C7B

PMAm 16 33731104

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

TH	IIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLI	CATIONS FOR EXCEPTIONS TO DIVISION R T THE DIVISION LEVEL IN SANTA FE	ULES AND REGULATIONS
Applic	ation Acronym	s:		
	DHC-Dow PC-Pd	ool Commingling] [OLS - Off-Lease [WFX-Waterflood Expansion] [PN	Commingling] [PLC-Pool/Lease (s Storage] [OLM-Off-Lease Meas IX-Pressure Maintenance Expansion IPI-injection Pressure Increase]	Commingling] surement] on]
C13	-	-	- 1.7p	· •
[1]	[A]	PPLICATION - Check Those Which Location - Spacing Unit - Simultan NSL NSP SD	neous Dedication — Mata	dor Production - Peny 228937
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measurer DHC CTB PLC	nent PC OLS OLM	228537
	[C]	Injection - Disposal - Pressure Incr WFX PMX SWD	ease - Enhanced Oil Recovery D	3 3
	[D]	Other: Specify		1
[2]	NOTIFICAT [A]	ION REQUIRED TO: - Check Tho Working, Royalty or Overridin		ply & O
	[B]	Offset Operators, Leaseholder	s or Surface Owner	well
	[C]	Application is One Which Rec	quires Published Legal Notice	- Cimerhon 16/93
	[D]	Notification and/or Concurren U.S. Bureau of Land Management - Commissi		- Cimerhan 16/93; KN Stote Com 1334 32025-4293
	[E]	For all of the above, Proof of 1	Notification or Publication is Attach	ed_and/or
	[F]	Waivers are Attached		- Cincerron 1611 348 Nostreen
[3]	OF APPLICA	CURATE AND COMPLETE INFO ATION INDICATED ABOVE.		200
	ai is accurate a	FION: I hereby certify that the infornd complete to the best of my knowlequired information and notifications and notifications.	euge. Taiso understatio tilat no acti	on for administrative — Gun on will be taken on this 3me Smm
	Note	Statement must be completed by an indiv	idual with managerial and/or supervisory	capacity. 50460
Jordai	n L. Kessler	ot s.l	Attorney	<u> </u>
Print or	Type Name	Signature	Title	Date
			jlkessler@hollandh	nart.com
			e-mail Address	



Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 ilkessler@hollandhart.com

December 1, 2016

VIA HAND DELIVERY

David Catanach
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 for administrative approval for off-lease measurement and approval to surface commingle (lease commingle) oil and gas production from the spacing units comprised of the E/2 E/2 of Section 16 and the W/2 E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

Dear Mr. Catanach,

Matador Production Company (OGRID No. 228937) seeks administrative approval for off-lease measurement and approval to surface lease commingle oil and gas production from the Quail Ridge; Bone Spring Pool (Pool Code 50460) from all existing and future wells and existing and future leases drilled in the following areas of diverse ownership in Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico:

- (a) The 160-acre standard spacing unit comprised of the E/2 E/2 of Section 16. This pooled spacing unit is currently dedicated to the Cimarron 16 19 34 State RN No. 134H Well (API No. 30-025-42352). This well produces from the Quail Ridge; Bone Spring Pool (Pool Code 50460). The spacing unit is subject to Division Order R-13960, which pooled certain uncommitted interest owners for the Cimarron 16 19 34 State RN No. 134H Well.
- (b) The 160-acre standard spacing unit comprised of the W/2 E/2 of Section 16. This pooled spacing unit is currently dedicated to the Cimarron State Com 16-19S-34E RN No. 133H Well (API No. 30-025-42979). This well will produce from the Quail Ridge; Bone Spring Pool (Pool Code 50460). The spacing unit is subject to Division Order R-14097, which pooled certain uncommitted interest owners for the Cimarron State Com 16-19S-34E RN No. 133H Well.

Pursuant to NMAC 19.15.12.7, approved spacing units with diverse ownership are considered separate leases for surface commingling purposes. Matador seeks authority to surface commingle production according to the provisions of NMAC 19.15.12.10.C from all existing and

HOLLAND&HART.

future wells in these separate areas of diverse ownership at a surface facility located in the NE/4 NE/4 (Unit A) of Section 16. Pursuant to 19.15.12.10(C)(4)(g), Matador also seeks authority to commingle production from future leases located in the W/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, with notice provided only to interest owners within future leases. Prior to commingling, gas production from each well will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each well will also be separately metered using a turbine meter.

Exhibit 1 is a land plat showing Matador's current development and gathering system in the subject area. The plat identifies the wellbores, the spacing units, and the common surface facility located in the NE/4 NE/4 (Unit A) of Section 16. The acreage is all state lands.

