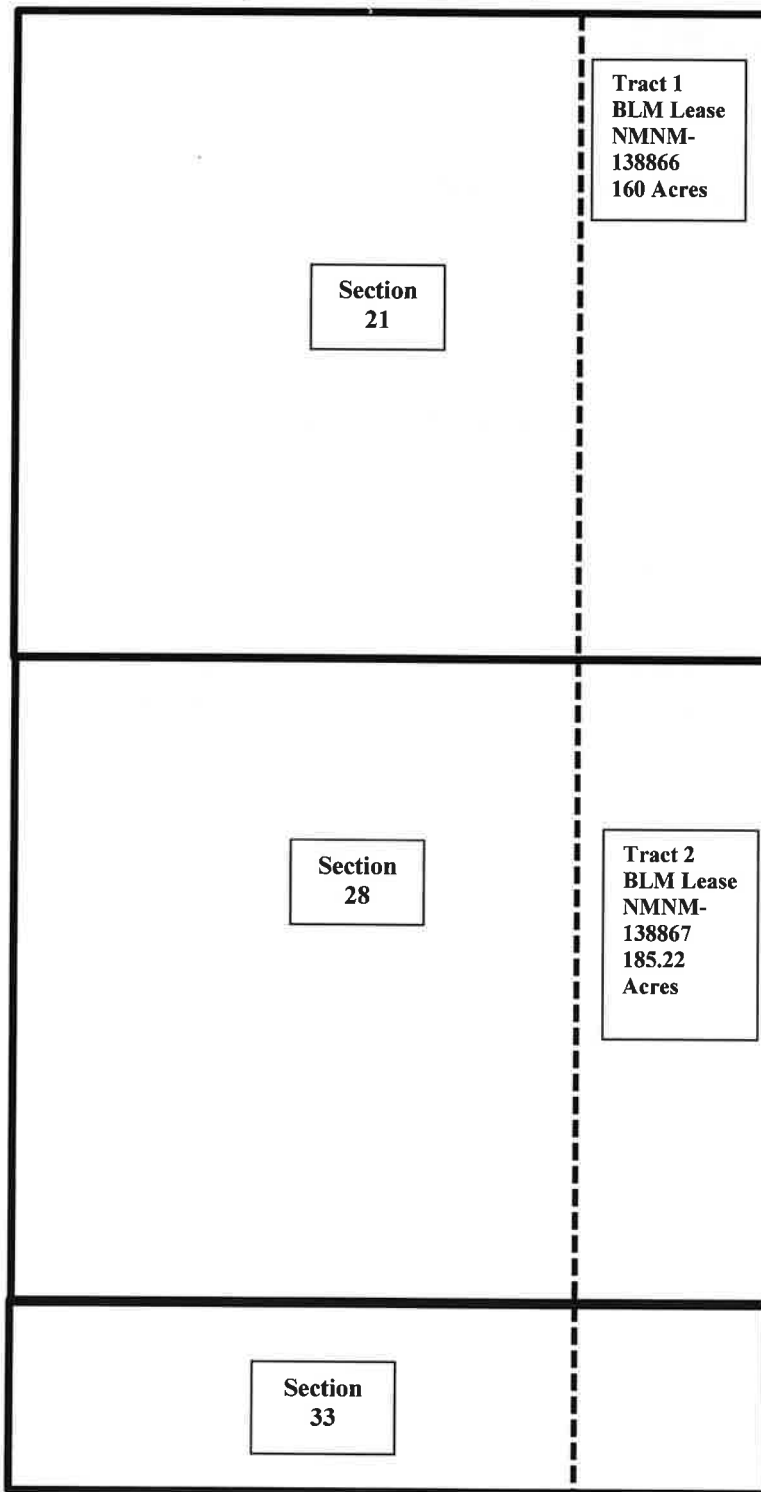
\_\_\_\_\_  
Notary Public

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "A"**

Plat of communitized area covering **385.22** acres in E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Voni Federal Com #124H



Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "B"**

To Communitization Agreement Dated May 19, 2020 embracing the following described land in E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Operator of Communitized Area: Matador Production Company

