

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

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

CASE NO. 20593

AFFIDAVIT OF SARA HARTSFIELD

Sara Hartsfield, of lawful age and being first duly sworn, declares as follows:

1. My name is Sara Hartsfield. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Matador in this case, and I am familiar with the status of the lands in the subject area.
4. In this case, Matador is seeking an Order pooling all uncommitted interests in the WC-025 G-09 S243532M (Wolfbone) Pool (Pool Code 98098) in the standard horizontal spacing unit comprised of the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. This standard horizontal spacing unit will be dedicated two initial wells:
 - The proposed **John Callahan Fed. Com. Well No. 133H**, which will be horizontally drilled from a surface location in the NW/4 NE/4 of Section 28 to bottom hole location in the NW/4 NE/4 of Section 21, to be drilled to a depth sufficient to test the Bone Spring formation;

EXHIBIT 1

- The proposed **John Callahan Fed. Com. Well No. 217H**, which will be horizontally drilled from a surface location in the NW/4 NE/4 of Section 28 to bottom hole location in the NW/4 NE/4 of Section 21, to be drilled to a depth sufficient to test the Wolfcamp formation.

5. When Matador proposed these wells and filed this application, the wells were listed as going north to south with surface hole locations in the NW/4 NE/4 of Section 21. Our plan now is to drill the wells going south to north with surface hole locations in the NW/4 NE/4 of Section 28, as reflected below. This change in the surface hole locations will not have any meaningful impact on the AFE costs as proposed to the working interest owners.

6. **Matador Exhibit A-1** contains a draft Form C-102 for each of the two proposed wells. The land in the proposed spacing unit is comprised of federal lease lands. Matador understands that these wells will be assigned to the WC-025 G-09 S243532M (Wolfbone) Pool (Pool Code 98098).

7. The completed intervals for the proposed wells will remain within the standard offset required by the statewide rules set forth in 19.15.16.15 NMAC.

8. **Matador Exhibit A-2** identifies the tracts of land comprising the proposed horizontal spacing unit. The proposed wellbores are marked in blue inside the proposed horizontal spacing units which are outlined in red.

9. **Matador Exhibit A-3** identifies the working interest owners that Matador is seeking to pool along with their respective ownership interest in the proposed horizontal spacing unit. The ownership composition and percentages is the same in both Bone Spring and Wolfcamp formation.

10. There are no overriding royalty interest owners requiring force pooling because Matador has the right to pool the overriding royalty interests that do exist in the proposed horizontal spacing unit.

11. There are no depth severances within the Bone Spring or Wolfcamp formations for this acreage.

12. **Matador Exhibit A-4** contains sample well proposal letters and AFE sent to working interest owners for each well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

13. In addition to sending well proposal letters and AFEs, I have called or emailed each of the working interest owners and attempted to reach an agreement with them. In my opinion, I have made a good faith effort to reach an agreement with each of the working interest owners that Matador seeks to pool.

14. Matador has made an estimate of overhead and administrative costs for drilling and producing the proposed wells. It is \$8,000/month while drilling, and \$800/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. Matador respectfully requests that these administrative and overhead costs be incorporated into any orders entered by the Division in these consolidated cases.

15. In my opinion, Matador has made good faith efforts to reach an agreement with the working interest owners it is seeking to pool. If Matador reaches an agreement with any of the proposed pooled parties before the Division enters an order, I will let the Division know that Matador is no longer seeking to pool those parties.

16. I provided Matador's outside attorney, Jim Bruce, a list of names and addresses for the parties that Matador is seeking to pool. In compiling these notice lists, Matador conducted

a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches.

17. **Matador Exhibits A-1 through A-4** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Sara Hartsfield
SARA HARTSFIELD

STATE OF TEXAS)
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before me this 10th day of July 2019 by Sara Hartsfield.

Jaime Grainger
NOTARY PUBLIC

My Commission Expires:

8-24-2021

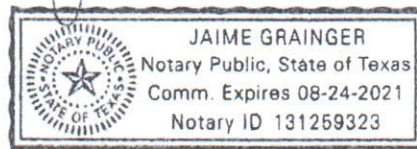


EXHIBIT A-1

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code	⁵ Property Name JOHN CALLAHAN FED COM		⁶ Well Number #133H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY		⁹ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	28	24-S	35-E	-----	990'	NORTH	1995'	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	24-S	35-E	-----	60'	NORTH	2310'	EAST	LEA

¹² Dedicated Acres 200	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.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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 and correct to the best of my belief.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
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Form C-102
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code	⁵ Property Name JOHN CALLAHAN FED COM	⁶ Well Number #217H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	28	24-S	35-E	-----	990'	NORTH	1965'	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	24-S	35-E	-----	60'	NORTH	1650'	EAST	LEA

¹² Dedicated Acres 200	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.

