

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 20, 2017**

CASE No. 15744 AND 15745

CUEVA DE ORO FED No. 131H WELL

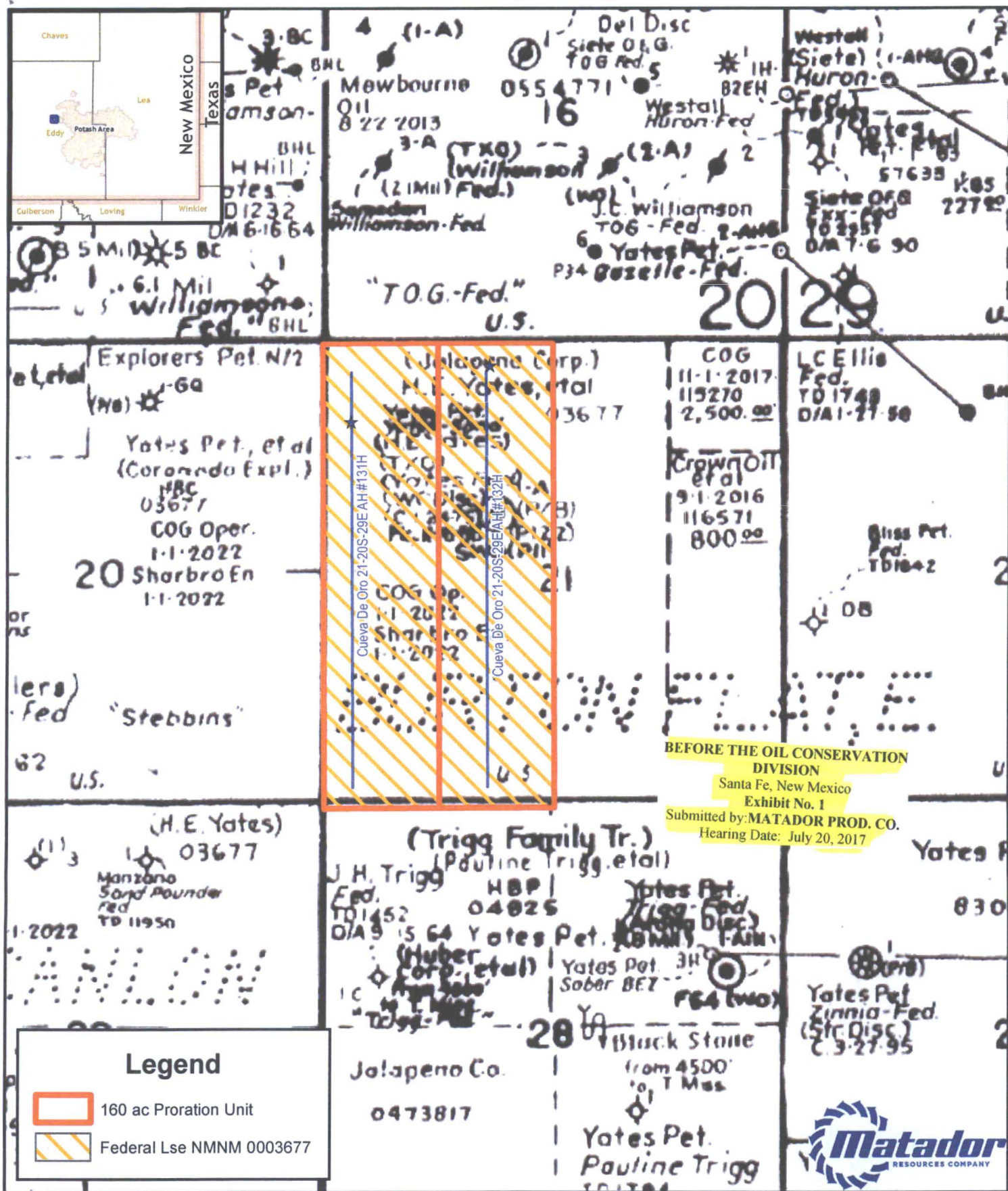
~AND~

CUEVA DE ORO FED No. 132H WELL

EDDY COUNTY, NEW MEXICO



21-20S-29E



Legend

160 ac Proration Unit

Federal Lse NMNM 0003677

1:18,000
1 inch = 1,500 feet

Southeast New Mexico

Date: July 18, 2017
Coordinate System: NAD 1927 StatePlane New Mexico East FIPS 3001
Projection: Transverse Mercator; Datum: North American 1927; Units: Foot US
Sources: IHS; ESRI;

