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 b	efore me this 30th day of July 2020 by Sara
Hartsfield.	NOTARY PUBLIC day of July 2020 by Sara
My Commission Expires: 8.24.2021	JAIME GRAINGER Notary Public, State of Texas Comm. Expires 08-24-2021 Notary ID 131259323

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

320

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

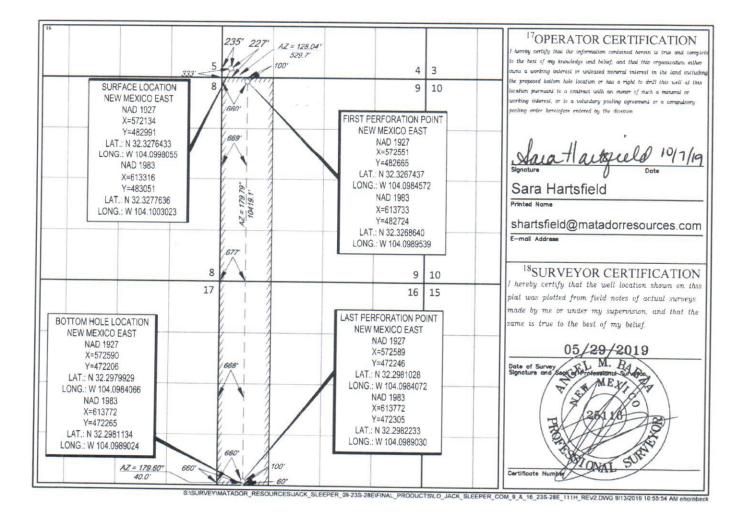
FORM C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number						Culebra Bluff; Bone Spring, South				
⁴ Property	· · · · · · · · · · · · · · · · · · ·							⁶ We	ell Number	
	JACK SLEEPER CO					COM 9 & 16-23S-28E			11H	
OGRID No. 228937 MATADOR PRODUCTION COMPANY						O14'				
					10 Surface Loc	cation				
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	-	227'	SOUTH	235'	WEST	EDDY	
			¹¹ B	ottom Hole	Location If Di	fferent From Surfa	ace			
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	13 Joint or	Infill 14Co	ensolidation Code	15Order	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.



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Phone: (575) 393-6161 Fax: (575) 393-0720
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District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

¹²Dedicated Acres

320

Joint or Infill

Consolidation Code

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 Numbe	³ Pool Code ³ Pool Name 15011 Culebra Bluff; Bone Spring, South					outh		
⁴ Property	Code	JACK SLEEPER COM 9 & 16-23S-28E						⁶ Well Number 121H	
² OGRID 2289	00.00		*Operator Name MATADOR PRODUCTION COMPANY					Elevation 3013'	
					10 Surface Lo	cation			
M M	Section 4	Township 23-S	Range 28-E	Let Idn	Feet from the 197'	North/South line SOUTH	Feet from the 236'	East/West WEST	EDDY County
			¹¹ B	ottom Hole	Location If D	ifferent From Sur	face		
UL or lot no.	Section 16	Township 23-S	28-E	Lot Idn	Feet from the 60'	North/South line SOUTH	Feet from the	East/West WEST	EDDY County

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.

Order No.

