

CASE NO. 21374

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

EXHIBITS

- A. Landman's Affidavit (Sara Hartsfield)
- B. Original Geologist's Testimony (Clark Collier)
- C. Affidavit of Notice
- D. Application and Proposed Ad
- E. Pooling Checklist

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

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

CASE NO. 21374

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 Senior 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 Case No. 20678, Matador pooled all uncommitted interests in the standard horizontal spacing unit in the Bone Spring formation underlying the W/2 W/2 of Sections 9 and 16, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The NMOCD granted Matador's application in Case No. 20678 under Order No. R-21219.
5. Matador has learned that a working interest it understood was owned by one of the pooled parties who was pooled in Order No. R-21219 was owned by a different party, now Chief Capital (O&G) II, LLC. Accordingly, Matador now seeks to include Chief Capital (O&G) II, LLC as a pooled party.

EXHIBIT

A

6. Under Order No. R-21219, the standard horizontal spacing unit was dedicated to two wells:

- the **Jack Sleeper Com #111H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 of Section 4, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico to bottom hole location in the SW/4 SW/4 of Section 16.
- the **Jack Sleeper Com #121H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 of Section 4, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico to bottom hole location in the SW/4 SW/4 of Section 16.

7. **Matador Exhibit A-1** contains the Form C-102s for each of the two wells. The land in the proposed spacing unit is comprised of state lands and fee lands. The wells were assigned to the Culebra Bluff; Bone Spring, South Pool (Pool Code 15011).

8. 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.

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

10. **Matador Exhibit A-3** identifies for each well the working interest owners that Matador is seeking to pool along with their respective ownership interest in the proposed horizontal spacing unit.

11. There are no depth severances within the Bone Spring formation for this acreage.

12. **Matador Exhibit A-4** contains the well proposal letter that was sent to Chief Capital (O&G) II, LLC. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area at the time of the proposal.

13. In addition to sending well proposal letters and AFEs, I have had multiple and ongoing discussions with Chief Capital (O&G) II, LLC about its potential participation in the wells under the joint operating agreement. In my opinion, I have made a good faith effort to reach an agreement with Chief Capital (O&G) II, LLC.

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 owner it is seeking to pool. If Matador reaches an agreement with Chief Capital (O&G) II, LLC before the Division enters an order, I will let the Division know that Matador is no longer seeking to pool Chief Capital (O&G) II, LLC.

16. Matador requests the maximum risk charge of costs plus 200% be applied if Chief Capital (O&G) II, LLC goes non-consent in the wells.

17. I provided Matador's outside counsel, Jim Bruce, a list of names and addresses for the parties that Matador is seeking to pool.

18. **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 30th day of July 2020 by Sara Hartsfield.

Jaime Grainger
NOTARY PUBLIC

My Commission Expires:

8-24-2021

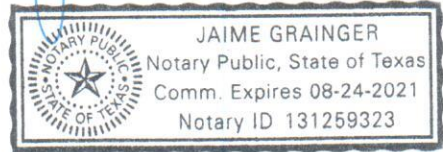


EXHIBIT A-1

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

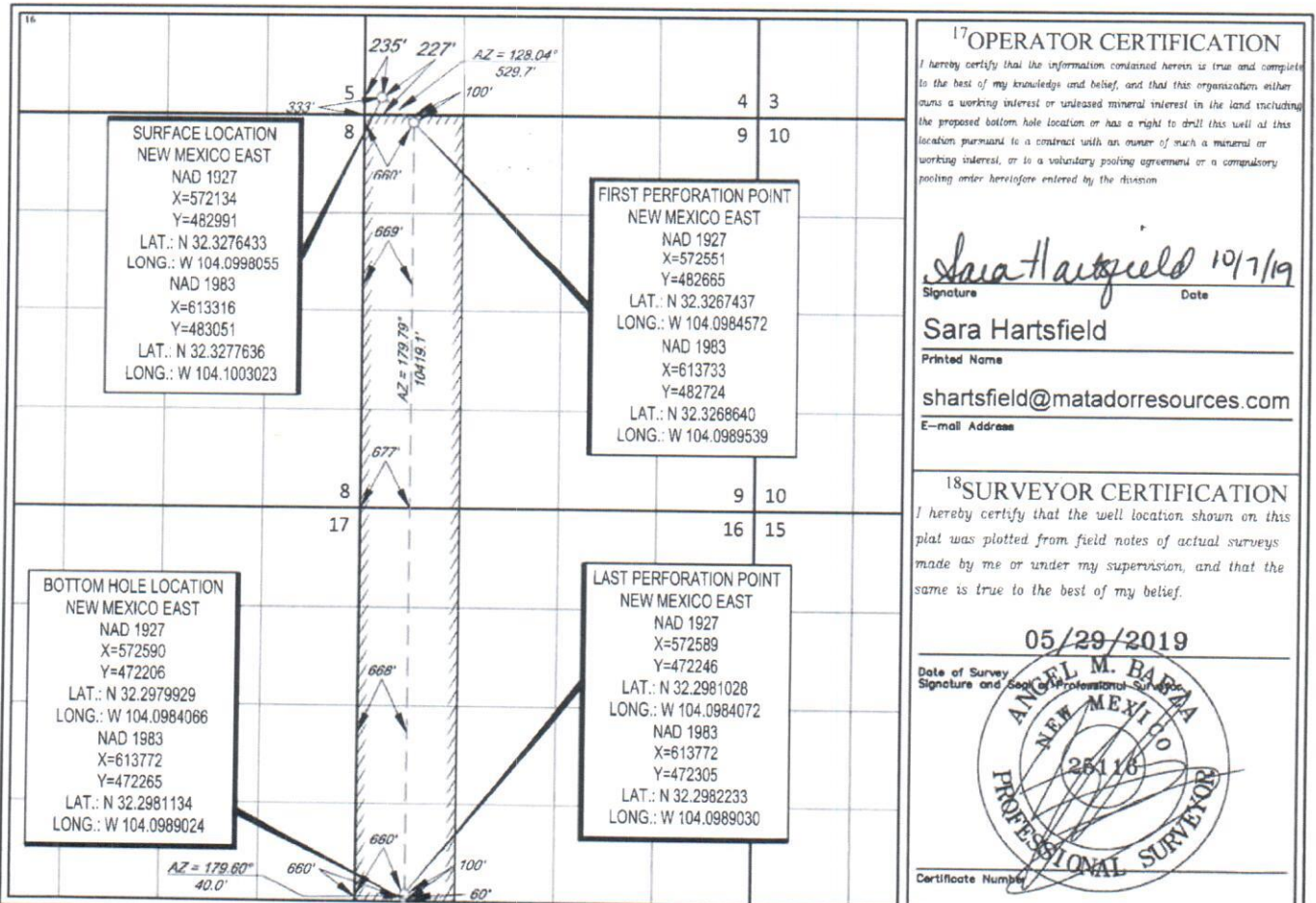
FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 15011		³ Pool Name Culebra Bluff, Bone Spring, South					
⁴ Property Code		⁵ Property Name JACK SLEEPER COM 9 & 16-23S-28E				⁶ Well Number 111H			
⁷ OGRID No. 228937		⁸ Operator Name MATADOR PRODUCTION COMPANY				⁹ Elevation 3014'			
¹⁰ Surface Location									
UL or lot no. M	Section 4	Township 23-S	Range 28-E	Lot Idn -	Feet from the 227'	North/South line SOUTH	Feet from the 235'	East/West line WEST	County EDDY
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. M	Section 16	Township 23-S	Range 28-E	Lot Idn -	Feet from the 60'	North/South line SOUTH	Feet from the 660'	East/West line WEST	County EDDY
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.



