

YRQYH-201109-C-107B CTB-973

RECEIVED: 11/9/20	REVIEWER: DM	TYPE: CTB	APP NO: pDM2031740994
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant: Matador Production Company **OGRID Number:** 228937
Well Name: Uncle Ches 2116 Fed Com #127H, #128H **API:** 30-025-47340 & 30-025-44520
Pool: Featherstone; Bone Spring Pool **Pool Code:** 24250

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 holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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

November 9, 2020

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

November 9, 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 lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Uncle Ches Tank Battery located in the S/2 SE/4 (Units O & P) of Section 21, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Ms. Sandoval:

Pursuant to 19.15.12.7 NMAC, Matador Production Company (OGRID No. 228937) seeks administrative approval for lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the **Uncle Ches Tank Battery** of production from the Featherstone; Bone Spring Pool (Pool code 24250) from *all existing and future infill wells drilled in the following spacing units*:

(a) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the W/2 E/2 of Sections 16 and 21. The spacing unit is currently dedicated to the **Uncle Ches 2116 Fed Com #127H well** (API No. 30-025-47340);

(b) The 320-acre, more or less, spacing unit in the Bone Spring formation (Featherstone; Bone Spring Pool (Pool code 24250)) underlying the E/2 E/2 of Sections 16 and 21. The spacing unit is currently dedicated to the **Uncle Ches 2116 Fed Com #128H well** (API No. 30-025-44520), formerly known as the Uncle Ches 2116 Fed Com #124H well for which Matador has filed a sundry regarding this name change; and

(c) 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.



November 9, 2020
Page 2

Oil and gas production from these spacing units will be commingled and sold at the **Uncle Ches Tank Battery located in the S/2 SE/4 (Units O & P) 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 **S/2 SE/4 (Units O & P)** 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 Ben Peterson, Senior 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 receives this application, and proof of mailing. A copy of this application has also been provided to the New Mexico State Land Office and the Bureau of Land Management because federal and state lands are involved.

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

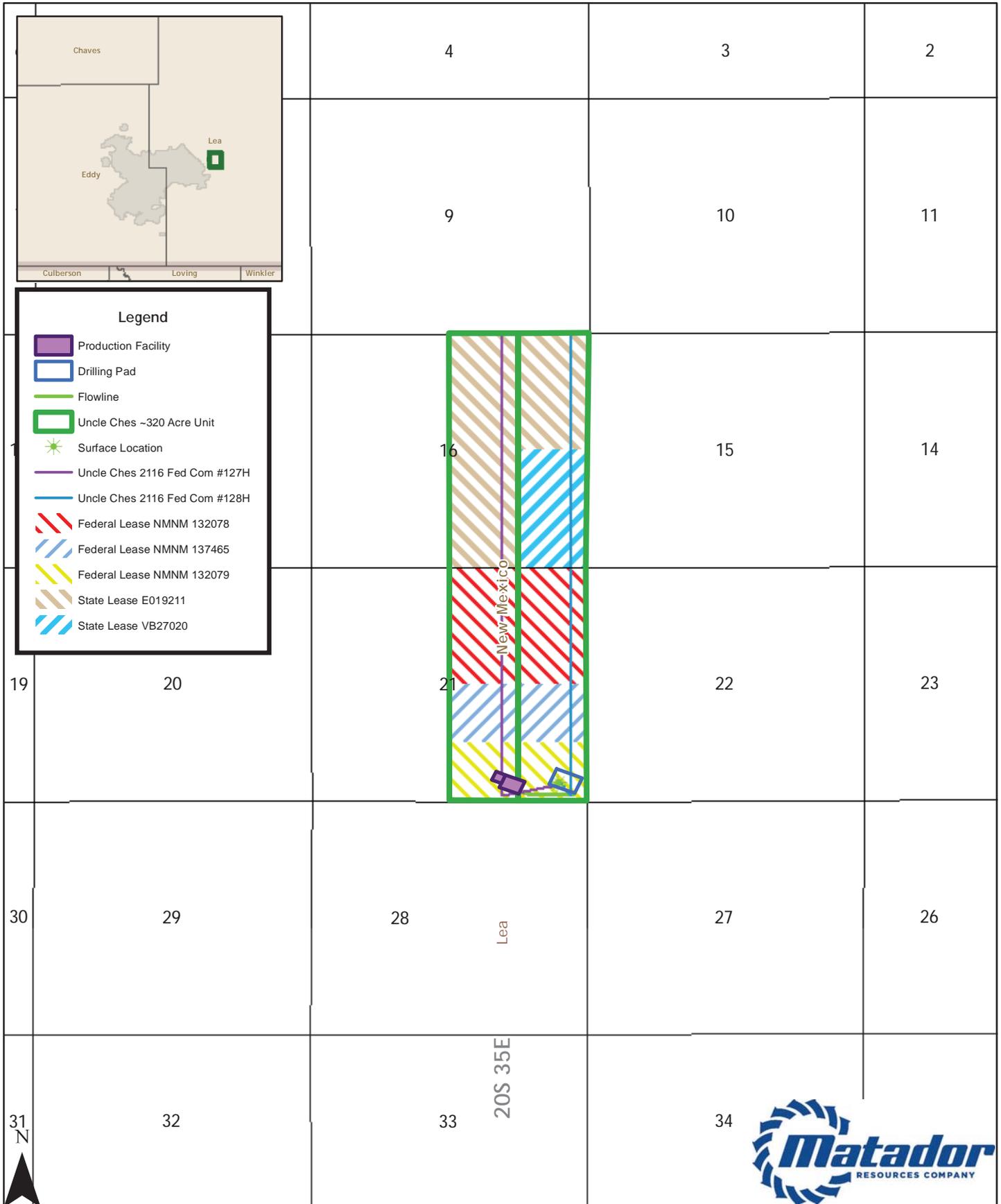
Thank you for your attention to this matter and please feel free to call if you have any questions or require additional information.

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

Uncle Ches Land Plat



Southeast New Mexico



EXHIBIT 1

EXHIBIT 2

FORM C-102

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

Revised August 1, 2011

Submit one copy to appropriate

District Office

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47340	² Pool Code 24250	³ Pool Name Featherstone; Bone Spring
⁴ Property Code	⁵ Property Name UNCLE CHES 2116 FED COM	
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁶ Well Number 127H
		⁹ Elevation 3705'