<p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1983 X: 839527 Y: 441510 LAT: 32° 12' 36.402" N LONG: 103° 22' 9.150" W</p> <p>LAST PERFORATION POINT NEW MEXICO EAST NAD 1983 X: 839528 Y: 441470 LAT: 32° 12' 36.007" N LONG: 103° 22' 9.150" W</p> <p>SURFACE LOCATION NEW MEXICO EAST NAD 1983 X: 839266 Y: 435247 LAT: 32° 11' 34.455" N LONG: 103° 22' 12.846" W</p> <p>FIRST PERFORATION POINT NEW MEXICO EAST NAD 1983 X: 839583 Y: 435020 LAT: 32° 11' 32.182" N LONG: 103° 22' 9.177" W</p>	<p>¹⁷ OPERATOR CERTIFICATION <i>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</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸ SURVEYOR CERTIFICATION <i>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 and correct to the best of my belief.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number _____</p>
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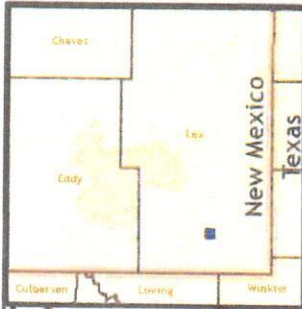
28/21-24S-35E

Energizer Res.

8-1-2017

VO-2182

\$ 2,500.00



State BHL

O BHL

State

OXY
11-1-65 (3)
01228
Mobil 1/2
HBU

OXY
11-1-65 (3)
01228
Mobil 1/2
HBU

21

22

John Callahan Fed Com #133H
Chevron
11-1-65
01228
OXY
Mobil 1/2
HBU

John Callahan Fed Com #217H
Chevron
11-1-65
01228
OXY
Mobil 1/2
HBU

S., MI
Robert
ra, et al

U.S., MI
A. E. Hartman

U.S.
New Mexico

Schutz
Feather-
stone
1-20-2019

COG
Viking Helmet

25H O

Yates Pet et al
12-1-2008
101606
101606
U.S., MI

Legend

- ~200 Acre Proration Unit
- Federal Lease NMNM 138889
- Federal Lease NMNM 0001228A

28

Yates
Pet, et al
12-1-2008
101606

Yates
Pet, et al
12-1-2008
101606



27

US Standard Map Disclaimer
This map is provided for informational purposes only and is not intended to be used for legal or other purposes. The user assumes all responsibility for the accuracy and completeness of the information shown on this map. The user agrees to hold the provider harmless for any and all claims, damages, or expenses, including reasonable attorneys' fees, arising from the use of this map.

1:15,000

1 inch = 1,250 feet

Southeast New Mexico

Coordinate System: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
Projection: Transverse Mercator; Datum: North American 1983; Units: Foot US
Sources: IHS; ESRI



Summary of Interests

MRC Permian Company:		60.000000%
Compulsory Pool:		40.000000%
Interest Owner:	Description:	Interest:
Occidental Permian Limited Partnership	Working Interest Owner	20.000000%
XTO Holdings, LLC	Working Interest Owner	20.000000%



EXHIBIT A-4

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5446 • Fax 214.866.4946
shartsfield@matadorresources.com

Sara Hartsfield
Landman

October 16, 2018

VIA CERTIFIED RETURN RECEIPT MAIL

XTO Holdings LLC
22777 Springwoods Village PKWY
Spring, TX 77389

Re: Matador Production Company – John Callahan Fed Com #133H (the “Well”)
Participation Proposal
Sections 21 & 28, Township 24 South, Range 35 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s John Callahan Fed Com #133H well, located in Sections 21 and 28, Township 24 South, Range 35 East, Lea County, New Mexico, to the Bone Spring formation.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping the Well is \$8,731,022 as found on the enclosed AFE dated October 8, 2018.
- The proposed Well will be drilled from a legal location with a surface hole located in the NW4/NE/4 of Section 21, Township 24 South, Range 35 East, Lea County, New Mexico. The proposed bottom hole of the subject Well will be a legal location in the NW/4NE/4 of Section 28, Township 24 South, Range 35 East, Lea County, New Mexico.
- The Well will have a targeted interval within the Bone Spring formation. We plan to drill the Well horizontally in the Bone Spring (~12,100’ TVD) to a Total Measured Depth of approximately 18,350’ resulting in a productive lateral of approximately 5,700’.

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.

XTO Holdings LLC will own a working interest in the Well, subject to title verification.

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.

MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The enclosed Operating Agreement dated October 9, 2018, by and between Matador Production Company, as operator and MRC Permian Company et al as Non-Operators covers the E/2 of Section 21 and the N/2NE/4 of Section 28, Township 24 South, Range 35 East, Lea County, New Mexico and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

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.

Sincerely,


Sara Hartsfield

Enclosure(s)

Please elect one of the following and return to sender.

_____ XTO Holdings LLC hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's John Callahan Fed Com #133H well, located in Lea County, New Mexico.

_____ XTO Holdings LLC hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's John Callahan Fed Com #133H well, located in Lea County, New Mexico.

