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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

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

Case No. 20326

VERIFIED STATEMENT OF TREY GOODWIN

Trey Goodwin, being duly sworn upon his oath, deposes and states:

- 1. I am a landman for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), and I have personal knowledge of the matters stated herein. I previously testified before the Division, and was qualified as an expert petroleum landman.
- 2. The following information is submitted in support of the compulsory pooling application filed herein:
 - (a) A Midland Map Co. plat outlining the unit being pooled is attached hereto as Attachment A. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 19, Township 24 South, Range 28 East, NMPM, to form a 320.32 acre horizontal spacing unit. The unit will be dedicated to:
 - (i) the Noel Hensley Fed Com. Well No. 202H, a horizontal well with a first take point in the NE/4NW/4 of Section 19 and a final take point in the SE4/SW/4 of Section 19; and
 - (ii) the Noel Hensley Fed Com. Well No. 222H, a horizontal well with a first take point in the NE/4NW/4 of Section 19 and a final take point in the SE4/SW/4 of Section 19.
 - (b) The well unit is comprised of federal and fee lands. There are no depth severances in the Wolfcamp formation.
 - (c) Draft Form C-102s describing the horizontal well paths are attached hereto as Attachment B.
 - (d) The wells will comply with the setback requirements in the special pool rules for the Purple Sage-Wolfcamp (Gas) Pool.



- (e) The unleased mineral interest owners being pooled are set forth in Attachment C. Attachment C also lists overriding royalty owners in the proposed wells who are being pooled.
- (f) A copy of the proposal letter sent to the unleased mineral interest owner is attached hereto as Attachment D. This interest owner owns a 0.78125% working interest in the well unit.
- (g) Matador has made a good faith effort to obtain the voluntary joinder of the interest owner in the proposed wells. If Matador reaches voluntary agreement with the working interest owner we will notify the Division, and they will not be subject to pooling.
- (h) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.
- (i) Copies of the Authority for Expenditure for each well are included in Attachment D. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other horizontal wells of this depth drilled in this area of Eddy County.
- (j) Overhead charges of \$8,000/month for a drilling well, and \$800/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.
- (k) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

Trey Goodwin, being duly sworn upon his oath, deposes and states that: He is a landman for MRC Energy Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

Trey Goodwin

SUBSCRIBED AND SWORN TO before me this 29th day of May, 2019 by Trey Goodwin.

My Commission Expires: 8-6-2019

Sara M. Hartsfield Notary Public

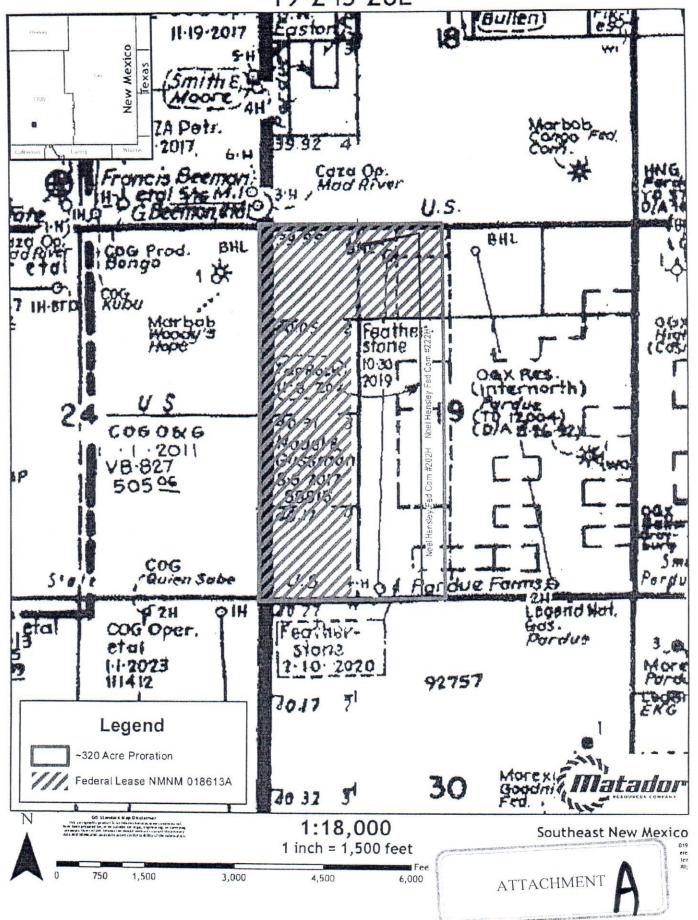
SARA M HARTSFIELD

Notary Public, State of Texas

Comm. Expires 08-06-2019

Notary ID 13032401-3

19-24S-28E



District 1
1025 N Fronds Dr., Hubbs, NM 88240
Plane: (575) 393-6161 Fex: (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Plane: (575) 748-1283 Fex: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Plane: (505) 334-6178 Fex: (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Plane: (505) 476-3460 Fex: (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