¹⁰Surface Location

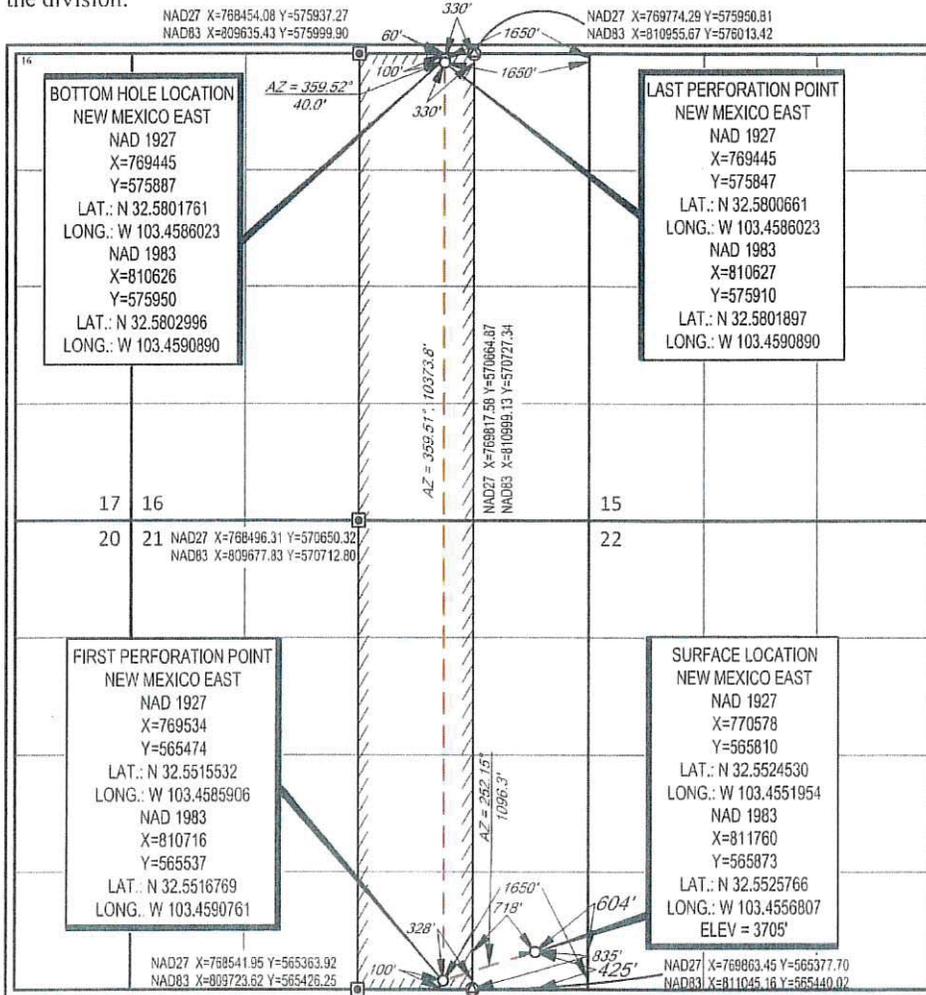
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	21	20-S	35-E	-	425'	SOUTH	604'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	20-S	35-E	-	60'	NORTH	1650'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.



¹⁷OPERATOR 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] 6/30/2020
 Signature Date

Cade LaBolt
 Printed Name
 cade.labolt@matadorresources.com
 E-mail Address

¹⁸SURVEYOR CERTIFICATION

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

05/11/2018
 Date of Survey

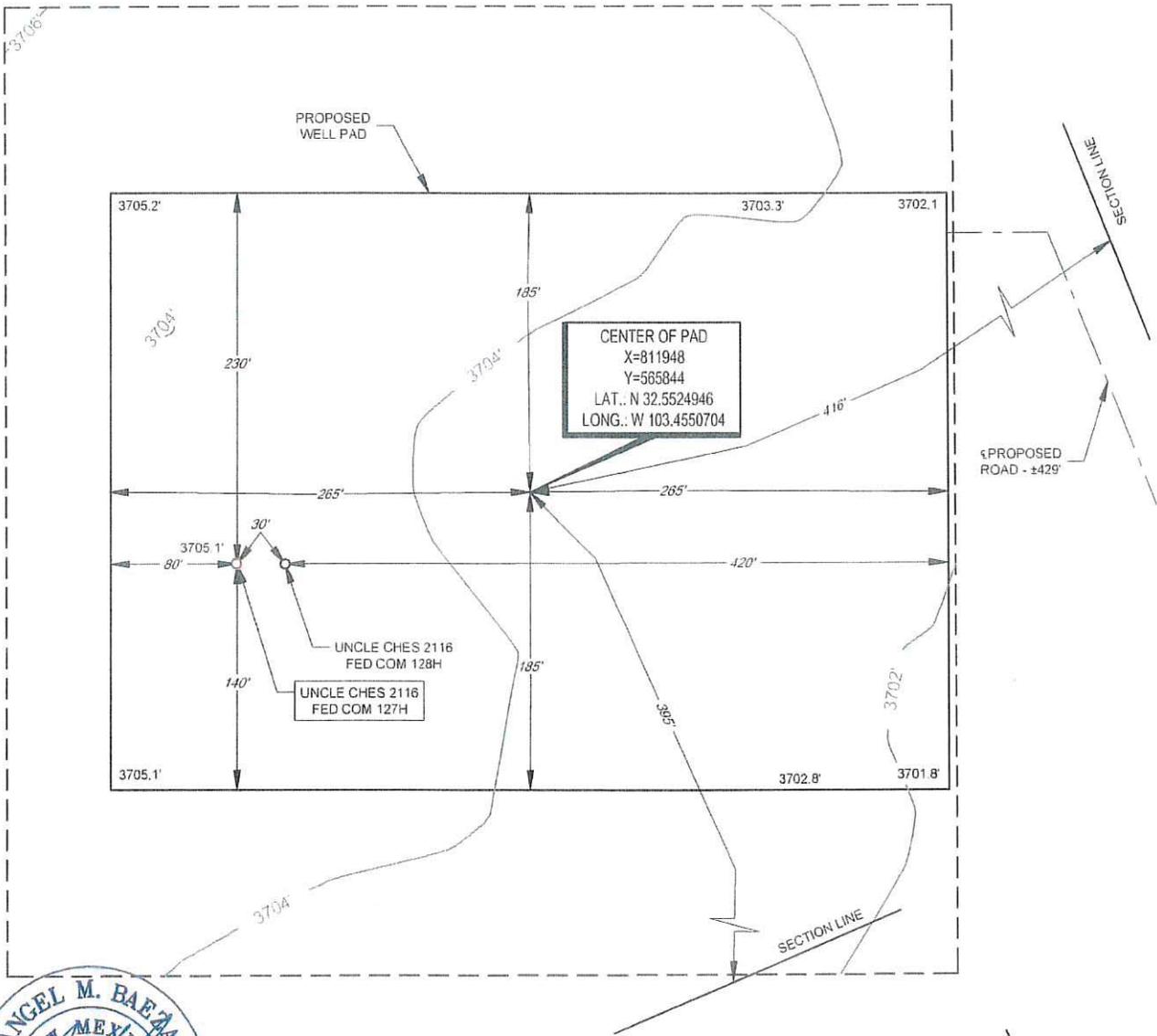
[Signature]
 Signature and Seal of Professional Surveyor
 ANGELO M. BAETA
 NEW MEXICO
 25116
 PROFESSIONAL SURVEYOR
 Certificate Number



SECTION 21, TOWNSHIP 20-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO

DETAIL VIEW
SCALE: 1" = 100'

- LEGEND**
- PROPOSED ROAD
 - SECTION LINE
 - - - ARCH SITE



LEASE NAME & WELL NO.: UNCLE CHES 2116 FED COM 127H
 127H LATITUDE N 32.5525766 #127H LONGITUDE W 103.4556807

CENTER OF PAD IS 395' FSL & 416' FEL

Angel M. Baeza, P.S. No. 25116

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE. U.S. SURVEY FEET, ELEVATIONS USED ARE NAVD83, OBTAINED THROUGH AN OPUS SOLUTION.