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
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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		² Pool Code 15011		³ Pool Name Culebra Bluff; Bone Spring, South	
⁴ Property Code		⁵ Property Name JACK SLEEPER COM 9 & 16-23S-28E			⁶ Well Number 121H
⁷ OGRID No. 228937		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3013'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	23-S	28-E	-	197'	SOUTH	236'	WEST	EDDY

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
M	16	23-S	28-E	-	60'	SOUTH	660'	WEST	EDDY

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.

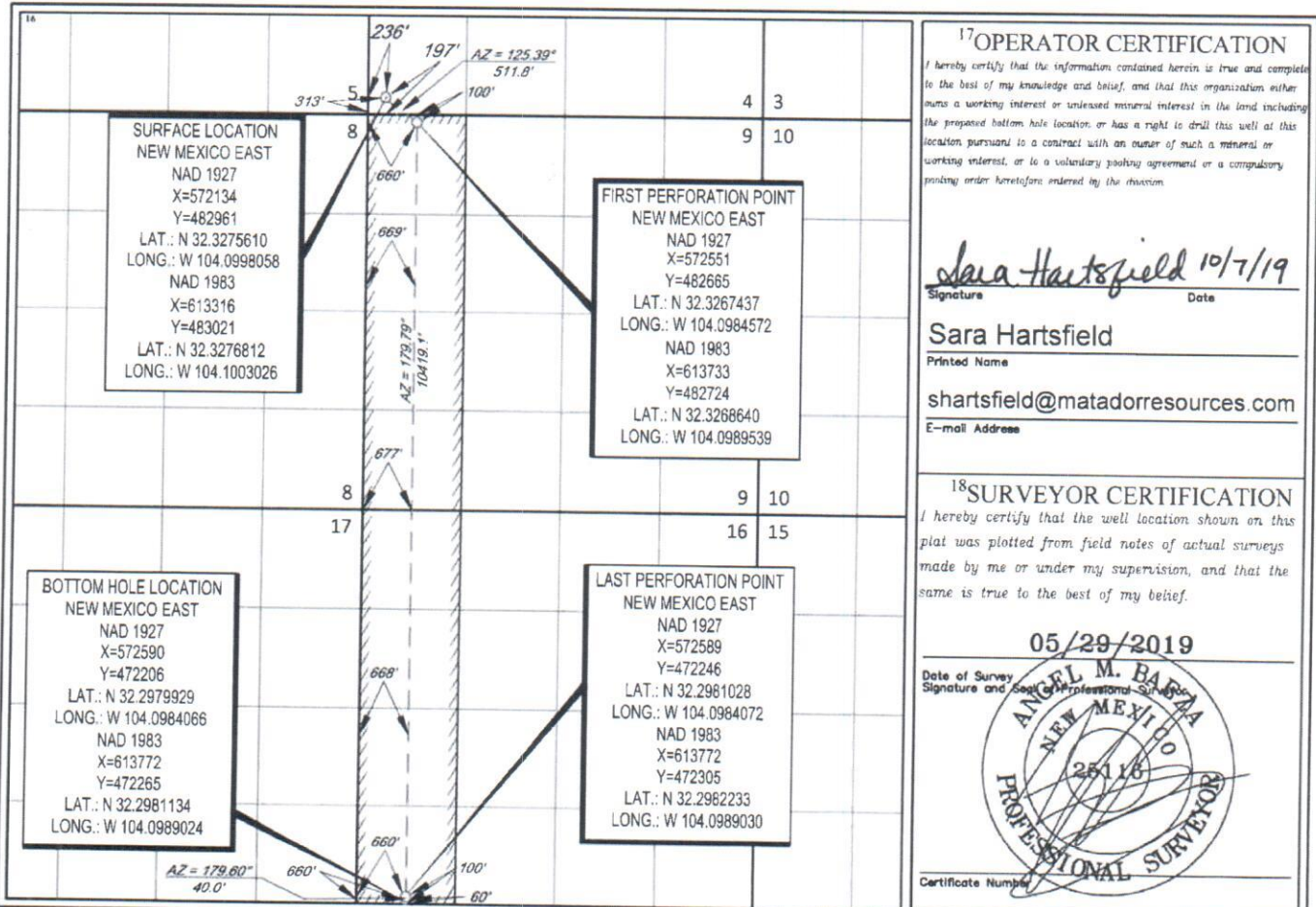
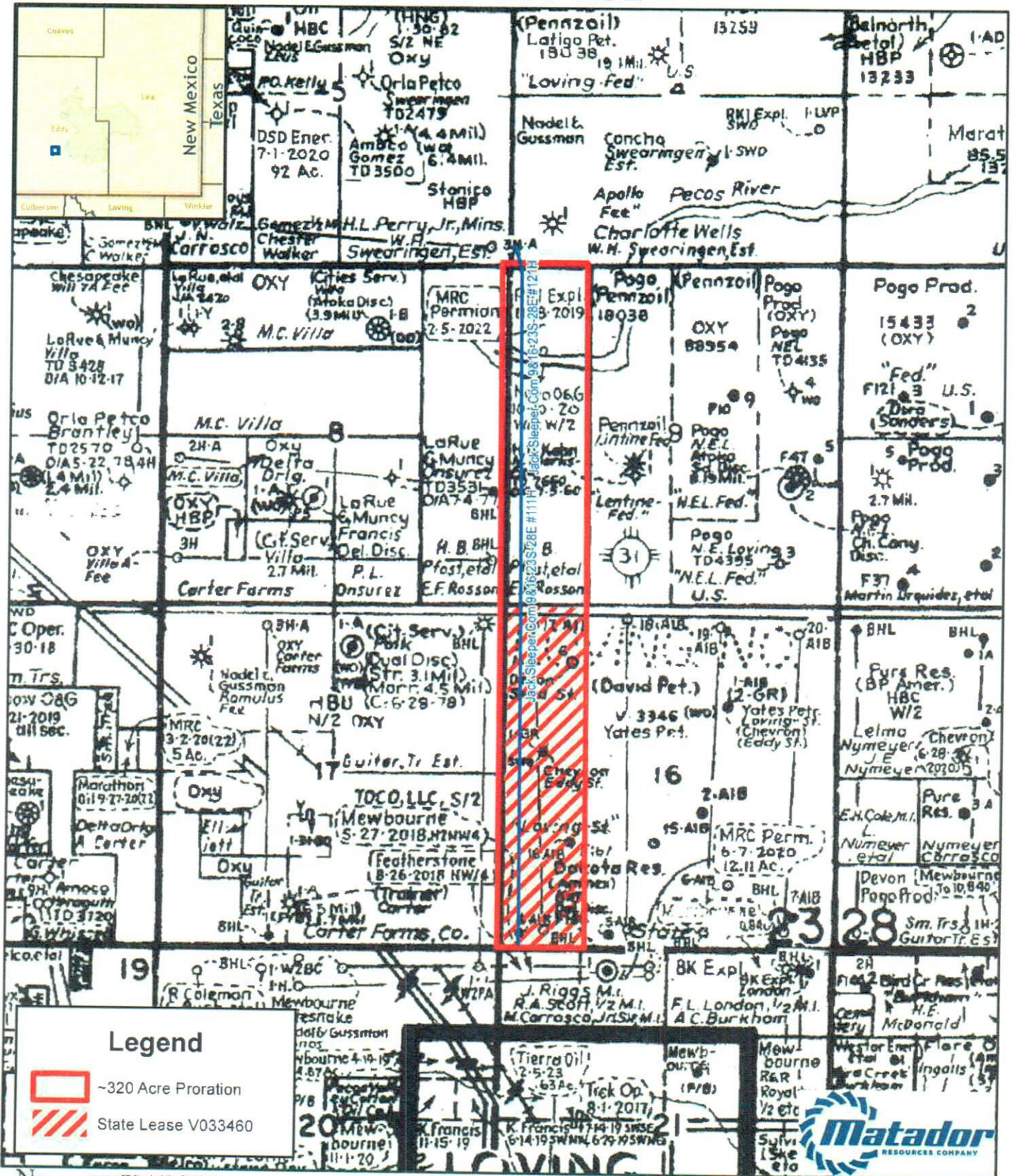


EXHIBIT A-2

09/16-23S-28E



1:24,000
1 inch = 2,000 feet

Southeast New Mexico



Date: August 6, 2019
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:		66.868751%
Voluntary Joinder:		27.907986%
Previously Pooled Under Order No. R-21219:		04.123264%
Interest Pooled Under this Application:		01.100000%
Interest Owner:	Description:	Interest:
Chief Capital (O&G) II, LLC	Uncommitted Working Interest Owner	01.1000%



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

June 4, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

Chief Capital (O&G) II LLC
8111 Westchester Drive, Suite 900
Dallas, TX 75225

Re: Jack Sleeper Com 9&16 #111H, #121H, Jack Sleeper Fed Com 9&16 #112H & #122H (the "Wells")
Participation Proposal
Section 9 & 16, Township 23 South, Range 28 East
