

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MAY 6, 2021**

**APPLICATION OF FLAT CREEK RESOURCES, LLC,  
FOR A HORIZONTAL SPACING UNIT AND  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21747: Flat Creek Resources, LLC  
Thirteen Seconds 23 Fed-Fee 701H Well  
Thirteen Seconds 23 Fed-Fee 702H Well**

**N/2 of Section 23, Township 23 South, Range 27 East, NMPM**

**An Application in Competition with:**

**Case No. 21630: Matador Production Company**

**N/2 of Section 23, Township 23 South, Range 27 East, NMPM**

**Flat Creek Resources, LLC**

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# **TAB 1**

**Reference for Case No. 21747**  
**Facts and Issues Case No. 21747**  
**Application for Case No. 21747**  
**NMOCD Checklist Case No. 21747**

## **Facts and Issues Case No. 21747:**

### Undisputed Facts:

1. Both Flat Creek Resources, LLC, (“Flat Creek”) and Matador Production Company (“Matador”) own working interest in the proposed units and would have a right to drill and operate the units as proposed with permission from the OCD.
2. Flat Creek owns working interest in its proposed units as Lessee of Federal Lease NMNM 139351.
3. Matador acquired working interest in its proposed units from private lands.
4. Flat Creek owns 37.5% working interest in its proposed 320-acre unit covering the N/2 of Section 23-T23S-R27E, and Matador owns 62.5% working interest in the proposed unit.

### Disputed Facts and Issues:

1. Whether Flat Creek’s production data, included within its exhibits, forecast superior production from the proposed units, in comparison with Matador, as demonstrated by Flat Creek.
2. Whether the years of operational experience attributed to an operator should be measured by the years of operational experience of the key personnel of a company or by the years of operational experience of the entity, which with personnel changes, may not reflect the same level of expertise.

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

**APPLICATION OF FLAT CREEK RESOURCES, LLC  
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 21747

**APPLICATION**

Flat Creek Resources, LLC, (“Flat Creek”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a 320-acre, more or less, standard horizontal spacing and proration unit comprised of the N/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated by the Division as a gas field, underlying said unit.

In support of its Application, Flat Creek states the following:

1. This Application competes with a pooling application recently filed by Matador Production Company (“Matador”) for the same lands, being the N/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. Matador and Flat Creek are currently in the process of competing over the best development plan involving the S/2 of Section 23, proposed by Matador in Case No. 21543, and the N/2 and N/2 S/2 of Section 23, proposed by Flat Creek in Case No. 21560. Matador and Flat Creek requested that the Division review and consider these mutually exclusive development plans pursuant to Prehearing Order dated December 3, 2020. After issuance of the Prehearing Order, Matador filed an additional Application for the N/2 of Section 23. As a result, Matador and Flat Creek agreed to a motion to vacate the existing prehearing order and have a status conference for the cases on

March 4, 2021, in order to account for Case Nos. 21543, 21560, 21630, and the application herein being submitted by Flat Creek for the N/2 of Section 23.

2. Flat Creek respectfully requests that the Division consider the applications in these cases in an order that would first compare the merits of the S/2 proposed by Matador against the N/2 and N/2 S/2 proposed by Flat Creek. If the Division should grant Flat Creek's plan for the N/2 and N/2 S/2, then that would be the end of the consideration as the two plans are mutually exclusive. However, if the Division should rule for Matador's plan for the S/2, then the Division would have the opportunity to compare the merits of Flat Creek's plan for the N/2 against Matador's plan for the N/2 in order to assess the best plan for the prevention of waste and protection of correlative rights.

3. At the time of the hearing, the Division will have been provided, for the sake of administrative efficiency, all four cases for its review. However, Flat Creek submits that such sequence of review and consideration (the S/2 vs. the N/2 and N/2 S/2 first) would provide the Division opportunity to focus on the issues unique to each set of competing applications and would best allow for the consideration of the prevention of waste and the protection of correlative rights.

4. For purposes of this Application for the N/2 of Section 23, Flat Creek is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

5. Flat Creek seeks to dedicate the HSU to two initial wells, the **Thirteen Seconds 23 Fed-Fee 701H Well** and **Thirteen Seconds 23 Fed-Fee 702H Well**, and proposes to drill the wells to a depth sufficient to test the Wolfcamp formation.

6. Flat Creek proposes the **Thirteen Seconds 23 Fed-Fee 701H Well**, to be horizontally drilled from a surface location in NW/4 NW/4 (Unit D) of Section 23 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23.

7. Flat Creek proposes the **Thirteen Seconds 23 Fed-Fee 702H Well**, to be horizontally drilled from a surface location in NW/4 NW/4 (Unit D) of Section 23 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 23.

8. The completed intervals for the proposed wells will be nonstandard in relation to the setback requirements imposed by the Special Rules for the Purple Sage Gas Pool, as provided in Order No. R-14262, and Flat Creek will be applying administratively for approval of the nonstandard location.

9. Flat Creek has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

10. The pooling of all interests in the Wolfcamp formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

11. Flat Creek reserves the right to add additional wells to the HSU when and if deemed necessary by Flat Creek for the proper development of the HSU and its resources, in accordance with the state-wide rules.