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) 234-6178 Fax: (505) 234-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

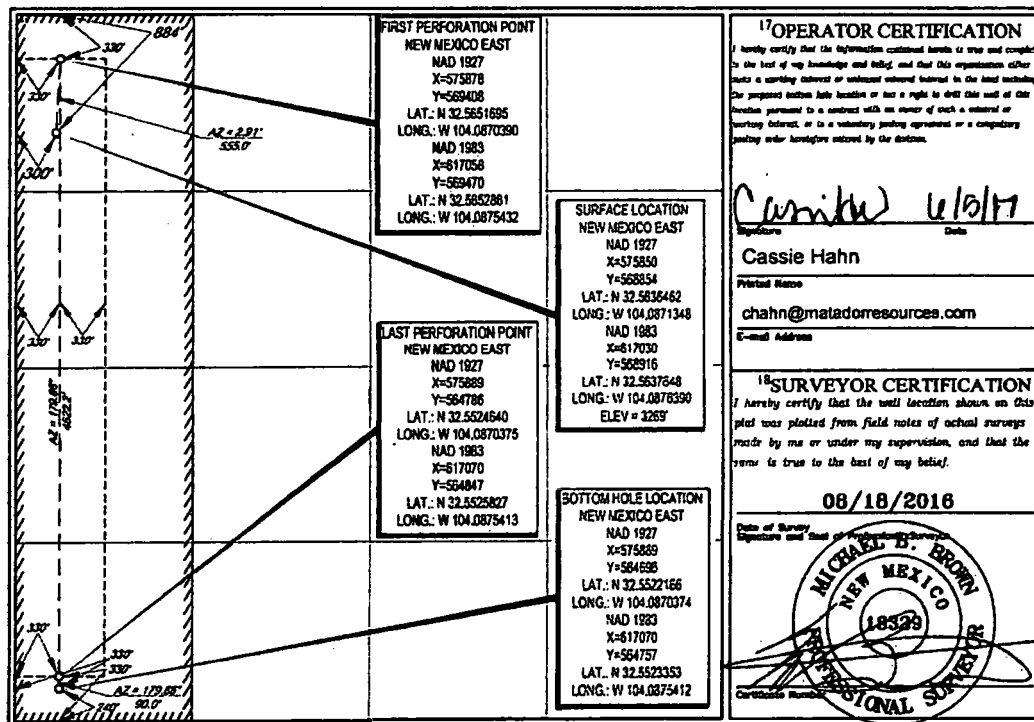
*API Number		*Well Code		*Well Name	
		27470		GETTY; BONE SPRING	
*Property Code		*Property Name			*Well Number
		CUEVA DE ORO FED			#131H
*OGRID No.		*Operator Name			*Elevation
		MATADOR PRODUCTION COMPANY			3269'

10 Surface Location									
UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
D	21	20-S	29-E	-	884'	NORTH	300'	WEST	EDDY

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
M	21	20-S	29-E	-	240'	SOUTH	330'	WEST	EDDY

*Dedicated Acres	*Joint or title	*Consolidation Code	*Order No.
160			

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.



BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 2
Submitted by: MATADOR PROD. CO.
Hearing Date: July 20, 2017

District I
1623 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 Benito Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87503
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 27470	Pool Name GETTY; BONE SPRING
Property Code	Property Name CUEVA DE ORO FED	Well Number #132H
GRID No.	Operator Name MATADOR PRODUCTION COMPANY	Elevation 3272'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
C	21	20-S	29-E	-	248'	NORTH	1889'	WEST	EDDY

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
N	21	20-S	29-E	-	240'	SOUTH	1870'	WEST	EDDY