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138866   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>Section 21: E2E2 |
| Number of Acres:                 | 160   |
| Current Lessee of Record:        | MRC Permian Company                                   |
| Name of Working Interest Owners: | MRC Permian Company                                   |
| Name of ORRI:                    | N/A   |

**Tract No. 2**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138867   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>E2E2 of Section 28 & the E2NE/4 of<br>Section 33 |
| Number of Gross Acres:           | 185.22  |
| Current Lessee of Record:        | MRC Permian Company   |
| Name of Working Interest Owners: | MRC Permian Company   |
| Name of ORRI:                    | N/A   |

**Voni Fed Com**

Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Tract No. 3

Lease Serial Number: State of New Mexico – E0092

Description of Land Committed: Township 26 South, Range 31 East,  
NE/4SE/4 of Section 28

Number of Gross Acres: 40.00

Current Lessee of Record: Chevron U.S.A. Inc.

Name of Working Interest Owners: MRC Permian Company

Name of ORRI: N/A

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 160.00                        | 41.53%   |
| 2                | 185.22                        | 48.08%   |
| 3                | 40.00                         | 10.39%   |
| Total            | 385.22                        | 100.0000%  |

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the 19<sup>th</sup> day of May, 2020, 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:

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Containing **385.27** acres, and this agreement shall include only the Delaware Formation underlying said lands and the the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

Voni Fed Com

Delaware Formation

W2E2 of Sections 21 &amp; 28 and the W2NE/4 of Section 33-26S-31E

Eddy County, New Mexico



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.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

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,

Voni Fed Com

Delaware Formation

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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 May 19, 2020, 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

Voni Fed Com

Delaware Formation

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

Voni Fed Com  
Delaware Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

## ACKNOWLEDGEMENT

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Delaware Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this 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.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS)

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Delaware Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

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(SEAL)