_____ XTO Holdings LLC is interested in selling our interest in this unit, please contact to discuss.

XTO Holdings LLC

By: _____

Title: _____

Date: _____

Contact Number: _____

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1600 • DALLAS, TEXAS 75240

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 53,000	\$ -	\$ -	\$ -	\$ 53,000
Intermediate Casing	186,750	-	-	-	186,750
Drilling Liner	-	-	-	-	-
Production Casing	385,588	-	-	-	385,588
Production Liner	-	-	-	-	-
Tubing	-	-	74,750	-	74,750
Wellhead	70,000	-	25,000	-	95,000
Packers, Liner Hangers	-	72,600	10,000	-	82,600
Tanks	-	-	-	32,000	32,000
Production Vessels	-	-	57,000	33,600	90,600
Flow Lines	-	-	60,000	-	60,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	25,000	-	25,000
Compressor	-	-	-	4,000	4,000
Installation Costs	-	-	-	48,000	48,000
Surface Pumps	-	-	5,000	1,000	6,000
Non-controllable Surface	-	-	-	-	-
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	12,500	18,500	31,000
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	32,000	32,000
Gathering / Bulk Lines	-	-	-	17,500	17,500
Valves, Dumps, Controllers	-	-	2,000	1,000	3,000
Tank / Facility Containment	-	-	-	5,000	5,000
Flare Stack	-	-	-	5,000	5,000
Electrical / Grounding	-	-	-	2,000	2,000
Communications / SCADA	-	-	-	3,000	3,000
Instrumentation / Safety	-	-	10,000	10,000	20,000
TOTAL TANGIBLES >	695,338	72,600	281,250	214,600	1,263,788
TOTAL COSTS >	3,302,308	4,657,846	520,470	250,400	8,731,022

PREPARED BY MATADOR PRODUCTION COMPANY:

MATADOR RESOURCES COMPANY APPROVAL:

NON OPERATING PARTNER APPROVAL:

The costs of this AFE are estimated and may also be covered as a liability on any specific date in the future part of the project. If going forward or otherwise when the AFE may be subject to a plan after the contract term completed. If carrying this AFE, the Participant agrees to pay the anticipated costs of actual costs charged including those covered by regulatory, brokerage and real estate under the terms of the associated project financing agreement, regulatory order or other agreement governing the work. Participants that are provided a Model preparatory or typically a real estate and general liability insurance policy that is provided to the Participant as a condition of the AFE.

MRC Permian Company

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

Voice 972.371.5446 • Fax 214.866.4946

shartsfield@matadorresources.com

**Sara Hartsfield
Landman**

October 16, 2018

VIA CERTIFIED RETURN RECEIPT MAIL

XTO Holdings LLC
22777 Springwoods Village PKWY
Spring, TX 77389

Re: Matador Production Company – John Callahan Fed Com #217H (the “Well”)
Participation Proposal
Sections 21 & 28, Township 24 South, Range 35 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s John Callahan Fed Com #217H well, located in Sections 21 and 28, Township 24 South, Range 35 East, Lea County, New Mexico, to the Wolfcamp formation.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping the Well is \$9,704,930 as found on the enclosed AFE dated October 8, 2018.
- The proposed Well will be drilled from a legal location with a surface hole located in the NW4/NE/4 of Section 21, Township 24 South, Range 35 East, Lea County, New Mexico. The proposed bottom hole of the subject Well will be a legal location in the NW/4NE/4 of Section 28, Township 24 South, Range 35 East, Lea County, New Mexico.
- The Well will have a targeted interval within the Wolfcamp formation. We plan to drill the Well horizontally in the Wolfcamp (~12,500’ TVD) to a Total Measured Depth of approximately 18,650’ resulting in a productive lateral of approximately 5,700’.

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.

XTO Holdings LLC will own a working interest in the Well, subject to title verification.

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.

MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The enclosed Operating Agreement dated October 9, 2018, by and between Matador Production Company, as operator and MRC Permian Company et al as Non-Operators covers the E/2 of Section 21 and the N/2NE/4 of Section 28, Township 24 South, Range 35 East, Lea County, New Mexico and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

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.

Sincerely,


Sara Hartsfield

Enclosure(s)

Please elect one of the following and return to sender.

_____ XTO Holdings LLC hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's John Callahan Fed Com #217H well, located in Lea County, New Mexico.

_____ XTO Holdings LLC hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's John Callahan Fed Com #217H well, located in Lea County, New Mexico.

