

CASE NO. 21375

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. 21375

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. 20327, Matador pooled all uncommitted interests in the standard horizontal spacing unit in the Wolfcamp formation underlying the 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. 20327 under Order No. R-20630.
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-20630 was owned by a different party. Specifically, Matador learned the interest in question had become unleased and the minerals were owned by TD Minerals, LLC. As described below, Matador then sent well proposals to TD Minerals, LLC. After Matador proposed the wells to TD Minerals, LLC, TD Minerals leased the minerals to the

current owner of the working interest, Chief Capital (O&G) II, LLC. Accordingly, Matador now seeks to include Chief Capital (O&G) II, LLC as a pooled party.

6. Under Order No. R-20630, the standard horizontal spacing unit is dedicated to five wells:

- the **Jack Sleeper State Com #201H Well**, which was 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 State Com #221H Well**, which was 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 State Com #215H Well**, which was 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 SE/4 SW/4 of Section 16.
- the **Jack Sleeper Fed Com #202H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 4, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico to bottom hole location in the SE/4 SW/4 of Section 16.
- the **Jack Sleeper Fed Com #222 WellH**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 4, Township 23 South, Range 28 East,

NMPM, Eddy County, New Mexico to bottom hole location in the SE/4 SW/4 of Section 16.

7. **Matador Exhibit A-1** contains the Form C-102s for each of the five wells. The land in the proposed spacing unit is comprised of state lands, federal lands and fee lands. The wells are located in the Purple Sage; Wolfcamp (Gas) pool (Pool Code 98220).

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 owner that Matador is seeking to pool along with its respective ownership interest in the proposed horizontal spacing unit.

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

12. **Matador Exhibit A-4** contains the well proposal letter that was sent to TD Minerals, LLC before it leased to Chief Capital (O&G) II, LLC. I have also forwarded a copy directly to Chief Capital (O&G) II, LLC. The costs reflected in the attached AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area at the time of the proposals and, as indicated in the election options, are likewise similar to the AFE costs for the Jack Sleeper Fed Com #202H and #222H.

13. In addition to forwarding the well proposal letters and attached AFEs to Chief Capital (O&G) II, LLC, 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:

8.24.2020

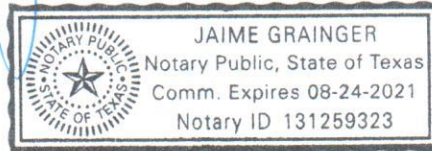


EXHIBIT A-1

RECEIVED

FORM C-102

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 FEB 14 2020
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46131	² Pool Code 98220	³ Pool Name PURPLE SAGE WOLFCAMP (GAS)
⁴ Property Code 325764	⁵ Property Name JACK SLEEPER STATE COM 9 & 16-23S-28E	⁶ Well Number 201H
⁷ OGRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3014'

¹⁰Surface Location

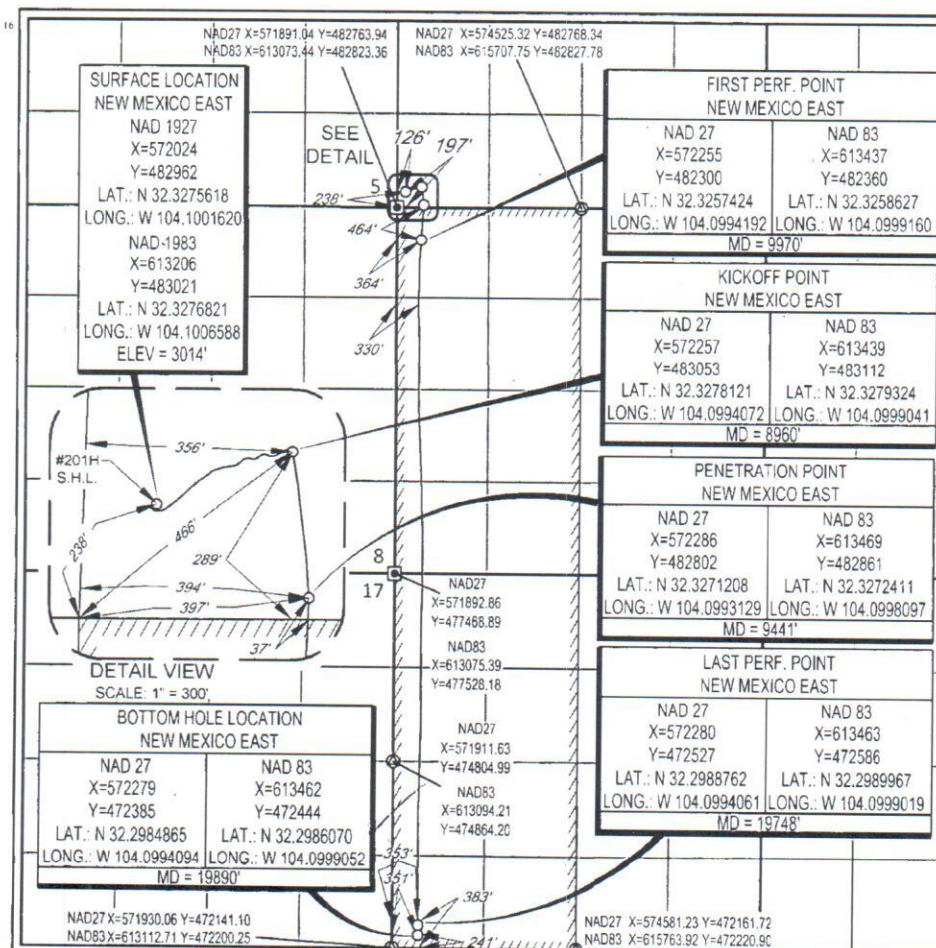
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	23-S	28-E	-	197	SOUTH	126'	WEST	EDDY

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	-	241'	SOUTH	351'	WEST	EDDY

¹² Dedicated Acres 640	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.



¹⁷OPERATOR CERTIFICATION

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 leased 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.

Sara Hartsfield 2/13/20
Signature Date

Sara Hartsfield
Printed Name

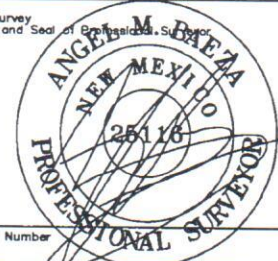
shartsfield@matadorresources.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

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 to the best of my belief.

05/29/2019

Date of Survey
Signature and Seal of Professional Surveyor



Certificate Number

Rev 4-9-2020

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Santa Fe, NM 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46133		² Pool Code 98220	³ Pool Name PURPLE SAGE;WOLFCAMP (GAS)
⁴ Property Code 325764	⁵ Property Name JACK SLEEPER STATE COM 9 & 16-23S-28E		⁶ Well Number 215H
⁷ GRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY		⁹ Elevation 3013'

¹⁰Surface Location

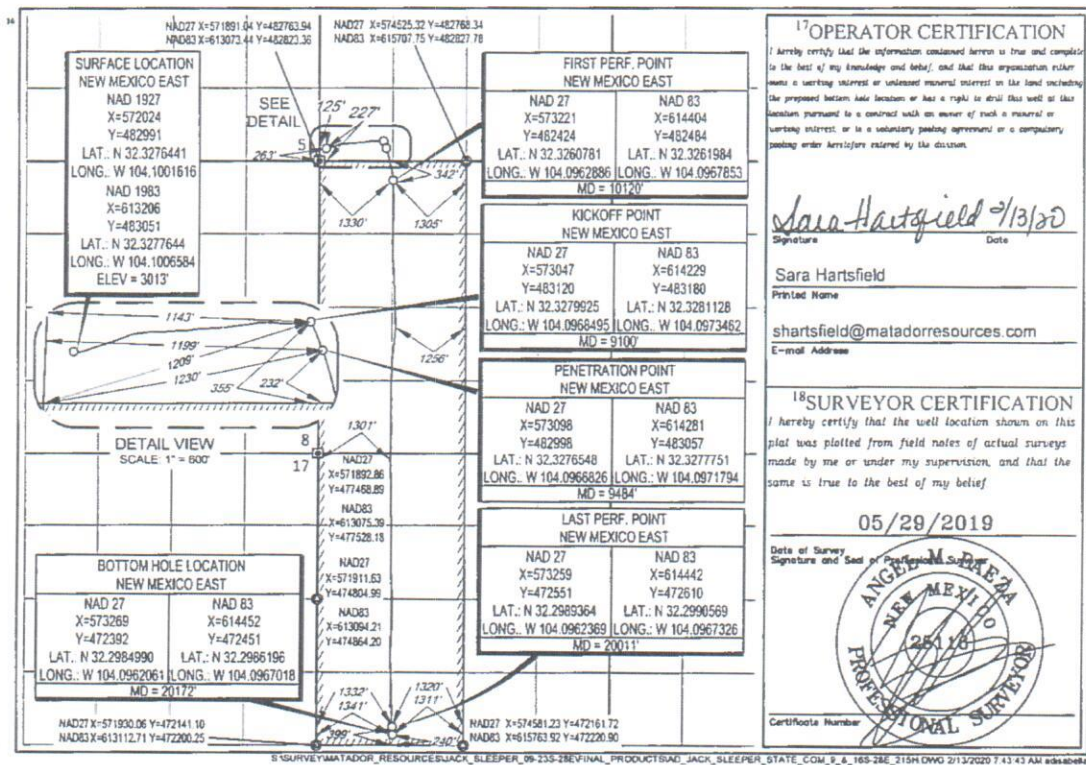
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	23-S	28-E	-	227'	SOUTH	125'	WEST	EDDY

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
N	16	23-S	28-E	-	240'	SOUTH	1341'	WEST	EDDY