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My Commission Expires

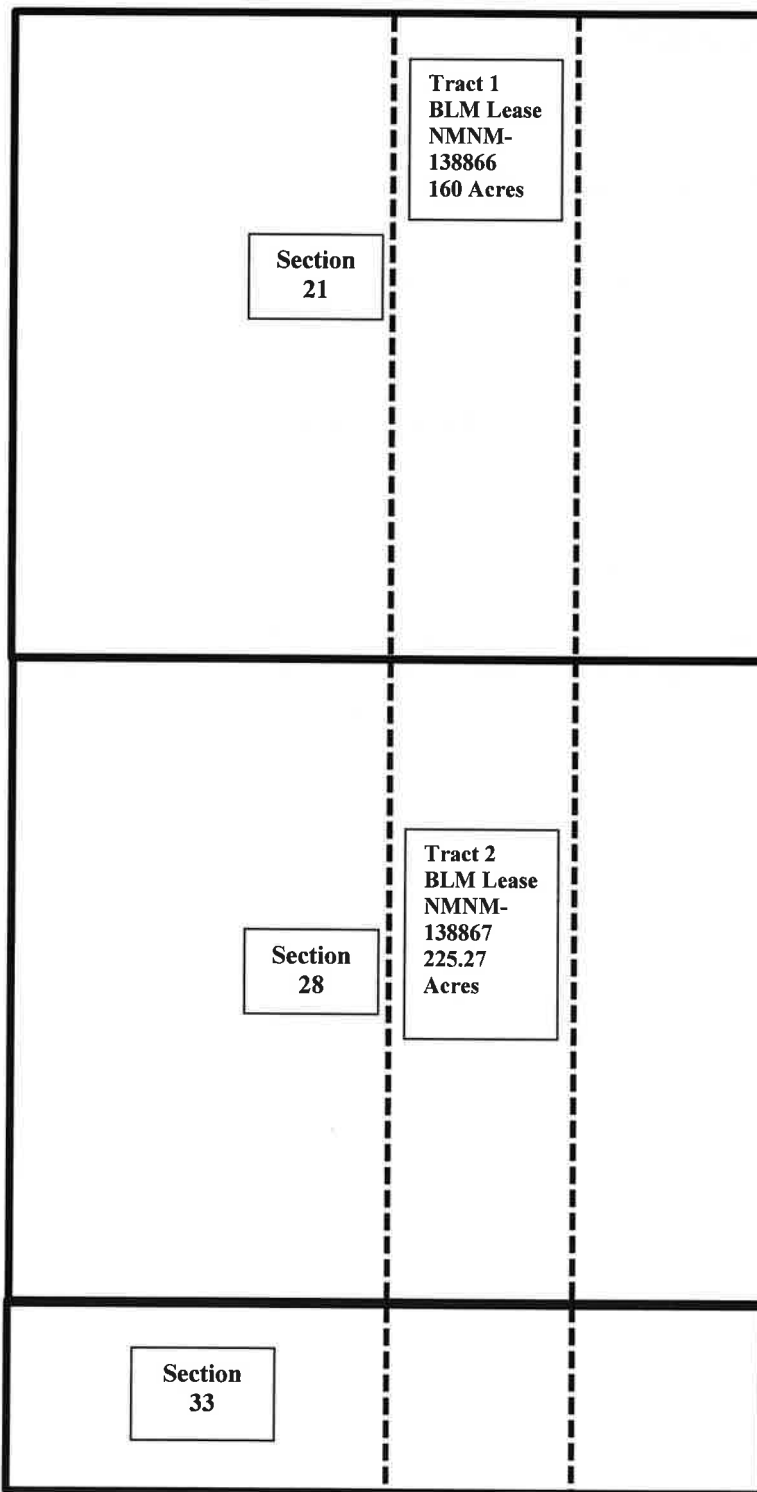
\_\_\_\_\_  
Notary Public

Voni Fed Com  
Delaware Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "A"**

Plat of communitized area covering **385.27** acres in W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Voni Federal Com #023H



Voni Fed Com  
Delaware Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "B"**

To Communitization Agreement Dated May 19, 2020 embracing the following described land in W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Operator of Communitized Area: Matador Production Company

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138866   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>Section 21: W2E2 |
| Number of Acres:                 | 160   |
| Current Lessee of Record:        | MRC Permian Company                                   |
| Name of Working Interest Owners: | MRC Permian Company                                   |
| Name of ORRI:                    | N/A   |

**Tract No. 2**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138867   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>W2E2 of Section 28 & the W2NE/4 of<br>Section 33 |
| Number of Gross Acres:           | 225.27  |
| Current Lessee of Record:        | MRC Permian Company   |
| Name of Working Interest Owners: | MRC Permian Company   |
| Name of ORRI:                    | N/A   |

**Voni Fed Com**

Delaware Formation

W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 160.00                        | 41.52%   |
| 2                | 225.27                        | 58.48%   |
| Total            | 385.27                        | 100.0000%  |

Voni Fed Com  
Delaware Formation  
W2E2 of Sections 21 & 28 and the W2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the 19<sup>th</sup> day of May, 2020, 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:

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Containing **385.22** acres, and this agreement shall include only the Delaware Formation underlying said lands and the the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

Voni Fed Com

Delaware Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico



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.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

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,

Voni Fed Com

Delaware Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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 May 19, 2020, 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

Voni Fed Com

Delaware Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

## ACKNOWLEDGEMENT

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com

Delaware Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this 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.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

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COUNTY OF DALLAS)

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

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Notary Public

Voni Fed Com  
Delaware Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

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COUNTY OF DALLAS )

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(SEAL)