_____ XTO Holdings LLC is interested in selling our interest in this unit, please contact to discuss.

XTO Holdings LLC

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY
 ONE LINCOLN CENTRE • 6400 LBJ FREEWAY • SUITE 1600 • DALLAS, TEXAS 75240
 Phone (972) 371-8200 • Fax (972) 371-8201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 8, 2018	APE NO.:	
WELL NAME:	John Callahan Fed Com #217H	FIELD:	
LOCATION:	Section 21&28-24S-36E	MD/TVD:	18650/12500'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	about 5700'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill, complete and equip a horizontal lower Wolfcamp target with 28 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 86,500				\$ 86,500
Location, Surveys & Damages	100,000	13,000	4,000	16,000	132,500
Drilling	801,500				801,500
Cementing & Float Equip	237,000				237,000
Logging / Formation Evaluation		6,500			6,500
Mud Logging	27,600				27,600
Mud Circulation System	73,655				73,655
Mud & Chemicals	151,000	35,000			186,000
Mud / Wastewater Disposal	175,000				175,000
Freight / Transportation	24,000	22,500		2,500	49,000
Rig Supervision / Engineering	153,600	76,200	7,200	10,800	247,800
Drill Bits	116,200				116,200
Fuel & Power	140,400				140,400
Water	70,000	485,000			555,000
Drig & Completion Overhead	13,500	29,000			42,500
Plugging & Abandonment					
Directional Drilling, Surveys	285,000				285,000
Completion Unit, Swab, CTU		98,000	20,000		118,000
Perforating, Wireline, Slickline		190,500			190,500
High Pressure Pump Truck		74,750			74,750
Stimulation		2,800,000			2,800,000
Stimulation Flowback & Disp		208,000	162,000		370,000
Insurance	33,570				33,570
Labor	173,600	69,000	15,000		257,000
Rental - Surface Equipment	85,950	298,600	20,000	2,500	407,050
Rental - Downhole Equipment	65,000	42,000		5,000	112,000
Rental - Living Quarters	52,700	25,810	4,000		82,510
Contingency	231,576	167,386	7,020		405,982
Operations Center	29,025				29,025
TOTAL INTANGIBLES >	3,126,276	4,641,246	239,220	35,800	8,042,542
TANGIBLE COSTS					
Surface Casing	\$ 60,750				\$ 60,750
Intermediate Casing	189,500				189,500
Drilling Liner	416,775				416,775
Production Casing	356,913				356,913
Production Liner					
Tubing			74,750		74,750
Wellhead	90,000		25,000		115,000
Packers, Liner Hangers		72,600	10,000		82,600
Tanks				32,000	32,000
Production Vessels			57,000	33,800	90,800
Flow Lines			50,000		50,000
Rod string					
Artificial Lift Equipment			25,000		25,000
Compressor				4,000	4,000
Installation Costs				48,000	48,000
Surface Pumps			5,000	1,000	6,000
Non-controllable Surface					
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			12,500	18,500	31,000
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				32,000	32,000
Gathering / Bulk Lines				17,500	17,500
Valves, Dumps, Controllers			2,000	1,000	3,000
Tank / Facility Containment				6,000	6,000
Flare Stack				6,000	6,000
Electrical / Grounding				2,000	2,000
Communications / SCADA				3,000	3,000
Instrumentation / Safety			10,000	10,000	20,000
TOTAL TANGIBLES >	1,103,938	72,600	271,250	214,600	1,662,388
TOTAL COSTS >	4,230,214	4,713,846	510,470	250,400	9,704,930

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermes	Team Lead - WTX/NM	<u>WTE</u>
Completions Engineer:	Waylon Wolf		WTE
Production Engineer:	John Romano		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFD	VP - Res Engineering	VP - Drilling
DEL	BMR	BG
Executive VP, Legal	Exec Dir - Exploration	
CA	NLF	
President		
MVM		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes	No (mark one)

The costs on this AFE are estimates only and may not be completed as savings on any specific item or the total cost of the project. Telling material is approved under the AFE, it is an estimate up to a year after the well has been completed. In executing this AFE, the Participants agree to use its proportionate share of actual costs incurred, including legal, consulting, regulatory, brokerage and well costs under the terms of the application and operating agreement, regardless of when or where the costs are incurred. The Participants shall be deemed to have agreed to the AFE and the cost of the well shall be deemed to be the cost of the well as shown on this AFE. The Participants shall be deemed to have agreed to the AFE and the cost of the well shall be deemed to be the cost of the well as shown on this AFE.

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

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

Case No. 20593

SELF-AFFIRMED STATEMENT OF NOTICE

COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Matador Production Company.
3. Matador Production Company has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Matador Production has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: _____

7/11/19

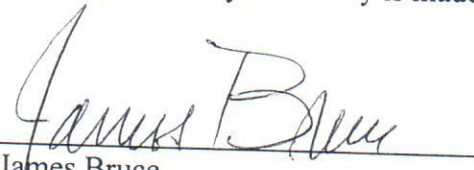

James Bruce

EXHIBIT 2

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

June 20, 2019

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

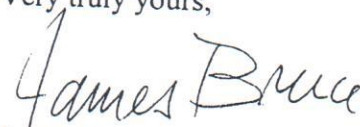
Ladies and gentlemen:

Enclosed is an application for compulsory pooling (Case No. 20593), filed with the New Mexico Oil Conservation Division by Matador Production Company, regarding two Wolfbone wells in the W/2E/2 of Section 21 and the NW/4NE/4 of Section 28, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, July 11, 2019, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Wednesday, July 3, 2019. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Matador Production Company



EXHIBIT A

Occidental Permian Limited Partnership
5 Greenway Plaza No. 110
Houston, Texas 77046

XTO Holdings LLC
22777 Springwoods Village Parkway
Spring, Texas 77389

COMPLETE THIS SECTION ON DELIVERY

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occidental Permian Limited Partnership
5 Greenway Plaza No. 110
Houston, Texas 77046



9590 9402 4582 8278 5967 01

2. Article Number (Transfer from service label)

7018	2290	0000	3430	8205
			(over \$500)	

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

Mat I Col

A. Signature

- | | |
|--|---------------------|
| <input checked="checked" type="checkbox"/> Agent | |
| <input type="checkbox"/> Addressee | |
| X | |
| B. Received by (Printed Name) | C. Date of Delivery |

D. Is delivery address different from item 1? ☐ Yes
If YES, give delivery address below: ☒ No

James Bead

3. Service Type
- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ Restricted Delivery |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | |

(over \$500)

Domestic Return Receipt

**U.S. Postal Service™
CERTIFIED MAIL®**
Domestic Mail Only

For delivery information, visit our website at www.sns.com®

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$ _____

☐ Return Receipt (electronic) \$ _____

☐ Certified Mail Restricted Delivery \$ _____

☐ Adult Signature Required \$ _____

☐ Adult Signature Restricted Delivery \$ _____

Postage

Total Postage and Fees

Sent To _____
Occidental Permian Limited Partnership
5 Greenway Plaza No. 110
Houston, Texas 77046
Street and Apt. _____

City, State, ZIP+

S Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

XTO Holdings LLC
22777 Springwoods Village Parkway
Spring, Texas 77389



9590 9402 4582 8278 5967 18

2. Article Number Transfer from article table

7018 2290 0000 3430 8199	(over \$500)
--------------------------	--------------

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt



Mat J Call

3. Service Type

<input type="checkbox"/>	Adult Signature	<input type="checkbox"/>	Priority Mail Express®
<input type="checkbox"/>	Adult Signature Restricted Delivery	<input type="checkbox"/>	Registered Mail™
<input type="checkbox"/>	Adult Signature Restricted Delivery	<input type="checkbox"/>	Registered Mail Restricted Delivery
<input checked="" type="checkbox"/>	Certified Mail®	<input type="checkbox"/>	Return Receipt for Merchandise
<input type="checkbox"/>	Certified Mail Restricted Delivery	<input type="checkbox"/>	Signature Confirmation™
<input type="checkbox"/>	Collect on Delivery	<input type="checkbox"/>	Signature Confirmation Restricted Delivery
<input type="checkbox"/>	Collect on Delivery Restricted Delivery		

8199 3d Delivery

COMPLETE THIS SECTION ON DELIVERY

- | | | |
|---|--|--|
| A. Signature
 | | <input type="checkbox"/> Agent
<input type="checkbox"/> Addressee |
| B. Received by (Printed Name)
 | | C. Date of Delivery

 |
| D. Is delivery address different from item 1?
If YES, enter delivery address below: | | <input type="checkbox"/> Yes
<input type="checkbox"/> No |

3. Service Type

<input type="checkbox"/>	Adult Signature	<input type="checkbox"/>	Priority Mail Express®
<input type="checkbox"/>	Adult Signature Restricted Delivery	<input type="checkbox"/>	Registered Mail™
<input type="checkbox"/>	Adult Signature Restricted Delivery	<input type="checkbox"/>	Registered Mail Restricted Delivery
<input checked="" type="checkbox"/>	Certified Mail®	<input type="checkbox"/>	Return Receipt for Merchandise
<input type="checkbox"/>	Certified Mail Restricted Delivery	<input type="checkbox"/>	Signature Confirmation™
<input type="checkbox"/>	Collect on Delivery	<input type="checkbox"/>	Signature Confirmation Restricted Delivery
<input type="checkbox"/>	Collect on Delivery Restricted Delivery		

8199 3d Delivery

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

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

CASE NO. 20593

AFFIDAVIT OF ANDREW PARKER

Andrew Parker, of lawful age and being first duly sworn, declares as follows:

1. My name is Andrew Parker. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as an Area Geology Manager.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Matador in this case, and I have conducted a geologic study of the lands in the subject area.
4. Matador has proposed to dedicate two initial wells to the proposed horizontal spacing unit: (i) the John Callahan Fed. Com. Well No. 133H, and (ii) the John Callahan Fed. Com. Well No. 217H. The target interval for the John Callahan Fed. Com. Well No. 133H is the Bone Spring formation. The target interval for the John Callahan Fed. Com. Well No. 217H is the Wolfcamp formation. Matador understands that both wells will be assigned to the WC-025 G-09 S243532M (Wolfbone) Pool (Pool Code 98098).
5. **Matador Exhibit B-1** is a locator map. The horizontal spacing unit for the proposed wells are identified by the red boxes with yellow shading.