Exhibit 2 is a completed Application for Surface Commingling (Diverse Ownership) and Off-Lease Measurement Form C-107-B. The record ownership and elections are identical in these two leases. However, the wells will be on different payout schedules, necessitating an application with diverse ownership.

Exhibit 3 is an in depth engineering explanation of Matador's commingling process.

Exhibit 4 is a C-102 for each of the wells, both drilled and planned to be drilled, within the existing spacing units.

Exhibit 5 is a diagram of the surface facilities.

Exhibit 6 is a list of the interests affected by this request for approval to off-lease measure and surface commingle oil and gas production. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives Matador's application.

Your attention to this matter is appreciated.

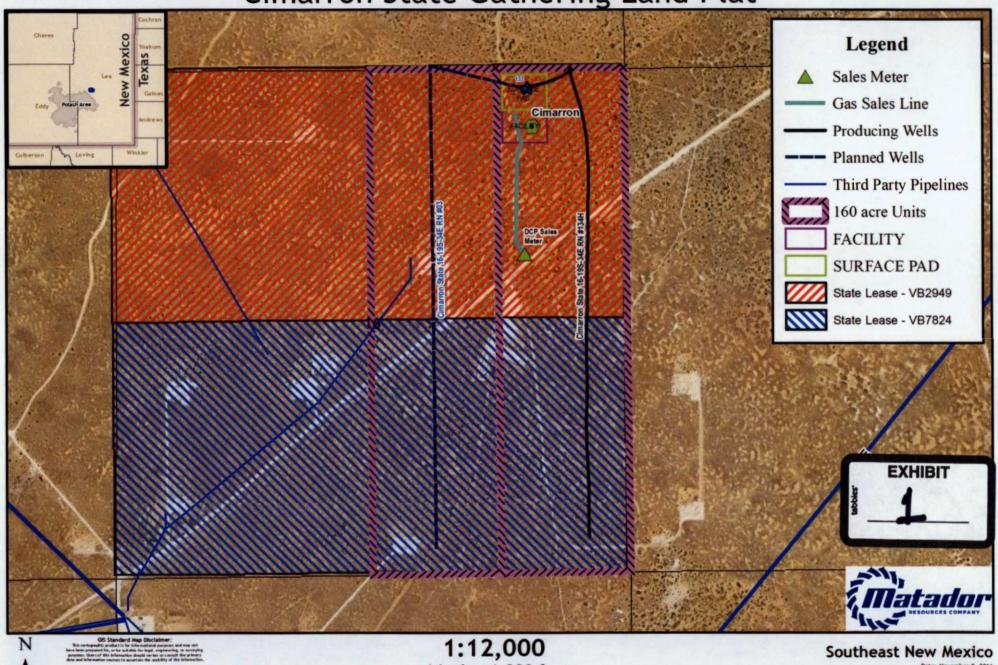
Sincerely,

Jordan L. Kessler

ATTORNEY FOR

MATADOR PRODUCTION COMPANY

Cimarron State Gathering Land Plat



Sign Standard Map Disclaimer:

The territograph grade is the substantial or grade and may not have been proposed for, or the substant to large, or the substant to large, or the substantial or the substan

Date: November 9, 2016
Filename: CimarronPlat
Coordinate System: NAD 1927 StatePlane New Mexico East FIPS 3001
Projection: Transverse Mercator; Datum: North American 1927; Units: Foot US
Sources: IHS; ESRI;

District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Anesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410