11 Dedicated Acres 160	12 Unit or L&LD	13 Consolidation Code	14 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.

	FIRST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=577418 Y=569415 LAT: N 32.5651780 LONG: W 104.0820403 NAD 1983 X=618598 Y=569477 LAT: N 32.5652966 LONG: W 104.0825444	SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=577438 Y=569497 LAT: N 32.5654038 LONG: W 104.0818802 NAD 1983 X=618618 Y=569559 LAT: N 32.5655224 LONG: W 104.0824843	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this representation differs from a surveying instrument or instrument entered into the land records. The proposed bottom hole location is not 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. Signature: <u>Cassie Hahn</u> Date: <u>6/5/17</u> Printed Name: <u>Cassie Hahn</u> E-mail Address: <u>chahn@matadornaturalresources.com</u>	
	LAST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=577429 Y=569492 LAT: N 32.5524695 LONG: W 104.0820395 NAD 1983 X=618610 Y=564853 LAT: N 32.5525882 LONG: W 104.0825432	BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=577429 Y=564702 LAT: N 32.5522221 LONG: W 104.0820395 NAD 1983 X=618610 Y=564763 LAT: N 32.5523408 LONG: W 104.0825432		18 SURVEYOR 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. Date of Survey: <u>08/18/2016</u> Signature and Seal: <u>MICHAEL B. BROWN</u> Surveyor's Seal: <u>NEW MEXICO 18329</u> Certificate Number: <u>18329</u>

0 USER DATA:SYNALL DESKTOP PUBLIC\CUEVA DE ORO LO_CUEVA DE ORO_1410_1220_REV1.DWG 02/10/16 3:08:47 PM pavel

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: MATADOR PROD. CO.
Hearing Date: July 20, 2017

Summary of Interests

MRC Delaware Resources, LLC		71.327057%
Working Interest		
Voluntary Joinder		26.841353%
Compulsory Pool Interest Total:		1.831590%
Interest Owner:	Description:	Interest:
EOG Resources Assets LLC	Uncommitted Working Interest Owner	1.223545%
Pamela J. Burke, as Trustee of the P.I.P. 1990 Trust	Uncommitted Working Interest Owner	0.165830%
T. I. G. Properties	Uncommitted Working Interest Owner	0.165831%
Pamela J. Burke, as Trustee of the Claire Ann Iverson Revocable Living Trust UTA dated November 22, 2005	Uncommitted Working Interest Owner	0.082915%
Pamela J. Burke, as Trustee of the Siegfried James Iverson, III Revocable Living Trust UTA dated November 18, 2005	Uncommitted Working Interest Owner	0.082915%
Van P. Welch, Jr.	Uncommitted Working Interest Owner	0.018426%
Marian Welch Pendergrass	Uncommitted Working Interest Owner	0.018426%
Robert Welch Gillespie	Uncommitted Working Interest Owner	0.018426%

Cueva De Oro Fed #131H and #132H



Summary of Interests

Interest Owner:	Description:	Interest:
Erin L. Cofrin Revocable Trust	Uncommitted Working Interest Owner	0.018426%
Phoebe Welch	Uncommitted Working Interest Owner	0.018426%
Saunders Thomas Welch	Uncommitted Working Interest Owner	0.004606%
Michael Irwin Welch	Uncommitted Working Interest Owner	0.004606%
Wendell Terry Welch	Uncommitted Working Interest Owner	0.004606%
Phoebe J. Welch, Trustee of the Phoebe J. Welch Trust dated July 27, 2006	Uncommitted Working Interest Owner	0.004606%

MRC Delaware Resources, LLC

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5241 • Fax 214.866.4883
spryor@matadorresources.com

Sam Pryor
Senior Staff Landman

April 7, 2017

APR 11 2017

VIA CERTIFIED RETURN RECEIPT MAIL

Sharbro Energy LLC
105 4th Street
Artesia, NM 88210

Re: Cueva De Oro Fed #131H Participation Proposal
SHL: NW4NW4, BHL: SW4SW4 of Section 21, Township 20 South, Range 29 East
Eddy County, New Mexico

Dear Sharbro Energy LLC,

MRC Delaware Resources, LLC and its operating company Matador Production Company (collectively "MRC") propose the drilling of the Cueva De Oro 21 Fed #131H well (the "Well"), located in the W2W2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico, to test the Bone Spring formation. The estimated cost of drilling, testing, completing, and equipping the Well is \$6,574,417.00, as itemized on the enclosed Authority for Expenditure ("AFE") dated March 27, 2017.