EXHIBIT 3

6. **Matador Exhibit B-2** is a subsea structure map that I prepared for the top of the Wolfcamp formation. The contour interval is 50 feet. The structure map shows the Wolfcamp formation gently dipping to the Southwest. This structure map also applies to our target interval for the John Callahan Fed. Com. Well No. 133H in the Bone Spring formation, which is roughly 50-100 feet above the top of the Wolfcamp. The structure appears consistent across both of the proposed wellbore paths. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.
7. **Matador Exhibit B-3** shows a line of cross section from A to A' on the same structure map reflected in **Exhibit B-2**.
8. **Matador Exhibit B4** is a Stratigraphic cross-section I prepared using the top of the Wolfcamp as the datum. This cross-section displays open-hole logs run over the upper Wolfcamp formation from the two representative wells denoted from A to A'. For the Viking Helmet State Com 2H well in the cross-section, the following logs are included: gamma ray, resistivity, porosity and sonic. For the Aztec-State 1 well in the cross-section, the following logs are included: gamma ray, resistivity, and sonic. The proposed target interval for both of the proposed wells are labeled and marked with a grey wellbore diagram. The logs in the cross-section demonstrate that the target intervals within the Bone Spring and Wolfcamp formations, respectively, are consistent in thickness and character, across the entirety of each of the proposed spacing units.
9. The completed intervals for the proposed wells will remain within the standard offset required by the statewide rules set forth in 19.15.16.15 NMAC.
10. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells in the area.

11. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to production from each well in this horizontal spacing unit.

12. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery. Approving Matador's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

13. **Matador Exhibits B-1 through B-4** were either prepared by me or compiled under my direction and supervision.


FURTHER AFFIANT SAYETH NOT.



ANDREW PARKER

STATE OF TEXAS)
COUNTY OF Dallas)

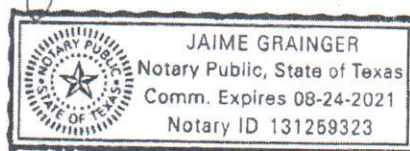
SUBSCRIBED and SWORN to before me this 10th day of July 2019 by James Andrew Juett.



NOTARY PUBLIC

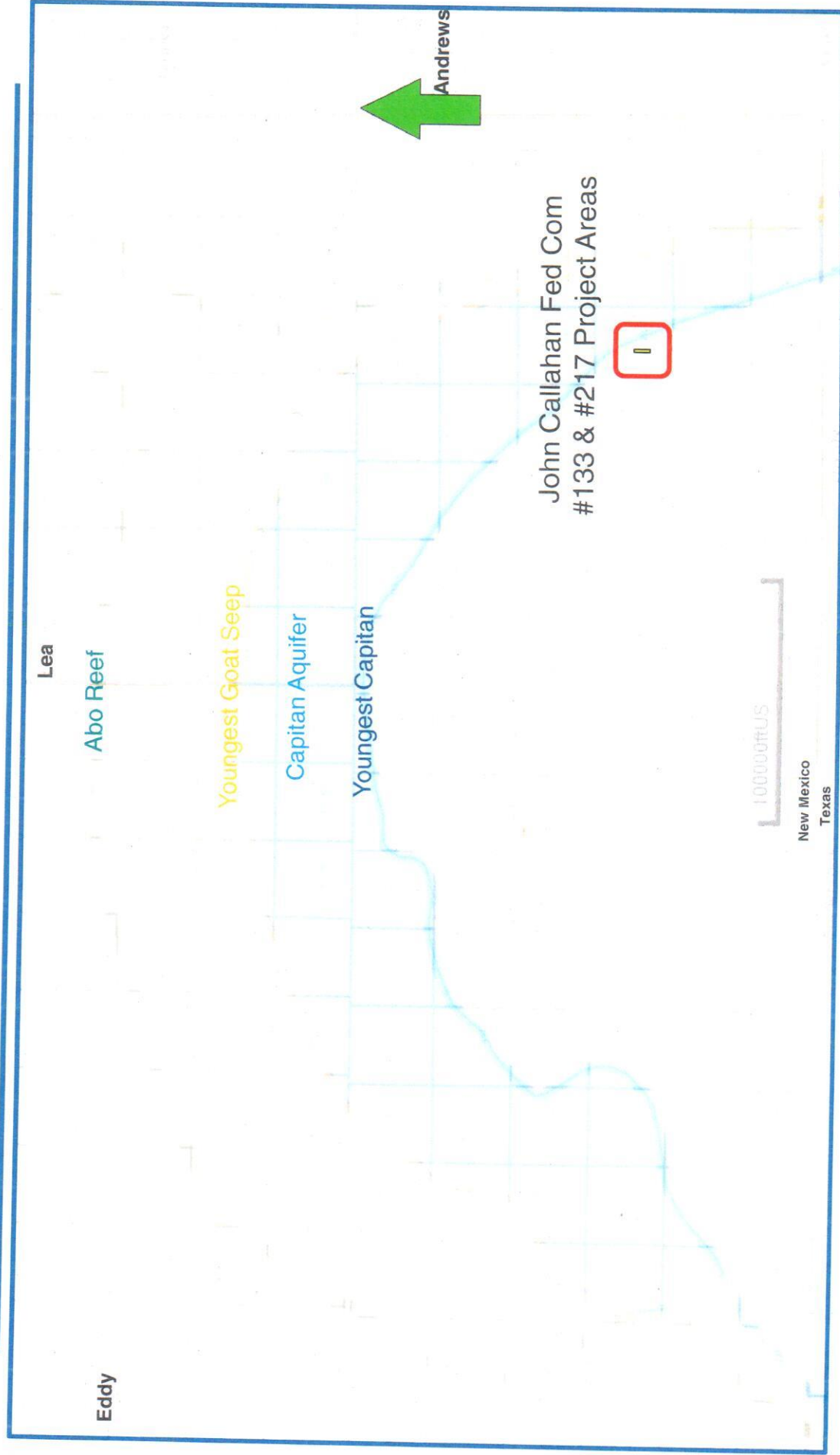
My Commission Expires:

8-24-2021



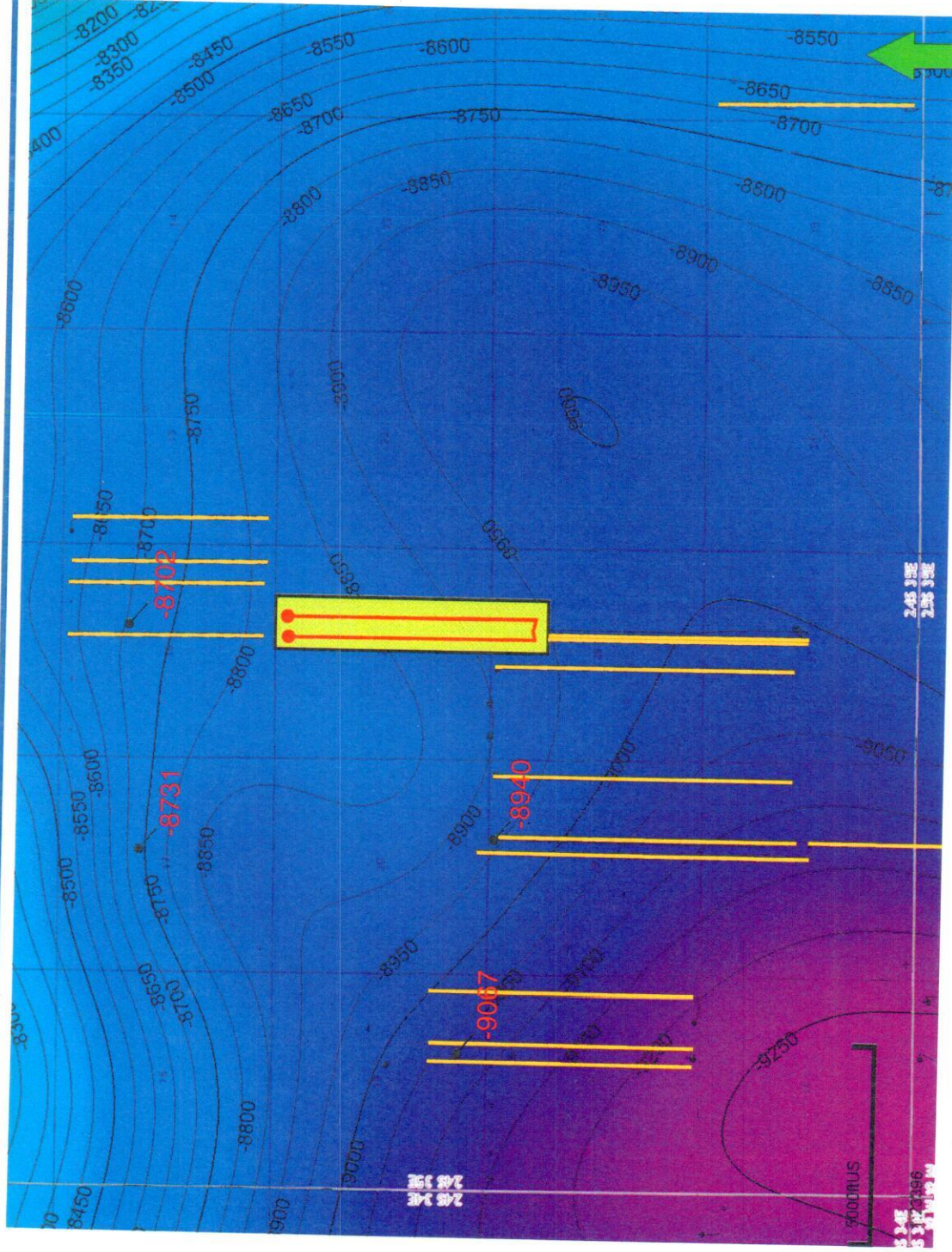
WC-025 G-09 S243532M; Wolfbone (Pool Code 98098) Locator Map