\_\_\_\_\_  
My Commission Expires

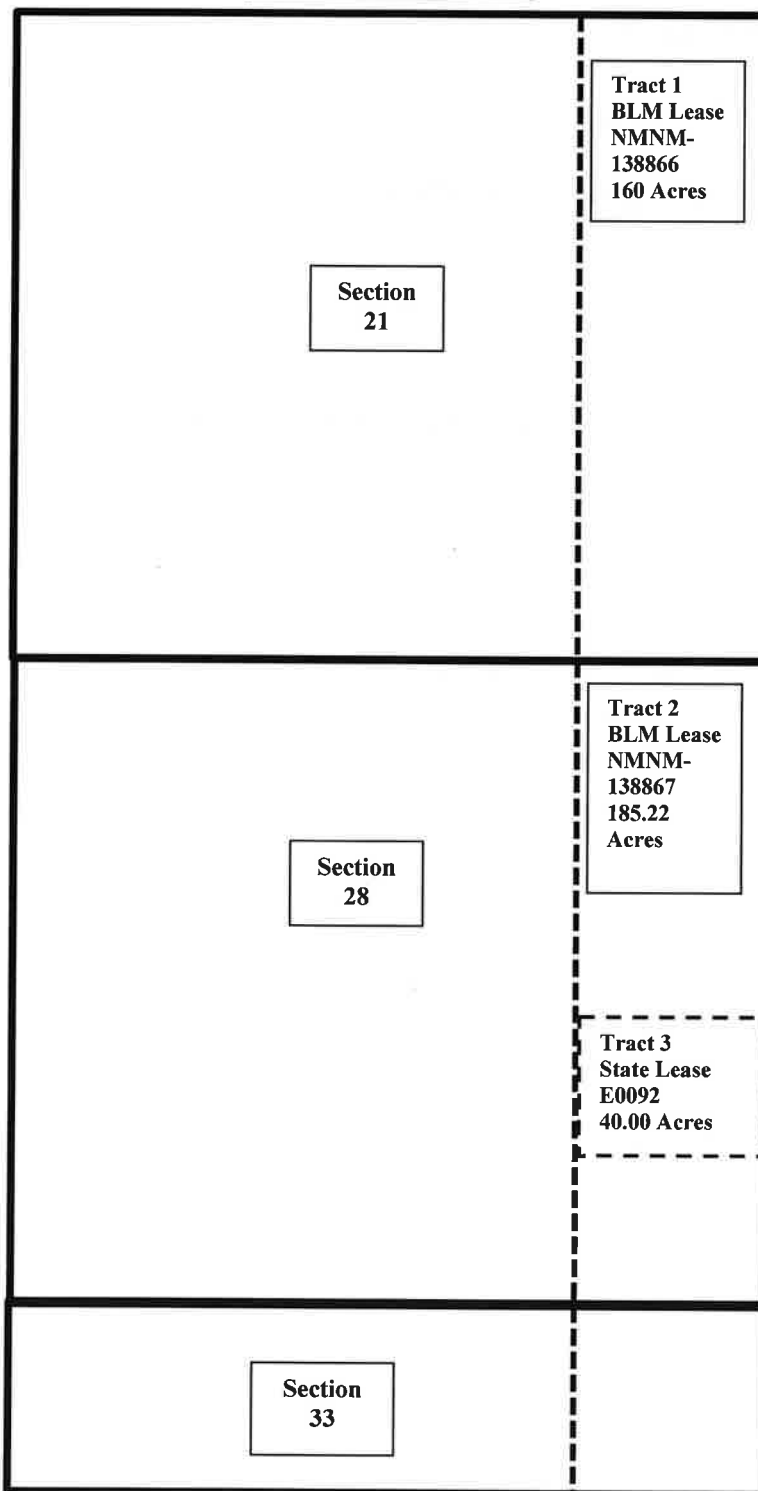
\_\_\_\_\_  
Notary Public

Voni Fed Com  
Delaware Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "A"**

Plat of communitized area covering **385.22** acres in E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Voni Federal Com #024H



Voni Fed Com  
Delaware Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "B"**

To Communitization Agreement Dated May 19, 2020 embracing the following described land in E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Operator of Communitized Area: Matador Production Company

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138866   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>Section 21: E2E2 |
| Number of Acres:                 | 160   |
| Current Lessee of Record:        | MRC Permian Company                                   |
| Name of Working Interest Owners: | MRC Permian Company                                   |
| Name of ORRI:                    | N/A   |

**Tract No. 2**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138867   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>E2E2 of Section 28 & the E2NE/4 of<br>Section 33 |
| Number of Gross Acres:           | 185.22  |
| Current Lessee of Record:        | MRC Permian Company   |
| Name of Working Interest Owners: | MRC Permian Company   |
| Name of ORRI:                    | N/A   |

**Voni Fed Com**

Delaware Formation

E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

Tract No. 3

Lease Serial Number: State of New Mexico – E0-0920-0

Description of Land Committed: Township 26 South, Range 31 East,  
NE/4SE/4 of Section 28

Number of Gross Acres: 40.00

Current Lessee of Record: Chevron U.S.A. Inc.