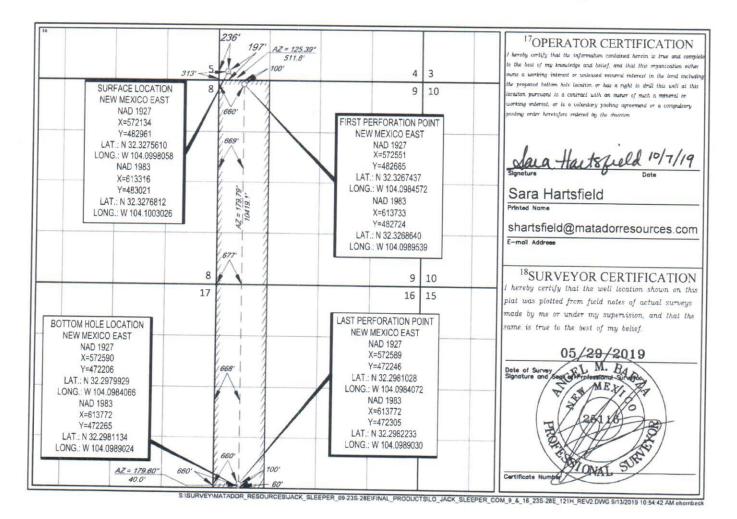
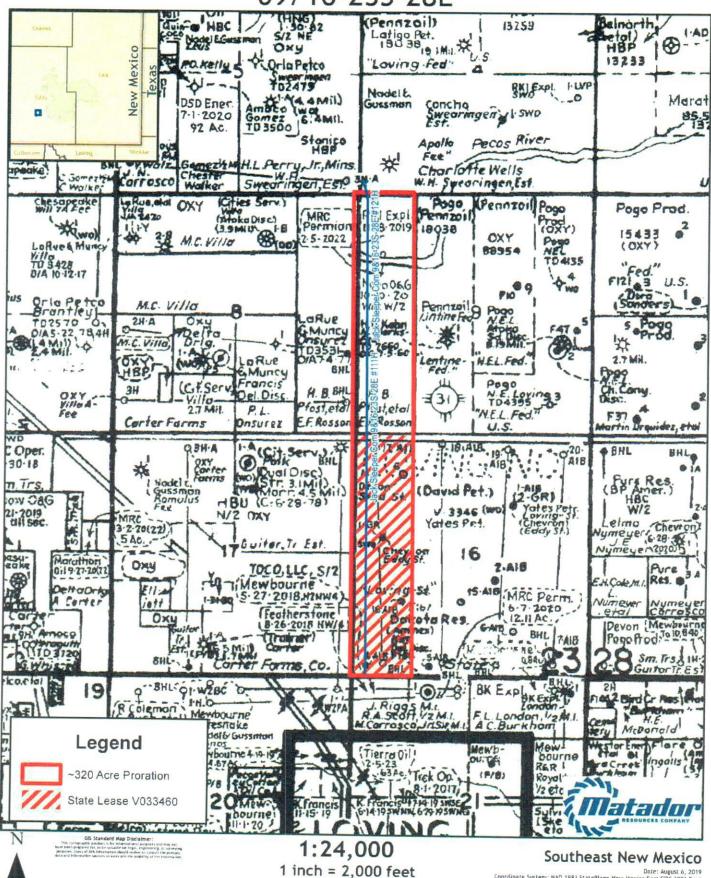


EXHIBIT A-2

09/16-23S-28E



Feet

8.000

0

1,000

2,000

4,000

6.000

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; ESNI;

Summary of Interests

MRC Permian Company:		66.868751%
Voluntary Joinder:		27.907986%
Previously Pooled Under Order No. R-21219:	er Order No. R-21219:	04.123264%
Interest Pooled Under t	Under this Application:	01.100000%
Interest Owner:	Description:	Interest:
Chief Capital (0&G) II, LLC	Uncommitted Working Interest Owner	01.100%



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 COMPAN Sara Hartsfield

Chief Capital (O&G) II LLChereby 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:

MATADOR PRODUCTION COMPANY

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

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

DATE.	Man C COAC	ESTIMATE OF COSTS A				-
DATE:	May 6, 2019			AFE NO.:	_	
WELL NAME:	Jack Sleeper Com #11	1H		FIELD:		
LOCATION:	Section 9&16-23S-28E			MD/TVD:		17500'/7050'
COUNTY/STATE:	Eddy			LATERAL LENGTH:	SA Long	about 9700
MRC WI:						
GEOLOGIC TARGET:	First Bone Spring Sand					
REMARKS:	Drill and complete a 2 n	nile horizontal 1st Bone	Spring Sand target with	52 stages		
		DRILLING	COMPLETION	PRODUCTION	FACILITY	TOTAL
INTANGIBLE C	OSTS	COSTS	COSTS	COSTS	COSTS	COSTS
Land / Legal / Regulatory Location, Surveys & Damage	\$.	31,700 88,500				31,70
Drilling	-	698,750	13,000	4,000	10,000	115,50
Cementing & Float Equip		213,500			4	213.50
Logging / Formation Evaluat	ion	-	6,500			6,50
Mud Logging		30,000				30,00
Mud Circulation System Mud & Chemicals		59,250	05.000	-		59.25
Mud / Wastewater Disposal		117,350 205,000	65,000			182,35 205,00
Freight / Transportation	-	25,000	39,000			64,00
Rig Supervision / Engineering	g	157,500	115,800	7,200	18,000	298.50
Drill Bits		101,500				101,50
Fuel & Power Water		130,000	13			130,00
Orlg & Completion Overhead	-	70,000 12,500	844,000	-	-	914,00
Plugging & Abandonment		12,500	25,000			37,50
Directional Drilling, Surveys		280,000				280,0
Completion Unit, Swab, CTU			220,000	24,000		244.0
Perforating, Wireline, Slicklin	ne		282,000	20,000		302,0
High Pressure Pump Truck Stimulation		-	92,400		•	92.4
Stimulation Stimulation Flowback & Disp		-	2,652,000	420,200		2,652,0
nsurance		31,090	12,400	120,000		132,40
abor	-	128,000	35,750	36,000		199 7
Rental - Surface Equipment		71,250	333,150	112,000	5,000	521.4
Rental - Downhole Equipmen	nt _	115.000	70,000		10,000	195,0
Rental - Living Quarters		57,200	45,385	10,000	-	112,58
Contingency Operations Center	-	132.498 26.875	219,939	21,320	3,010	376,76
Sperations defice	TOTAL INTANGIBLES >	2,782,463	5,071,324			26,8
	TOTAL INTRICODELO	DRILLING	COMPLETION	354,520 PRODUCTION	46,010 FACILITY	8,254,3 TOTAL
TANGIBLE CO	STS	COSTS	COSTS	COSTS	COSTS	COSTS
Surface Casing Intermediate Casing	\$_	28,500 98,450	\$\$			28,50
Drilling Liner	-	96,430				98,45
Production Casing	-	343,895				343,89
Production Liner	-					540,0.
Tubing		-		50,400		50,40
Wellhead		60,000		25,000		85,00
Packers, Liner Hangers Tanks	_		112,800	12,000		124,80
Production Vessels	_	-		82,000	48,000	48.00
low Lines	-			60,000	28,750	110,75
Rod string				-		- 00.00
Artificial Lift Equipment				25,000		25,00
Compressor nstallation Costs	_	-			10,000	10,00
Surface Pumps	-				70,000	70,00
ion-controllable Surface	-			5,000	2.000	7.00
ion-controllable Downhole	_	-			-	
ownhole Pumps	-	-	Commence of the Commence of th			
Measurement & Meter Install		-		12,500	30,000	42,50
as Conditioning / Dehydrati				-	*	-
nterconnecting Facility Pipir Sathering / Bulk Lines	_			-	40,000	40,00
alves, Dumps, Controllers	_			-		
ank / Facility Containment	_			-	4,000	4,00
lare Stack	-				11,550	13,20
lectrical / Grounding					6,600	6,60
communications / SCADA	_			-	-	-
				10,000	16.500	26.50
istrumentation / Safety	TOTAL TANGED 50 -				280,600	1,206,14
strumentation / Sarety	TOTAL TANGIBLES >	530,845	112,800	281,900	The state of the s	-
suumentation / Salety	TOTAL TANGIBLES > TOTAL COSTS >	530,845 3,313,308	112,800 5,184,124	636,420	326,610	-
	TOTAL COSTS >	3,313,308			326,610	-
PARED BY MATADOR PR	TOTAL COSTS >	3,313,308	5,184,124		326,610	-
PARED BY MATADOR PR	TOTAL COSTS >	3,313,308	5,184,124		326,610	-
PARED BY MATADOR PR	TOTAL COSTS > ODUCTION COMPANY: Blake Hermes	3,313,308	5,184,124		326,610	-
PARED BY MATADOR PR Drilling Engineer: Completions Engineer:	TOTAL COSTS > ODUCTION COMPANY: Blake Hermes Garrett Hunt	3,313,308	5,184,124		326,610	
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer:	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omar Enriquez	3,313,308	5,184,124		326,610	-
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer:	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL:	3,313,308 Team Lead - WTX/NW	5,184,124 1 LUTE WIE			9,460,4
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer:	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL:	3,313,308	5,184,124 1 LUTE WIE		326,610 VP - Drilling	9,460,41
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer:	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL: DEL	3,313,308 Team Lead - WTX/NM VP - Res Engineering	5,184,124 LVTE WIE		VP - Drilling	9,460,44 BG
PARED BY MATADOR PR Drilling Engineer: Campletions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omar Enriquez PANY APPROVAL:	3,313,308 Team Lead - WTX/NW	5,184,124 LVTE WIE			9,460,41
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO	TOTAL COSTS > ODUCTION COMPANY: Blake Hermes Garrett Hunt Omar Ennquez PANY APPROVAL: OEL CA	3,313,308 Team Lead - WTX/NM VP - Res Engineering	5,184,124 LVTE WIE		VP - Drilling	9,460,4
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO Executive VP, Legal	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL: DEL	3,313,308 Team Lead - WTX/NM VP - Res Engineering	5,184,124 LVTE WIE		VP - Drilling	9,460,4
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO Executive VP, Legal President	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL: DEL CA MVH	3,313,308 Team Lead - WTX/NM VP - Res Engineering	5,184,124 LVTE WIE		VP - Drilling	9,460,41
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO Executive VP, Legal President OPERATING PARTNER A	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL: DEL CA MVH	3.313,306 Team Lead - WTX/NM VP - Res Engineering Exec Dir - Exploration	5,184,124 LUTE WIE BMR NLF.	636,420	VP - Drilling	9,460,41
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO Executive VP, Legal President	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL: DEL CA MVH	3.313,306 Team Lead - WTX/NM VP - Res Engineering Exec Dir - Exploration	5,184,124 LUTE WIE BMR NLF.	636,420	VP - Drilling VP - Production	9,460,4 1
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO Executive VP, Legal President OPERATING PARTNER A Company Name:	TOTAL COSTS > ODUCTION COMPANY: Blake Hermes Garrett Hunt. Omer Enriquez PANY APPROVAL: CA MVH PPROVAL:	3.313,306 Team Lead - WTX/NM VP - Res Engineering Exec Dir - Exploration	5,184,124 I LVTE WITE BMR NLF Vorking Interest (%):	636,420	VP - Drilling	9,460,4 1
PARED BY MATADOR PR Drilling Engineer: Completions Engineer: Production Engineer: ADOR RESOURCES COM Executive VP, COO/CFO Executive VP, Legal President OPERATING PARTNER A	TOTAL COSTS > ODUCTION COMPANY: Blake Hernes Garrett Hunt Omer Enriquez PANY APPROVAL: DEL CA MVH	3.313,306 Team Lead - WTX/NM VP - Res Engineering Exec Dir - Exploration	5,184,124 I LVTE WITE BMR NLF Vorking Interest (%):	636,420	VP - Drilling VP - Production	9,460,44