THIS PROPOSED PAD SITE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY. AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. ONLY THE DATA SHOWN ABOVE IS BEING CERTIFIED TO. ALL OTHER INFORMATION WAS INTENTIONALLY OMITTED. THIS PLAT IS ONLY INTENDED TO BE USED FOR A PERMIT AND IS NOT A BOUNDARY SURVEY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION

ORIGINAL DOCUMENT SIZE: 8.5" X 11"

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY Ste. 146 • FT. WORTH TEXAS 76140
 TELEPHONE (817) 744-7512 • FAX (817) 744-7554
 2603 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 WWW.TOPOGRAPHIC.COM



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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

¹ API Number 30-025-44520	² Pool Code 24250	³ Pool Name Featherstone; Bone Spring
⁴ Property Code	⁵ Property Name UNCLE CHES 2116 FED COM	⁶ Well Number 12BH
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3705'

¹⁰Surface Location

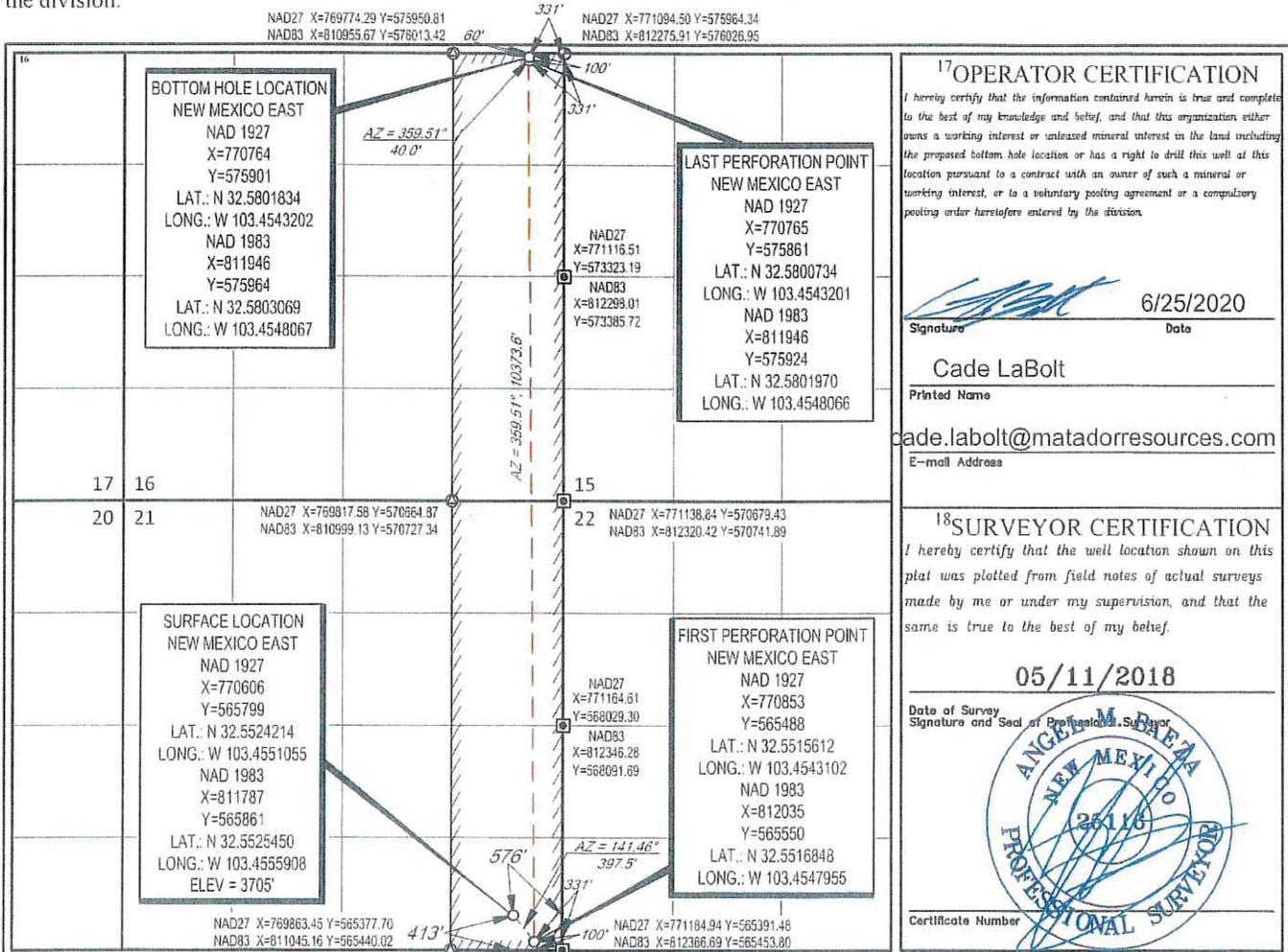
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	21	20-S	35-E	-	413'	SOUTH	576'	EAST	LEA

¹¹Bottom 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
A	16	20-S	35-E	-	60'	NORTH	331'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



¹⁷OPERATOR 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] 6/25/2020
Signature Date

Cade LaBolt
Printed Name

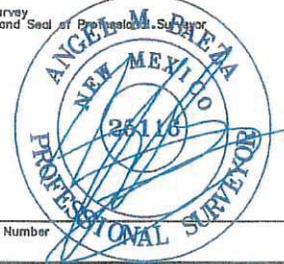
cade.labolt@matadorresources.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