Eddy County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of the following Matador Production Company's Jack Sleeper Com 9&16 #111H, Jack Sleeper Com 9&16 #121H, Jack Sleeper Com 9&16 #112H and Jack Sleeper Com 9&16 #122H wells, located in Section 9 and Section 16, Township 23 South, Range 28 East, Eddy 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 of each Well is itemized on the four (4) enclosed Authority for Expenditures ("AFE") both dated May 6, 2019.
- **Jack Sleeper Com 9&16 #111H:** to be drilled from a legal location with a proposed surface hole location in the SW/4SW/4 of Section 4-23S-28E and a proposed bottom hole location in the SW/4SW/4 of Section 16-23S-28E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,050' TVD) to a Measured Depth of approximately 17,500'.
- **Jack Sleeper Com 9&16 #121H:** to be drilled from a legal location with a proposed surface hole location in the SW/4SW/4 of Section 4-23S-28E and a proposed bottom hole location in the SW/4SW/4 of Section 16-23S-28E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~8,040' TVD) to a Measured Depth of approximately 18,500'.
- **Jack Sleeper Com 9&16 #112H:** to be drilled from a legal location with a proposed surface hole location in the SE/4SW/4 of Section 4-23S-28E and a proposed bottom hole location in the SE/4SW/4 of Section 16-23S-28E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~7,070' TVD) to a Measured Depth of approximately 17,500'.
- **Jack Sleeper Com 9&16 #122H:** to be drilled from a legal location with a proposed surface hole location in the SE/4SW/4 of Section 4-23S-28E and a proposed bottom hole location in the SE/4SW/4 of Section 16-23S-28E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~8,060' TVD) to a Measured Depth of approximately 18,500'.