API Number		Pool Code			Pool Name			
		98220			Purp	Purple Sage- Wolfcamp Gas		
Property Code				3Penperty Nam			*Well Nu	mber
		NOEL HENSLEY FED COM					202	H
OGRID No.		*Operator Name					Elevat	ion
228937		MATADOR PRODUCTION COMPANY						
				Surface Loca	tion			
or lat no. Se	ction Township	Rangel	Lot Idn	Feet from the	North/South line	Feet from the	Enal/West line	

UL or lot no.

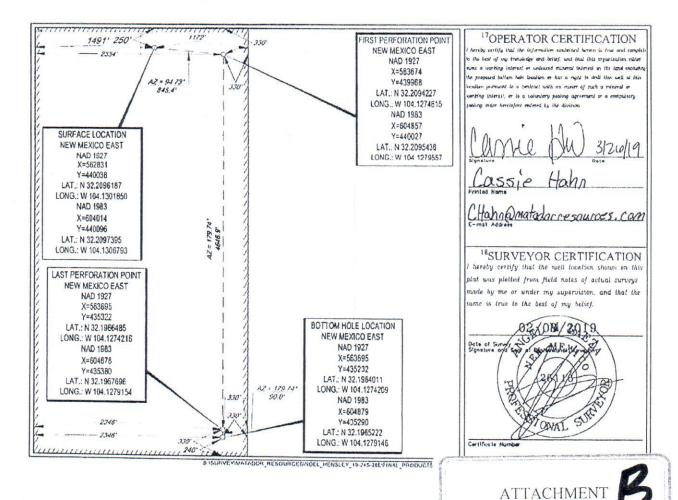
C 19 24-S 28-E - 250' NORTH 1491' WEST EDDY

11 Bottom Hole Location If Different From Surface

| U. or lot no. | Section Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | Location | Township | Range | Lot Idn | Feet from the | North/South line | Rest from the | Location | Township | Range | Lot Idn | Range | Range

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
N	19	24-S	28-E	-	240'	SOUTH	2346'	WEST	EDDY
320.32	Joint or I	uull i.4Ca	ngulidation Cod	e ¹³ Orde	er No.				

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



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

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

FORM C-102
Revised August 1, 2011
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District Office

AMENDED REPORT

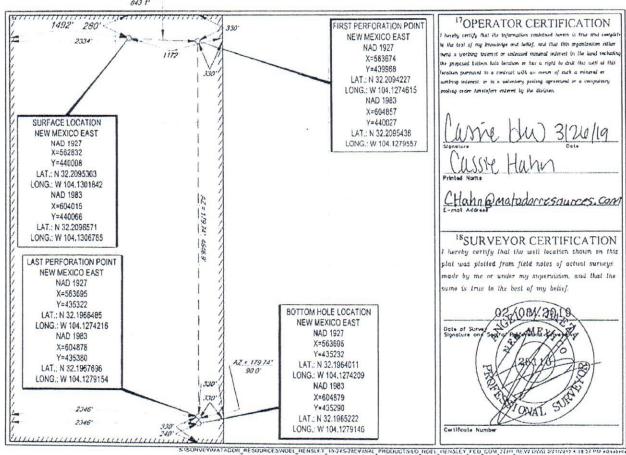
WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Number		1	Pool Code		¹ Poul Name				
				98220		Purple Sage- Wolfcamp Gas				
Property (ode	and the second of the second		NOEI		ell Number 222H				
ograd 1 228937	-		М	ATADOR	Operator Nu	ION COMPAN	1	Elevation 1099'		
					10 Surface Loc	cation				
or lot no.	Section 19	Township 24-S	28-E	Lot Idn	280'	North/South line NORTH	Feet from the	WEST	EDDY	

11 Bottom Hole Location If Different From Surface Feet from the East/West lin County UL or lot no. Section Township Feet from the North/South lin 2346' WEST EDDY N 19 24-S 28-E 240 SOUTH Dedicated Acres Joint or Infill Consulidation Code Order No. 320.32

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.