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

05/11/2018

Date of Survey
Signature and Seal of Professional Surveyor

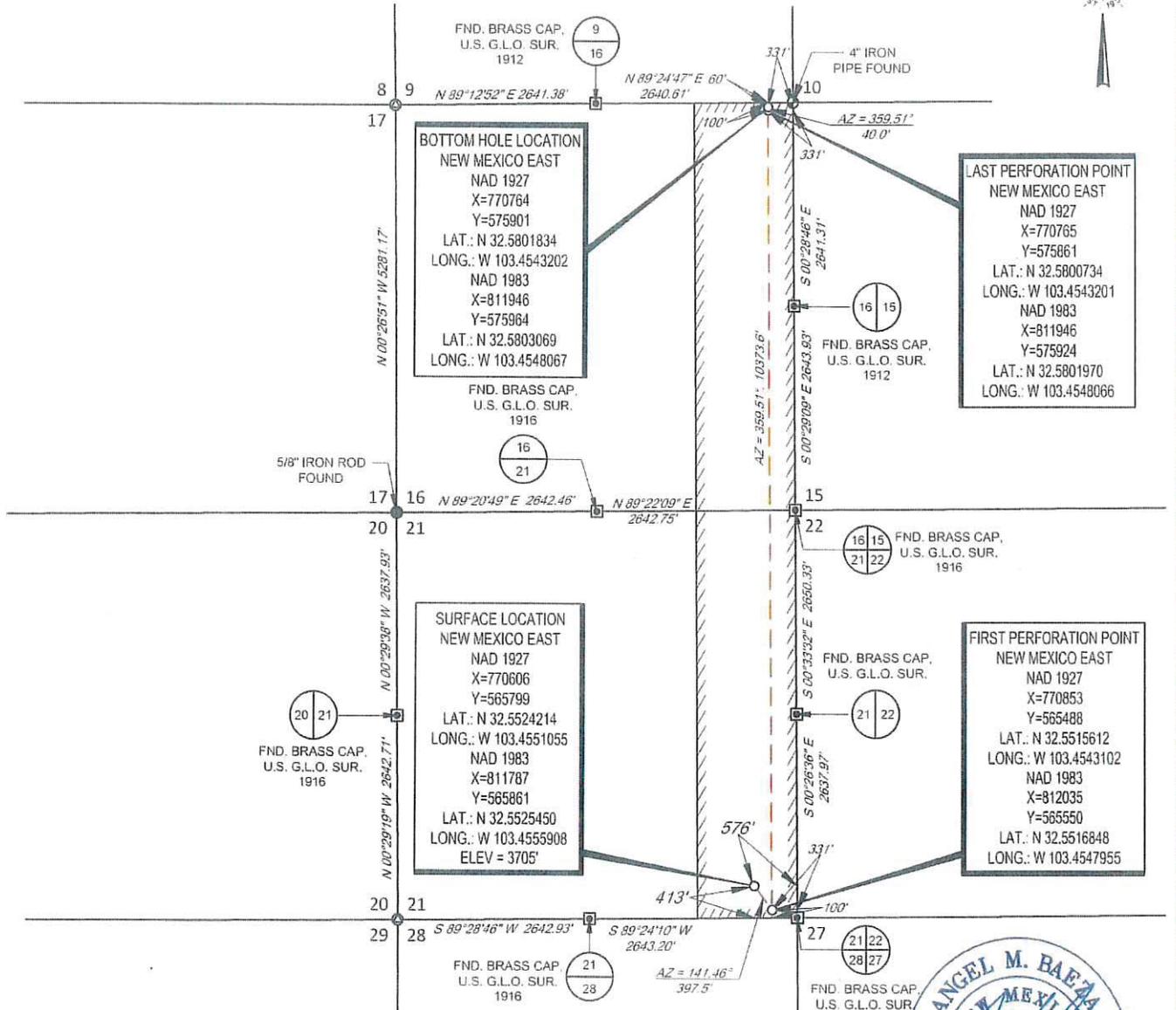


Certificate Number

SCALE: 1" = 2000'
0' 1000' 2000'



SECTION 21, TOWNSHIP 20-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



LEASE NAME & WELL NO.: UNCLE CHES 2116 FED COM 128H

SECTION 21 TWP 20-S RGE 35-E SURVEY N.M.P.M.

COUNTY LEA STATE NM

DESCRIPTION 413' FSL & 576' FEL

DISTANCE & DIRECTION

FROM INT. OF NM-18 S. & HWY. 62 GO SOUTH ON NM-18 S ±4.0 MILES. THENCE EAST (LEFT) ON MONUMENT HWY ±10.2 MILES. THENCE SOUTH (LEFT) ON NM-322, ±0.6 MILES, KEEP LEFT TO CONTINUE ON MADDOX RD. ±5.1 MILES, THENCE RIGHT (EAST) ON TUFFY COPPER RD. ±0.9 MILES. THENCE NORTH ON PROPOSED RD. ±429 FEET TO A POINT ±467 FEET SOUTHEAST OF THE LOCATION.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE U.S. SURVEY FEET
THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.
AS OF THE DATE OF SURVEY, ALL ABOVE GROUND APPURTENANCES WITHIN 300' OF THE STAKED LOCATION ARE SHOWN HEREON.



Angel M. Baeza, P.S. No. 25116
JUNE 5, 2020

1400 EVERMAN PARKWAY Ste. 146 • FT. WORTH, TEXAS 76140
TELEPHONE (817) 744-7512 • FAX (817) 744-7554
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1553 OR (800) 767-1553 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

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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	Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
 (4) Measurement type: Metering Other (Specify)
 (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code- FEATHERSTONE; BONE SPRING (24250)
 (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: Ben Peterson TITLE: Production Engineer DATE: 11/3/20

TYPE OR PRINT NAME Ben Peterson TELEPHONE NO.: (972) 371.5200

E-MAIL ADDRESS: bpeterson@matadorresources.com

Matador Production Company

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

Voice 972.371.5427 • Fax 972.371.5201

bpeterson@matadorresources.com

Ben Peterson
Sr. Production Engineer

November 3, 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) from the spacing units comprising the E2 of Sections 21 and 16, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico (the “Lands”).

To Whom This May Concern,

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

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

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. 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. Versado Gas Processing, 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 is and will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Very truly yours,

MATADOR PRODUCTION COMPANY

A handwritten signature in blue ink, appearing to read "Ben Peterson". The signature is stylized with a large initial "B" and a long horizontal stroke.

Ben Peterson

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

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

Sample: Ranger 33 State COM No. 123H
 First Stage Separator Gas
 Sampled @ 88 psig & 88 °F

Date Sampled: 12/06/2017

Job Number: 74172.001

CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286

COMPONENT	MOL%	GPM
Hydrogen Sulfide*	< 0.001	
Nitrogen	2.335	
Carbon Dioxide	0.516	
Methane	68.120	
Ethane	15.273	4.186
Propane	8.234	2.325
Isobutane	0.913	0.306
n-Butane	2.297	0.742
2-2 Dimethylpropane	0.012	0.005
Isopentane	0.521	0.195
n-Pentane	0.516	0.192
Hexanes	0.373	0.157
Heptanes Plus	<u>0.890</u>	<u>0.358</u>
Totals	100.000	8.465

Computed Real Characteristics Of Heptanes Plus:

Specific Gravity -----	3.346	(Air=1)
Molecular Weight -----	96.43	
Gross Heating Value -----	5027	BTU/CF

Computed Real Characteristics Of Total Sample:

Specific Gravity -----	0.827	(Air=1)
Compressibility (Z) -----	0.9952	
Molecular Weight -----	23.84	
Gross Heating Value		
Dry Basis -----	1411	BTU/CF
Saturated Basis -----	1387	BTU/CF

*Hydrogen Sulfide tested on location b; Stain Tube Method (GPA 2377)

Results: 0.314 Gr/100 CF, 5.0 PPMV or 0.0005 Mol%

Base Conditions: 15.025 PSI & 60 Deg F

Sampled By: (16) Albert A.
 Analyst: RR
 Processor: RG
 Cylinder ID: A-859

Certified: FESCO, Ltd. - Alice, Texas

David Dannhaus 361-661-7015

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

COMPONENT	MOL %	GPM	WT %
Hydrogen Sulfide*	< 0.001		< 0.001
Nitrogen	2.335		2.744
Carbon Dioxide	0.516		0.953
Methane	68.120		45.852
Ethane	15.273	4.186	19.267
Propane	8.234	2.325	15.233
Isobutane	0.913	0.306	2.226
n-Butane	2.297	0.742	5.601
2,2 Dimethylpropane	0.012	0.005	0.036
Isopentane	0.521	0.195	1.577
n-Pentane	0.516	0.192	1.562
2,2 Dimethylbutane	0.003	0.001	0.011
Cyclopentane	0.000	0.000	0.000
2,3 Dimethylbutane	0.059	0.025	0.213
2 Methylpentane	0.115	0.049	0.416
3 Methylpentane	0.068	0.028	0.246
n-Hexane	0.128	0.054	0.463
Methylcyclopentane	0.096	0.034	0.339
Benzene	0.121	0.035	0.397
Cyclohexane	0.125	0.044	0.441
2-Methylhexane	0.018	0.009	0.076
3-Methylhexane	0.026	0.012	0.109
2,2,4 Trimethylpentane	0.000	0.000	0.000
Other C7's	0.070	0.031	0.291
n-Heptane	0.041	0.019	0.172
Methylcyclohexane	0.091	0.037	0.375
Toluene	0.087	0.030	0.336
Other C8's	0.077	0.037	0.356
n-Octane	0.022	0.012	0.105
Ethylbenzene	0.017	0.007	0.076
M & P Xylenes	0.015	0.006	0.067
O-Xylene	0.005	0.002	0.022
Other C9's	0.044	0.023	0.233
n-Nonane	0.007	0.004	0.038
Other C10's	0.021	0.013	0.124
n-Decane	0.002	0.001	0.012
Undecanes (11)	<u>0.005</u>	<u>0.003</u>	<u>0.031</u>
Totals	100.000	8.465	100.000

Computed Real Characteristics of Total Sample

Specific Gravity -----	0.827	(Air=1)
Compressibility (Z) -----	0.9952	
Molecular Weight -----	23.84	

Gross Heating Value

Dry Basis -----	1411	BTU/CF
Saturated Basis -----	1387	BTU/CF

FESCO, Ltd.