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.

Chief Capital (O&G) II LLC will own an approximate 0.00412500 working interest in each Well, subject to title verification.

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

MRC is proposing to drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement dated February 5, 2019, by and between Matador Production Company, as Operator and MRC Permian Company et al as Non-Operators covering the W/2 of Section 9 and the W/2 of Section 16, Township 23 South, Range 28 East, Eddy County, New Mexico, that was previously mailed to you 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 Wells, please sign and return a copy of the enclosed AFE(s) within thirty (30) days of receipt of this notice. Additionally, if your election is to participate, please accept this letter as an invoice notice and request for payment. Please remit payment for your proportionate share of costs to Matador Production Company on or before thirty (30) days after receipt of this estimate and invoice. Please be aware that the enclosed AFE(s) are only an estimate of costs to be incurred and by electing to participate in the Wells, 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,

MRC PERMIAN COMPANY



Sara Hartsfield

Chief Capital (O&G) II LLC hereby elects to:

_____ Not to participate in the **Jack Sleeper Com 9&16 #111H**
_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Jack Sleeper Com #111H** well, in the estimated amount of **\$39,024.41**.

_____ Not to participate in the **Jack Sleeper Com 9&16 #121H**
_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Jack Sleeper Com #121H** well, in the estimated amount of **\$39,024.41**.

_____ Not to participate in the **Jack Sleeper Com 9&16 #112H**
_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Jack Sleeper Fed Com #112H** well, in the estimated amount of **\$38,927.78**.

_____ Not to participate in the **Jack Sleeper Com 9&16 #122H**
_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Jack Sleeper Com 9&16 #122H** well, in the estimated amount of **\$38,927.78**.

Chief Capital (O&G) II LLC

By: _____

Title: _____

Date: _____

Contact Number: _____

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

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

CASE NOS. 20678

AFFIDAVIT OF CLARK COLLIER

Clark Collier, of lawful age and being first duly sworn, declares as follows:

1. My name is Clark Collier. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Geologist.
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 applications filed by Matador in this case, and I have conducted a geologic study of the lands in the subject area.
4. The target interval for the subject wells is the Bone Spring formation.
5. **Matador Exhibit B-1** is a locator map. The horizontal spacing unit for the proposed wells is identified by the red box with yellow shading.
6. **Matador Exhibit B-2** is a subsea structure map that I prepared for the top of the Bone Spring Lime formation. The contour interval is 50 feet. The structure map shows the Bone Spring formation gently dipping to the Southeast. The structure appears consistent across the proposed wellbore paths. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

EXHIBIT

B

Case No. 21374

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 Structural cross-section I prepared showing the Bone Spring formation along the proposed wellbores. This cross-section displays open-hole logs run over the Bone Spring formation, to the depths available, from the four representative wells denoted from A to A'. For each well in the cross-section, except where noted the following logs are included: gamma ray, resistivity, and porosity. The proposed target interval for both of the proposed wells is labeled and marked with red shading. The target interval for the Jack Sleeper Com #111H is the First Bone Spring. The target interval for the Jack Sleeper Com #121H is the Second Bone Spring. The logs in the cross-section demonstrate that the target intervals, within the Bone Spring formation, for both wells is consistent in thickness and character, across the entirety of the proposed spacing units.

9. **Matador Exhibit B-5** demonstrates that the path of each of the proposed wells will comply with the Division's standard offset requirements.

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 respective well in the standard 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 applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.


13. **Matador Exhibits B-1 through B-5** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


CLARK COLLIER

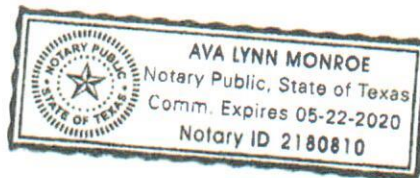
STATE OF TEXAS)
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before me this 17th day of August 2019 by Clark Collier.