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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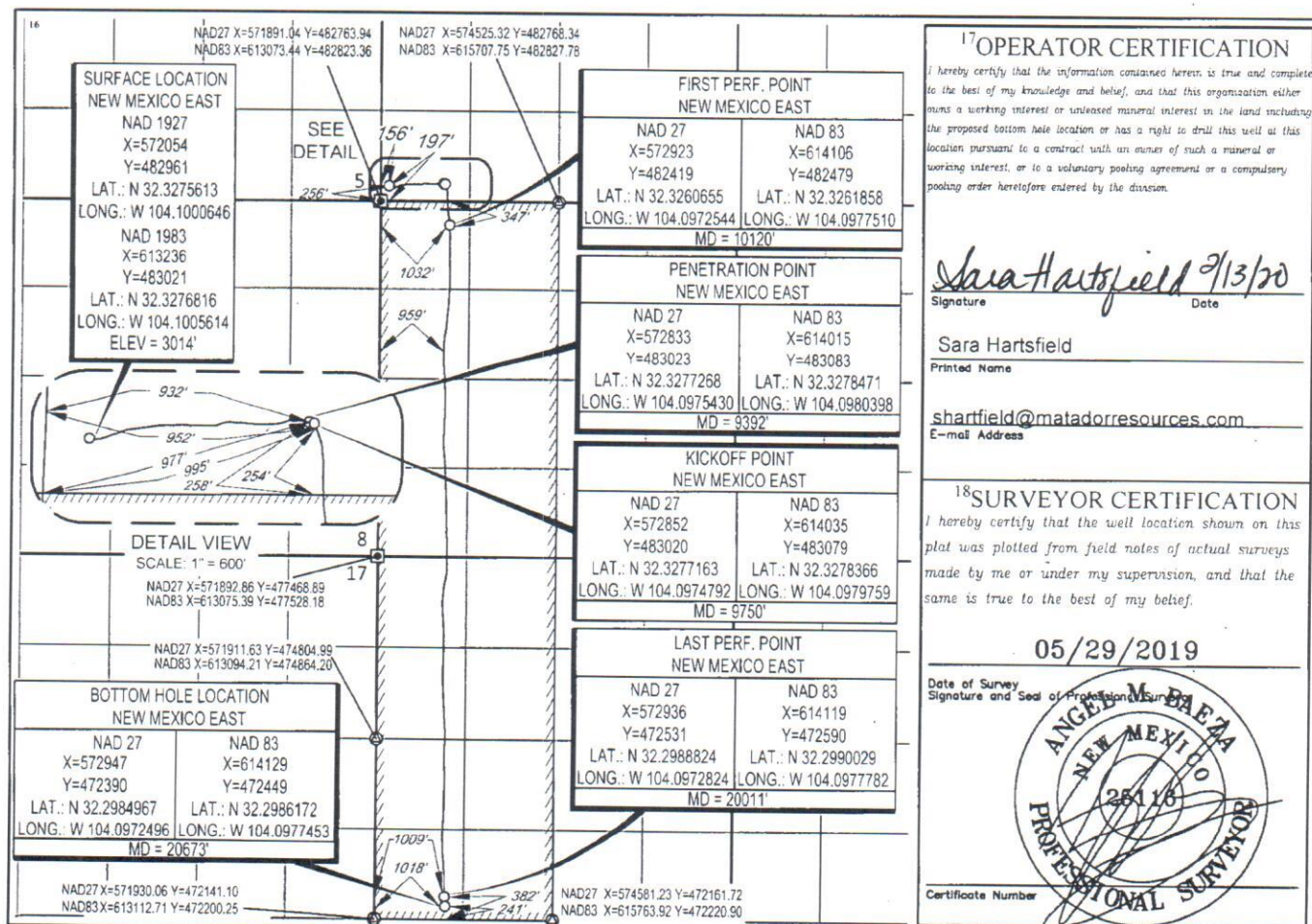
EMNRD-OCD ARTESIA

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46132		² Pool Code 98220		³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)	
⁴ Property Code 325764		⁵ Property Name JACK SLEEPER STATE COM 9 & 16-23S-28E			⁶ Well Number 221H
⁷ GRID 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 197'
					North/South line SOUTH
					Feet from the 156'
					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 241'
					North/South line SOUTH
					Feet from the 1018'
					East/West line WEST
					County EDDY
¹² Dedicated Acres 640		¹³ Joint or Infill		¹⁴ Consolidation Code	
				¹⁵ Order No.	

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name
		98220	PURPLE SAGE; WOLFCAMP (GAS)
⁴ Property Code	⁵ Property Name		⁶ Well Number
	JACK SLEEPER FED COM		202H
⁷ OGRID No.	⁸ Operator Name		⁹ Elevation
228937	MATADOR PRODUCTION COMPANY		3013'

¹⁰Surface Location

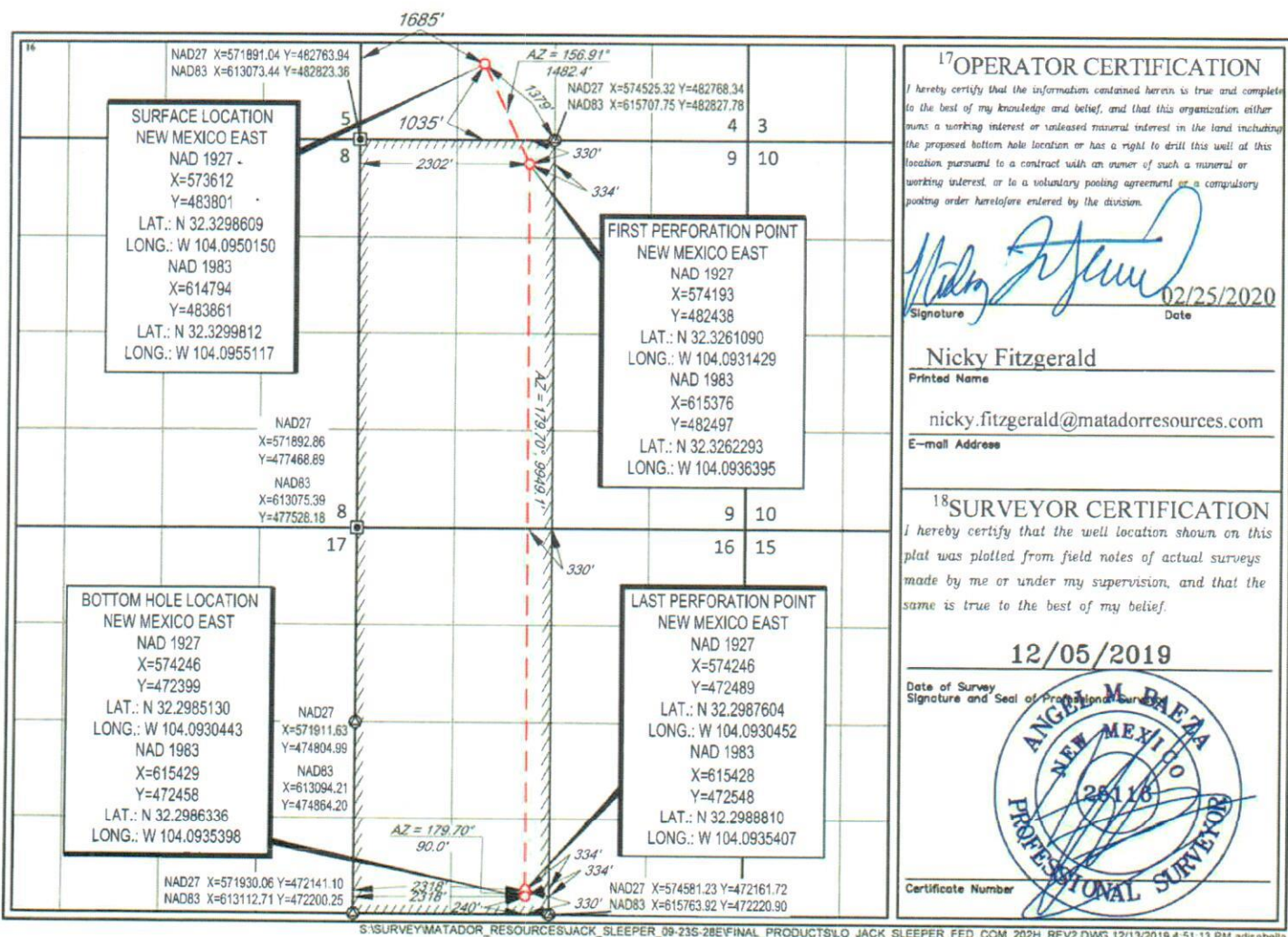
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	4	23-S	28-E	-	1035'	SOUTH	1685'	WEST	EDDY

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
N	16	23-S	28-E	-	240'	SOUTH	2318'	WEST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
640			

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Revised August 1, 2011

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 98220	³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)
⁴ Property Code	⁵ Property Name JACK SLEEPER FED COM	⁶ Well Number 222H
⁷ GRID No. 228937	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3016'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	4	23-S	28-E	-	1035'	SOUTH	1715'	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
N	16	23-S	28-E	-	240'	SOUTH	2318'	WEST	EDDY