The Well will be drilled to a total vertical depth of 9,230' and a total measured depth of 13,596', producing a treatable lateral of approximately 4,635' within the Bone Spring formation to be completed with 15 stages.

MRC is proposing to drill the Well under the terms of a modified 1989 AAPL form of Operating Agreement ("OA") covering 320 acres, being the W2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico covering all depths ("Contract Area") pursuant to the following terms:

- 100/300/300% Non-consent penalty
- \$7,000/\$700 Drilling and Producing overhead rate

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

Sharbro Energy LLC will own approximately 3.670635% working interest in the Well, subject to title verification.

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: MATADOR PROD. CO.
Hearing Date: July 20, 2017

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

Please contact me if you have any questions.

Sincerely,

MRC Delaware Resources, LLC


Sam Pryor

Enclosure(s)

Please elect one of the following and return to sender.

☒ Sharbro Energy LLC hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Cueva De Oro 21 Fed #131H.

☐ Sharbro Energy LLC hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Cueva De Oro 21 Fed #131H

☐ I / We are interested in selling our interest in the Contract Area, please contact us to discuss.

Sharbro Energy LLC

By: 

Title: Attorney-in-Fact

Date: 4/24/2017

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 27, 2017	AFE NO.:	
WELL NAME:	Cueva De Oro 21 Fed #131H	FIELD:	Bone Spring
LOCATION:	W2W/2 Sec. 21, T20S-R29E	MD/TVD:	13,596' / 9,230'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	4,635'
MRC Wt:			
GEOLOGIC TARGET:	3rd Bone Spring		
REMARKS:	Drill, complete, and equip a horizontal 3rd Bone Spring well with 15 stages.		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 51,700				\$ 51,700
Location, Surveys & Damages	151,500	13,000	5,000	58,000	227,500
Drilling	854,200				854,200
Cementing & Float Equip	201,000				201,000
Logging / Formation Evaluation		6,000			6,000
Mud Logging	19,450				19,450
Mud Circulation System	37,370				37,370
Mud & Chemicals	51,800	20,000			71,800
Mud / Wastewater Disposal	155,000				155,000
Freight / Transportation	15,000	12,000			27,000
Rig Supervision / Engineering	82,400	57,500	3,200	19,500	172,600
Drill Bits	72,000				72,000
Fuel & Power	69,300				69,300
Water	37,000	450,000			487,000
Drig & Completion Overhead	9,000	6,500			15,500
Plugging & Abandonment					
Directional Drilling, Surveys	180,000				180,000
Completion Unit, Swab, CTU		40,000	12,000		52,000
Perforating, Wireline, Slickline		87,000			87,000
High Pressure Pump Truck		42,000	10,500		52,500
Stimulation		1,710,000			1,710,000
Stimulation Flowback & Disp		180,500	4,500		185,000
Insurance	24,943				24,943
Labor	87,500	9,000	6,000		102,500
Rental - Surface Equipment	40,050	103,055	1,000	3,500	148,005
Rental - Downhole Equipment	37,000	28,000			65,000
Rental - Living Quarters	44,570	25,570	1,000	1,300	72,440
Contingency	102,039	280,013	2,820	5,270	393,142
TOTAL INTANGIBLES >	2,142,822	3,080,138	48,020	80,970	6,359,949
TANGIBLE COSTS					
Surface Casing	\$ 35,450				\$ 35,450
Intermediate Casing	43,518				43,518
Drilling Liner	85,450				85,450
Production Casing	234,778				234,778
Production Liner					
Tubing			40,075		40,075
Wellhead	41,000		40,000		81,000
Packers, Liner Hangers	8,000	25,200			33,200
Tanks				120,000	120,000
Production Vessels			40,000	45,000	85,000
Flow Lines			48,000		48,000
Rod string					
Artificial Lift Equipment			45,000		45,000
Compressor					
Installation Costs			30,000	58,500	88,500
Surface Pumps			5,000		5,000
Non-controllable Surface				40,000	40,000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			65,500	14,000	79,500
Gas Conditioning / Dehydration					
Interconnecting Facility Piping					
Gathering / Bulk Lines				30,000	30,000
Valves, Dumps, Controllers					
Tank / Facility Containment				30,000	30,000
Flare Stack				20,000	20,000
Electrical / Grounding			30,000	7,000	37,000
Communications / SCADA					
Instrumentation / Safety			10,000	25,000	35,000
TOTAL TANGIBLES >	448,193	25,200	351,575	389,500	1,214,468
TOTAL COSTS >	2,591,015	3,105,338	397,595	480,470	6,574,417