Name of Working Interest Owners: MRC Permian Company

Name of ORRI: N/A

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 160.00                        | 41.53%   |
| 2                | 185.22                        | 48.08%   |
| 3                | 40.00                         | 10.39%   |
| Total            | 385.22                        | 100.0000%  |

Voni Fed Com  
Delaware Formation  
E2E2 of Sections 21 & 28 and the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the 19<sup>th</sup> day of May, 2020, 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:

E2 of Sections 21 & 28 and the NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Containing 770.49 acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

Voni Fed Com

Wolfcamp Formation

E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

All proceeds, 8/8ths, attributed to unleased Federal lands included within the CA area are to be paid into the appropriate Unleased Lands Account by the designated operator until the land is leased or ownership is established.

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 May 19, 2020, 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

Voni Fed Com

Wolfcamp Formation

E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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.

Operator: Matador Production Company

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

## ACKNOWLEDGEMENT

STATE OF TEXAS )

COUNTY OF DALLAS )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

I, the undersigned, hereby certify, on behalf of Matador Production Company, Operator of this Communitization Agreement, that all working interest owners (i.e., lessees of record and operating rights owners) shown on Exhibit B attached to this Agreement are, to the best of my knowledge, the working interest owners of the leases subject to this 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.

By: Craig N. Adams – Executive Vice President  
Name & Title of Authorized Agent

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS)

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS )

COUNTY OF DALLAS )

Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**Chevron U.S.A. Inc.**

**By:** \_\_\_\_\_

\_\_\_\_\_  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_ )  
\_\_\_\_\_) ss.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public for the State of \_\_\_\_\_, personally appeared \_\_\_\_\_, known to me to be the \_\_\_\_\_ of \_\_\_\_\_, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

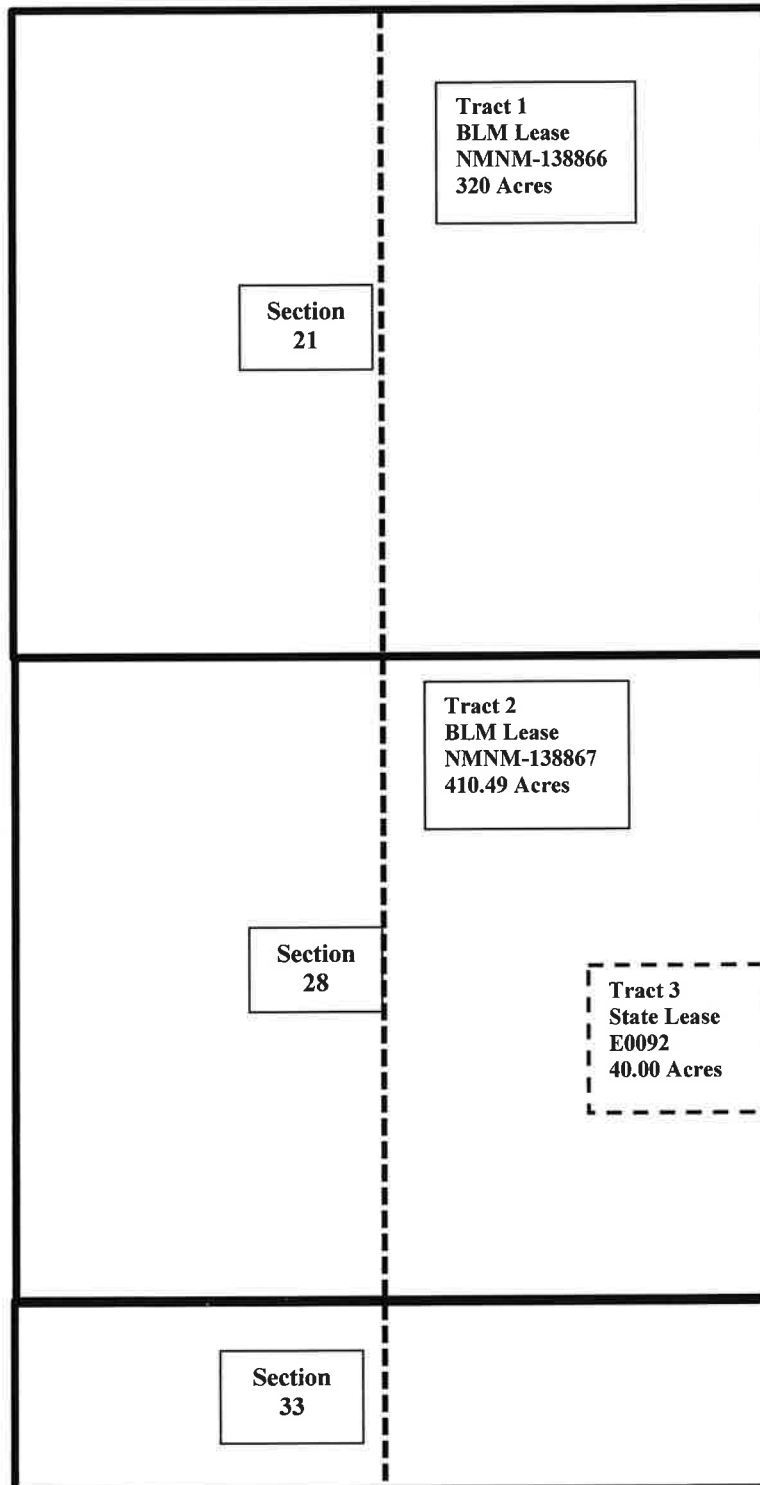
Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico



**EXHIBIT "A"**

Plat of communitized area covering **770.49** acres in E2 of Sections 21 & 28 and the NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County, New Mexico.

Voni Federal Com #203H



Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT "B"**

To Communitization Agreement Dated May 19, 2020 embracing the following described land in E2 of Sections 21 & 28 and the NE/4 of Section 33, Township 26 South, Range 31 East, Eddy County New Mexico.

Operator of Communitized Area: Matador Production Company

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

|                                  |   |
|----------------------------------|---|
| Lease Serial Number:             | NMNM-138866   |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>Section 21: E2 |
| Number of Acres:                 | 320   |
| Current Lessee of Record:        | MRC Permian Company                                 |
| Name of Working Interest Owners: | MRC Permian Company                                 |
| Name of ORRI:                    | N/A   |

**Tract No. 2**

|                                  |  |
|----------------------------------|--|
| Lease Serial Number:             | NMNM-138867  |
| Description of Land Committed:   | Township 26 South, Range 31 East,<br>E2 of Section 28 & the NE/4 of Section 33 |
| Number of Gross Acres:           | 410.49   |
| Current Lessee of Record:        | MRC Permian Company  |
| Name of Working Interest Owners: | MRC Permian Company  |
| Name of ORRI:                    | N/A  |

Voni Fed Com  
Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Tract No. 3

Lease Serial Number: State of New Mexico – E0092

Description of Land Committed: Township 26 South, Range 31 East,  
NE/4SE/4 of Section 28

Number of Gross Acres: 40.00

Current Lessee of Record: Chevron U.S.A. Inc.

Name of Working Interest Owners: MRC Permian Company

Name of ORRI: N/A

**RECAPITULATION**

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest<br/>in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1                | 320.00                        | 41.53%   |
| 2                | 410.49                        | 53.28%   |
| 3                | 40.00                         | 5.19%  |
| Total            | 770.49                        | 100.0000%  |

Voni Fed Com

Wolfcamp Formation  
E2 of Sections 21 & 28 and the NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

Voni Fed Com

Bone Spring Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, 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: Voni Fed Com #124H

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 E2E2 of Section 21 & 28 and the E2NE/4 of Section 33,Sect 21, 28 & 33, T 26S, R 31E, NMPM Eddy County NMcontaining 385.22 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.

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

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.