AZ = 92 70





Noel Hensley Fed Com #202H and #222H

1) Unleased Mineral Owner Being Pooled

1. Richard P. Gaule, et ux Carly N. Gaule

2) Overriding Royalty Interest Owners Being Pooled

- 1. Rubie Crosby Bell Family LLC
- 2. Charmar, LLC
- 3. DMA, Inc.
- 4. Excalibur Energy Company
- 5. Foundation Minerals, LLC
- 6. Howard A. Rubin, Inc.
- 7. Jerune Allen
- 8. Justin Nine, et ux Sara Nine
- 9. Madison M. Hinkle
- 10. Mavros Minerals II, LLC
- 11. Oak Valley Mineral and Land, LP
- 12. Richard C. Deason
- 13. Rolla R. Hinkle, III
- 14. Ronald H. Mayer, Trustee of the Ronald H. Mayer and Martha M. Mayer Revocable Trust (March 19, 1990)
- 15. SAP, LLC
- 16. The Robert N. Enfield Revocable Trust dated March 16, 1999
- 17. Thomas D. Deason
- 18. Tim Lilley, et ux Tashina Lilley
- 19. Lisa M. Enfield, Trustee of the Lisa M. Enfield Trust dated January 23, 2015
- 20. MLE, LLC (Attn: Eric P. Enfield)

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Voice 972.629.2163 • Fax 972.371.5201 rhelbing@matadorresources.com

Robert Helbing Landman

March 13, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

Richard P. Gaule and wife, Carly N. Gaule 2312 Neely Avenue Midland, TX 79705

Re: Matador Production Company – Breard Fed Com #202H (the "Well")
Participation Proposal
Section 19, Township 24 South, Range 28 East
Eddy County, New Mexico

Dear Mr. and Mrs. Gaule:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Breard Fed Com #202H, located in Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico, to the Wolfcamp formation.

MRC requests that you indicate your election to participate in the drilling and completion of the Well in the space provided below, sign and return one (1) copy of this letter to the undersigned.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping the Well is \$7,416,020 as found on the enclosed AFE dated October 26, 2018.
- The proposed Well will be drilled from a legal location with a surface hole located in the NE/4NW/4 of Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole of the subject Well will be a legal location in the SE/4SW/4 of Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico.
- The Well will have a targeted interval within the Wolfcamp formation. We plan to drill the
 Well horizontally in the Wolfcamp (~9,370° TVD) to a Total Measured Depth of
 approximately 14,600° resulting in a productive lateral of approximately 4,500°.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.



Richard P. Gaule and wife, Carly N. Gaule will own an approximate 0.78125% working interest in the Well, subject to title verification.

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE - 5400 LBJ FREEWAY - SUITE 1500 - DALLAS, TEXAS 75240