			2) 371-5200 • Fax (972) 37 AND AUTHORIZATION F			
DATE	May 6, 2010	ESTIMATE OF COSTS	AND AUTHURIZATION F			
DATE:	May 6, 2019	2017		AFE NO.:		
WELL NAME:	Jack Sleeper Com #13			FIELD:		
LOCATION:	Section 9&16-23S-28F			MD/TVD:	8	18500'/8040'
COUNTY/STATE:	Eddy			LATERAL LENGTH:		about 9700
MRC WI:					S	
GEOLOGIC TARGET:	Second Bone Spring S	Sand				
REMARKS:	Drill and complete a 2	mile horizontal 2nd Bor	ne Spring Sand target v	vith 52 stages		
		DRILLING	COMPLETION	PRODUCTION	FACILITY	TOTAL
INTANGIBL		COSTS	COSTS	COSTS	COSTS	COSTS
and / Legal / Regulatory		31,700	\$	\$	\$	\$ 31,
ocation, Surveys & Dam	nages	88,500	/13,000	4,000	10,000	115,
Drilling Cementing & Float Equip		698,750 213,500				698,
Logging / Formation Eva		213,500	6,500			213,
Mud Logging		30,000				30.
Mud Circulation System		59,250				59
Mud & Chemicals		117,350	65,000			182,
/lud / Wastewater Dispos	sai	205,000				205
reight / Transportation		25,000	39,000		-	64
Rig Supervision / Engine	ering	157,500	115,800	7,200-	18,000	298
Orill Bits		101,500				101
Vater		70,000	844,000			130
Orlg & Completion Overh	nead	12,500	25 000			37
Plugging & Abandonmen		-				
Directional Drilling, Surve	eys	280,000				280
Completion Unit, Swab, C			220,000	24,000		244
Perforating, Wireline, Slice		-	282,000	20,000		302
High Pressure Pump True	CK		92,400		*	92
Stimulation Stimulation Flowback & I	Disp	-	2,652,000	420.000		2,652
nsurance	oloh	32.845	12,400	120,000		132
abor		128,000	35.750	36.000		199
Rental - Surface Equipme	ent	71,250	293,250	112,000	5,000	481
Rental - Downhole Equip		115,000	70,000		10,000	195
Rental - Living Quarters		57,200	45,385	10,000		112
Contingency		132,586	215,949	21,320	3,010	372
Operations Center		26,875				26.
	TOTAL INTANGIBLES >	2,784,306 DRILLING	5,027,434	354,520	46,010	8,212
TANGIBLE	COSTS	COSTS	COMPLETION	PRODUCTION	FACILITY	TOTAL
Surface Casing	\$	28,500	\$	\$	\$	\$ 28
ntermediate Casing		98,450				98
Orilling Liner						
Production Casing		362,518				362
Production Liner Lubing		-		50.400		
Vellhead		60,000		50,400 25,000		50 85
Packers, Liner Hangers		- 00,000	112,800	12,000		124
Tanks		-		-	48.000	48
Production Vessels		-		82,000	28,750	110
low Lines		-		60,000	-	60.
Rod string		-				
Artificial Lift Equipment				25,000		25
Compressor nstallation Costs		•		-	10,000	10
Surface Pumps				5,000	70,000	70
ion-controllable Surface				5,000	2,000	7
Ion-controllable Downho		-		-		
ownhole Pumps				•		
Measurement & Meter Ins		-		12,500	30,000	42
Gas Conditioning / Dehyo					81-3	
nterconnecting Facility F Sathering / Bulk Lines	riping				40,000	40.
sathering / Bulk Lines /alves, Dumps, Controlle	ers			-	4.000	
ank / Facility Containme				-	4,000	4,
lare Stack					13,200	13.
lectrical / Grounding				-	6.600	6.
Communications / SCAD	A			-		
nstrumentation / Safety	property to the second			10,000	16,500	26,
	TOTAL TANGIBLES >		112,800	281,900	280,600	1,224
	TOTAL COSTS >	3,333,773	5,140,234	636,420	326,610	9,437
PARED BY MATADOR	PRODUCTION COMPAN	γ.				
Service len						
Drilling Engine		Team Lead - WTX/	NM WIE			
Completions Engine			WTE			
Production Engine	eer: Omar Enriquez					
ADOR RESOURCES C	OMPANY APPROVAL:					
Executive VP, COO/C	FO	VP - Res Engineer	ing		VP - Drilling	1
	DEL	sea Lighteen	BMR		VP - Drilling	BG BG
Executive VP, Le	gal	Exec Dir - Explorati	ion		VP - Production	
	CA	Enprish dil	NLF		VF - Froduction	
			90 77 /Al			
Preside	MVH					
Preside	MVH					
	11 10					
OPERATING PARTNE	R APPROVAL:					
	R APPROVAL:		Working Interest (%):		TaxID	
OPERATING PARTNE	er APPROVAL:		Working Interest (%):		Tax ID	