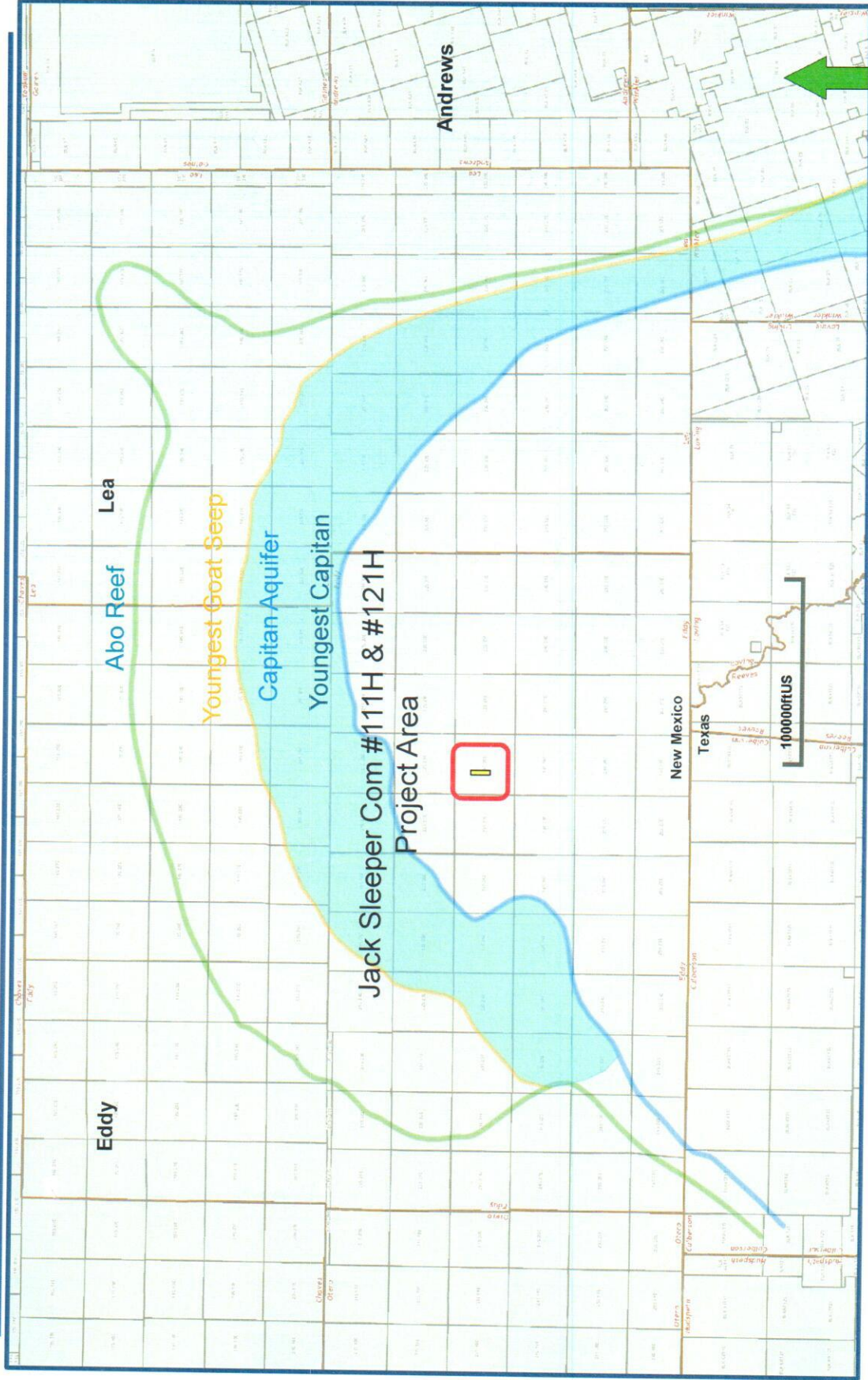

NOTARY PUBLIC

My Commission Expires:

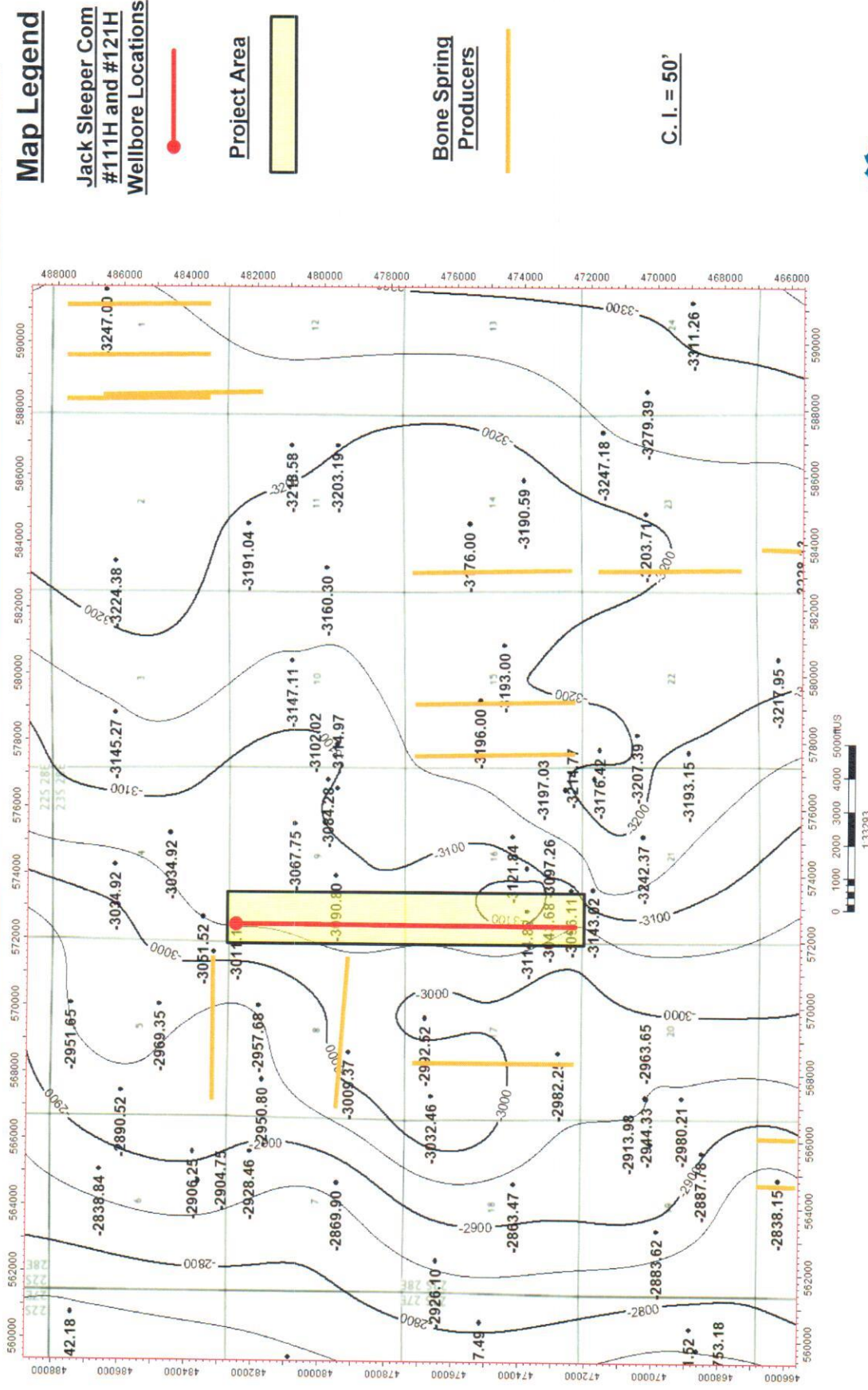
May 22, 2020



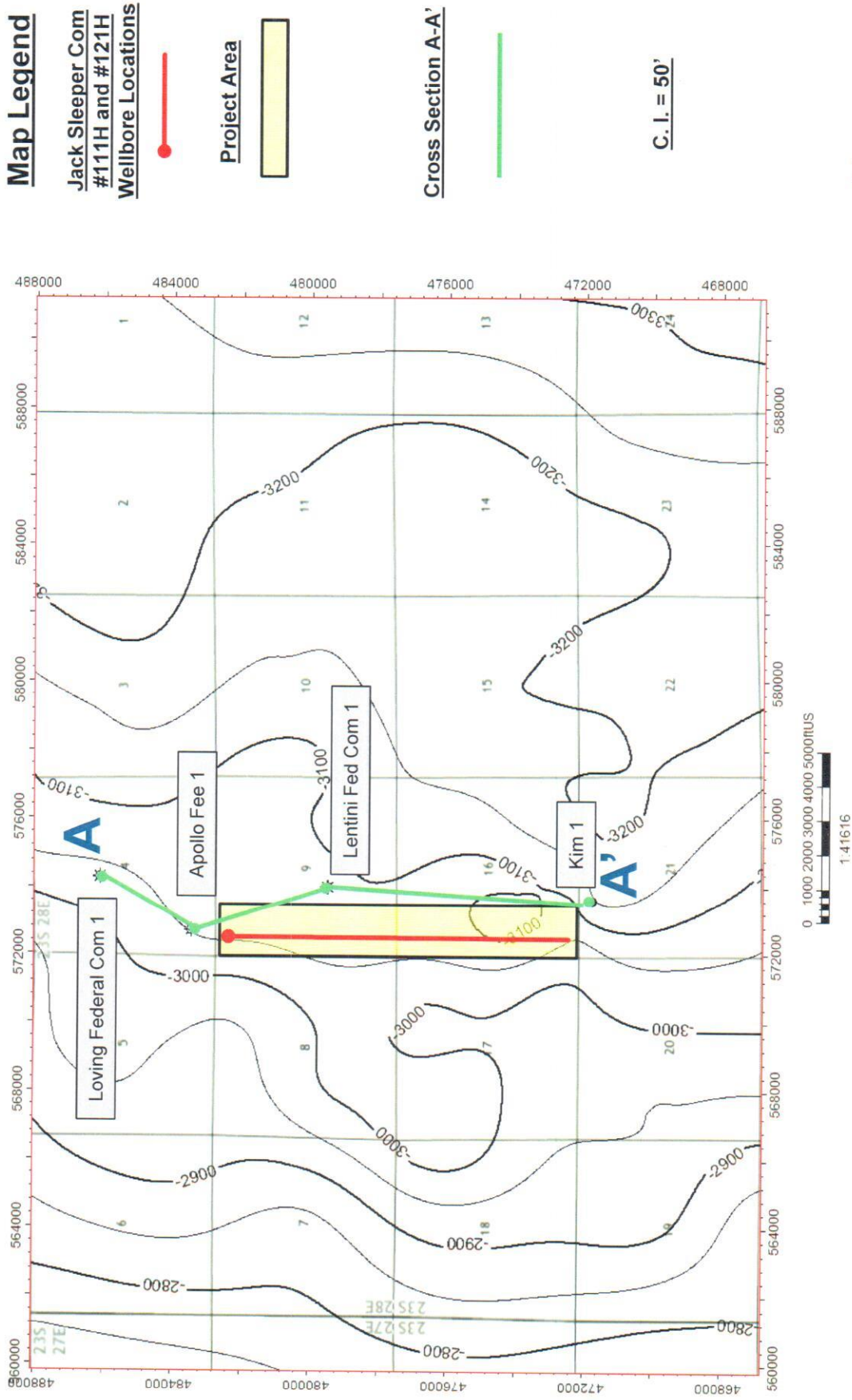
Culebra Bluff; Bone Spring, South (Pool Code 15011) Locator Map