1000 Rio Brazos Road, Aztec, NM 87 <u>District IV</u> 1220 S. St Francis Dr, Santa Fe, NM 87505

E-MAIL ADDRESS: ___rpatel@matadorresources.com

88240 En

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	ng Pool and Lease Con	nmingling Off-Lease	Storage and Measur	ement (Only if not Surfac	e Commingled)			
	State Federa							
Is this an Amendment to existing Orde Have the Bureau of Land Management	r? ∐Yes ⊠No If	"Yes", please include t	the appropriate C	Order No.	:1:			
Yes □No _	(BLW) and State Land	rottice (SLO) been no	uited in writing	or the proposed comm	inging			
		L COMMINGLIN s with the following is						
	Gravities / BTU of	Calculated Gravities /		Calculated Value of	T			
(1) Pool Names and Codes	Non-Commingled	BTU of Commingled		Commingled	Volumes			
	Production	Production		Production	 			
	 	-			<u> </u>			
	ļ	-	ļ		ļ			
		-						
	 	1						
(2) Are any wells producing at top allow	ables? Yes No	<u> </u>		<u> </u>				
(3) Has all interest owners been notified	by certified mail of the pro	posed commingling?	☐Yes ☐No.					
(4) Measurement type: ☐Metering (5) Will commingling decrease the value		DNo 16 was danced	hah					
(3) Will continuing the decrease the value	th bloometton: 1 es	□No ii yes descri	be why comminging	ng snouta be approved				
		SE COMMINGLIN						
(1) Pool Name and Code- Quail Ridge:B		s with the following in	ntormation					
(2) Is all production from same source of)			Ì			
(3) Has all interest owners been notified b		osed commingling?	⊠Yes □N	o				
(4) Measurement type: Metering	Other (Specify)				}			
		LEASE COMMIN						
(1) Complete Sections A and E.	Please attach sheet	s with the following in	oformation					
(1) Complete Sections A and L.								
(D) OFF-LEASE ST	ORAGE and MEA	SUREMENT	E	XHIBIT			
`		ets with the following		d	A			
(1) Is all production from same source of	—	0			7			
(2) Include proof of notice to all interest	owners.	- 197			·			
(Ë) A	DDITIONAL INFO	RMATION (for all	application to	(nes)				
		s with the following in		, pes)				
(1) A schematic diagram of facility, inclu								
(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.								
(3) Lease Names, Lease and Well Number	AS, WIN ALT MUINDERS.				Ì			
I hereby certify that the information above	s true and complete to the	best of my knowledge an	d belief.					
SIGNATURE: BAKORUEU	7 /			DATE: //	129/2016			
S. C.		TLE:_Production Engine	د ا	DATE: 11	IN TIME			
TYPE OR PRINT NAME Rakesh Patel TELEPHONE NO.:_(575) 623-2476								

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 575.627.2476 • Fax 972.629.2176

rpatel@matadorresources.com

Rakesh Patel Production Engineer

August 31, 2016

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

Re: Application of Matador Production Company for administrative approval for off-lease measurement and approval to surface commingle (lease commingle) production from the spacing units comprised of the E/2 of Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico (the "Lands")

To Whom This May Concern,

Matador Production Company ("Matador"), OGRID: 228937, requests to commingle production from the Cimarron 16 19 34 RN State 134H well unit with the Cimarron 16 19 34 RN State Com 133H well unit. Both wells and future wells located on the Lands will be metered through a test separator. The commingling will occur after individual measurement at each well test separator. Oil is separated and metered by a turbine meter before commingling into a common oil line which flows into tanks for storage and sales. Gas exiting each well test separator is measured by an orifice meter and flows into one gathering line which is measured for total flow before exiting the battery for sales to a third party midstream company.

Each well on the Lands has and will have its own test separator with an oil turbine meter and gas orifice meter manufactured and assembled in accordance with American Petroleum Institute (API) and 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 guidelines.

The flow stream from each wellhead is the water, oil, and gas leave the wellbore and flow into a wellhead test separator which separates the oil, gas, and water. The oil is metered through a turbine meter which is calibrated with appropriate shrink factors base on individual tests. This process ensures each meter is accurately accounting for the oil produced from each individual well. After the oil is metered, it is then sold out of oil tanks to third party purchasers. The gas is measured on a volume basis by an orifice meter and supporting EFM equipment in accordance with API Chapter 21.1. After the gas is measured, it is sent into a gathering line where it is commingled with gas from the other wells located on the Lands. The gathering line gas is then metered by another orifice meter to show the total volume of gas leaving the tank battery traveling to the Third Party Pipeline has its own orifice meter that measures the gas for custody transfer. At this point, Matador has its own orifice meter to confirm the measurement for all the commingled gas that is sold. This meter is also calibrated periodically to ensure measurement accuracy.



In conclusion, all 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 and AGA as industry standard.

Regards, MATADOR PRODUCTION COMPANY

Rakesh Patel Production Engineer

EXHIBIT 4

District I 1625 N. Franch Dr., Hobba, MM 68240 Phone: (575) 393-6161 Fest: (575) 393-0720 District H Bit S. Franc St., Armein, NM 88210 Phone: (575) 748-1283 Fest: (575) 748-9720 District III. 1000 Mio Benos Band, Azine, NM 67410 Phone: (305) 334-6178 Fest: (305) 334-6170 District IV. 1220 S. St. Francis Dr., Series Fa, NM 67505 Phuma: (305) 476-3460 Fest: (305) 476-3462 State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Sante Fe. NM 87505

FORM C-142
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025-46979 50460 QUAIL RIDGE: BONE SPRING
Troperty Code