	0.11 22 22	ESTIMATE OF COSTS A	NO AUTHORIZATION FO	The state of the s		
DATE:	October 26, 2018			AFE NO		2) [
WELL NAME:	Breard Fed Com #200	2H		FIELD.	+ ****	Purple Sage
LOCATION: COUNTY/STATE:	Section 19-24S-28E Fildy, NM			MOJTVD: LATERAL LENGTH:	******	14600 (9.170) about 4500
MRC WI:	I INCV. IVE			CATENAL CENGTH.	•	30001.4500
GEOLOGIC TARGET:	Wolfcamp					
REMARKS:	Personal Control of the Party o	orizontai upper Wolfcam	p with 22 stages			
		SPILING	COMBI STION	PRODUCTION	FACILITY	TOTAL
INTANGIBL	E COSTS	COSTS	COMPLETION	COSTS	COSTS	COSTS
Land / Legal / Regulatory		\$ 40,300 88,000	13,000	4,000	15,000	\$ 40,300 120,000
Location, Surveys & Dan Drilling	nages	577,750	13,000	4,000	73,000	577,750
Cementing & Float Equip		166,000				169,000
Logging / Formation Eva Mud Logging	duation	13,500	6,500			6 500 13,500
Mud Circulation System		52,300				52,300
Mud & Chemicals		97,350	37,000			134,350
Mud / Wastewater Dispo Freight / Transportation	sal	150,000	7 000		2,000	150.000 27,000
Rig Supervision / Engine	ering	112,700	57 800	3,600	10,600	184,900
Drill Bits		63,675				63,675
Filel & Power Water		96,663	357 000	***************************************		96 663 357 000
Drig & Completion Over	head	9,500	23 900			32 500
Plugging & Abandonine						
Directional Drilling, Sur- Completion Unit, Swab,		(85,000)	100 000	16,020	-	000,081 600,031
Perforating, Wireline, St.	ickline	-	145,500	The parties.		148,500
High Pressure Pump Tro			E7 BDG			67,860
Stimulation Flowback &	Disp	-	2 013 000	130,600	-	2,013,000
Insurance		26,640		1,000,000	ASSESSMENT OF THE PARTY OF THE	26.640
Labor		(41,000	59,360	30,000	5,000	235,300
Rental - Surface Equipm Rental - Downhole Equipm		60 135 61,090	274,590 42,000	40,000	10,000	384,725 103,000
Rental - Living Quarters		31,590	15 100	1 000	5,00C	73.050
Contingency		02,216	141 665	5,860		232,741
Maxcom		18,275				18.275
	TOTAL INTANGIBLES		3,671,315	197,460	47,800	5,972,469
Surface Casing	E COSTS	COSTS \$ 31,455	COSTS	COSTS	COSTS	COSTS \$ 31,488
Intermediate Casing		92,375				92.328
Drilling Liner Production Casing		340,320 289,214	-			340,320 289,274
Production Liner		1007,8-15		-		
Tubing		-		58 220		58,220
Welfhead Packers, Liner Hangers		90,000	61.8(0)	75,900		105,000
Tanks			191,000	112,000	45 000	45,000
Production Vessels				57,950	35,625	93,625
Flow Lines Rod string				50,000		50,000
Artificial Lift Equipment	L ₁	-		20,000		20,000
Compressor					10.000	10 000
Surface Pumps				20,000 5,000	46 000 10,000	64,000 15,000
Non-controllable Surfac	:e			3.003	10,400	15,520
Non-controllable Down! Downhole Pumps	hole					
Measurement & Mater II	nstallation			12,500	27,500	40 (50)
Gas Conditioning / Deh	ydration					
Interconnecting Facility Gathering / Bulk Lines	Piping		-		40,000	NU.200
Valves, Dumps, Control				0 (Kel)	4 000	0,000
Tank / Facility Contains	nent		Total Control of the		30,000	30,000
Flare Stack Electrical / Grounding			***************************************		8,250 2,500	6,250 2,500
Communications / SCA			***************************************	*****************	6 250	6,250
Instrumentation / Safety			*******	10,000	12,500	22.500
	TOTAL TANGIBLES		51,800 0,533,115	269,720 467,180	278,625 326,425	1,443,552 7,416,026
EDADED BY MATADO	R PRODUCTION COMP		4,223,334	337,100	310,427	7,416,010
EFARED DI MATADO	R PRODUCTION COMP					ome and a control of the control of
Dolling Engl		Team Lead - WTX	NA LUTE.			
Completions Engi			WT			
Production Engi	nger Penetra					
	COMPANY APPROVAL					
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N OPERATING PARTS	NER APPROVAL:					
Company N						
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Signe	diy		Date _			
	Take		/-pprovat	100	-	No (nank one)

MRC Permian Company

One Lincoln Centre • \$400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Voice 972.629.2163 • Fax 972.371.5201 helbing@matadorresources.com

Robert Helbing Landman

March 13, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

Richard P. Gaule and wife, Carly N. Gaule 2312 Neely Avenue Midland, TX 79705

Re: Matador Production Company – Breard Fed Com #222H (the "Well")
Participation Proposal
Section 19, Township 24 South, Range 28 East
Eddy County, New Mexico

Dear Mr. and Mrs. Gaule:

MRC Permian Company ("MRC") proposes the drilling of Matador Production Company's Breard Fed Com #222H, located in Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico, to the Wolfcamp formation.

MRC requests that you indicate your election to participate in the drilling and completion of the Well in the space provided below, sign and return one (1) copy of this letter to the undersigned.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping the Well is \$7,953,372 as found on the enclosed AFE dated October 26, 2018.
- The proposed Well will be drilled from a legal location with a surface hole located in the NE/4NW/4 of Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico.
 The proposed bottom hole of the subject Well will be a legal location in the SE/4SW/4 of Section 19, Township 24 South, Range 28 East, Eddy County, New Mexico.
- The Well will have a targeted interval within the Wolfcamp formation. We plan to drill the
 Well horizontally in the Wolfcamp (~10,450° TVD) to a Total Measured Depth of
 approximately 15,300° resulting in a productive lateral of approximately 4,500°.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

Richard P. Gaule and wife, Carly N. Gaule will own an approximate 0.78125% working interest in the Well, subject to title verification.