Voni Fed Com

Bone Spring Formation

E2E2 of Sections 21&amp;28 &amp; the E2NE/4 of Section 33-26S-31E

Eddy County, New Mexico

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 May Month 9 Day, 2020 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.



Voni Fed Com  
 Bone Spring Formation  
 E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
 Eddy County, New Mexico

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

By: Craig N. Adams – Executive Vice President  
 Name & Title of Authorized Agent

\_\_\_\_\_  
 Signature of Authorized Agent

#### ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by **Craig N. Adams, as Executive Vice President, for Matador Production Company** on behalf of said corporation.

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Name (Print)

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

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

\_\_\_\_\_  
Print Name

**Date:** \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

**STATE OF TEXAS** §

**COUNTY OF DALLAS** §

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by **Craig N. Adams, as Executive Vice President**, for **MRC Permian Company** on behalf of said corporation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

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

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**Chevron U.S.A. Inc.**

**By:** \_\_\_\_\_

\_\_\_\_\_  
Print Name

**Date:** \_\_\_\_\_

**Acknowledgment in an Individual Capacity**

**STATE OF** \_\_\_\_\_ **§**

**COUNTY OF** \_\_\_\_\_ **§**

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

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

**Acknowledgment in a Representative Capacity**

**STATE OF** \_\_\_\_\_ **§**

**COUNTY OF** \_\_\_\_\_ **§**

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by \_\_\_\_\_, as

\_\_\_\_\_, for \_\_\_\_\_ on behalf  
of said corporation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