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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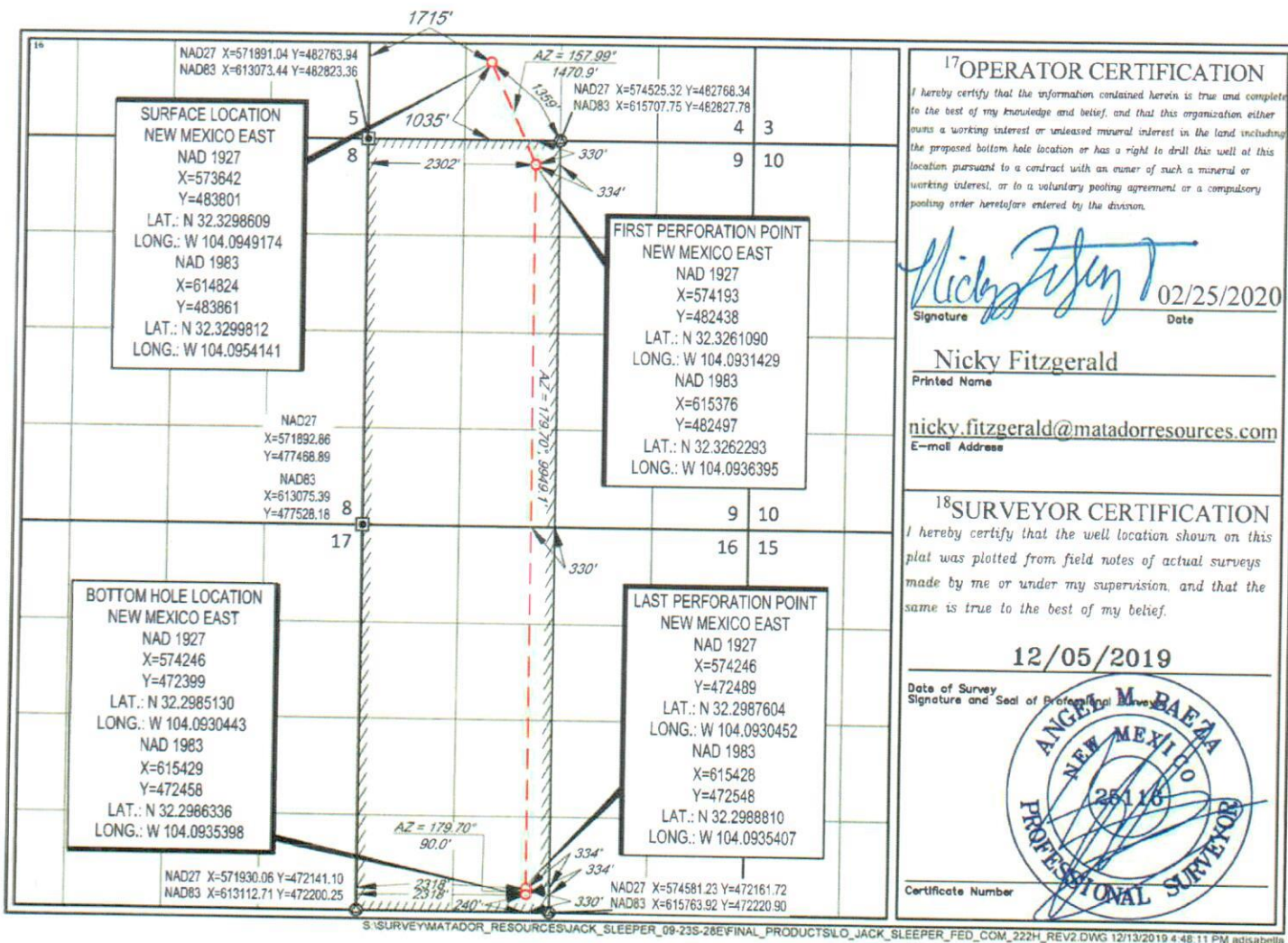
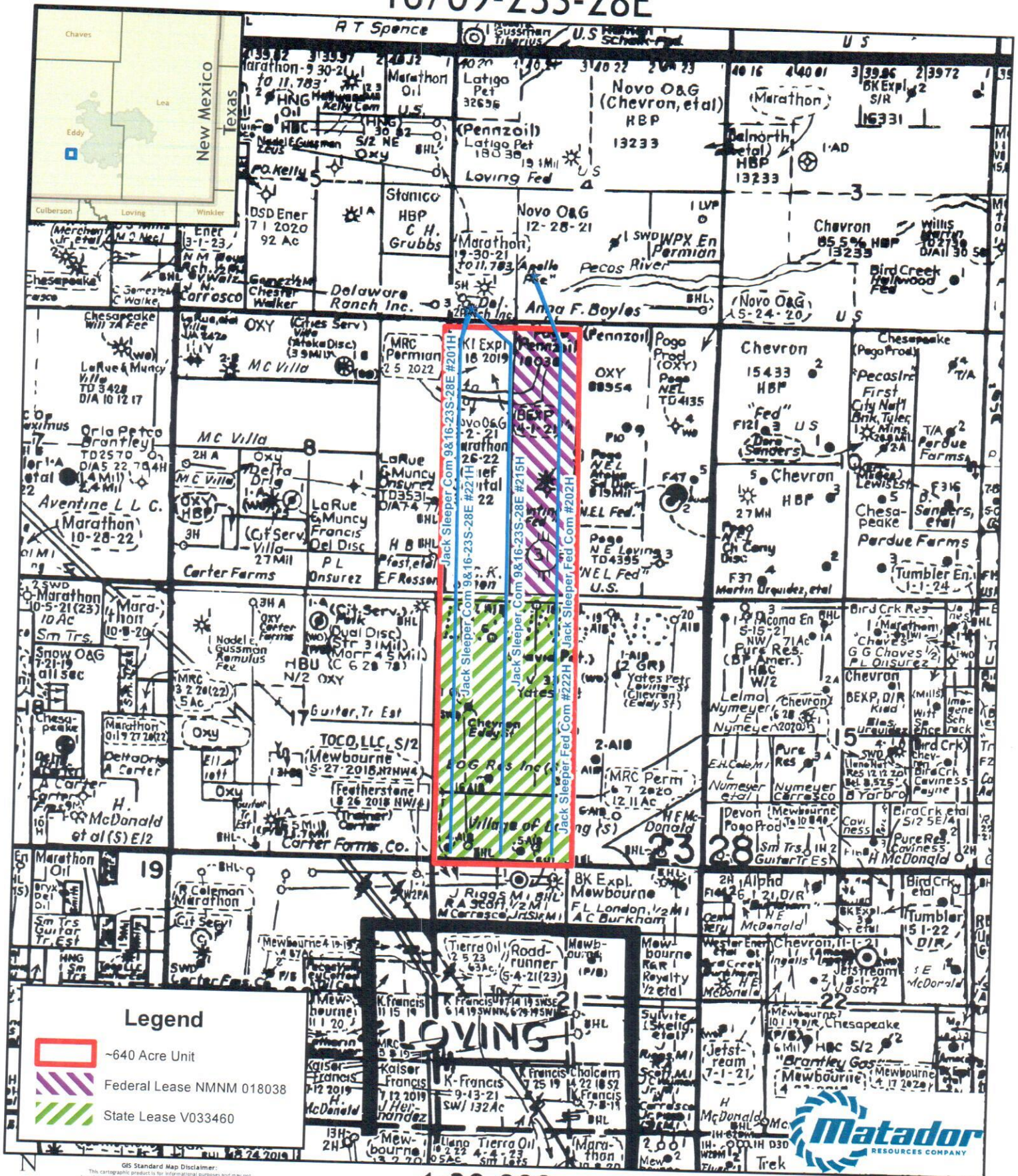


EXHIBIT A-2

16/09-23S-28E



1:30,000
1 inch = 2,500 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:		83.434375%
Voluntary Joinder:		13.953993%
Previously Pooled Under Order No. R-20630:		02.061632%
Interest Pooled Under this Application		0.55%
Interest Owner:	Description:	Interest:
Chief Capital (O&G) II, LLC	Uncommitted Working Interest Owner	00.55000%



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

April 24, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

TD Minerals, LLC
8111 Westchester, Suite 900
Dallas, TX 75225

Re: Jack Sleeper Com #201H, #215H, #221H, Jack Sleeper Fed Com #202H, #222H ("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 Matador Production Company's Wells, located in Section 9 and 16, Township 23 South, Range 28 East, Eddy County, New Mexico. Accordingly, enclosed are the AFE's dated on January 15, 2019 for the following:

In connection with the above, please note the following:

- **Jack Sleeper Com #201H:** to be drilled from SHL in the SW/4SW/4 of Section 16-23S-28E to a BHL in the NW/4NW/4 of Section 9-23S-28E. The proposed well will be drilled to an approximate Total Vertical Depth ('TVD') of 9,518' subsurface in the Wolfcamp Formation. The proposed well will have a Measured Depth ('MD') of approximately 19,585'.
- **Jack Sleeper Com #215H:** to be drilled from SHL in the SW/4SW/4 of Section 16-23S-28E to a BHL in the NW/4NW/4 of Section 9-23S-28E. The proposed well will be drilled to an approximate TVD of 9,690' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 19,757'.
- **Jack Sleeper Com #221H:** to be drilled from SHL in the SW/4SW/4 of Section 16-23S-28E to a BHL in the NW/4NW/4 of Section 9-23S-28E. The proposed well will be drilled to an approximate TVD of 10,350' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 20,417'.
- **Jack Sleeper Fed Com #202H:** to be drilled from SHL in the SE/4NW/4 of Section 16-23S-28E to a BHL in the NE/4NW/4 of Section 9-23S-28E. The proposed well will be drilled to an approximate TVD of 9,518' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 19,585'.
- **Jack Sleeper Fed Com #222H:** to be drilled from SHL in the SE/4NW/4 of Section 16-23S-28E to a BHL in the NE/4NW/4 of Section 9-23S-28E. The proposed well will be drilled to an

approximate TVD of 10,350' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 20,417'.

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.

TD Minerals, 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 Well(s) in the space provided below, sign and return one (1) copy of this letter to the undersigned.

As an alternative to participation in the Well(s) Matador is interested in leasing your mineral interest, subject to title verification, for \$1,500/acre, 1/5 royalty, and a 3 year term on the lease form enclosed. Should you elect to lease your minerals, please sign the enclosed lease, in the presence of a notary public, and return it to my attention, at the address listed above.