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone [972] 371-5200 • Fax (972) 371-5201

		ESTIMATE OF COSTS	AND AUTHORIZATION	OR EXPENDITURE		
	October 26, 2018			AFE NO.:		
The second secon	Breard Fed Com 222H			FIELD:	******	Purple Sage
	Section 19-24S-28E			MD/TVD:	1000	15300710450
	Eddy, NM			LATERAL LENGTH:	-	about 4500"
MRC WI:	20/01/-					
	Wolfcamp Dall and complete a ho	six and at Marife come with	22			
	our and contained a no	ozoniai vvoicamp witu	22 stages			
TRACE OF THE PARTY		DRILLING	COMPLETION	PRODUCTION		TOTAL
INTANGIGLE CO	STS	COSTS	COSTS	COSTS	FACILITY COSTS	COSTS
Land / Legat / Regulatory Location, Surveys & Damage:		40,000	\$	3	\$	\$ 40,000
Drilling	•	108,000 704,000	13,000	2,000	15,000	140,000
Cementing & Float Equip		200,000		***************************************		704,000 200,000
Logging / Formation Evaluation Mud Logging	on		6.500			6 500
Mud Circulation System		25,900 63,350				25,000
Mud & Chemicals		105,000	37,000			63.350
Mild / Wastewater Disposal		147,500		A		143 000
Freight / Transportation Rig Supervision / Engineering		29,000	7,000		2,000	34 000
Drilli Bits		117,600 85,400	57,800	3,600	10,800	189,800
Fuel & Power		122,100				88,400 122,100
Water Drig & Completion Overhead		40,000	357,000			397,000
Plugging & Abandonment		9,500	25,000			32,500
Directional Drilling, Surveys		219,605				219,000
Completion Unit, Swab, CTU	_		100,000	10,000	441	110,000
Perforating, Wireline, Stickline High Pressure Pump Truck	e		148 5/30	-	-	148,500
Stimulation			67,800	-		67,850
Stimulation Flowback & Disp			203,000	100,000		2.013.000 308.000
Insurance Labor		26,640		Manager 1 - Manager and an adjust of the last of		26.640
Rental - Surface Equipment		154,500 74,160	59.300	30,000	5,000	248,600
Rental - Downhole Equipment		73,160	274,590 42,000	40,000	10 000	399,790
Rental - Living Quarters	9	61,400	15,160	1 000	5,000	113,000
Contingency Maxcom		240,315	101 665	8 860		390,840
	TOTAL INTANGIBLES >	20,963				20,960
***************************************	TOTAL MITARGIBLES	2,664,428 DRILLING	3,571,315 COMPLETION	197,460 PRODUCTION	47,800	6,460,040
TANGIBLE COS	STS	COSTS	COSTS	COSTS	FACILITY COSTS	COSTS
Surface Casing Intermediate Casing	8	31,488	1	\$	5	\$ 31,488
Drilling Liner	9	92,325 369,165				92 325
Production Casing	8	288,429	-			359 165
Production Liner				-		238,429
Tubing Wellhoad				60,000		60 000
Packers, Liner Hangers	11 9	86 566	04.505	25,000		113,000
Tanks			61 800	10,000	45 (100)	71 900
Production Vessels				57,000	45,000 38,525	45,000 93,625
Flow Lines Rod string			***************************************	50,000		50,000
Artificial Lift Equipment				-		
Compressor	13	-		20,090	10 000	20,090
Installation Costs Surface Pumps				20,000	48,000	56,000
Non-controllable Surface				5,000	10,000	15 000
Non-controllable Downhote						***************************************
Downhole Pumps Measurement & Meter Installa						
Gas Conditioning / Dehydratic	non .	1		12 S(X)	27,500	40 000
Interconnecting Facility Piping	9	-				
Gathering / Bulk Lines				-	40 030	40,000
Valves, Dumps, Controllers Tank / Facility Containment				4 000	4,000	8,000
Flare Stack					30,000	30030
Electrical / Grounding			***************************************	*	6. 750	9.250
Communications / SCADA				-	7,500 6,250	7 500 6 250
Instrumentation / Safety	TOTAL TANGIBLES >			10,000	12,500	22,500
	TOTAL COSTS >	879,407	51,800	273,500	276,625	1,493,332
		3,543,834	3,633,115	470 960	326,425	7,953,372
PARED BY MATADOR PRO	DUCTION COMPANY	:				
Dnilling Englineer						
Completions Engineer	to the property	Team Lead - WTX/N	MENTE			
Production Engineer	Ser Episech					
and the same of th						
ADOR RESOURCES COMP	ANY APPROVAL					
Executive VP, COO/CFO	1.45	VP - Res Engineerin	9		AGE DIRECTOR	The second secon
Executive VF, Logar			HAP.		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Livery AP LDGA	17.4	Exec Oir - Exploratio	n			
President			200			
_	*.tv-(
OPERATING PARTNER AF	PROVAL:					
Company Name						
_			Wearking Interest (%)		Tax ID	-
Signed by			Clare			
Title			-			
and the second of the Manager			^pprovat	7'05		No (mark pur)