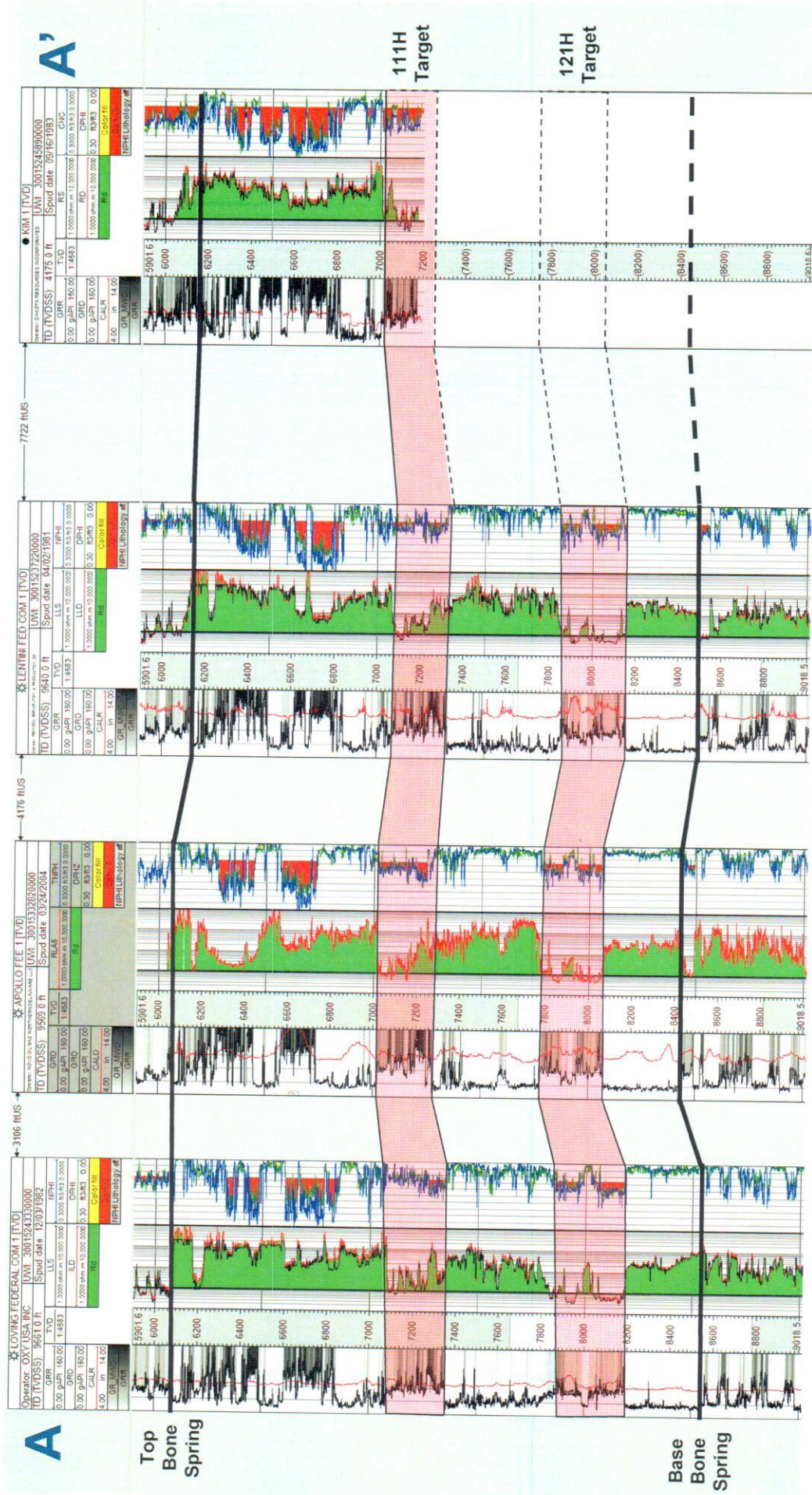
Culebra Bluff; Bone Spring, South (Pool Code 15011) Structure Map (Top Bone Spring Lime)



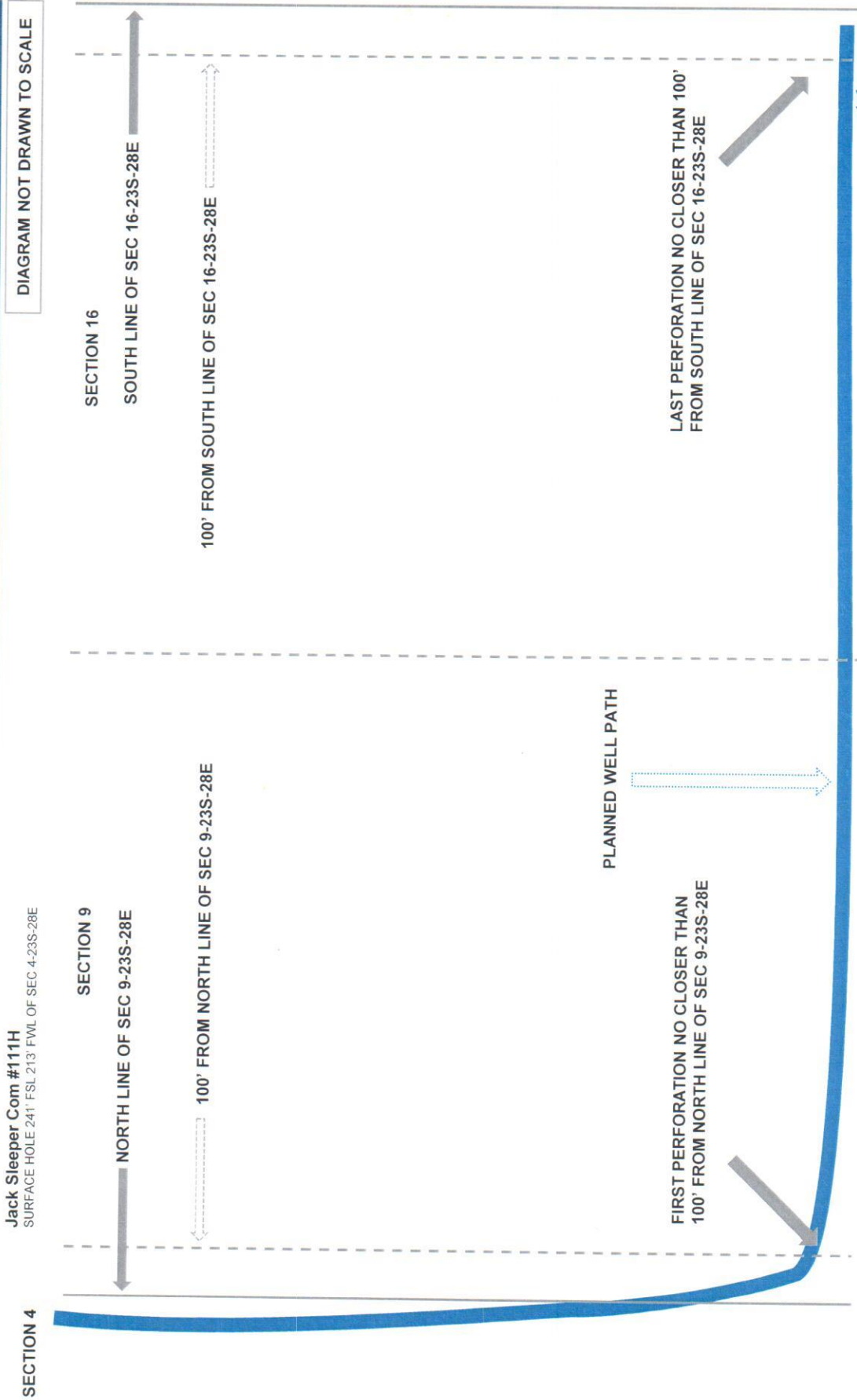
Culebra Bluff; Bone Spring, South (Pool Code 15011) Structure Map (Top Bone Spring Lime) with Cross Section A-A'



