

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING DECEMBER 3, 2020**

CASE No. 21542

NORRIS-THORNTON COM 2H WELL

EDDY COUNTY, NEW MEXICO



**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. 21542

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**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. 21542

APPLICATION

Matador Production Company (“Matador” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Morrow formation underlying a standard 320-acre, more or less, spacing unit comprised of the S/2 of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico. In support of its application, Matador states:

1. An affiliate entity of Matador (OGRID No. 228937) is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced spacing unit to the initial **Norris-Thornton Com #2H well** (API No. 30-015-42700) that has been drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 23.
3. The completed interval of the well complies with standard setbacks for gas wells.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject acreage.
5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B**

**Submitted by: Matador Production Company
Hearing Date: December 3, 2020
Case No. 21542**

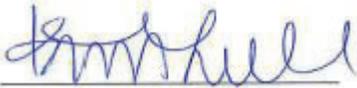
6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this spacing unit should be pooled, and Applicant should be designated the operator of the initial vertical well and this vertical spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 3, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the vertical spacing unit in the Morrow formation and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the vertical well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, NM 87504

505-998-4421

505-983-6043 Facsimile

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jbroggi@hollandhart.com

kaluck@hollandhart.com

**ATTORNEYS FOR MATADOR PRODUCTION
COMPANY**

**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. 21542

**AFFIDAVIT OF SARA HARTSFIELD
IN SUPPORT OF CASE NO. 21542**

Sara Hartsfield, being first duly sworn on oath, states as follows:

1. My name is Sara Hartsfield and I am employed by MRC Energy Company, an affiliate of Matador Production Company (“Matador”), as a Senior Landman.

2. I have previously testified before the Oil Conservation Division and had my credentials as an expert in petroleum land matters accepted and made a matter of record.

3. I am the landman who is familiar with the application filed by Matador in this matter and familiar with the status of the lands in Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.

4. In this case, Matador seeks an order pooling interest owners in the Morrow formation underlying a standard 320-acre, more or less, spacing unit comprised of the S/2 of Section 23.

5. Matador intends to initially dedicate this proposed unit to the **Norris-Thornton Com #2H well** (API No. 30-015-42700), a vertical well that has been drilled at a surface location in the NE/4 SE/4 (Unit I) of Section 23.

6. **Matador’s Exhibit C-1** reflects that the Division issued Administrative Order NSL-7626 approving the non-standard location of this well.

7. Matador **Exhibit C-2** is a C-102 for this well. The Division District Office

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C

Submitted by: Matador Production Company

Hearing Date: December 3, 2020

Case No. 21542

has placed this well in the Carlsbad; Morrow, South (Gas) Pool (Pool code 73960).

8. **Matador Exhibit C-3** identifies the tracts of land comprising the proposed vertical spacing unit. All acreage is fee and federal. No ownership depth severances exist in the proposed spacing unit in the Morrow formation.

9. **Matador Exhibit C-4** identifies the working interest owner that Matador seeks to pool in this unit. Matador has conducted a diligent search for the contact information for this working interest owner and has had multiple communications with it, as set forth below.

10. **Matador Exhibit C-5** contains sample well proposal letters and AFE sent to the working interest owner. The costs reflected in these AFEs are consistent with what other operators have incurred for drilling similar vertical wells in the area in this formation.

11. In addition to sending well proposal letters and AFEs, I have discussed this pooling hearing with the company that Matador seeks to pool in this case. Matador proposed the **Norris-Thornton Com #2H well** to Flat Creek Resources on March 12, 2019, along with an Operating Agreement dated January 1, 2018. Since the original well proposal, Matador and Flat Creek have exchanged multiple emails, phone calls and had in-person meetings to discuss potential development and the possibility of trade. The most recent of these phone calls was on November 23, 2020. In my opinion, Matador has undertaken good faith efforts to reach an agreement with the uncommitted mineral owners.

12. Matador requests that the overhead and administrative costs for drilling and producing the well be set at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar vertical wells.

13. I have provided the law firm of Holland & Hart LLP with the names and addresses (where available) of the interest owners that Matador seeks to pool and instructed that they be notified of this hearing.