If your election is to participate in the drilling and completion of the Well(s), 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(s), 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

TD Minerals, LLC hereby elects to:

_____ Not to participate in the **Jack Sleeper Com #201H**

_____ Participate in the **Jack Sleeper Com #201H** for its Proportionate share of costs in the estimated amount of **\$47,876.07**

_____ Not to participate in the **Jack Sleeper Com #215H**

_____ Participate in the **Jack Sleeper Com #215H** for its Proportionate share of costs in the estimated amount of **\$47,931.77**

_____ Not to participate in the **Jack Sleeper Com #221H**

_____ Participate in the **Jack Sleeper Com #221H** for its Proportionate share of costs in the estimated amount of **\$50,612.10**

_____ Not to participate in the **Jack Sleeper Fed Com #202H**

_____ Participate in the **Jack Sleeper Fed Com #202H** for its Proportionate share of costs in the estimated amount of **\$47,876.07**

_____ Not to participate in the **Jack Sleeper Fed Com #222H**

_____ Participate in the **Jack Sleeper Fed Com #222H** for its Proportionate share of costs in the estimated amount of **\$50,612.10**

TD Minerals, LLC

By: _____

Title: _____

Date: _____

Contact Number: _____

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

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	January 15, 2019	AFE NO.:	
WELL NAME:	Jack Sleeper Com #221H	FIELD:	Purple Sage
LOCATION:	Section 9&16-23S-28E	MD/TVD:	20417'/10350'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	about 9600'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a 2 mile horizontal Wolfcamp with 46 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Location, Surveys & Damages	115,500	13,000	4,000	10,000	142,500
Drilling	1,150,500	-	-	-	1,150,500
Cementing & Float Equip	214,000	-	-	-	214,000
Logging / Formation Evaluation	-	6,500	-	-	6,500
Mud Logging	37,500	-	25,000	-	62,500
Mud Circulation System	93,500	-	115,000	-	208,500
Mud & Chemicals	115,200	50,000	1,000	-	166,200
Mud / Wastewater Disposal	185,000	-	-	-	185,000
Freight / Transportation	25,000	24,000	-	\$-	49,000
Rig Supervision / Engineering	206,400	119,400	7,200	18,000	351,000
Drill Bits	120,300	-	-	-	120,300
Fuel & Power	197,600	-	-	\$-	197,600
Water	40,000	692,000	-	-	732,000
Drig & Completion Overhead	19,000	26,000	-	-	45,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	357,000	-	-	-	357,000
Completion Unit, Swab, CTU	-	240,000	20,000	-	260,000
Perforating, Wireline, Slickline	-	294,000	-	-	294,000
High Pressure Pump Truck	-	126,500	-	-	126,500
Stimulation	-	4,048,000	-	-	4,048,000
Stimulation Flowback & Disp	-	13,000	330,000	-	343,000
Insurance	36,751	-	-	-	36,751
Labor	132,000	67,000	5,000	-	204,000
Rental - Surface Equipment	99,180	310,750	5,000	5,000	419,930
Rental - Downhole Equipment	119,000	50,000	-	10,000	179,000
Rental - Living Quarters	81,860	39,880	-	\$-	121,740
Contingency	274,023	207,203	-	3,010	484,236
Operations Center	40,850	-	-	-	40,850
TOTAL INTANGIBLES >	3,740,164	6,327,233	512,200	46,010	10,625,607
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 28,500	\$ -	\$ -	\$ -	\$ 28,500
Intermediate Casing	99,450	-	-	-	99,450
Drilling Liner	356,860	-	-	-	356,860
Production Casing	368,864	-	-	-	368,864
Production Liner	-	-	-	-	-
Tubing	-	-	61,200	-	61,200
Wellhead	80,000	-	30,000	-	110,000
Packers, Liner Hangers	-	105,000	10,000	-	115,000
Tanks	-	-	-	48,000	48,000
Production Vessels	-	-	82,000	28,750	110,750
Flow Lines	-	-	90,000	\$-	90,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	10,000	10,000
Installation Costs	-	-	-	70,000	70,000
Surface Pumps	-	-	5,000	2,000	7,000
Non-controllable Surface	-	-	-	\$-	-
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	12,500	30,000	42,500
Gas Conditioning / Dehydration	-	-	-	\$-	-
Interconnecting Facility Piping	-	-	-	40,000	40,000
Gathering / Bulk Lines	-	-	-	\$-	-
Valves, Dumps, Controllers	-	-	4,000	4,000	8,000
Tank / Facility Containment	-	-	-	13,200	13,200
Flare Stack	-	-	-	11,550	11,550
Electrical / Grounding	-	-	-	6,600	6,600
Communications / SCADA	-	-	-	\$-	-
Instrumentation / Safety	-	-	10,000	16,500	26,500
TOTAL TANGIBLES >	933,694	105,000	324,700	280,600	1,643,994
TOTAL COSTS >	4,673,857	6,432,233	836,900	326,610	12,269,600

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermes	Asset Manager - WTX/NM	<u>WTE</u>
Completions Engineer:	Waylon Wolf		WTE
Production Engineer:	Jan Mosnes		

MATADOR RESOURCES COMPANY APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

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

The results on IMC ATR are preliminary only and may not be representative of savings on any specific item or the total cost of the project. Taking inspiration approved under the AFE over budget up to a year after the well has been completed. In exercising this AFE, the Participant agrees to pay its share until there is a final cost required, including all applicable regulatory, state and local costs under the terms of the agreement. Regulatory and other legal fees covering this well. Participants shall be covered by and their agent(s) shall be covered by the Participant's well control and general liability insurance, unless otherwise specified. Insurance shall be provided by the Participant.

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

DATE:	January 15, 2018	AFE NO.:	
WELL NAME:	Jack Sleeper Com #201H	FIELD:	Purple Sage
LOCATION:	Section 9&16-23S-28E	MD/TVD:	19585'/9518'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	about 9600'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a 2 mile horizontal upper Wolfcamp with 46 stages		

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Blake Hermes
Completions Engineer: Waylon Wolf
Production Engineer: Jan Moones

Asset Manager - WTX/NM WTE
WTE

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

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

The cycle on this AFE has estimates only and may not be consistent as findings on any specific item or the total cost of the project. Taking installation or approval under the AFE may be delayed up to a year after the test has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of all costs incurred, including liability, corrective, regulatory, litigation and legal costs under the terms of the applicable cost sharing agreement, regulatory order or other agreement covering this work. Participants shall be covered by any policy proportionately to the Operator's self control and general liability insurer or unless participant provides Operator a certificate evidencing its insurance in an amount acceptable to the Operator by the date of audit.

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

DATE:	January 15, 2019	AFE NO.:	
WELL NAME:	Jack Sleeper Com #215H	FIELD:	Purple Sage
LOCATION:	Section 9&16-23S-28E	MDTVD:	19757/9690'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	about 9600'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a 2 mile horizontal upper Wolfcamp with 46 stages		

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer	Blake Hermes
Completions Engineer	Waylon Wolf
Production Engineer	Jan Mosnes

Asset Manager - WTX/NM

WTE

Executive VP, COO/CFO _____ DEL

Executive VP, Legal _____ CA

President _____ M/H

VP - Res Engineering

Exec Dir - Exploration

President

VP - Res Engineering

Exec Dir - Exploration

VP - Drilling

BG

Company Name:

Working Interest (%):

Tax ID.

Signed by:

Date _____

Title:

Approval: Yes

No (mark one)

[illegible]

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

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

APPLICATION OF MATADOR PRODUCTION COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO. CASE NO. 20327

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

April 4, 2019

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
PHILLIP GOETZE, TECHNICAL EXAMINER
TERRY WARNELL, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner; Terry Warnell and Phillip Goetze, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, April 4, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

EXHIBIT B

PAUL BACA PROFESSIONAL COURT REPORTERS
500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

CASE 21375

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APPEARANCES

FOR APPLICANT MATADOR PRODUCTION COMPANY:

JAMES G. BRUCE, ESQ.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

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EXHIBITS OFFERED AND ADMITTED

Matador Production Company Exhibit Numbers 1 through 5	10
Matador Production Company Exhibit Numbers 6 through 8	15

1 (1:42 p.m.)

2 EXAMINER McMILLAN: Let's hear 20327,
3 application -- application of Matador Production Company
4 for compulsory pooling, Eddy County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the Applicant. I have two
8 witnesses.

9 EXAMINER McMILLAN: Any other appearances?
10 Novo Oil & Gas made a prehearing statement
11 but didn't appear, so proceed.

12 MR. BRUCE: Ms. Callahan is here, but --

13 MS. CALLAHAN: For Novo?

14 EXAMINER McMILLAN: Yeah. I have in my
15 notes that Novo was supposed to appear.

16 MR. BRUCE: I think the parties reached
17 terms.

18 MS. CALLAHAN: Yeah. The parties reached
19 terms, and Novo dismissed their competing cases.

20 EXAMINER McMILLAN: Okay.

21 Proceed.

22 MR. BRUCE: Witnesses sworn in?

23 (Ms. Hartsfield and Mr. Brugioni sworn.)

24

25

1 SARA HARTSFIELD,
2 after having been first duly sworn under oath, was
3 questioned and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. BRUCE:

6 Q. Would you please state your name and city of
7 residence for the record?

8 A. Yes. My name is Sara Hartsfield, and I reside
9 in Fort Worth, Texas.

10 Q. Have you previously testified before the
11 Division?

12 A. Yes, I have.

13 Q. And were your credentials as an expert
14 petroleum landman accepted by the Division as a matter
15 of record?

16 A. Yes, they were.

17 Q. Are you familiar with the application filed in
18 this case?

19 A. Yes, I am.

20 Q. And are you familiar with the land status of
21 the lands in this application?

22 A. Yes.

23 MR. BRUCE: Mr. Examiner, I tender
24 Ms. Hartsfield as an expert petroleum landman.

25 EXAMINER McMILLAN: So qualified.

1 Q. (BY MR. BRUCE) Could you identify Exhibit 1 for
2 the examiner and describe what --

3 A. Yes. Exhibit 1 has five draft C-102s. These
4 are for our five initial wells that we're seeking to
5 pool. Each well is planned as a two-mile lateral in the
6 Purple Sage; Wolfcamp gas pool. The pool code is 98220.
7 Each well is located in the west half of Sections 9 and
8 16 in 23 South, 28 East, Eddy County, New Mexico. And
9 those five wells are the Jack Sleeper Com #201H, the
10 Jack Sleeper Com #215H, the Jack Sleeper Com 221H, the
11 Jack Sleeper Fed Com #202H, and the Jack Sleeper Fed Com
12 Number 222H.