WHEREFORE, Flat Creek requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on April 8, 2021 (or on an appropriate date as determined by the prehearing order pursuant to the status conference on March 4, 2021, to coincide with Case Nos. 21543, 21560, and 21630), and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a 320-acre, more or less, spacing and proration unit comprising the N/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and approving the wells thereon;

B. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed HSU;

- C. Designating Flat Creek as operator of this HSU and the horizontal wells to be drilled thereon;
- D. Authorizing Flat Creek to recover its costs of drilling, equipping and completing the wells;
- E. Approving 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;
- F. Setting a 200% charge for the risk assumed by Flat Creek in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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**Attorneys for Flat Creek Resources, LLC**

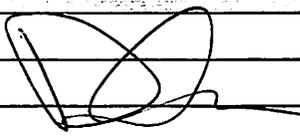
***Application of Flat Creek Resources, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a 320-acre, more or less, standard horizontal spacing and proration unit comprised of the N/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico and (2) pooling all mineral interests in the Wolfcamp formation, a gas field, underlying the unit. Said horizontal spacing unit is to be dedicated to two wells. Flat Creek proposes the **Thirteen Seconds 23 Fed-Fee 701H Well**, to be horizontally drilled from a surface location in NW/4 NW/4 (Unit D) of Section 23 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23; and the **Thirteen Seconds 23 Fed-Fee 702H Well**, to be horizontally drilled from a surface location in NW/4 NW/4 (Unit D) of Section 23 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 23. The completed intervals for the proposed wells will be nonstandard in relation to the setback requirements imposed by the Special Rules for the Purple Sage Gas Pool. Flat Creek will apply administratively for approval of the nonstandard location. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 3 miles west of Loving, New Mexico.

# COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| Case: 21747  | APPLICANT'S RESPONSE  |
|--|---|
| Date   | April 29, 2021  |
| Applicant  | Flat Creek Resources, LLC   |
| Designated Operator & OGRID (affiliation if applicable)  | 374034  |
| Applicant's Counsel:   | Darin C. Savage - Abadie & Schill, PC   |
| Case Title:  | Application of Flat Creek Resources, LLC for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico  |
| Entries of Appearance/Intervenors:   | None  |
| Well Family  | Thirteen Seconds  |
| <b>Formation/Pool</b>  |   |
| Formation Name(s) or Vertical Extent:  | Wolfcamp  |
| Primary Product (Oil or Gas):  | Gas   |
| Pooling this vertical extent:  | Exhibit B-2   |
| Pool Name and Pool Code:   | Purple Sage; Wolfcamp formation [Pool Code 98220]   |
| Well Location Setback Rules:   | Special rules from Order No. R-14262; 330' setback  |
| Spacing Unit Size:   | 320 acres   |
| <b>Spacing Unit</b>  |   |
| Type (Horizontal/Vertical)   | Horizontal  |
| Size (Acres)   | 320 acres   |
| Building Blocks:   | 160-acre tracts   |
| Orientation:   | East - West   |
| Description: TRS/County  | Section 23, Township 23 South, Range 27 East, NMPPM, Eddy County, New Mexico  |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe   | Yes   |
| <b>Other Situations</b>  |   |
| Depth Severance: Y/N. If yes, description  | No  |
| Proximity Tracts: If yes, description  | No  |
| Proximity Defining Well: if yes, description   |   |
| Applicant's Ownership in Each Tract  | See Landman Exhibit A-2   |
| <b>Well(s)</b>   |   |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) |   |
| Well #1  | Thirteen Seconds 23 Fed-Fee 701H Well (API-pending), SHL: 912' FNL, 343' FWL, Section 23, T23S-R27E, NMPPM; BHL: 590' FNL, 100' FEL, Section 23, T23S-R27E, NMPPM, laydown, non-standard location |