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Patrick Welsh	Team Lead - WTX/NM
Completions Engineer:	Matt Bell	
Production Engineer:	Rakesh Patel	

MATADOR RESOURCES COMPANY APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

Company Name:	Sharbro Energy, LLC	Working Interest (%):	3.670635%	Tax ID:	
Signed by:	Hannah Galomon	Date:	4/24/17		
Title:	Attorney-in-Fact	Approval:	X Yes	No (mark one)	

The costs on this AFE are estimates only and may not be confirmed as savings or any other form of the project. Taking estimates prepared under the AFE may be subject to a year after the well has been completed. In submitting this AFE, the Participant agrees to pay its proportionate share of certain costs incurred, including but not limited to, legal, contract, regulatory, insurance and real costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be deemed to have agreed and agreed to pay the Participant's well and general liability insurance unless participant provides Operator a certificate indicating to some insurance is not covered or acceptable to the Operator by the date of audit.

MRC Delaware Resources, LLC

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5241 • Fax 214.866.4883
spryor@matadorresources.com

Sam Pryor
Senior Staff Landman

April 7, 2017

VIA CERTIFIED RETURN RECEIPT MAIL

Sharbro Energy LLC
105 4th Street
Artesia, NM 88210

Re: Cueva De Oro Fed #132H Participation Proposal
SHL: NE4NW4 BHL: SE4SW4 of Section 21, Township 20 South, Range 29 East
Eddy County, New Mexico

Dear Sharbro Energy LLC,

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The Well will be drilled to a total vertical depth of 9,230' and a total measured depth of 13,857', producing a treatable lateral of approximately 4,634' within the Bone Spring formation.

MRC is proposing to drill the Well under the terms of a modified 1989 AAPL form of Operating Agreement ("OA") covering 320 acres, being the W2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico covering all depths ("Contract Area") pursuant to the following terms:

- 100/300/300% Non-consent penalty
- \$7,000/\$700 Drilling and Producing overhead rate

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

Sharbro Energy LLC will own approximately 3.670635% working interest in the Well, subject to title verification.

**BEFORE THE OIL CONSERVATION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 6
Submitted by: **MATADOR PROD. CO.**
Hearing Date: July 20, 2017

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

Please contact me if you have any questions.

Sincerely,

MRC Delaware Resources, LLC



Sam Pryor

Enclosure(s)

Please elect one of the following and return to sender.

 X Sharbro Energy LLC hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Cueva De Oro 21 Fed #132H

 Sharbro Energy LLC hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Cueva De Oro 21 Fed #132H

 I / We are interested in selling our interest in the Contract Area, please contact us to discuss.