Culebra Bluff; Bone Spring, South (Pool Code15011)
Structural Cross Section A-A'



Culebra Bluff; Bone Spring, South (Pool Code15011) Jack Sleeper Com #111H



Jack Sleeper Com #111H



Culebra Bluff; Bone Spring, South (Pool Code 15011) Jack Sleeper Com #121H



Jack Sleeper Com #121H



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

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

Case Nos. 21374 & 21375

SELF-AFFIRMED STATEMENT OF NOTICE

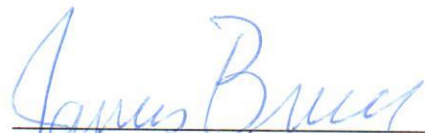
COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

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 applications filed herein.
4. Notice of the applications was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letters 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:

Aug 4, 2020



James Bruce

EXHIBIT

C

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

July 15, 2020

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Chief Capital (O&G) LLC
Suite 900
8111 Westchester
Dallas, Texas 75225

Ladies and gentlemen:

Enclosed are copies of the following applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Matador Production Company:

- (a) Case No. 21374, for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 9 and the W/2W/2 of Section 16;
- (b) Case No. 21375, for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 9 and the W/2 of Section 16,

all in Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, August 6, 2020, 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 these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

Due to the Wuhan Flu epidemic, the hearing will be held remotely. Persons may view and participate in the hearing through one of the following links:

ATTACHMENT *A*

Meeting number: 968 329 152

Password: YQe6KZBe3n6

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system

Dial 968329152@nmemnrd.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

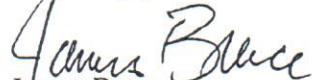
Join by phone

+1-408-418-9388 United States Toll

Access code: 968 329 152

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, July 30, 2020. This statement must be filed with the Division's Santa Fe office, and should include: The names of the party and his or her 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. This document may be filed online at ocd.hearings@state.nm The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Matador Production Company

7019 2280 0002 1748 1642

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

For delivery information, visit our website at www.usps.com

OFFICIAL USE

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 \$ _____

Postmark
Here

Postage \$ _____

Total Postage and Fees \$ _____

Sent To **Chief Capital (O&G) LLC**
Suite 900
Street and Apt. No **8111 Westchester**
Dallas, Texas 75225
City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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:

Chief Capital (O&G) LLC
Suite 900
8111 Westchester
Dallas, Texas 75225



9590 9402 5751 0003 4297 61

2 Article Number (Transfer from service label)
7019 2280 0002 1748 1642

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *[Signature]* **CV-19** Agent Addressee

B. Received by (Printed Name) _____ C. Date of Delivery **8/24/20**

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

3. Service Type

Adult Signature Priority Mail Express®

Adult Signature Restricted Delivery Registered Mail™

Certified Mail® Registered Mail Restricted Delivery

Certified Mail Restricted Delivery Return Receipt for Merchandise

Collect on Delivery Signature Confirmation™

Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053 *Mat - JS Steps 3* Domestic Return Receipt

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 21374

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 9 and the W/2W/2 of Section 16, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2W/2 of Section 9 and the W/2W/2 of Section 16, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:

(a) The Jack Sleeper Com. Well No. 111H; and

(b) The Jack Sleeper Com. Well No. 121H,

Both wells have first take points in the NW/4NW/4 of Section 9 and final take points in the SW/4SW/4 of Section 16.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 9 and the W/2W/2 of Section 16 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests.

EXHIBIT

D

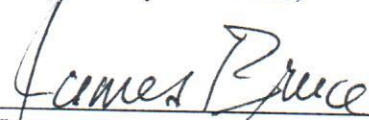
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 9 and the W/2W/2 of Section 16, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W/2W/2 of Section 9 and the W/2W/2 of Section 16 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 9 and the W/2W/2 of Section 16;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. _____:

Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 9 and the W/2W/2 of Section 16, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to (a) the Jack Sleeper Com. Well No. 111H, and (b) the Jack Sleeper Com. Well No. 121H. The wells have first take points in the NW/4NW/4 of Section 9 and final take points in the SW/4SW/4 of Section 9. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is centered approximately 1-1/2 miles north of Loving, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

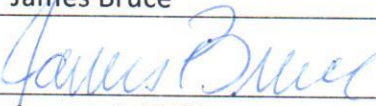
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	21374
Date	August 6, 2020
Applicant	Matador Production Company
Designated Operator & OGRID (affiliation if applicable)	Matador Production Company/OGRID No. 228937
Applicant's Counsel:	James Bruce
Case Title:	Application of Matador Production Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Jack Sleeper Bone Spring Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Culebra Bluff; Bone Spring, South/Pool Code 15011
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2W/2 §9 and W/2W/2 §16-23S-28E, NMPPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Jack Sleeper Com. 9&16-23S-28E Well No. 111H, API No. 30-015-46379 SHL: 227 FSL and 235 FWL (Unit M) §4-23S-28E BHL: 60 feet FSL and 660 feet FWL (Unit M) §16-23S-28E FTP: 100 FNL & 660 FWL §9 LTP: 100 FSL & 660 FWL §16 Bone Spring Sand/TVD 7050 feet/MD 17500 feet

EXHIBIT

E

	Jack Sleeper Com. 9&16-23S-28E Well No. 121H, API No. 30-015-46380 SHL: 197 FSL and 236 FWL (Unit M) §4-23S-28E BHL: 60 feet FSL and 660 feet FWL (Unit M) §16-23S-28E FTP: 100 FNL & 660 FWL §9 LTP: 100 FSL & 660 FWL §16 Bone Spring Sand/TVD 8040 feet/MD 18500 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A, page 3
Requested Risk Charge	Cost + 200%/ExhibitA, page 3
Notice of Hearing	
Proposed Notice of Hearing	Exhibit D
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits A-2 and A-3
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	\$8000/\$800
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit A-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Standup/Exhibit B
Target Formation	Bone Spring

HSU Cross Section	Exhibit B-4
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1 and B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	August 4, 2020