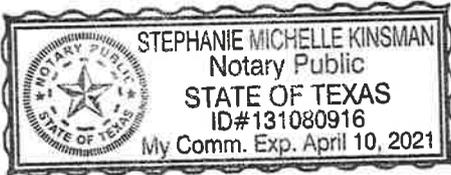
14. **Matador Exhibits C-1 through C-5** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Sara Hartsfield
Sara Hartsfield

STATE OF TEXAS)
)
COUNTY OF DALLAS)

SUBSCRIBED and SWORN to before me this 30th day of November
2020 by Sara Hartsfield.



Stephanie M Kinsman
NOTARY PUBLIC

My Commission Expires:

4/10/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



January 24, 2018

Matador Production Company
Attn: Ms. Jordan L. Kessler

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C1
Submitted by: Matador Production Company
Hearing Date: December 3, 2020
Case No. 21542

NON-STANDARD LOCATION

Administrative Order NSL-7626

Matador Production Company
OGRID 228937
Norris Thornton Com Well No. 2
API No. 30-015-42700

Proposed Surface Location; Vertical Well

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
2110' FSL & 992' FEL	I	23	23S	27E	Eddy

Proposed Gas Spacing Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 of Section 23	320	Carlsbad; Morrow, South (GAS)	73960

Reference is made to your application received on January 3, 2018.

You have requested to drill this unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed gas spacing unit than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

It is our understanding that Matador is seeking this location to efficiently produce oil and gas reserves in Section 23.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons", as defined in Rule 19.15.4.12 (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.


HEATHER RILEY
Director

HR/lrl

cc: Oil Conservation Division – Artesia District Office

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., Sante 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.
 Sante Fe, NM 87505

RECEIVED

FORM C-102

Revised August 1, 2011

MAY 21 2018

Submit one copy to appropriate

District Office

DISTRICT II-ARTESIA O.C.D.

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42700		² Pool Code 73960		³ Pool Name CARLSBAD;MORROW, SOUTH (GAS)	
⁴ Property Code 320070		⁵ Property Name NORRIS-THORNTON COM			⁶ Well Number #2
⁷ OGRID No. 228937		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3135'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	23	23-S	27-E	-	2110'	SOUTH	992'	EAST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
-	-	-	-	-	-	-	-	-	-

¹² Dedicated Acres 321.74	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 undivided 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 5/15/18
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.