Sharbro Energy LLC

By: Hannah Palomin

Title: Attorney-in-Fact

Date: 4/24/17

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 27, 2017	AFE NO.:	
WELL NAME:	Cueva De Oro 21 Fed #132H	FIELD:	Bone Spring
LOCATION:	E/ZW/2 Sec. 21, T20S-R29E	MD/TVD:	13,857' / 9,230'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	4,634'
MRC Wt:			
GEOLOGIC TARGET:	3rd Bone Spring		
REMARKS:	Drill, complete, and equip a horizontal 3rd Bone Spring well with 15 stages.		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 51,700				\$ 51,700
Location, Surveys & Damages	161,500	13,000	8,000	58,000	227,500
Drilling	654,200				654,200
Cementing & Float Equip	201,000				201,000
Logging / Formation Evaluation		6,000			6,000
Mud Logging	19,450				19,450
Mud Circulation System	37,370				37,370
Mud & Chemicals	51,800	20,000			71,800
Mud / Wastewater Disposal	155,000				155,000
Freight / Transportation	15,000	12,000			27,000
Rig Supervision / Engineering	92,400	57,500	3,200	19,500	172,600
Drill Bits	72,000				72,000
Fuel & Power	69,300				69,300
Water	37,000	450,000			487,000
Drig & Completion Overhead	9,500	6,500			15,500
Plugging & Abandonment					
Directional Drilling, Surveys	190,000				190,000
Completion Unit, Wash, CTU		40,000	12,000		52,000
Perforating, Wireline, Slickline		97,000			97,000
High Pressure Pump Truck		42,000	10,500		52,500
Stimulation		1,710,000			1,710,000
Stimulation Flowback & Dip		180,500	4,500		185,000
Insurance	24,943				24,943
Labor	87,500	9,000	6,000		102,500
Rental - Surface Equipment	40,050	103,055	1,000	3,900	148,005
Rental - Downhole Equipment	37,000	28,000			65,000
Rental - Living Quarters	44,870	25,570	1,000	1,300	72,440
Contingency	102,038	280,013	2,820	6,270	393,142
TOTAL INTANGIBLES >	2,143,823	3,080,138	46,020	90,970	5,359,949
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 35,450				\$ 35,450
Intermediate Casing	43,618				43,618
Drilling Liner	85,450				85,450
Production Casing	234,778				234,778
Production Liner					
Tubing			40,075		40,075
Wellhead	41,000		40,000		81,000
Packers, Liner Hangers	8,000	25,200			33,200
Tanks				120,000	120,000
Production Vessels			40,000	45,000	85,000
Flow Lines			48,000		48,000
Rod string					
Artificial Lift Equipment			45,000		45,000
Compressor					
Installation Costs			30,000	58,500	88,500
Surface Pumps			5,000		5,000
Non-controllable Surface				40,000	40,000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			65,500	14,000	79,500
Gas Conditioning / Dehydration					
Interconnecting Facility Piping					
Gathering / Bulk Lines				30,000	30,000
Valves, Dumps, Controllers					
Tank / Facility Containment				30,000	30,000
Flare Stack				20,000	20,000
Electrical / Grounding			30,000	7,000	37,000
Communications / SCADA					
Instrumentation / Safety			10,000	25,000	35,000
TOTAL TANGIBLES >	448,183	25,200	351,575	289,500	1,214,458
TOTAL COSTS >	2,591,915	3,105,338	397,595	480,470	6,574,417

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Patrick Walsh	Team Lead - WTX/NM
Completions Engineer:	Matt Bell	
Production Engineer:	Rakesh Patel	

MATADOR RESOURCES COMPANY APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

Company Name:	Sharbro Energy, LLC	Working Interest (%):	3.670635%	Tax ID:	
Signed by:	<i>Naama Palomin</i>	Date:	4/24/17		
Title:	Attorney-in-Fact	Approval:	<input checked="" type="checkbox"/> Yes	No (mark one)	

This costs in this AFE are estimates only and may not be consistent with actual costs or any specific item in the prior cost of this project. Funding obligation agreement under the AFE may be delayed up to 90 days after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, contract, regulatory, technology and other costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be bound by and shall be responsible for Operator's well control and general liability insurance unless participant provides Operator a certificate of insurance to the Operator in an amount acceptable to the Operator by the date of spend.

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Danny Fletcher, being first duly sworn, on oath says:

That he is the Publisher of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

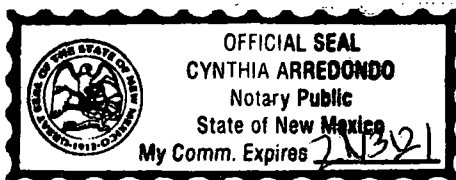
July 5 2017

That the cost of publication is **\$223.54** and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this 10 day of July, 2017

Cynthia Arredondo
My commission Expires 2/13/21

Notary Public



July 5, 2017

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on July 20, 2017, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 11, 2017. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: Yates Energy Corp., and its successors, heirs and/or devisees; Sharbro Energy LLC, and its successors, heirs and/or devisees; Santo Legado LLC, and its successors, heirs and/or devisees; John A. Yates, and his successors, heirs and/or devisees; EOG Resources Assets LLC, and its successors, heirs and/or devisees; Pamela J. Burke, as Trustee of the Claire Ann Iverson Revocable Living Trust UTA dtd. November 22, 2005, and her successors, heirs and/or devisees; Pamela J. Burke, as Trustee of the Siegfried James Iverson, III Revocable Living Trust UTA dtd.

