

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

**IN THE MATTER OF APPLICATIONS TO
AMEND ORDER R-21666 SUBMITTED BY
MATADOR PRODUCTION COMPANY**

**CASE NO. 22683
CASE NO. 22848
ORDER NO. R-21666-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 7, 2022, and July 21, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. On April 20, 2021, OCD issued Order R-21666 to Matador Production Company (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. On March 8, 2022, Operator submitted an application under Case 22683 requesting an extension to drill the well(s) as required by Order R-21666.
3. On May 3, 2022, Operator submitted an application under Case 22848 requesting to change the Initial well from the Nina Cortell Federal Com 127H which targeted the Second Bone Springs, to the Nina Cortell Federal Com 133H which will target the Third Bone Spring formation as seen in the attached Exhibit A. (The applications filed under Case Nos. 22683 and 22848 are referred to as the “Applications”)
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Applications was given.
5. Operator has demonstrated good cause to extend the deadlines in Order R-21666.
6. The Applications were heard by the Hearing Examiner, during which Operator presented evidence through affidavits in support of the Applications. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well to a common source of supply at the depth and location in the Unit described in Exhibit A.
11. This Order affords to each owner of an uncommitted interest the opportunity to produce its just and equitable share of the oil or gas in the pool.

ORDER

12. The Exhibit A attached to **this** order supersedes the original Exhibit A.
13. The period to drill the well(s) is extended until April 20, 2023.
14. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless prior to termination Operator applies, and OCD grants, to amend Order R-21666 for good cause shown.
15. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.
16. The remaining provisions of Order R-21666 remain in force or effect.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


ADRIENNE SANDOVAL

DIRECTOR

AES/jag

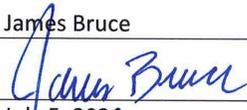
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Exhibit A

| | | |
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| <i>Received by OCD: 7/5/2022 8:18:32 PM</i> | | <i>Page 32 of 54</i> |
| COMPULSORY POOLING APPLICATION CHECKLIST | | |
| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS | | |
| Case: | 22848 | |
| Date | July 7, 2022 | |
| 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: | ConocoPhillips Company/Holland & Hart LLP | |
| Well Family | Nina Cortell Bone Spring Wells | |
| Formation/Pool | | |
| Formation Name(s) or Vertical Extent: | Bone Spring Formation | |
| Primary Product (Oil or Gas): | Oil | |
| Pooling this vertical extent: | Entire Bone Spring formation | |
| Pool Name and Pool Code: | Bilbrey Basin; Bone Spring/Pool Code 5695 | |
| Well Location Setback Rules: | Statewide rules and current horizontal well rules | |
| Spacing Unit Size: | Quarter-quarter sections/40 acres | |
| Spacing Unit | | |
| Type (Horizontal/Vertical) | Horizontal | |
| Size (Acres) | 320 acres | |
| Building Blocks: | 40 acres | |
| Orientation: | South-North | |
| Description: TRS/County | W/2E/2 §10 and W/2E/2 §3-22S-32E, NMPPM, Lea County | |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes | |
| Other Situations | | |
| Depth Severance: Y/N. If yes, description | No | EXHIBIT C |
| Proximity Tracts: If yes, description | No | |
| Proximity Defining Well: if yes, description | | |
| Applicant's Ownership in Each Tract | Exhibits C-2 and C-3 | |
| Well(s) | | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Nina Cortell Fed. Com. Well No. 133H, API No. Pending SHL: 244 FSL and 1340 FEL §10 BHL: 60 feet FNL and 1650 feet FEL §3 FTP: 100 FSL & 1650 FEL §10 LTP: 100 FNL & 1650 FEL §3 Bone Spring Sand/TVD 10900 feet/MD 22000 feet | |

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| 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 C, page 4 |
| Requested Risk Charge | Cost + 200%/Exhibit A, Case No. 21795 |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit A |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit B |
| Proof of Published Notice of Hearing (10 days before hearing) | Not necessary |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibits C-2 and C-3 |
| Tract List (including lease numbers and owners) | Exhibit C-2 |
| Pooled Parties (including ownership type) | Exhibit C-3 |
| Unlocatable Parties to be Pooled | N/A |
| Ownership Depth Severance (including percentage above & below) | None |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit C-4 |
| List of Interest Owners (i.e. Exhibit A of JOA) | Exhibit C-3 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit C-4 |
| Overhead Rates In Proposal Letter | \$8000/\$800 |
| Cost Estimate to Drill and Complete | Exhibit C-5 |
| Cost Estimate to Equip Well | Exhibit C-5 |
| Cost Estimate for Production Facilities | Exhibit C-5 |
| Geology | |
| Summary (including special considerations) | Exhibit C |
| Spacing Unit Schematic | Exhibits C-1 and C-2 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibits D-2 and D-3 |
| Well Orientation (with rationale) | Standup/Exhibit D |
| Target Formation | Bone Spring |
| HSU Cross Section | Exhibit D-3 |
| Depth Severance Discussion | Not Applicable |
| Forms, Figures and Tables | |
| C-102 | Exhibit C-1 |

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| Summary of Interests, Unit Recapitulation (Tracts) | Exhibits C-1 and C-3 |
| General Location Map (including basin) | Exhibit D-1 |
| Well Bore Location Map | Exhibit C-1 |
| Structure Contour Map - Subsea Depth | Exhibit D-2 |
| Cross Section Location Map (including wells) | Exhibit D-3 |
| Cross Section (including Landing Zone) | Exhibit D-3 |
| 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: | July 5, 2022 |