13 Q. And you seek to force pool the Wolfcamp
14 Formation underlying the west half of Sections 9 and 16?

15 A. Yes, that's correct.

16 Q. And this is, of course, in the Purple Sage;
17 Wolfcamp gas pool?

18 A. Yes, it is.

19 Q. Will the first and last perforations comply
20 with the setback rules of the Purple Sage; Wolfcamp
21 pool?

22 A. Yes, they do.

23 Q. Move on to Exhibit 2.

24 A. Exhibit 2 is our Midland Map that shows the
25 proposed spacing unit. We're seeking to create a

1 640-acre standard horizontal spacing unit comprised of
2 the west half of Section 9 and Section 16 in 23 South,
3 28 East, Eddy County. We're seeking to pool the
4 uncommitted interests in the Wolfcamp
5 Formation underneath this standard.

6 Q. And what types of land are in the well unit?

7 A. It's comprised of fee land, federal land and
8 state land.

9 Q. Are there any depth severances in the Wolfcamp
10 Formation?

11 A. There are no depth severances in the Wolfcamp.

12 Q. What is Exhibit 3? And look at the first two
13 pages.

14 A. Okay. Exhibit 3 is a summary of the interests
15 that we seek to pool. It's a summary of the interests,
16 including ours. The MRC Permian Company has 81.5104
17 percent, and we're seeking to pool 18.4896 percent.

18 Q. And these are unleased mineral owners other
19 than Marathon and Novo; is that correct?

20 A. Correct. It's a list of the uncommitted
21 working interest owners and uncommitted mineral owners.

22 Q. Were there any unlocatable parties?

23 A. Yes, there were.

24 Q. And what steps did Matador take to locate the
25 interest owners in the well unit?

1 A. We worked with our land brokers to research the
2 BLM records, the state records and the county records,
3 as well as online search engines.

4 Q. In your opinion, did Matador make a good-faith
5 effort to locate the interest owners and to identify
6 them for purposes of this hearing?

7 A. Yes.

8 Q. Now, page 3 of Exhibit 3, what does that show?

9 A. This lists two of the overriding royalty
10 interest owners in the proposed unit that we seek to
11 pool as well.

12 Q. Are these the only overrides in the well unit?

13 A. No. These are not the only overrides. The
14 rest of the overriding royalty interest owners, we have
15 the authority to pool.

16 Q. What is Matador Exhibit 4? And there is 4A and
17 4B. Let's go through that.

18 A. Okay. Exhibit 4A shows the working interest
19 proposal that we sent along with the JOA to the
20 uncommitted working interest owners -- or to all the
21 working interest owners. It outlines the wells that
22 we're proposing, as well as the costs that we're seeking
23 under the JOA. And behind that is a copy of the AFEs
24 for the five initial wells that we're seeking to pool.

25 Q. And is Exhibit 4B slightly different than 4A?

1 A. It's slightly different. This is what we sent
2 to the unleased mineral interest owners. It included an
3 offer to lease.

4 Q. Okay. And it made an offer to join in, but it
5 included the offer to lease; is that correct?

6 A. Correct.

7 Q. And let's go to the five AFEs. Yeah. Go
8 through the costs. There are two -- basically two
9 separate zones in the Wolfcamp A; is that correct?

10 A. That is correct. So the first AFE is for the
11 Jack Sleeper Com 201H, and that total cost is
12 approximately 11,606,000. And the cost of the Jack
13 Sleeper Com 2015H and the Jack Sleeper Fed Com 202H have
14 similar costs.

15 Q. And those are in the same correlative interval?

16 A. That's correct.

17 If you look at the AFE, which I think is
18 the third one, it's for the Jack Sleeper Com 221H, the
19 total cost for this AFE is around 12,269,000. And the
20 AFE costs for the Jack Sleeper Fed Com 222H is similar
21 to that. And this is just because these are deeper
22 wells.

23 Q. And are the costs reflected in the AFEs fair
24 and reasonable and consistent with what Matador and
25 other operators have charged for wells -- similar wells

1 in this area?

2 A. Yes, they are.

3 Q. And what overhead rates do you request?

4 A. We request 8,000 while drilling and 800 while
5 producing.

6 Q. And are these costs similar to what other
7 operators charge in this area for these types of wells?

8 A. Yes.

9 Q. And do you request that the rates be adjusted
10 periodically as provided by the COPAS accounting
11 procedure?

12 A. Yes, we do.

13 Q. Does Matador request the maximum cost plus 200
14 percent risk charge for an interest owner who goes
15 nonconsent in a well?

16 A. Yes.

17 MR. BRUCE: And, Mr. Examiner, if you turn
18 to Exhibit 5A, it's my affidavit of mailing. As you can
19 see, there are several people who had returned letters,
20 but the bulk of the people did receive actual notice of
21 this hearing.

22 Q. (BY MR. BRUCE) Ms. Hartsfield, because
23 unlocatable interest owners, was notice published in the
24 newspaper as against them?

25 A. Yes, it was.

1 MR. BRUCE: And, Mr. Examiner, that's
2 Exhibit 5B.

3 Q. (BY MR. BRUCE) To the best of your knowledge,
4 were the notices sent to last known best addresses for
5 these people?

6 A. Yes.

7 Q. And do you request that Matador Production
8 Company be designated operator of these wells?

9 A. Yes.

10 Q. In your opinion, will the granting of this
11 application be in the interest of conservation and the
12 prevention of waste?

13 A. Yes.

14 Q. And were Matador Exhibits 1 through 5 either
15 prepared by you or under your supervision or compiled
16 from company business records?

17 A. Yes, they were.

18 MR. BRUCE: Mr. Examiner, I move the
19 admission of Exhibits 1 through 5.

20 EXAMINER McMILLAN: Exhibits 1 through 5
21 may now be accepted as part of the record.

22 (Matador Production Company Exhibit Numbers
23 1 through 5 are offered and admitted into
24 evidence.)

25 MR. BRUCE: And I have no further questions

1 of the witness.

2 EXAMINER BROOKS: I have none.

3 EXAMINER McMILLAN: I don't have any
4 questions.

5 EXAMINER GOETZE: I have no questions.
6 Thank you.

7 THE WITNESS: Thank you.

8 DANIEL BRUGIONI,
9 after having been previously sworn under oath, was
10 questioned and testified as follows:

11 DIRECT EXAMINATION

12 BY MR. BRUCE:

13 Q. Would you please state your name and city of
14 residence for the record?

15 A. Daniel Brugioni. I reside in Dallas, Texas.

16 Q. Who do you work for and in what capacity?

17 A. I work for Matador Resources Company as a
18 geologist.

19 Q. Have you previously testified before the
20 Division?

21 A. No.

22 Q. How long have you been with Matador?

23 A. Just under two years?

24 Q. Do your responsibilities at Matador include
25 this portion of southeast New Mexico?

1 A. Yes, they do.

2 Q. Would you explain your employment and
3 educational experience for the examiner?

4 A. Yes. I have my undergraduate degree in earth
5 environmental science from Wesleyan University in
6 Connecticut and then a Master's Degree in Geology from
7 the Colorado School of Mines. And after that, I went to
8 work for Matador Resources.

9 Q. And you've been a geologist with Matador that
10 entire time?

11 A. Yes.

12 Q. Are you a member of any professional
13 organizations?

14 A. Yes, the American Association of Petroleum
15 Geologists, as well as the West Texas Geological
16 Society.

17 Q. And as part of your employment, does Matador
18 require you to complete at least 40 hours of training or
19 continuing education each year?

20 A. Yes, they do.

21 Q. Are you familiar with the application filed in
22 this case?

23 A. Yes, I am.

24 Q. And have you conducted a geologic study of the
25 lands which are the subject of this case?

1 A. Yes.

2 MR. BRUCE: Mr. Examiner, I tender the
3 witness as an expert witness in petroleum geology.

4 EXAMINER McMILLAN: So qualified.

5 Q. (BY MR. BRUCE) Could you identify Exhibit 6 for
6 the examiner briefly?

7 A. Yes. This is a locator map showing the Jack
8 Sleeper project area in yellow in the Northern Delaware
9 Basin.

10 Q. And have you prepared a structure map and cross
11 section of this targeted formation -- of the Wolfcamp
12 Formation?

13 A. Yes.

14 Q. Let's move on to Exhibit 7. What is that?

15 A. Okay. So this is the structure map made on the
16 top of the Wolfcamp and subsea true vertical depths, and
17 it is showing the project area in yellow, as well as the
18 Jack Sleeper wells and their location, surrounding
19 horizontal producers from the Wolfcamp, surrounding well
20 control use for the structure map. And I do apologize,
21 but also the location of the cross section from A to A
22 prime, south to north. And the structure map is showing
23 a slight 1 degree dip to the east. No faulting, no
24 pinch-outs present or any geological hazards that will
25 impede these horizontal wells.

1 Q. And if you're looking at this map, there are
2 both lay-down and stand-up Wolfcamp wells. Is there any
3 preferred orientation?

4 A. No.

5 Q. And are the wells chosen for the cross section
6 representative of the Wolfcamp Formation in this area?

7 A. Yes, they are.

8 Q. Could you identify Exhibit 8 for the examiner?

9 A. Yes. So this is the structural cross section,
10 A to A prime, in the previous exhibit, and it is showing
11 the overall Wolfcamp section from the top of the
12 Wolfcamp to the base of the Wolfcamp and the three
13 targets for the Jack Sleeper area from top to bottom,
14 the top target being for the 201 and 202 wells, the
15 middle target being for the 215 wells and the bottom
16 target for the 221 and 222 wells.

17 Q. And is the Wolfcamp in each of these zones that
18 are going to be tested continuous across the well unit?

19 A. Yes, they are.

20 Q. In your opinion, are there any geologic
21 impediments to developing the Wolfcamp Formation by
22 horizontal drilling?

23 A. No, there are not.

24 Q. And can the acreage be effectively and
25 efficiently drained by development by horizontal wells?

1 A. Yes, it can.

2 Q. In your opinion from a geologic perspective,
3 will each quarter section in the well unit be productive
4 and contribute more or less equally to production from
5 the well?

6 A. Yes, they will.

7 Q. And will Matador comply with the setback
8 requirements for the Purple Sage; Wolfcamp pool rules?

9 A. Yes.

10 Q. In your opinion, is the granting of this
11 application in the interest of conservation and the
12 prevention of waste?