1100 Fesco Ave. - Alice, Texas 78332

Sample: Ranger 33 State COM No. 123H
 First Stage Separator Gas
 Sampled @ 88 psig & 88 °F

Date Sampled: 12/06/2017

Job Number: 74172.001

GLYCALC FORMAT

COMPONENT	MOL%	GPM	Wt %
Carbon Dioxide	0.516		0.953
Hydrogen Sulfide	< 0.001		< 0.001
Nitrogen	2.335		2.744
Methane	68.120		45.852
Ethane	15.273	4.186	19.267
Propane	8.234	2.325	15.233
Isobutane	0.913	0.306	2.226
n-Butane	2.309	0.747	5.637
Isopentane	0.521	0.195	1.577
n-Pentane	0.516	0.192	1.562
Cyclopentane	0.000	0.000	0.000
n-Hexane	0.128	0.054	0.463
Cyclohexane	0.125	0.044	0.441
Other C6's	0.245	0.103	0.886
Heptanes	0.251	0.105	0.987
Methylcyclohexane	0.091	0.037	0.375
2,2,4 Trimethylpentane	0.000	0.000	0.000
Benzene	0.121	0.035	0.397
Toluene	0.087	0.030	0.336
Ethylbenzene	0.017	0.007	0.076
Xylenes	0.020	0.008	0.089
Octanes Plus	<u>0.178</u>	<u>0.092</u>	<u>0.899</u>
Totals	100.000	8.465	100.000

Real Characteristics Of Octanes Plus:

Specific Gravity ----- 4.179 (Air=1)
 Molecular Weight ----- 120.44
 Gross Heating Value ----- 6387 BTU/CF

Real Characteristics Of Total Sample:

Specific Gravity ----- 0.827 (Air=1)
 Compressibility (Z) ----- 0.9952
 Molecular Weight ----- 23.84
 Gross Heating Value
 Dry Basis ----- 1411 BTU/CF
 Saturated Basis ----- 1387 BTU/CF

Name	Street	City	State	Zip
Caza Petroleum, LLC	4 Greenspoint, 16945 Northchase Suite 1430	Houston	TX	77060
ConocoPhillips Company	P.O. Box 2197	Houston	TX	77252
Devon Energy Production Co, LP	20 N. Broadway, Suite 1500	Oklahoma City	OK	73102
New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504
Bureau of Land Management	310 Dinosaur Trail	Santa Fe	NM	87508

EXHIBIT 4



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

November 9, 2020

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PARTIES

Re: Application of Matador Production Company to authorize lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Uncle Ches Tank Battery located in the S/2 SE/4 (Units O & P) of Section 21, Township 20 South, Range 35 East, NMPM, Lea 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

ParentID	MailDate	Name	DeliveryAddress	City	ST	Zip	Mail Service	USPS #	Label Ref.
31309	11/09/2020	Caza Petroleum, LLC	16945 Northchase Dr Ste 1430	Houston	TX	77060-2133	Certified with Return Receipt (Signature)	9414811898765 826724769	69637 - Matador - Uncle Ches 127H, 128H C-107B - notice list - 1
31309	11/09/2020	ConocoPhillips Company	PO Box 2197	Houston	TX	77252-2197	Certified with Return Receipt (Signature)	9414811898765 826724721	69637 - Matador - Uncle Ches 127H, 128H C-107B - notice list - 2
31309	11/09/2020	Devon Energy Production Co, LP	20 N Broadway Ste 1500	Oklahoma City	OK	73102-9213	Certified with Return Receipt (Signature)	9414811898765 826724707	69637 - Matador - Uncle Ches 127H, 128H C-107B - notice list - 3
31309	11/09/2020	New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504-1148	Certified with Return Receipt (Signature)	9414811898765 826724790	69637 - Matador - Uncle Ches 127H, 128H C-107B - notice list - 4
31309	11/09/2020	Bureau of Land Management	310 Dinosaur Trail	Santa Fe	NM	87508	Certified with Return Receipt (Signature)	9414811898765 826724745	69637 - Matador - Uncle Ches 127H, 128H C-107B - notice list - 5

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 26th day of June, 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 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Containing **320.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

- 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

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT 5

- 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 June 26, 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 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

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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)

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 MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