CIMARRON STATE 16-19S-34E RN

OCRIDAR

OCRIDAR

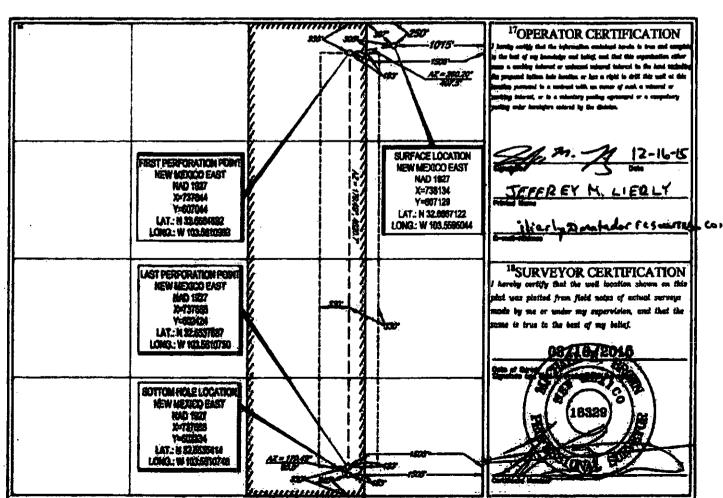
MATADOR PRODUCTION COMPANY

3825'

UL or let in. Section Tournship Ramps Lot Me Post from the Roth Front from the East West line County
A 16 19—S 34—E — 250° NORTH 1015° EAST LEA

UL or let se.	16	Township 19-S	S4-E	Let life	Furt from the 240'	SOUTH	Vac from the 1506	EAST	Curally LEA
Dullented Aeros 160.00	¹³ falator (-du *Q	perilikajim Ceda	*Girder	Ne.	12-140	97		

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. Presch Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Pex: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (375) 748-1283 Pex: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fex: (505) 334-6170 District IV 1220 S. St. Frencis Dr., Same Fe, NM 87505 Phone: (505) 476-3460 Pex: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Sante Fe, NM 87505 FORM C-102

Revised August 1, 2011

HOBBS OCD Submit one copy to appropriate

District Office

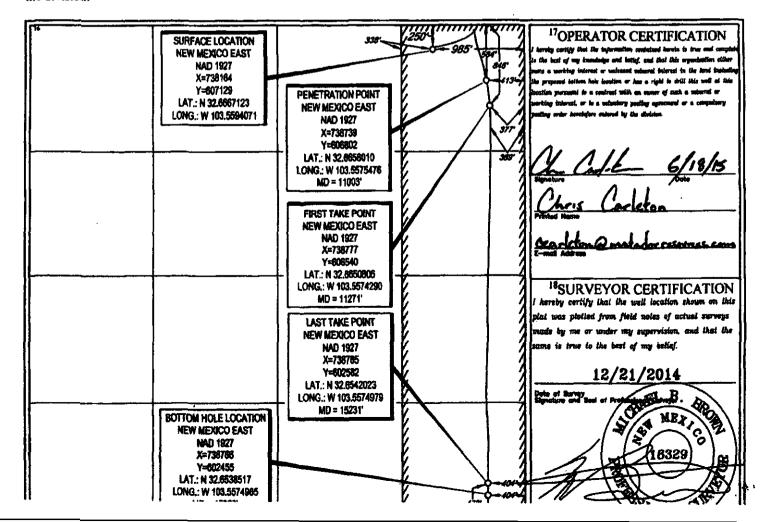
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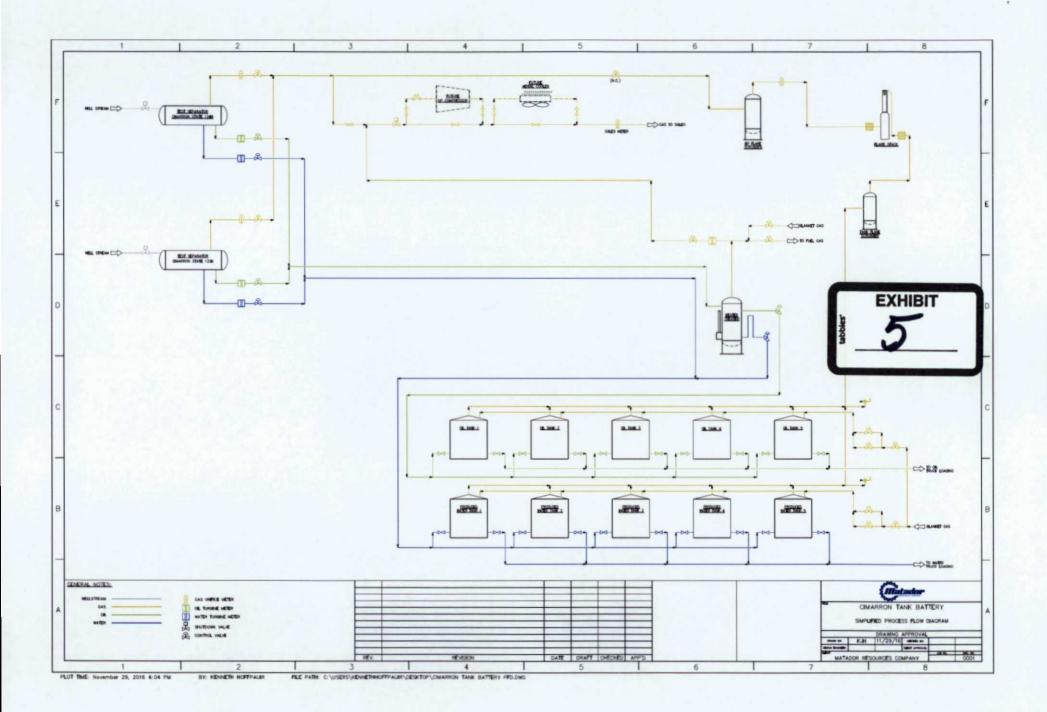
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Numbe	,		Pool Code			Peci Name		
30-036	5-4R3	52	501	160	Qu	ail Ridge i B	one Spring		i
*Property (Code			CIMARR	Property Na			Wel	Number 134H
⁷ OGRID I	No.			***************************************	*Operator Na			· E	levation 825'
	<u> </u>			***************************************	10 Surface Loc	ation			
Ui, or lot as.		Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	19-S	34-E		250'	NORTH	985'	EAST	LEA
UL or let as.	Rection	Townskip	Renge	Let Ide	Feat from the	North/South line	Feel from the	East/West line	County
P	16	19-S	34-E	-	350'	SOUTH	404'	EAST	LEA (
⁽¹ Dedicated Acres	¹³ Joint or	leun L.C.	onsoildation Code	15 Order					
					<u> </u>	13960			