13 A. Yes.

14 Q. And were Exhibits 6, 7 and 8 prepared by you or
15 under your direction and supervision?

16 A. Yes, they were.

17 MR. BRUCE: Mr. Examiner, I'd move the
18 admission of Exhibits 6, 7 and 8.

19 EXAMINER McMILLAN: Exhibits 6 through 8
20 may now be accepted as part of the record.

21 (Matador Production Company Exhibit Numbers
22 6, 7 and 8 are offered and admitted into
23 evidence.)

24 MR. BRUCE: I have no further questions for
25 the witness.

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CROSS-EXAMINATION

BY EXAMINER McMILLAN:

Q. My first comment is you're going to have a color display of your structure map. So you need to resend that. What's the point of having a color map when it's all blue?

A. Yes, sir.

Q. Don't worry. I tell them that all the time.

(Laughter.)

Q. And which one of the zones has better reserves, or are they more or less the same?

A. We believe the upper -- upper one has the most reserves, but there isn't a large difference.

Q. Oh, okay.

EXAMINER McMILLAN: (Indicating.)

EXAMINER GOETZE: I'll ask a question.

CROSS-EXAMINATION

BY EXAMINER GOETZE:

Q. First of all, congratulations surviving the Colorado School of Mines and finding a job in Texas.

(Laughter.)

Q. The second one is: The three target intervals, briefly your understanding of permeability and porosity between the three zones. Are they -- they're all

1 conventional or they're tight shales, or what are you
2 looking at as far as what you're going to be seeing down
3 the road as far as enhanced fracking techniques?

4 A. Sure. So the upper zone is a pure sandstone
5 that has some of the best porosity out of the three
6 targets. And then the lower target is a mix of most of
7 everything you see, with sand to siltstones, some
8 carbonates depending on the area you're in, with
9 relatively lower to equal porosity as the upper zone.
10 And then the base zone is pure shale.

11 Q. So you're running a full spectrum of tests, in
12 a sense, going from all extremes, from a native porosity
13 to a very unconventional for these wells?

14 A. That's correct.

15 Q. Thank you. Those are my only questions.

16 EXAMINER BROOKS: No questions.

17 EXAMINER McMILLAN: Okay. Thank you.

18 THE WITNESS: Thank you.

19 EXAMINER GOETZE: With one note, you will
20 re-send the structure map --

21 THE WITNESS: Yes.

22 EXAMINER GOETZE: -- so we can understand?

23 THE WITNESS: Yes.

24 EXAMINER BROOKS: That's R-E-S-E-N-D, not
25 R-E-S-C-I-N-D.

1 (Laughter.)

2 MR. BRUCE: Are you sure, or do we have to
3 rescind the first one before we re-send it?

4 EXAMINER GOETZE: We're prodding you along.
5 Would you like this to be --

6 EXAMINER McMILLAN: Taken under advisement?

7 MR. BRUCE: Ask it be taken under
8 advisement.

9 EXAMINER McMILLAN: 20327 shall be taken
10 under advisement.

11 (Case Number 20327 concludes, 2:00 p.m.)
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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

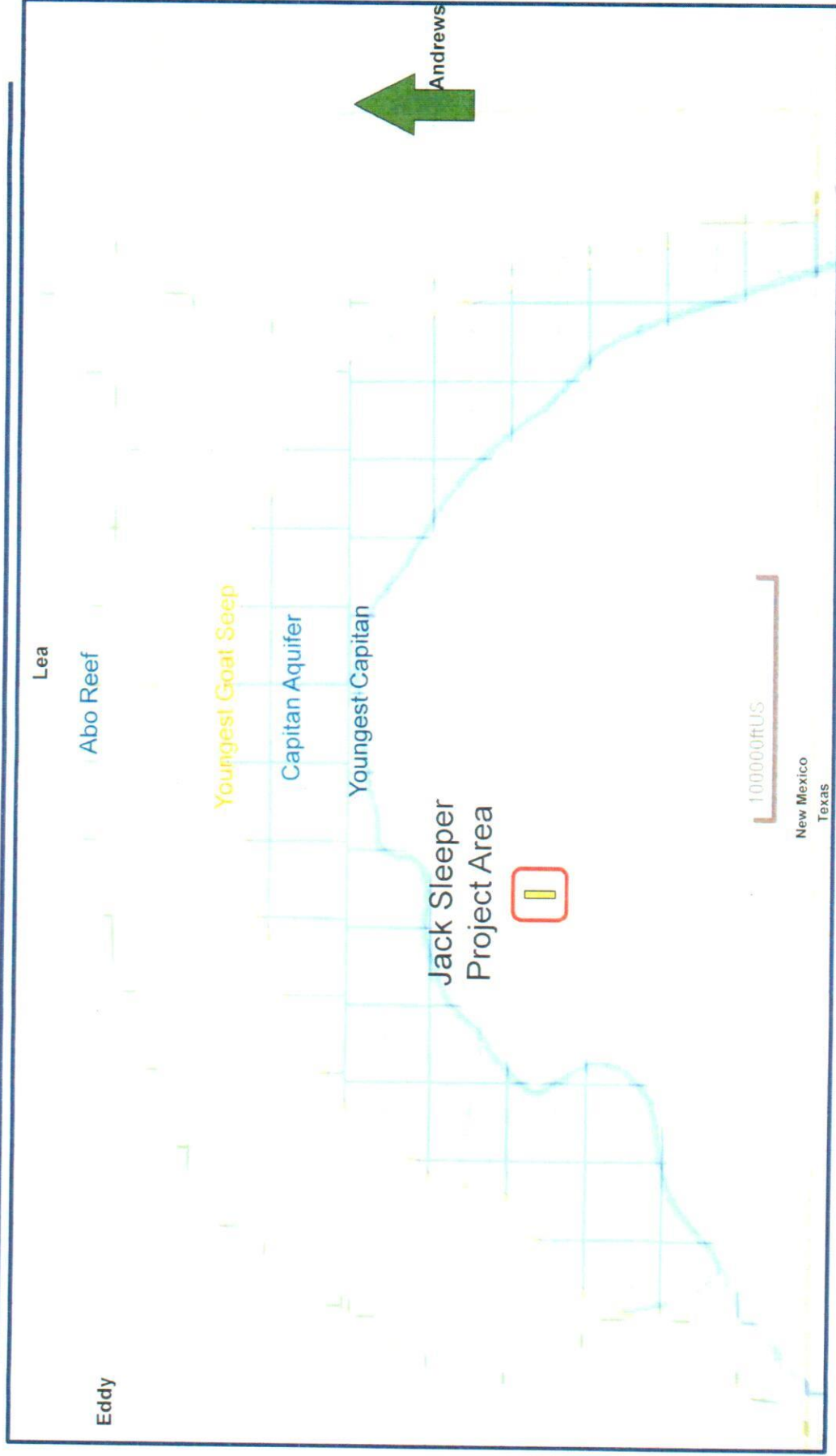
16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 24th day of April 2019.
21
22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

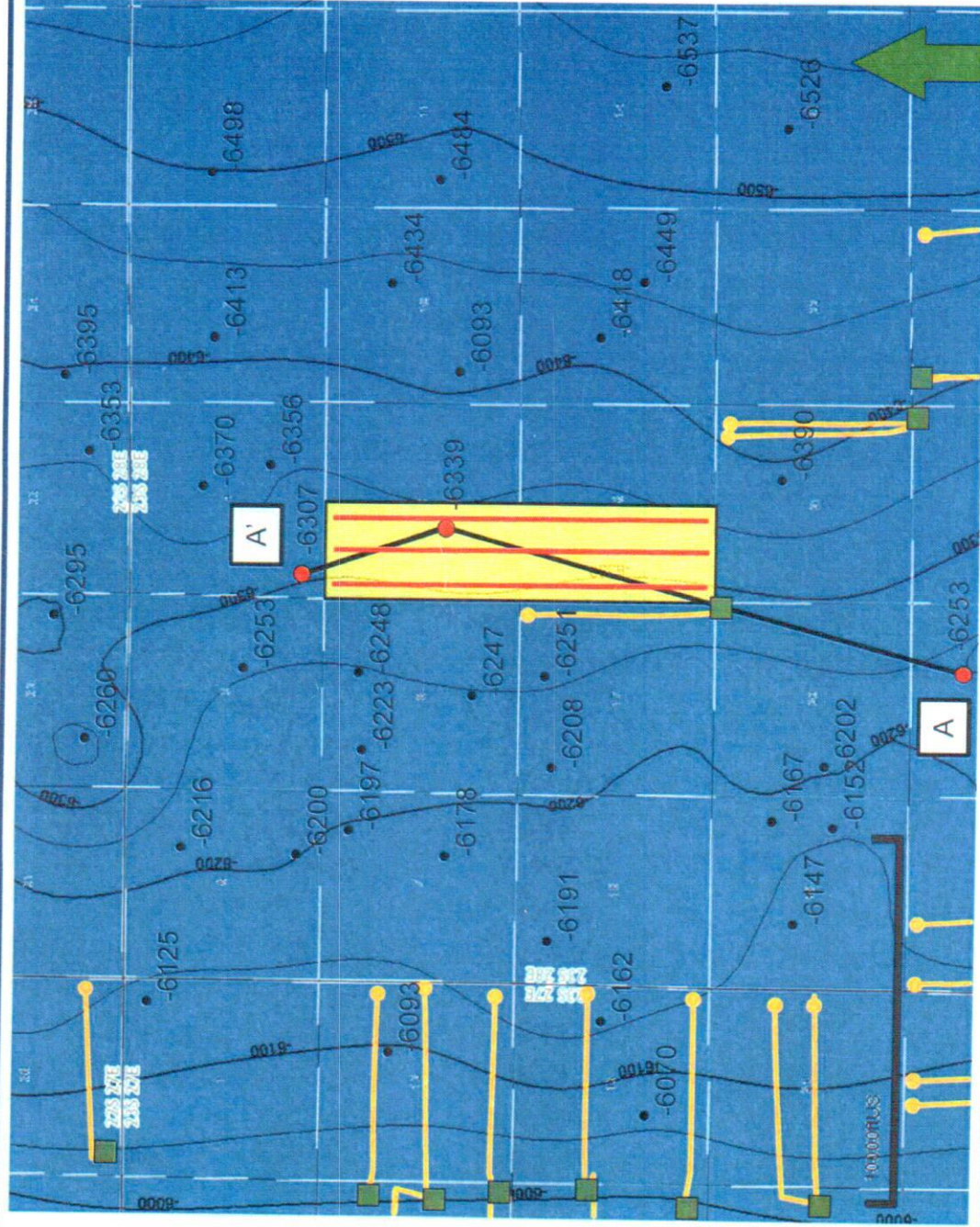
Purple Sage; Wolfcamp (Gas) (Pool Code 98220) Locator Map