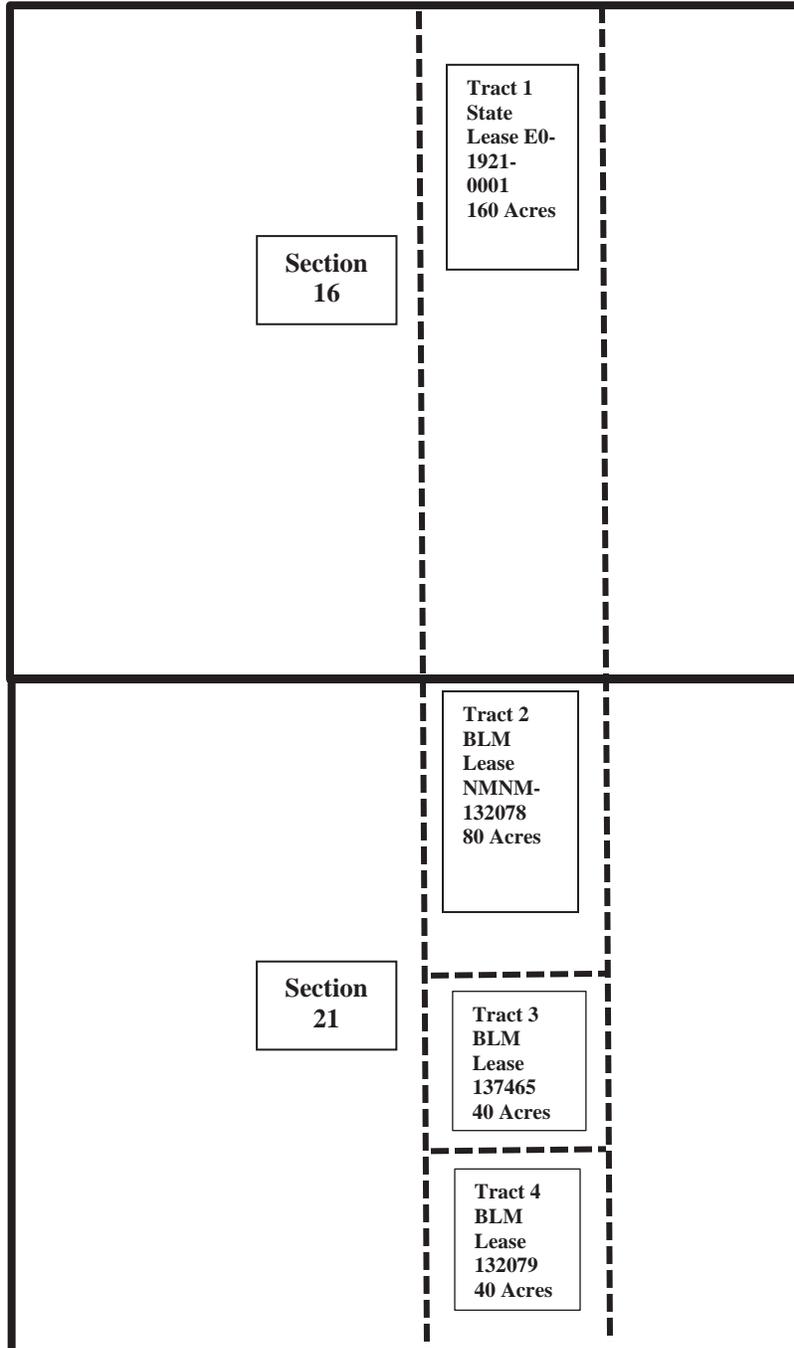
Notary Public

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **320.00** acres in W2E2 of Sections 16 and 21,
Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Uncle Chess 2116 Federal Com #123H



Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated June 26, 2020 embracing the following described land in W2E2 of Sections 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	State Lease E0-1921-0001
Description of Land Committed:	Township 20 South, Range 35 East, Section 16; W2E2
Number of Acres:	160
Current Lessee of Record:	Conoco Phillips Company (<i>Compulsory Pooled</i>)
Name of Working Interest Owners:	Conoco Phillips Company (<i>Compulsory Pooled</i>) Caza Petroleum, LLC (<i>Compulsory Pooled</i>)
Overriding Royalty Owners:	Devon Energy Production Company, LP

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Tract No. 2

Lease Serial Number: Federal Lease NMNM 132078
Description of Land Committed: Township 20 South, Range 35 East,
Section 21; W2NE4
Number of Acres: 80
Current Lessee of Record: MRC Permian Company
Name of Working Interest Owners: MRC Permian Company
Overriding Royalty Owners: N/A

Tract No. 3

Lease Serial Number: Federal Lease NMNM 137465
Description of Land Committed: Township 20 South, Range 35 East,
Section 21; NW4SE4
Number of Acres: 40
Current Lessee of Record: MRC Permian Company
Name of Working Interest Owners: MRC Permian Company
Overriding Royalty Owners: N/A

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Tract No. 4

Lease Serial Number: Federal Lease NMNM 132079

Description of Land Committed: Township 20 South, Range 35 East,
Section 21; SW4SE4

Number of Acres: 40

Current Lessee of Record: MRC Permian Company

Name of Working Interest Owners: MRC Permian Company

Overriding Royalty Owners: N/A

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	160.00	50.0000%
2	80.00	25.0000%
3	40.00	12.5000%
4	<u>40.00</u>	<u>12.5000%</u>
Total	320.00	100.0000%

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 26th day of June, 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 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Containing **320.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the crude oil, natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

- 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

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

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 June 26, 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 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

Uncle Chess 2116 Federal Com E2E2

Bone Spring Formation

16&21, 20S-35E

Lea County, New Mexico

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

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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)

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(SEAL)

My Commission Expires

Notary Public

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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)

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 MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

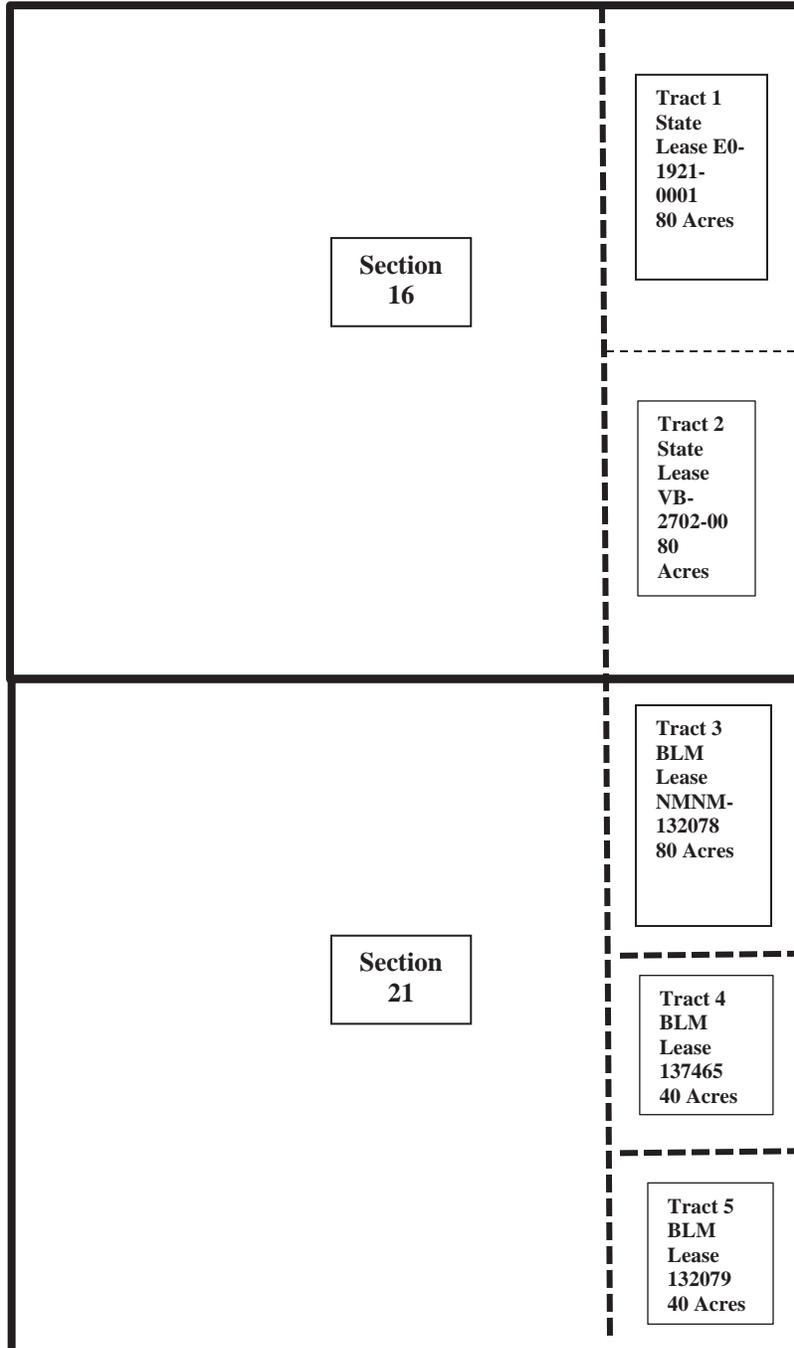
Notary Public

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **320.00** acres in E2E2 of Sections 16 and 21,
Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Uncle Chess 2116 Federal Com #124H



Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated June 26, 2020 embracing the following described land in E2E2 of Sections 16 and 21, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	State Lease E0-1921-0001
Description of Land Committed:	Township 20 South, Range 35 East, Section 16; E2NE4
Number of Acres:	80
Current Lessee of Record:	Conoco Phillips Company (<i>Compulsory Pooled</i>)
Name of Working Interest Owners:	Conoco Phillips Company (<i>Compulsory Pooled</i>) Caza Petroleum, LLC (<i>Compulsory Pooled</i>)
Overriding Royalty Owners:	Devon Energy Production Company, LP

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Tract No. 2

Lease Serial Number: State Lease VB 2702-00
Description of Land Committed: Township 20 South, Range 35 East,
Section 16; E2SE2
Number of Acres: 160
Current Lessee of Record: MRC Permian Company
Name of Working Interest Owners: MRC Permian Company
Overriding Royalty Owners: N/A

Tract No. 3

Lease Serial Number: Federal Lease NMNM 132078
Description of Land Committed: Township 20 South, Range 35 East,
Section 21; E2NE4
Number of Acres: 80
Current Lessee of Record: MRC Permian Company
Name of Working Interest Owners: MRC Permian Company
Overriding Royalty Owners: N/A

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Tract No. 4

Lease Serial Number: Federal Lease NMNM 137465
Description of Land Committed: Township 20 South, Range 35 East,
Section 21; NE4SE4
Number of Acres: 40
Current Lessee of Record: MRC Permian Company
Name of Working Interest Owners: MRC Permian Company
Overriding Royalty Owners: N/A

Tract No. 5

Lease Serial Number: Federal Lease NMNM 132079
Description of Land Committed: Township 20 South, Range 35 East,
Section 21; SE4SE4
Number of Acres: 40
Current Lessee of Record: MRC Permian Company
Name of Working Interest Owners: MRC Permian Company
Overriding Royalty Owners: N/A

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	25.0000%
2	80.00	25.0000%
3	80.00	25.0000%
4	40.00	12.5000%
5	40.00	12.5000%
Total	320.00	100.0000%

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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: Uncle Chess 2116 Federal 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 Sections 16 and 21 _____,

Sect 16 & 21, T 20S, R 35E, NMPM Lea _____ County NM

containing 320 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.

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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.

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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 June Month 26 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.

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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 _____

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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 _____

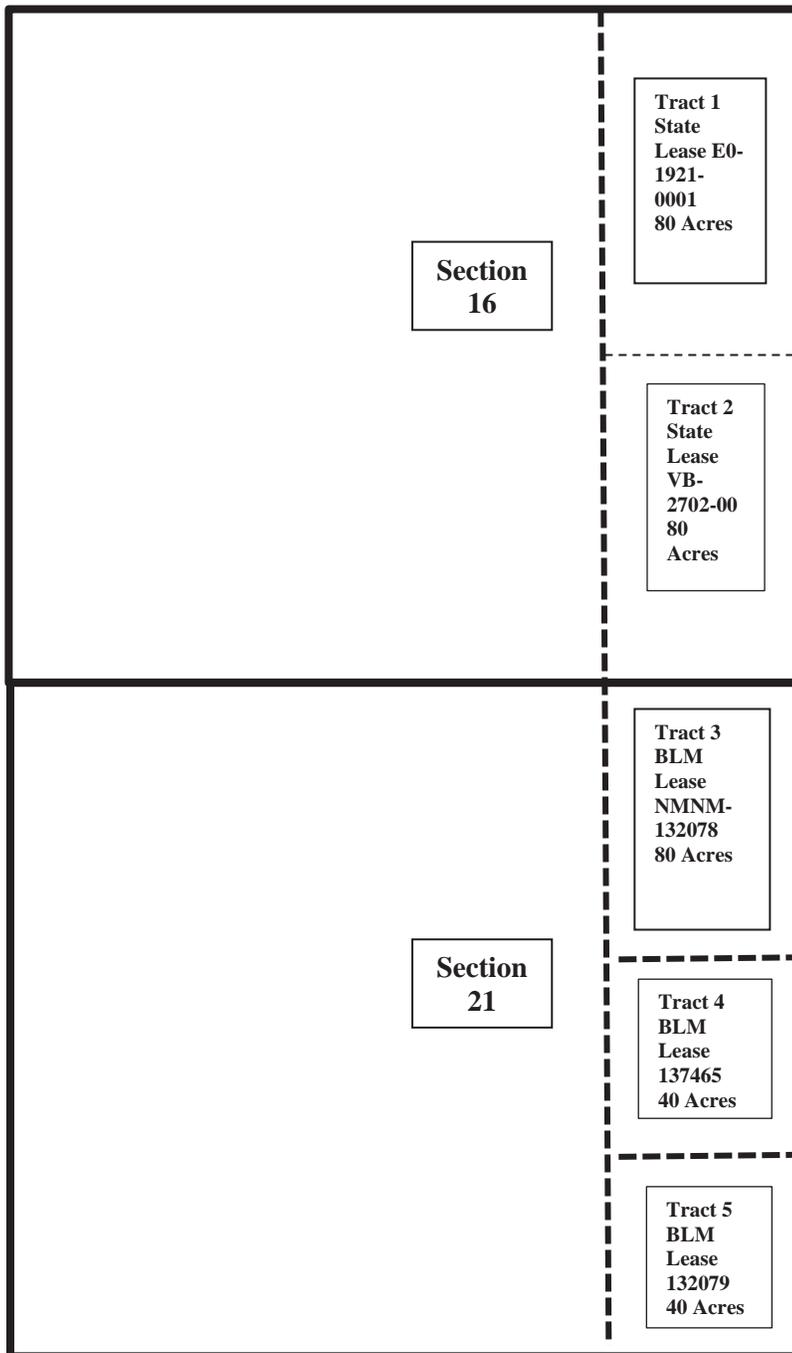
Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT A

To Communitization Agreement dated June 26th, 2020

Plat of communitized area covering the: Subdivisions E2E2 of Section 16 & 21 of Sect. 16 & 21
T 20S, R 35E, NMPM, Lea County, NM.

Uncle Chess 2116 Federal Com #124H



State/Fed/Fee

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT B

To Communitization Agreement dated June 26th 2020, embracing the
Subdivisions E2E2 of Section 16 & 21 of Sect. 16 & 21 T 20S, R 35E, NMPM, Lea County, NM.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

Lease Serial No.: E0-1921-0001

Lease Date: 6/10/1948

Lessor: State of New Mexico

Present Lessee: Conoco Phillips Company

Description of Land Committed: Subdivisions E2NE4,

Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM

Number of Acres: 80

Name of WI Owners: Conoco Phillips (Compulsory Pooled)

Caza Petroleum, LLC (Compulsory Pooled)

TRACT NO. 2

Lease Serial No.: VB 2702-00

Lease Date: 5/1/2016

Lessor: State of New Mexico

Present Lessee: MRC Permian Company

Description of Land Committed: Subdivisions E2SE4,

Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM

Number of Acres: 80

Name of WI Owners: MRC Permian Company

TRACT NO. 3

Lease Serial No.: NMNM 132078

Lease Date: 5/21/2014

Lessor: United States of America

Present Lessee: MRC Permian Company

Description of Land Committed: Subdivisions E2NE4 of Section 21,

Sect 21 Twp 20S, Rng 35E, NMPM, Lea County, NM

Number of Acres: 80

Name of WI Owners: MRC Permian Company

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

TRACT NO. 4

Lease Serial No.: NMNM 137465
 Lease Date: 3/30/2018
 Lessor: United States of America
 Present Lessee: MRC Permian Company
 Description of Land Committed: Subdivisions NE4SE4,
 Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NM
 Number of Acres: 40
 Name of WI Owners: MRC Permian Company