Matador
Exhibit B-1



John Callahan Fed Com #133H & #217H

WC-025 G-09 S243532M; Wolfbone (Pool Code 98098)
Structure Map (Wolfcamp Subsea)



Map Legend

John Callahan Wells



SHL

Project Area



Wolfbone
Producers

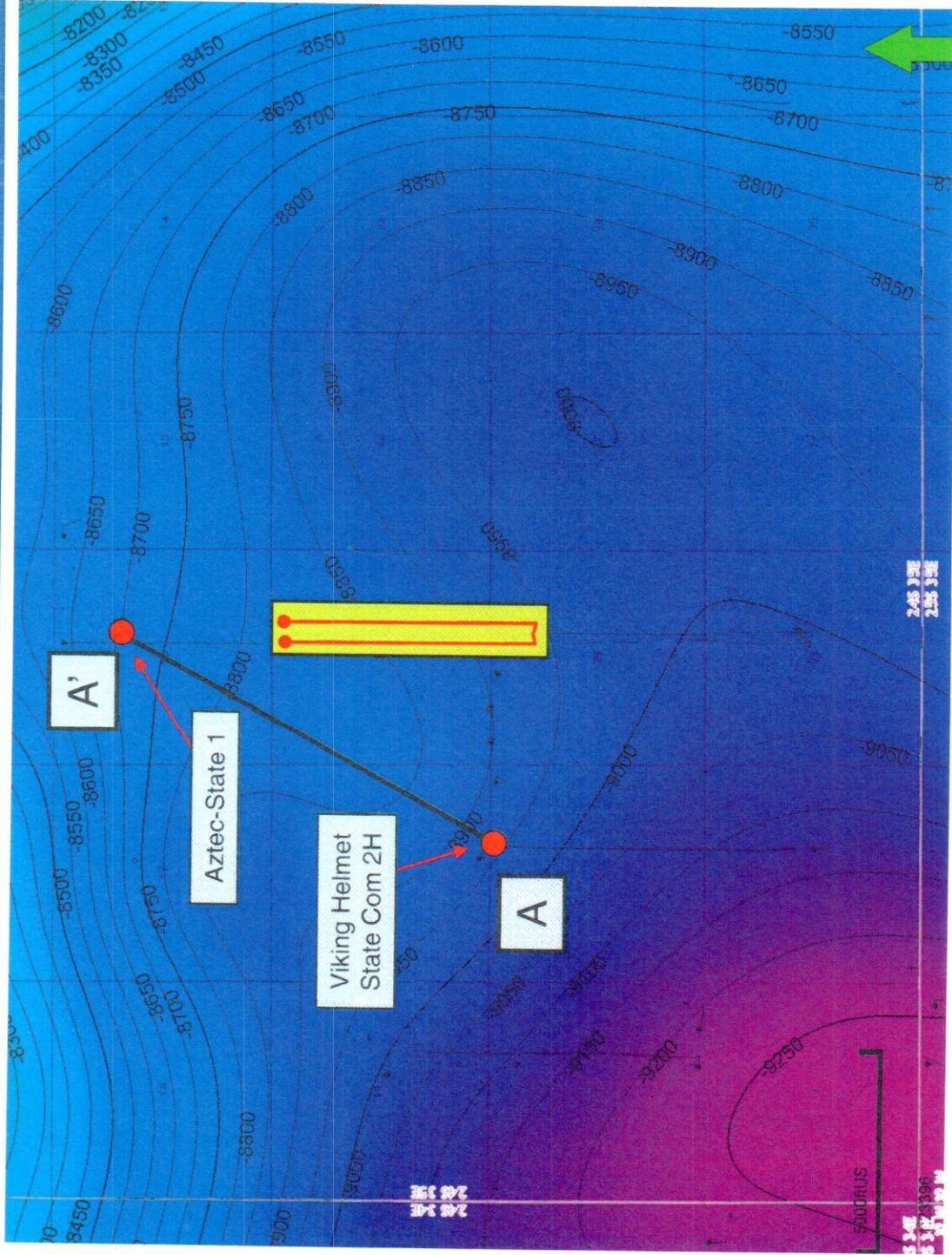


C. I. = 50'



John Callahan Fed Com #133H & #217H

WC-025 G-09 S243532M; Wolfbone (Pool Code 98098) Structure Map (Wolfcamp Subsea) A – A' Reference Line



Map Legend

John Callahan Wells



SHL

Project Area



C. I. = 50'



John Callahan Fed Com #133H & #217H

WC-025 G-09 S243532M; Wolfbone (Pool Code 98098) Stratigraphic Cross Section A - A' - Wolfcamp datum