11/13/2017
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

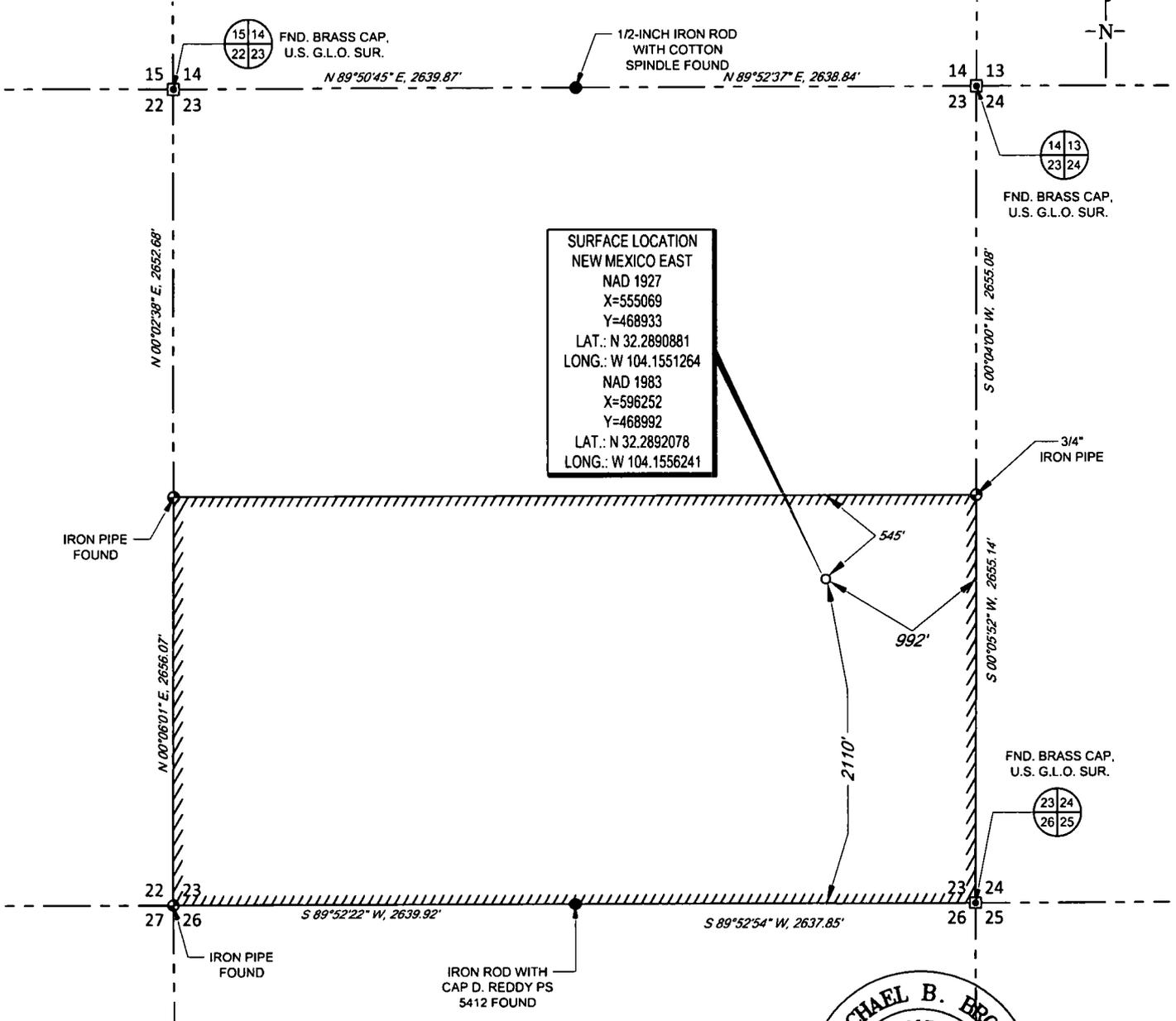
18329
Certificate Number

SCALE: 1" = 1000'

0' 500' 1000'



SECTION 23, TOWNSHIP 23-S, RANGE 27-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO

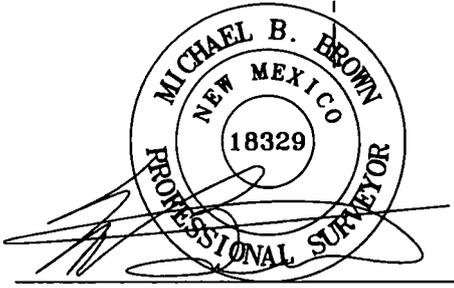


SURFACE LOCATION
NEW MEXICO EAST
NAD 1927
X=555069
Y=468933
LAT.: N 32.2890881
LONG.: W 104.1551264
NAD 1983
X=596252
Y=468992
LAT.: N 32.2892078
LONG.: W 104.1556241

LEASE NAME & WELL NO.: NORRIS-THORNTON COM #2
SECTION 23 TWP 23-S RGE 27-E SURVEY N.M.P.M.
COUNTY EDDY STATE NM
DESCRIPTION 2110' FSL & 992' FEL

DISTANCE & DIRECTION
FROM INT. OF US-285 & W. ELM ST., GO NORTH ON US-285 ±0.8 MILES.
THENCE WEST ON W. LONDON RD ±3.8 MILES, THENCE SOUTH ON S.
GRANDI RD. ±0.38 MILES, TO A POINT ±290 FEET WEST OF THE
LOCATION.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE OF THE NORTH AMERICAN DATUM 1983, U.S. SURVEY FEET
THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.
AS OF THE DATE OF SURVEY, ALL ABOVE GROUND APPURTENANCES WITHIN 300' OF THE STAKED LOCATION ARE SHOWN HEREON.



Michael Blake Brown, P.S. No. 19329
NOVEMBER 27, 2017

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

Summary of Interests

MRC Permian Company:		87.50000%
Compulsory Pool:		12.50000%
Interest Owner:	Description:	Interest:
Flat Creek Resources, LLC	Uncommitted Working Interest Owner	12.50000%
Flat Creek Royalties, LLC	Overriding Royalty Owner	----

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C4

Submitted by: Matador Production Company

Hearing Date: December 3, 2020

Case No. 21542

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**

March 12, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

Flat Creek Resources
777 Main Street, Suite 3600
Fort Worth, Texas 76102

Re: Matador Production Company – Norris-Thornton Com #2(the “Well”)
Participation Proposal
Section 23, Township 23 South, Range 27 East
Eddy County, New Mexico

Dear Sir/Madam:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s Norris-Thornton Com #2 well, located in the NE/4SE/4 of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico to the Morrow formation.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping the Well is \$2,322,835 as found on the enclosed AFE dated October 24, 2017.
- The proposed surface location of the Well is approximately 2110’ FNL and 992’ FEL of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico.
- The Well will have a targeted interval within the Morrow formation. We plan to drill the Well horizontally in the Morrow (~12,500’ TVD).