Approval. ____Yes

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:

- 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.
- 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 Clase No. 21374

1

- 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 moreor-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.

LARK COLLIER

STATE OF TEXAS

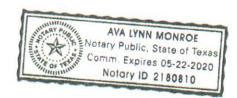
COUNTY OF Dallas

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

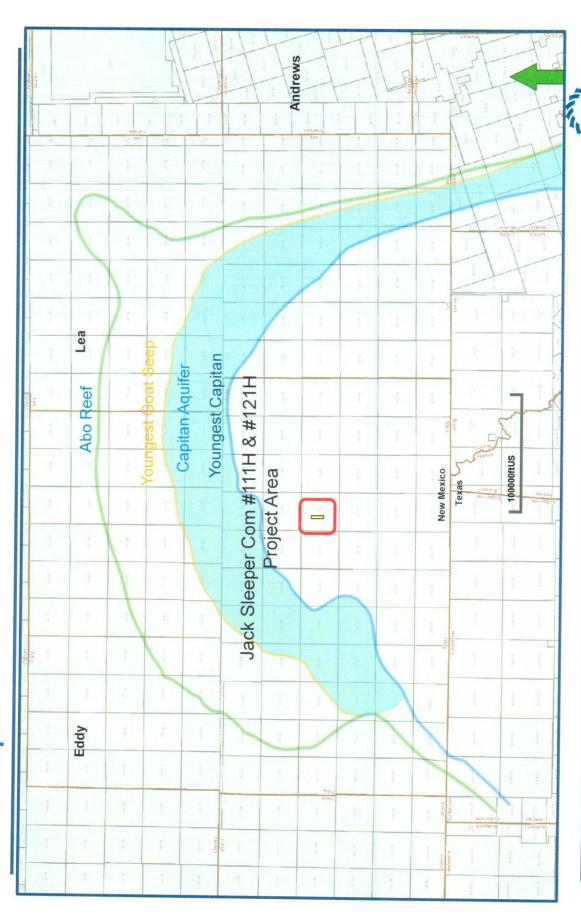
Ava Lynn Momos
NOTARY PUBLIC

My Commission Expires:

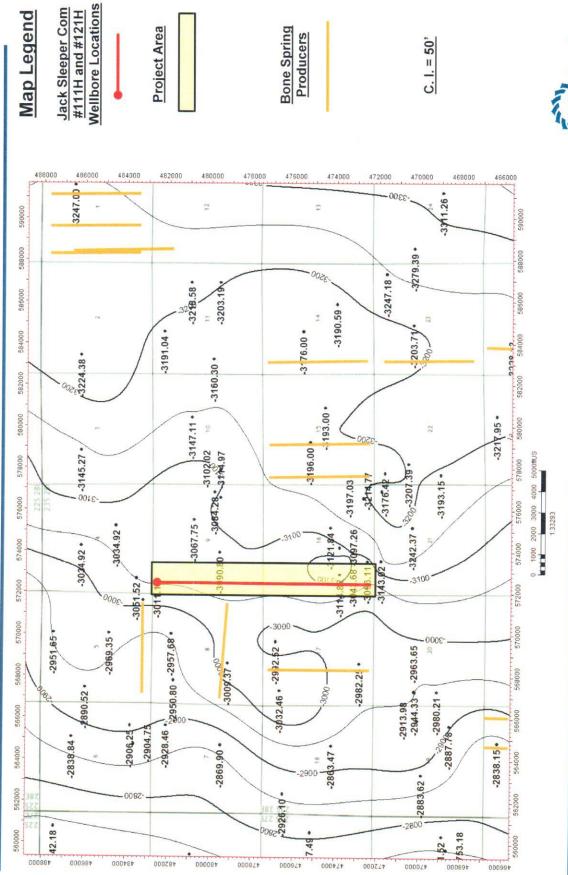
May 22, 2020



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

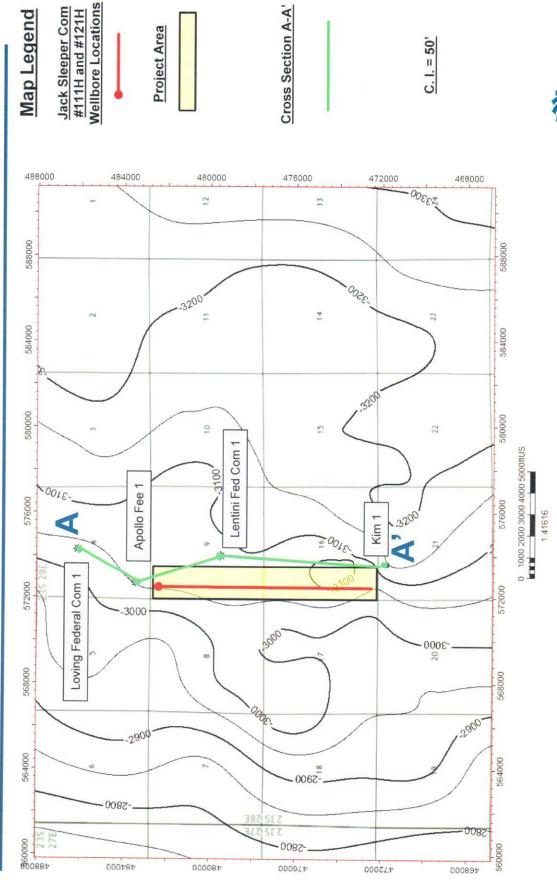


Culebra Bluff; Bone Spring, South (Pool Code 15011) Structure Map (Top Bone Spring Lime)