Matador
Exhibit [6](#)



Jack Sleeper Com 201H, 202H, 215H, 221H & 222H

Purple Sage; Wolfcamp (Gas) (Pool Code 98220) Structure Map (Top Wolfcamp Subsea)



Map Legend

Jack Sleeper Wells



Project Area



Wolfcamp
Producers

BHL

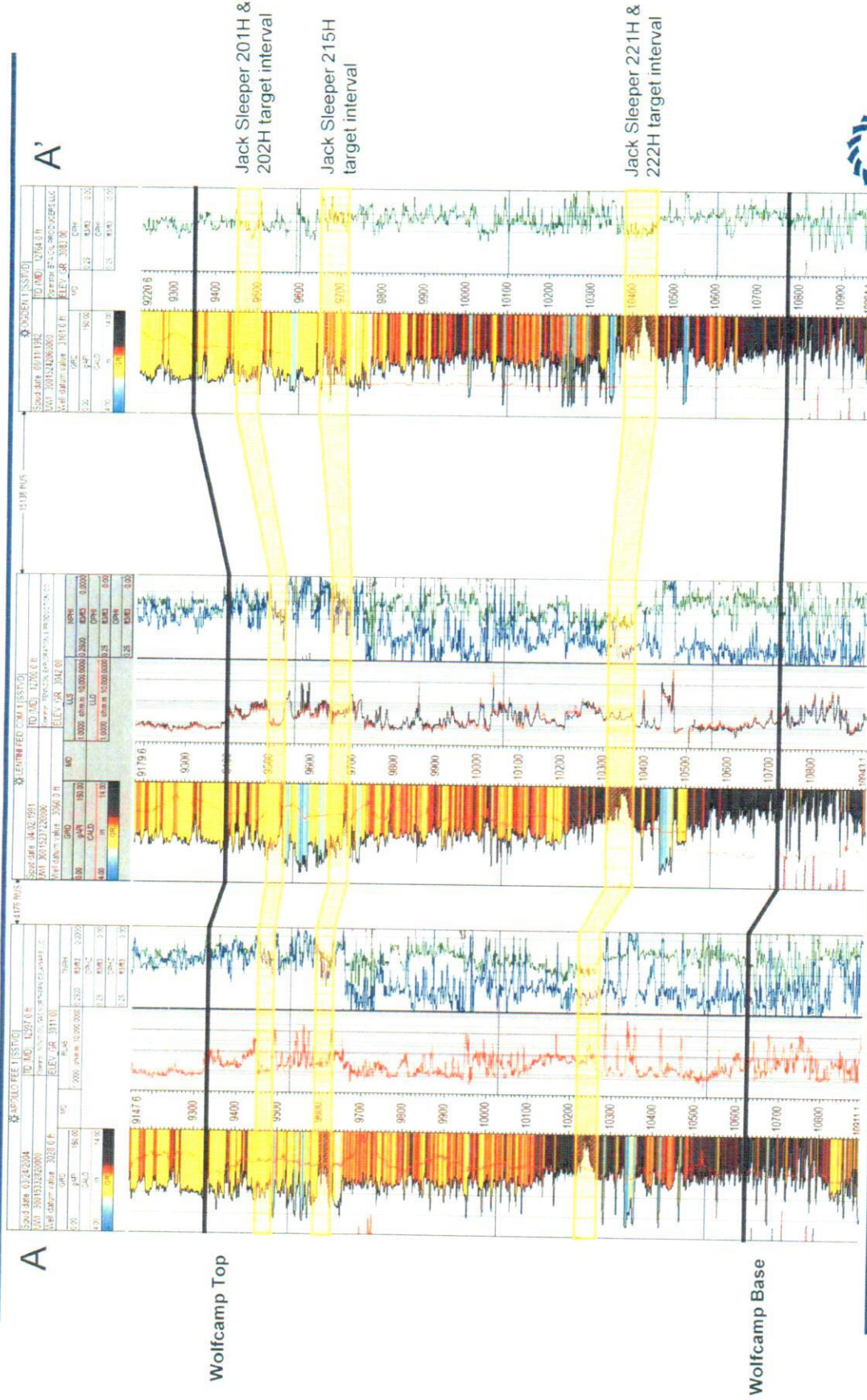


C. I. = 50'



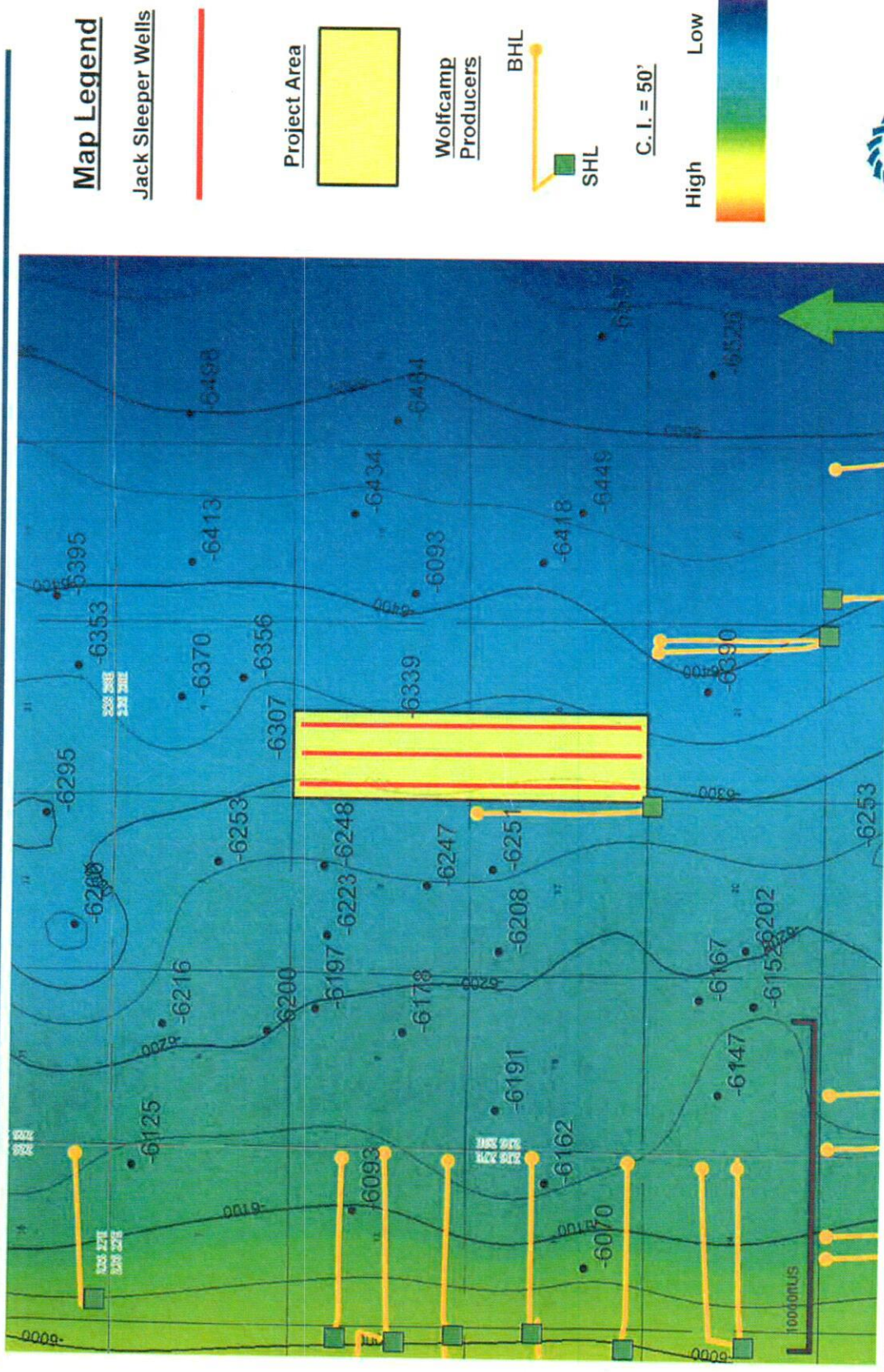
Jack Sleeper Com 201H, 202H, 215H, 221H & 222H

Purple Sage; Wolfcamp (Gas) (Pool Code 98220) Structural Cross Section A - A'