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.

Flat Creek Resources will own an approximate 0.25000000 working interest in the Well, subject to title verification.

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 to the undersigned.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C5

Submitted by: Matador Production Company

Hearing Date: December 3, 2020

Case No. 21542

MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The enclosed Operating Agreement dated January 1, 2018, by and between Matador Production Company, as operator and MRC Permian Company et al as Non-Operators, covering all of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Additionally, if your election is to participate, please accept this letter as an invoice notice and request for payment. Please remit payment for your proportionate share of costs in the amount of \$ \$580,708.75 to Matador Production Company on or before thirty (30) days after receipt of this estimate and invoice. 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 their proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,



Sara Hartsfield

Enclosure(s)

Please elect one of the following and return to sender.

_____ Flat Creek Resources hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Norris-Thornton Com #2 well, located in Eddy County, New Mexico.

_____ Flat Creek Resources hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Norris-Thornton Com #2 well, located in Eddy County, New Mexico.

_____ Flat Creek Resources is interested in selling its interest in this unit, please contact to discuss.

Flat Creek Resources

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY

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

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 24, 2017	AFE NO.:	
WELL NAME:	Norris-Thornton Com #2	FIELD:	
LOCATION:	Section 23-23S-27E	MD/TVD:	Approx 12,500 ft TVD
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	vertical
MRC WI:			
GEOLOGIC TARGET:	Morrow		
REMARKS:	Deepen the Lost River Fee #2 to the Morrow, run logs, install casing and complete the well in the Morrow formation		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 81,500	\$ -	\$ -	\$ -	\$ 81,500
Location, Surveys & Damages	37,000	-	4,000	10,000	51,000
Drilling	437,000	-	-	-	437,000
Cementing & Float Equip	55,000	-	-	-	55,000
Logging / Formation Evaluation	28,000	6,000	-	-	34,000
Mud Logging	8,400	-	-	-	8,400
Mud Circulation System	68,250	-	-	-	68,250
Mud & Chemicals	51,000	-	-	-	51,000
Mud / Wastewater Disposal	40,000	-	-	-	40,000
Freight / Transportation	36,000	-	-	7,000	43,000
Rig Supervision / Engineering	58,800	13,600	7,200	12,600	92,200
Drill Bits	20,000	-	-	-	20,000
Fuel & Power	30,000	-	-	-	30,000
Water	20,000	6,750	-	40,000	66,750
Drig & Completion Overhead	4,000	8,000	-	-	12,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	63,000	-	-	-	63,000
Completion Unit, Swab, CTU	-	40,000	25,000	-	65,000
Perforating, Wireline, Slickline	-	19,200	-	-	19,200
High Pressure Pump Truck	-	-	-	-	-
Stimulation	-	45,000	-	-	45,000
Stimulation Flowback & Disp	-	14,000	-	-	14,000
Insurance	23,040	-	-	-	23,040
Labor	67,500	4,000	6,000	-	77,500
Rental - Surface Equipment	23,500	22,450	12,000	15,000	72,950
Rental - Downhole Equipment	25,000	24,000	-	10,000	59,000
Rental - Living Quarters	33,200	11,400	10,000	-	54,600
Contingency	56,435	16,940	6,420	-	79,795
TOTAL INTANGIBLES >	1,266,625	231,340	70,620	94,600	1,663,185