TRACT NO. 5

Lease Serial No.: NMNM 132079
 Lease Date: 5/21/2014
 Lessor: United States of America
 Present Lessee: MRC Permian Company
 Description of Land Committed: Subdivisions SE4SE4,
 Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NM
 Number of Acres: 40
 Name of WI Owners: MRC Permian Company

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	<u>80.00</u>	<u>25.00%</u>
Tract No.2	<u>80.00</u>	<u>25.00%</u>
Tract No.3	<u>80.00</u>	<u>25.00%</u>
Tract No.4	<u>40.00</u>	<u>12.50%</u>
Tract No.5	<u>40.00</u>	<u>12.50%</u>

Uncle Chess 2116 Federal Com E2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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: Uncle Chess 2116 Federal Com #123H

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 W2E2 of Sections 16 and 21,
Sect 16 & 21, T 20S, R 35E, NMPM Lea County NM
containing 320 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.

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21. 20S-35E
Lea 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.

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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 June Month 26 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.

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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 _____

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea 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 _____

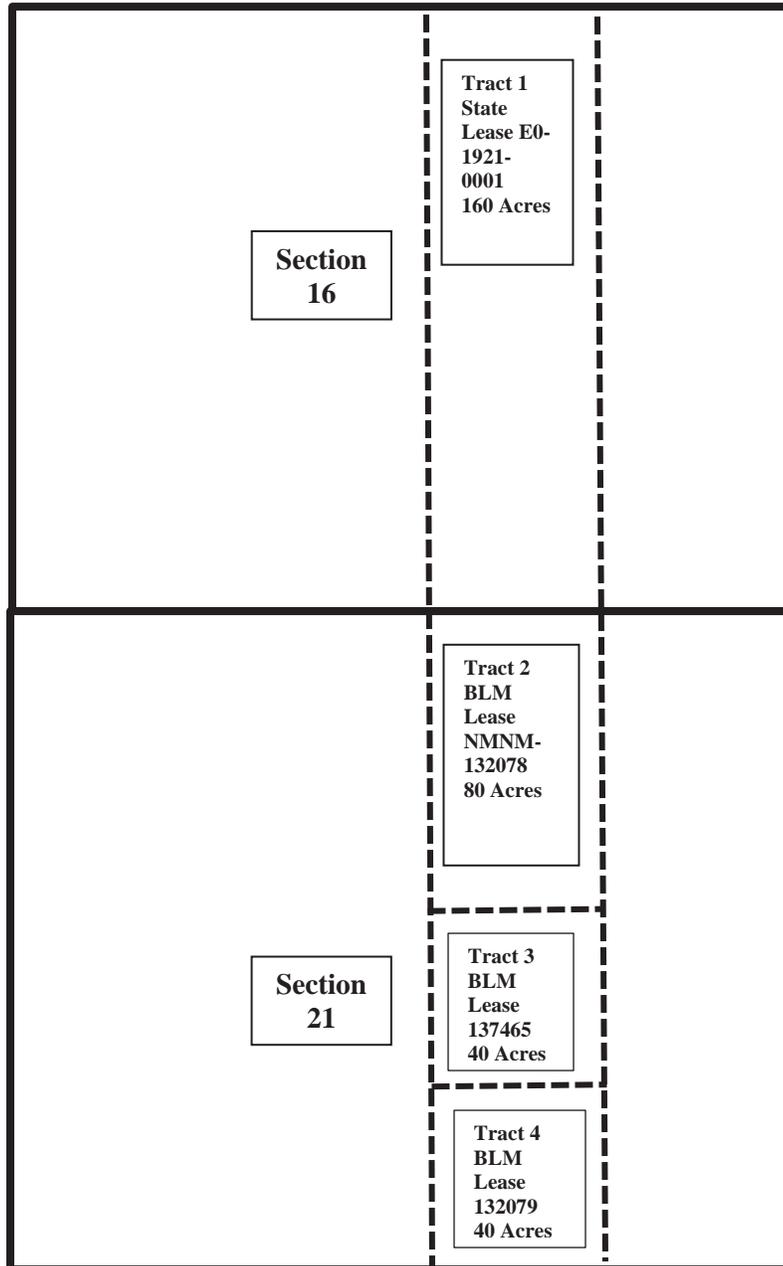
Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT A

To Communitization Agreement dated June 26th, 2020

Plat of communitized area covering the: Subdivisions W2E2 of Section 16 & 21 of Sect. 16 & 21
T 20S, R 35E, NMPM, Lea County, NM.

Uncle Chess 2116 Federal Com #123H



Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
16&21, 20S-35E
Lea County, New Mexico

EXHIBIT B

To Communitization Agreement dated June 26 2020, embracing the
Subdivisions W2E2 of Section 16 & 21 of Sect. 16 & 21 T 20S, R 35E, NMPM, Lea County, NM.

Operator of Communitized Area: Matador Production Company

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

Lease Serial No.: E0-1921-0001

Lease Date: 6/10/1948

Lessor: State of New Mexico

Present Lessee: Conoco Phillips Company

Description of Land Committed: Subdivisions W2E2,

Sect 16, Twp 20S, Rng 35E NMPM, Lea County, NM

Number of Acres: 160

Name of WIOwners Conoco Phillips (Compulsory Pooled)

Caza Petroleum, LLC (Compulsory Pooled)

TRACT NO. 2

Lease Serial No.: NMNM 132078

Lease Date: 5/21/2014

Lessor: United States of America

Present Lessee: MRC Permian Company

Description of Land Committed: Subdivisions W2NE4,

Sect 21 Twp 20S, Rng 35E, NMPM, Lea County, NM

Number of Acres: 80

Name of WIOwners: MRC Permian Company

Uncle Chess 2116 Federal Com W2E2
 Bone Spring Formation
 16&21, 20S-35E
 Lea County, New Mexico

TRACT NO. 3

Lease Serial No.: NMNM 137465
 Lease Date: 3/30/2018
 Lessor: United States of America
 Present Lessee: MRC Permian Company
 Description of Land Committed: Subdivisions NW4SE4,
 Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NM
 Number of Acres: 40
 Name of WI Owners: MRC Permian Company

TRACT NO. 4

Lease Serial No.: NMNM 132079
 Lease Date: 5/21/2014
 Lessor: United States of America
 Present Lessee: MRC Permian Company
 Description of Land Committed: Subdivisions SW4SE4,
 Sect 21, Twp 20S, Rng 35E, NMPM, Lea County, NM
 Number of Acres: 40
 Name of WI Owners: MRC Permian Company

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	<u>160.00</u>	<u>50.00%</u>
Tract No.2	<u>80.00</u>	<u>25.00%</u>
Tract No.3	<u>40.00</u>	<u>12.50%</u>
Tract No.4	<u>40.00</u>	<u>12.50%</u>

Uncle Chess 2116 Federal Com W2E2
Bone Spring Formation
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Lea County, New Mexico