November 18, 2005, allocation of the cost and her successors, thereof as well as heirs and/or tual operating costs; devisees; Marian and charges for super- Welch Pendergrass, vision, designation of and her successors, Matador Production heirs and/or Company as operator devisees; Van S. of the well and a Welch II, and his suc- 200% charge for risk- cessors, heirs and/or involved in drilling devisees; James Gray said well. Said area is Welch, and his suc- located approximately 12.7 miles northeast cessors, heirs and/or of Carlsbad, NM. devisees; Robert Welch Gillespie, and his successors, heirs and/or devisees; Erin L. Cofrin Revocable Trust, and her successors, heirs and/or devisees; Van P. Welch, Jr., and his successors, heirs and/or devisees; Phoebe Welch, and her successors, heirs and/or devisees; Bryan W. Welch, and his successors, heirs and/or devisees; Becky Panek, and her successors, heirs and/or devisees; Stacy Welch Green, and her successors, heirs and/or devisees; Saunders Thomas Welch, and his suc- cessors, heirs and/or devisees; Michael Irwin Welch, and his successors, heirs and/or devisees; Wendell Terry Welch, and his successors, heirs and/or devisees; and, Phoebe J. Welch, Trustee of the Phoebe J. Welch Trust dtd. July 27, 2006, and her successors, heirs and/or devisees.

CASE 15744: Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Cueva De Oro Fed No. 131H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 21. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the

BEFORE THE OIL CONSERVATION
DIVISION

Santa Fe, New Mexico

Exhibit No. 7

Submitted by: MATADOR PROD. CO.

Hearing Date: July 20, 2017

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Danny Fletcher, being first duly
sworn, on oath says:

That he is the Publisher of the
Carlsbad Current-Argus, a
newspaper published daily at the
City of Carlsbad, in said county of
Eddy, state of New Mexico and of
general paid circulation in said
county; that the same is a duly
qualified newspaper under the laws
of the State wherein legal notices
and advertisements may be
published; that the printed notice
attached hereto was published in the
regular and entire edition of said
newspaper and not in supplement
thereof on the date as follows, to wit:

July 5 2017

That the cost of publication is
\$223.54 and that payment thereof
has been made and will be
assessed as court costs.

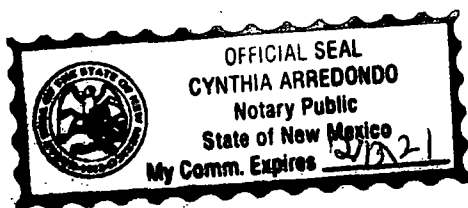
[Signature]

Subscribed and sworn to before me
this 10 day of July, 2017

[Signature]

My commission Expires 2/13/21

Notary Public



July 5, 2017 STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

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South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 11, 2017. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

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November 18, 2005, and her successors, heirs and/or devisees; Marian Welch Pendergrass, and her successors, heirs and/or devisees; Van S. Welch II, and his successors, heirs and/or devisees; James Gray Welch, and his successors, heirs and/or devisees; Robert Welch Gillespie, and his successors, heirs and/or devisees; Erin L. Cofrin Revocable Trust, and her successors, heirs and/or devisees; Van P. Welch, Jr., and his successors, heirs and/or devisees; Phoebe Welch, and her successors, heirs and/or devisees; Bryan W. Welch, and his successors, heirs and/or devisees; Becky Panek, and her successors, heirs and/or devisees; Stacy Welch Green, and her successors, heirs and/or devisees; Saunders Thomas Welch, and his successors, heirs and/or devisees; Michael Irwin Welch, and his successors, heirs and/or devisees; Wendell Terry Welch, and his successors, heirs and/or devisees; and, Phoebe J. Welch, Trustee of the Phoebe J. Welch Trust dtd. July 27, 2006, and her successors, heirs and/or devisees.

CASE 15745: Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Cueva De Oro Fed No. 132H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a standard bottom hole location in the SE/4 SW/4.

(Unit N) of Section 21. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well 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 well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12.7 miles northeast of Carlsbad, NM.

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 8
Submitted by: MATADOR PROD. CO.
Hearing Date: July 20, 2017