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate Casing	-	-	-	-	-
Drilling Liner	-	-	-	-	-
Production Casing	48,050	-	-	-	48,050
Production Liner	-	-	-	-	-
Tubing	-	-	62,500	-	62,500
Wellhead	25,000	-	20,000	-	45,000
Packers, Liner Hangers	55,000	3,600	12,000	-	70,600
Tanks	-	-	-	45,000	45,000
Production Vessels	-	-	30,000	36,000	66,000
Flow Lines	-	-	-	-	-
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	30,000	-	30,000
Compressor	-	-	-	-	-
Installation Costs	-	-	32,000	56,000	88,000
Surface Pumps	-	-	5,000	6,500	11,500
Non-controllable Surface	-	-	36,000	35,000	71,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	12,500	35,000	47,500
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	-	-
Gathering / Bulk Lines	-	-	-	34,000	34,000
Valves, Dumps, Controllers	-	-	-	2,000	2,000
Tank / Facility Containment	-	-	-	8,000	8,000
Flare Stack	-	-	-	10,500	10,500
Electrical / Grounding	-	-	-	10,000	10,000
Communications / SCADA	-	-	-	-	-
Instrumentation / Safety	-	-	-	10,000	10,000
TOTAL TANGIBLES >	128,050	3,600	240,000	288,000	659,650
TOTAL COSTS >	1,394,675	234,940	310,620	382,600	2,322,835

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Adam Lange	Team Lead - WTX/NM	<u>WTE</u>
Completions Engineer:	Waylon Wolf		WTE
Production Engineer:	John Romano		

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	
President	VP & General Manager	
MVH		

NON OPERATING PARTNER APPROVAL:

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

The costs on this AFE are estimates only and may not be approved as ceilings on any specific item or the total cost of the project. Taking installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its appropriate share of actual costs incurred, including legal, creative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed appropriately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of signat

November 13, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Matador Production Company for compulsory pooling,
Eddy County, New Mexico.
Norris-Thornton Com #2H well**

Ladies & Gentlemen:

This letter is to advise you that Matador Production Company has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on December 3, 2020 beginning at 8:15 a.m., until it is concluded. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all 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 are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Sara Hartsfield, at (972) 371-5446 or shartsfield@matadorresources.com.

Sincerely,



Kaitlyn A. Luck
ATTORNEY FOR MATADOR PRODUCTION
COMPANY

MRC - Norris-Thornton 2H, 204H Colonel Howard 1H
Case Nos. 21542-21545 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765826920130	Flat Creek Royalties, LLC	777 Main St Ste 3600	Fort Worth	TX	76102-5341	Your item was delivered to an individual at the address at 4:58 pm on November 17, 2020 in FORT WORTH, TX 76102.
9414811898765826920314	Flat Creek Resources, LLC	777 Main St Ste 3600	Fort Worth	TX	76102-5341	Your item was delivered to an individual at the address at 4:58 pm on November 17, 2020 in FORT WORTH, TX 76102.

Affidavit of Publication

Ad # 0004468022

This is not an invoice

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

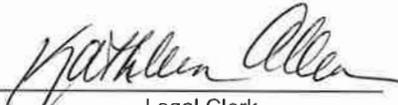
HOLLAND & HART
POBOX 2208

SANTA FE, NM 87504

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on Thursday, December 3, 2020, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than November 23, 2020.

I, a legal clerk 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:

11/17/2020



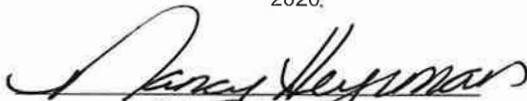
Legal Clerk

Persons may view and participate in the hearings through the following link and as indicated below:
<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=ec97b56813f60ba7489b2ffd641268714>
Event number: 146 523 3652
Event password: pMmKMtff654
Join by video: 1465233652@nmemnrd.webex.com
Numeric Password: 834052
You can also dial 173.243.2.68 and enter your meeting number
Join by audio: 1-844-992-4726 United States Toll Free
Access code: 146 523 3652.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

Subscribed and sworn before me this November 17,
2020:

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



State of WI, County of Brown
NOTARY PUBLIC
5.15.23

My commission expires

To: All pooled parties, including: Flat Creek Royalties, LLC and Flat Creek Resources, LLC.

Case No. 21542: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Morrow formation underlying a standard 320-acre, more or less, spacing unit comprised of the S/2 of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico. The above-referenced unit will be dedicated to the proposed initial Norris-Thornton Com #2H well (API No. 30-015-42700) that has been drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 23. The well has been completed at standard setbacks. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 8 miles south of Carlsbad, New Mexico. #4468022, Current Argus, Nov. 17, 2020

Ad # 0004468022
PO #: Norris #2H
of Affidavits 1

This is not an invoice

NANCY HEYRMAN
Notary Public
State of Wisconsin

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Matador Production Company
Hearing Date: December 3, 2020
Case No. 21542