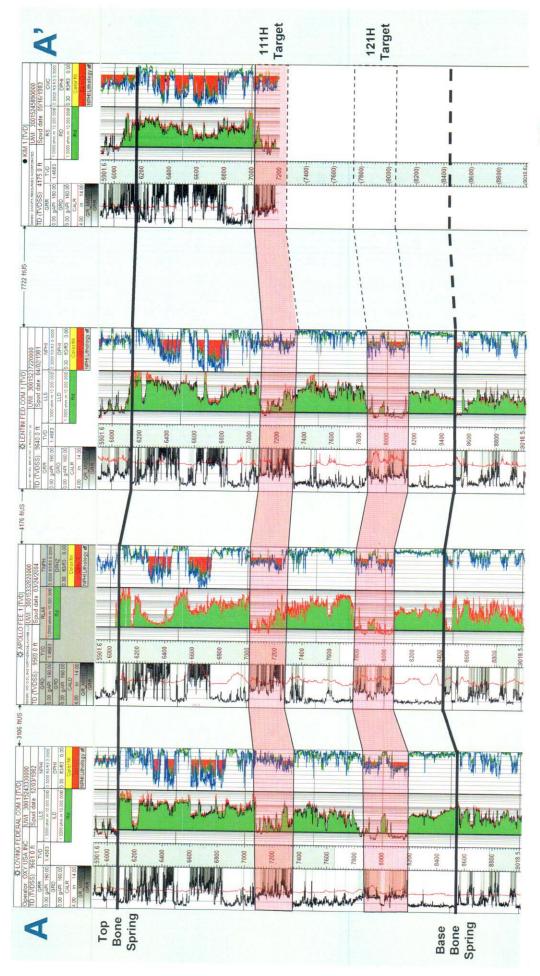


Culebra Bluff; Bone Spring, South (Pool Code 15011) Structure Map (Top Bone Spring Lime) with Cross Section A-A'





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





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

DIAGRAM NOT DRAWN TO SCALE LAST PERFORATION NO CLOSER THAN 100' FROM SOUTH LINE OF SEC 16-23S-28E SOUTH LINE OF SEC 16-23S-28E 100' FROM SOUTH LINE OF SEC 16-23S-28E SECTION 16 PLANNED WELL PATH 100' FROM NORTH LINE OF SEC 9-23S-28E FIRST PERFORATION NO CLOSER THAN 100' FROM NORTH LINE OF SEC 9-23S-28E SECTION 9 Jack Sleeper Com #111H SURFACE HOLE 241' FSL 213' FWL OF SEC 4-23S-28E ■ NORTH LINE OF SEC 9-23S-28E SECTION 4



Culebra Bluff; Bone Spring, South (Pool Code15011) Jack Sleeper Com #121H

DIAGRAM NOT DRAWN TO SCALE LAST PERFORATION NO CLOSER THAN 100' FROM SOUTH LINE OF SEC 16-23S-28E SOUTH LINE OF SEC 16-23S-28E 100' FROM SOUTH LINE OF SEC 16-23S-28E SECTION 16 PLANNED WELL PATH 100' FROM NORTH LINE OF SEC 9-23S-28E FIRST PERFORATION NO CLOSER THAN 100' FROM NORTH LINE OF SEC 9-23S-28E SECTION 9 Jack Sleeper Com #121H SURFACE HOLE 211' FSL 213' FWL OF SEC 4-23S-28E ■ NORTH LINE OF SEC 9-23S-28E SECTION 4



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

APPLICATIONS OF MATADOR PRODSUCTION 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:

James Bruce

EXHIBIT

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,

Attorney for Matador Production Company

1748 Certifi. vd Mail Fee Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ 5000 | Return Receipt (leiscronic)
| Return Receipt (leiscronic)
| Certified Mail Restricted Delivery
| Adult Signature Required
| Adult Signature Restricted Delivery Postmark Here 2280 Postage Total Postage and Engage Chief Capital (O&G) LLC Suite 900 \$ Sent To 7019 Street and Apt. No. 8111 Westchester Dallas, Texas 75225 City, State, ZIP+4* PS Form 3800, April 2015 PSN 7530-02-000-9047

ii 120, oner delivery address	below: No
3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery Restricted Delivery Restricted Delivery	□ Priority Mall Express® □ Registered Mall™ □ Registered Mall Restricted Delivery □ Return Receipt for Merchandise □ Signature Confirmation □ Restricted Delivery
	□ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail Restricted Delivery □ Certified Mail Restricted Delivery □ Collect on Delivery

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 2/374

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.

SIT 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, NMPM, Eddy County Standard Horizontal Well Spacing Unit Yes (Y/N), If No, describe Other Situations Depth Severance: Y/N. If yes, description No Proximity Tracts: If yes, description No **EXHIBIT** 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 nonstandard)

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

	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	A STATE OF THE STA
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>i.e.</i> 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):	Janus Cruer
Date:	August 4, 2020