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.





AFFECTED PARTIES

MRC Permian Company 5400 LBJ Freeway One Lincoln Centre, Ste 1500 Dallas, TX 75240-1017 7016 1370 0000 0803 8473

Amtex Energy Inc P. O. Box 3418 Midland, TX 79702-3418 7016 1370 0000 0803 8282

New Mexico State Land Office Commissioner of Public Lands P. O. Box 1148 Santa Fe, NM 87504-1148 7016 1370 0000 0803 8299

Sally Meader Roberts 1806 Hughes Street Midland, TX 79705-8330 7016 1370 0000 0803 8305

Sage Resources Ltd 5400 LBJ Freeway One Lincoln Centre, Suite 1500 Dallas, TX 75240-1017 7016 1370 0000 0803 8312

Stewart Royalty Inc 4011 N Midland Drive Midland, TX 79707 7016 1370 0000 0803 8329

Mark A Trieb 1717 Arts Plaza, Suite 2001 Dallas, TX 75201 7016 1370 0000 0803 8336

Philip C. Vogel 5611 Glen Pines Drive Houston, TX 77069 7016 1370 0000 0803 8466





Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 ilkessler@hollandhart.com

December 1, 2016

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO: ALL AFFECTED PARTIES

Re: Application of Matador Pr

Application of Matador Production Company for administrative approval for offlease measurement and approval to surface commingle (lease commingle) oil and gas production from the spacing units comprised of the E/2 E/2 of Section 16 and the W/2 E/2 of Section 16, Township 19 South, Range 34 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:

Dana Arnold Matador Production Company 972-371-5284 darnold@matadorresources.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR

MATADOR PRODUCTION COMPANY

Production Summary Report API: 30-025-42352 CIMARRON 16 19 34 RN STATE #134H

		Production					
Year	Pool	Month	Oil(BBLS)	Gas(MCF)			
2016	[50460] QUAIL RIDGE;BONE SPRING	Apr	6426	3161			
2016	[50460] QUAIL RIDGE;BONE SPRING	May	6797	3166			
2016	[50460] QUAIL RIDGE;BONE SPRING	Jun	5902	2834			
2016	[50460] QUAIL RIDGE;BONE SPRING	Jul	6037	2983			
2016	[50460] QUAIL RIDGE;BONE SPRING	Aug	5810	2849			
2016	[50460] QUAIL RIDGE;BONE SPRING	Sep	5898	3050			
CUM			165548	72970			