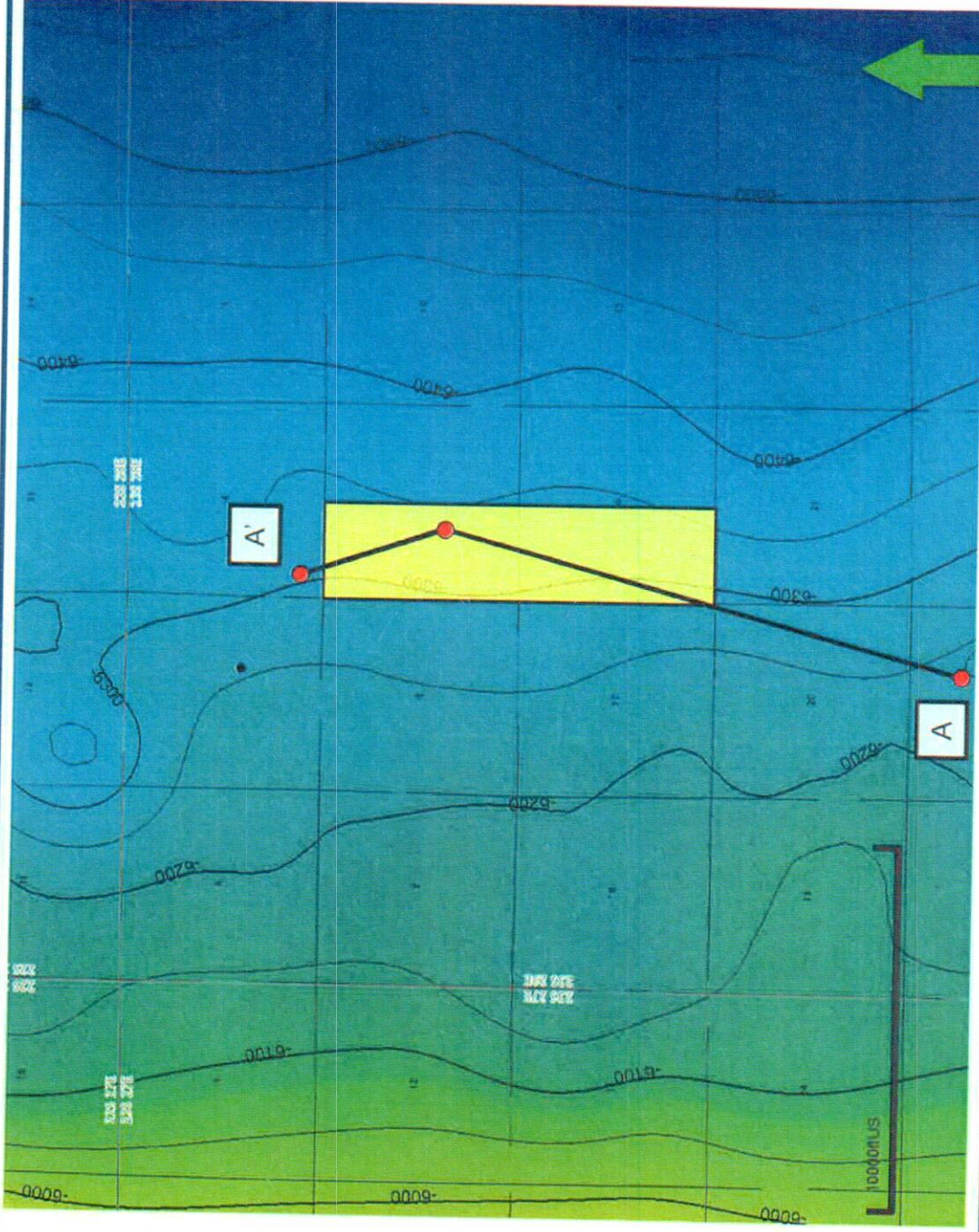
Jack Sleeper Com 201H, 202H, 215H, 221H & 222H

Purple Sage; Wolfcamp (Gas) (Pool Code 98220) Structure Map (Top Wolfcamp Subsea)



Jack Sleeper 9 & 16-23S-28E RB 201H, 202H, 215H, 221H & 222H

Purple Sage; Wolfcamp (Gas) (Pool Code 98220) Cross-Section Reference Line A – A'



Map Legend

Project Area



C. I. = 50'

High



Low



Jack Sleeper 9 & 16-23S-28E RB 201H, 202H, 215H, 221H & 222H

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
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:

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

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Suite 900

Street and Apt. No.

8111 Westchester

City, State, ZIP+4[®]

Dallas, Texas 75225

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- 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

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

CV-19

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

8/21/20

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

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☐ Signature ConfirmationTM

☐ Signature Confirmation Restricted Delivery

Restricted Delivery

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 21375

APPLICATION

Matador Production Company applies for an order pooling all mineral interests in the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool) underlying a horizontal spacing unit comprised of the W/2 of Section 9 and the W/2 of Section 16, Township 23 South, Range 28 East, NMPM, and in support thereof states:

1. Applicant is an operator in the W/2 of Section 9 and the W/2 of Section 16, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to depths sufficient to test the Wolfcamp formation:
 - (a) The Jack Sleeper Com. Well No. 201H, with a first take point in the SW/4SW/4 of Section 16 and a final take point in the NW/4NW/4 of Section 9;
 - (b) The Jack Sleeper Com. Well No. 215H, with a first take point in the SW/4SW/4 of Section 16 and a final take point in the NW/4NW/4 of Section 9;
 - (c) The Jack Sleeper Com. Well No. 221H, with a first take point in the SW/4SW/4 of Section 16 and a final take point in the NW/4NW/4 of Section 9;
 - (d) The Jack Sleeper Com. Well No. 202H, with a first take point in the SE/4SW/4 of Section 16 and a final take point in the NE/4NW/4 of Section 9; and
 - (e) The Jack Sleeper Com. Well No. 222H, with a first take point in the SE/4SW/4 of Section 16 and a final take point in the NE/4NW/4 of Section 9.

The W/2 of Section 9 and the W/2 of Section 16 will be dedicated to the wells to form a standard 640 acre gas spacing and proration unit.

EXHIBIT

D

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

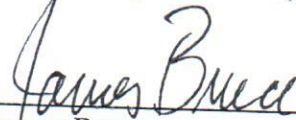
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W/2 of Section 9 and the W/2 of Section 16, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W/9 of Section 9 and the W/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 Wolfcamp formation underlying the W/2 of Section 9 and the W/2 of Section 16;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping 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,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

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 Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool) underlying a horizontal spacing unit comprised of the W/2 of Section 9 and the W/2 of Section 16, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to:

- (a) The Jack Sleeper Com. Well No. 201H, with a first take point in the SW/4SW/4 of Section 16 and a final take point in the NW/4NW/4 of Section 9;
- (b) The Jack Sleeper Com. Well No. 215H, with a first take point in the SW/4SW/4 of Section 16 and a final take point in the NW/4NW/4 of Section 9;
- (c) The Jack Sleeper Com. Well No. 221H, with a first take point in the SW/4SW/4 of Section 16 and a final take point in the NW/4NW/4 of Section 9;
- (d) The Jack Sleeper Com. Well No. 202H, with a first take point in the SE/4SW/4 of Section 16 and a final take point in the NE/4NW/4 of Section 9; and
- (e) The Jack Sleeper Com. Well No. 222H, with a first take point in the SE/4SW/4 of Section 16 and a final take point in the NE/4NW/4 of Section 9.

The W/2 of Section 9 and the W/2 of Section 16 will be dedicated to the wells. 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:	21375
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 Wolfcamp Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Entire Wolfcamp formation
Pool Name and Pool Code:	Purple Sage; Wolfcamp (Gas)/Pool Code 98220
Well Location Setback Rules:	Special rules for Purple Sage Wolfcamp (Gas) Pool and current horizontal well rules
Spacing Unit Size:	Half sections/320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	320 acres
Orientation:	North-South
Description: TRS/County	W/2 §9 and W/2 §16-23S-28E, NMPM, 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	EXHIBIT E
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 St. Com. 9 & 16-23S-28E Well No. 201H, API No. 30-015- 46131 SHL: 197 FSL and 126 FWL (Unit M) §4-23S-28E BHL: 241 feet FSL and 351 feet FWL (Unit M) §16-23S-28E FTP: 464 FNL & 364 FWL §9 LTP: 383 FSL & 351 FWL §16 Wolfcamp/TVD 9518 feet/MD 19585 feet

Jack Sleeper St. Com. 9 & 16-23S-28E Well No. 215H, API No. 30-015-46133

SHL: 227 FSL and 125 FWL (Unit M) §4-23S-28E

BHL: 240 feet FSL and 1341 feet FWL (Unit N) §16-23S-28E

FTP: 342 FNL & 1330 FWL §9

LTP: 399 FSL & 1341 FWL §16

Wolfcamp/TVD 9690 feet/MD 19757 feet

Jack Sleeper St. Com. 9 & 16-23S-28E Well No. 221H, API No. 30-015-46132

SHL: 197 FSL and 156 FWL (Unit M) §4-23S-28E

BHL: 241 feet FSL and 1018 feet FWL (Unit M) §16-23S-28E

FTP: 347 FNL & 1032 FWL §9

LTP: 382 FSL & 1009 FWL §16

Wolfcamp/TVD 10350 feet/MD 20417 feet

Jack Sleeper Fed. Com. Well No. 202H, API No. 30-015-Pending

SHL: 1035 FSL and 1685 FWL (Unit N) §4-23S-28E

BHL: 240 feet FSL and 2318 feet FWL (Unit N) §16-23S-28E

FTP: 330 FNL & 2302 FWL §9

LTP: 330 FSL & 2318 FWL §16

Wolfcamp/TVD 9518 feet/MD 19585 feet

Jack Sleeper Fed. Com. Well No. 222H, API No. 30-015-Pending

SHL: 1035 FSL and 1715 FWL (Unit N) §4-23S-28E

BHL: 240 feet FSL and 2318 feet FWL (Unit N) §16-23S-28E

FTP: 330 FNL & 2302 FWL §9

LTP: 330 FSL & 2318 FWL §16

Wolfcamp/TVD 10350 feet/MD 20417 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 4

Requested Risk Charge

Cost + 200%/ExhibitA, page 4

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

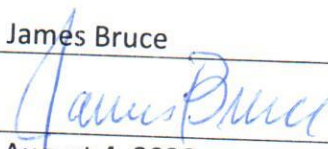
Exhibits A-2 and A-3

Tract List (including lease numbers and owners)

Exhibit A-2

Pooled Parties (including ownership

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	Exhibits B-7 and B-8
Well Orientation (with rationale)	Standup/Exhibit B
Target Formation	Wolfcamp
HSU Cross Section	Exhibit B-8
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-8
Structure Contour Map - Subsea Depth	Exhibit B-7
Cross Section Location Map (including wells)	Exhibit B-8
Cross Section (including Landing Zone)	Exhibit B-8
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