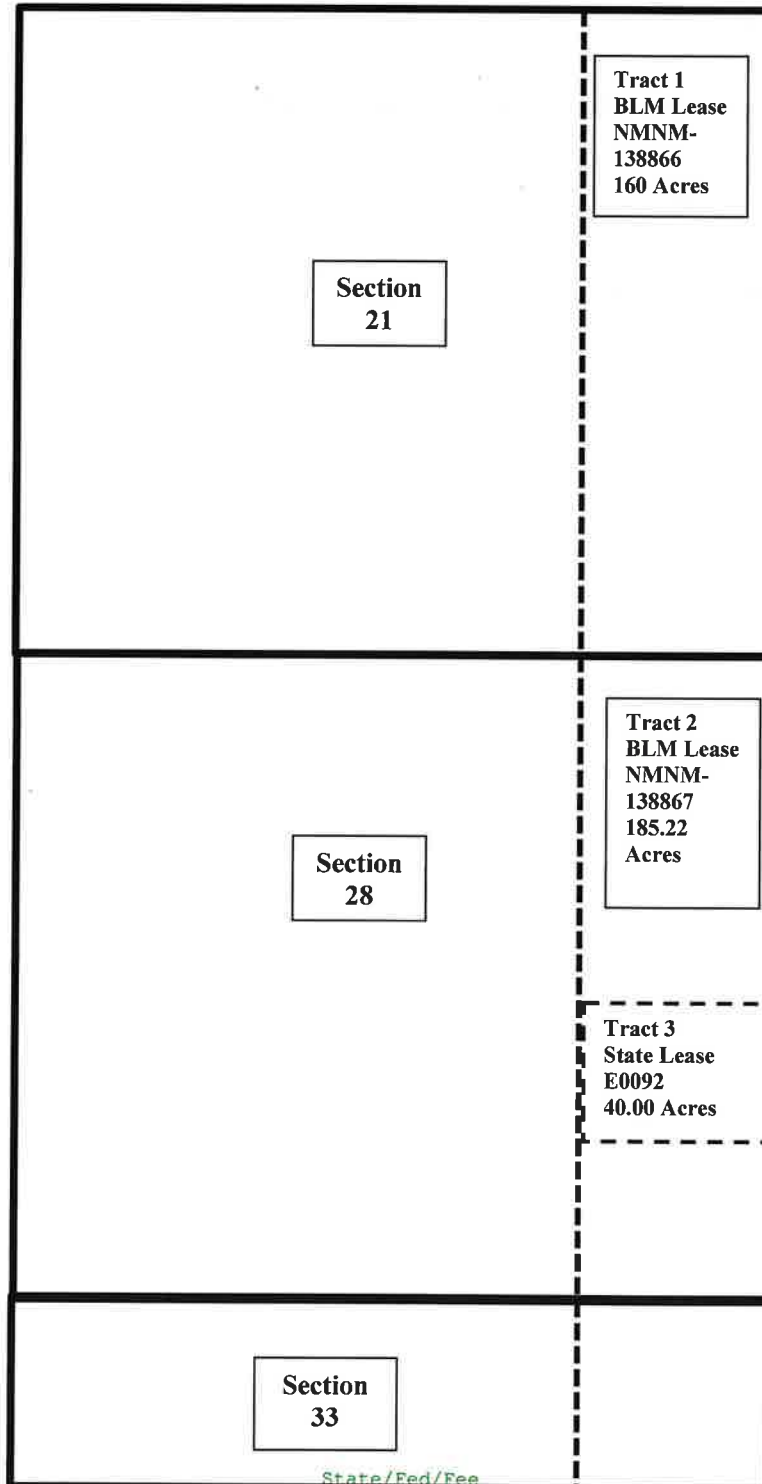
My commission expires \_\_\_\_\_

Voni Fed Com  
Bone Spring Formation  
E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
Eddy County, New Mexico

**EXHIBIT A**

To Communitization Agreement dated May 9, 2020

Plat of communitized area covering the: Subdivisions E2E2 of Section 21 & 28 and the E2NE/4 of Section 33 of Sect. 21,28 & 33, T 26S, R 31E, NMPM, Eddy County, NM.



Voni Fed Com  
 Bone Spring Formation  
 E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
 Eddy County, New Mexico  
**EXHIBIT B**

To Communitization Agreement dated May 9 20 20, embracing the  
 Subdivisions E2E2 of Section 21 & 28 and the E2NE/4 of Section 33  
 of Section 21, 28 & 31, T 26S, R 31E, N.M.P.M., Eddy County, NM

**Operator of Communitized Area:** Matador Production Company

### DESCRIPTION OF LEASES COMMITTED

#### TRACT NO. 1

Lease Serial No.: NMNM-138866  
 Lease Date: \_\_\_\_\_  
 Lessor: United States of America  
 Present Lessee: MRC Permian Company  
 Description of Land Committed: Subdivisions E2E2,  
 Sect 21, Twp 26S, Rng 31E, NMPM, Eddy County, NM  
 Number of Acres: 160  
 Name and Percent WIOwners: Matador Production Company – 100%

#### TRACT NO. 2

Lease Serial No.: NMNM-13887  
 Lease Date: \_\_\_\_\_  
 Lessor: United States of America  
 Present Lessee: MRC Permian Company  
 Description of Land Committed: Subdivisions E2E2 of Section 28 & E2NE/4 of Section 33,  
 Sect 28&33, Twp 26S, Rng 31E, NMPM, Eddy County, NM  
 Number of Acres: 185.22  
 Name and Percent WIOwners: Matador Production Company – 100%

Voni Fed Com  
 Bone Spring Formation  
 E2E2 of Sections 21&28 & the E2NE/4 of Section 33-26S-31E  
 Eddy County, New Mexico

**TRACT NO. 3**

Lease Serial No.: E-0092  
 Lease Date: \_\_\_\_\_  
 Lease Term: \_\_\_\_\_  
 Lessor: State of New Mexico  
 Present Lessee: Chevron U.S.A. Inc.  
 Description of Land Committed: Subdivisions NE/4SE/4,  
 Sect 28, Twp 26S, Rng 31E, NMPM, Eddy County, NM  
 Number of Acres: 40  
 Royalty Rate: \_\_\_\_\_  
 Name and WI Owners: MRC Permian Company

**RECAPITULATION**

| <b>Tract numbers</b> | <b>Number of Acres<br/>Committed</b> | <b>Percentage of Interest<br/>in Communitized Area</b> |
|----------------------|--------------------------------------|--|
| Tract No.1           | <u>160</u>                           | <u>41.53%</u>  |
| Tract No.2           | <u>185.22</u>                        | <u>48.08%</u>  |
| Tract No.3           | <u>40.00</u>                         | <u>10.39%</u>  |