|  |   |
|--|---|
| Well #2  | Thirteen Seconds 23 Fed-Fee 702H Well (API-pending), SHL: 942' FNL, 343' FWL, Section 23, T23S-R27E, NMPPM; BHL: 1,910' FNL, 100' FEL, Section 23, T23S-R27E, NMPPM, laydown, non-standard location   |
| Horizontal Well First and Last Take Points                     | Thirteen Seconds 23 Fed-Fee 701H Well:<br>FTP 590' FNL, 100' FWL, Sec. 23;<br>LTP 590' FNL, 100' FEL, Sec. 23<br>'Thirteen Seconds 23 Fed-Fee 702H Well:<br>FTP 1,910' FNL, 100' FWL, Sec. 23;<br>LTP 1,910' FNL, 100' FEL, Sec. 23                                     |
| Completion Target (Formation, TVD and MD)                      | Thirteen Seconds 23 Fed-Fee 701H Well:<br>TVD approx 9,317', TMD approx 14,300';<br>Wolfcamp formation<br>See Exhibts A, B-2, B-4<br>'Thirteen Seconds 23 Fed-Fee 702H Well:<br>TVD approx 9,319', TMD approx 14,300';<br>Wolfcamp formation<br>See Exhibts A, B-2, B-4 |
|  |   |
| <b>AFE Capex and Operating Costs</b>                           |   |
| Drilling Supervision/Month \$                                  | \$8000, Exhibit A   |
| Production Supervision/Month \$                                | \$800, Exhibit A  |
| Justification for Supervision Costs                            | Exhibit A   |
| Requested Risk Charge  | 200%, Exhibit A   |
| <b>Notice of Hearing</b>                                       |   |
| Proposed Notice of Hearing                                     | Exhibit D, D-1  |
| Proof of Mailed Notice of Hearing (20 days before hearing)     | Exhibit D-2   |
| Proof of Published Notice of Hearing (10 days before hearing)  | Exhibit D-3   |
| <b>Ownership Determination</b>                                 |   |
| Land Ownership Schematic of the Spacing Unit                   | Exhibit A-2   |
| Tract List (including lease numbers and owners)                | Exhibit A-2   |
| Pooled Parties (including ownership type)                      | Exhibit A-2   |
| Unlocatable Parties to be Pooled                               | Exhibit A, N/A  |
| Ownership Depth Severance (including percentage above & below) | Exhibit A-2, N/A  |
| <b>Joinder</b>   |   |
| Sample Copy of Proposal Letter                                 | Exhibit A-3   |
| List of Interest Owners (ie Exhibit A of JOA)                  | Exhibit A-2   |
| Chronology of Contact with Non-Joined Working Interests        | Exhibit A-4   |
| Overhead Rates In Proposal Letter                              | Exhibit A-3   |
| Cost Estimate to Drill and Complete                            | Exhibit A-3   |
| Cost Estimate to Equip Well                                    | Exhibit A-3   |
| Cost Estimate for Production Facilities                        | Exhibit A-3   |
| <b>Geology</b>   |   |
| Summary (including special considerations)                     | Exhibit B   |

|  |  |
|--|--|
| Spacing Unit Schematic   | Exhibit B-1  |
| Gunbarrel/Lateral Trajectory Schematic   | Exhibit B-4  |
| Well Orientation (with rationale)  | Exhibit B, B-1   |
| Target Formation   | Exhibit B, B-2   |
| HSU Cross Section  | Exhibit B-2, B-4, B-5  |
| Depth Severance Discussion   | Exhibit B, N/A   |
| <b>Forms, Figures and Tables</b>   |  |
| C-102  | Exhibit A-1  |
| Tracts   | Exhibit A-2, B-1   |
| Summary of Interests, Unit Recapitulation (Tracts)   | Exhibit A-2  |
| General Location Map (including basin)   | Exhibit A-2  |
| Well Bore Location Map   | Exhibit B-1, B-4   |
| Structure Contour Map - Subsea Depth   | Exhibit B-1  |
| Cross Section Location Map (including wells)   | Exhibit B-2, B-4, B-5  |
| Cross Section (including Landing Zone)   | Exhibit B-2, B-4, B-5  |
| <b>Additional Information</b>  |  |
| <b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b> |  |
| <b>Printed Name (Attorney or Party Representative):</b>  | Darin C. Savage  |
| <b>Signed Name (Attorney or Party Representative):</b>   |  |
| <b>Date:</b>   | 29-Apr-21  |

## **TAB 2**

- Exhibit A: Self-affirmed Statement of Michael Gregory, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Tracts, Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letter and AFE –
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

**APPLICATION OF FLAT CREEK RESOURCES, LLC  
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

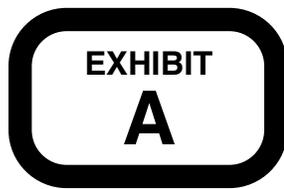
Case No. 21747

**SELF-AFFIRMED STATEMENT OF MICHAEL GREGORY**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF TARRANT    )

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Self-Affirmed Statement, which is based on my personal knowledge and correct to the best of my knowledge.
2. I am employed as Vice President, Land with Flat Creek Resources, LLC. (“Flat Creek”), and I am familiar with the subject application and the lands involved.
3. I graduated from the Texas Tech University with a Bachelor’s degree in Energy Commerce in 2008. I have worked at Flat Creek for approximately three (3) years. I have not previously testified before the New Mexico Oil Conservation Division (“Division”), and I am attaching a one-page resume of my credentials for the Division’s review and consideration, and ask that I be accepted as an expert witness in petroleum landman matters.
4. This Self-Affirmed Statement is submitted in connection with the filing by Flat Creek of the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.



5. The purpose of this application is to force pool uncommitted working interest owners and overriding royalty interest owners into the horizontal spacing unit described below, and in the wells proposed to be drilled in the unit by Flat Creek.

6. Flat Creek seeks an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the North Half (N/2) of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Purple Sage; Wolfcamp formation ([Pool Code 98220]), designated as a gas field, underlying said unit in the Permian Basin.

7. The proposed spacing unit will be dedicated to the following initial wells: Thirteen Seconds 23 Fed-Fee 701H, and Thirteen Seconds 23 Fed-Fee 702H.

8. The **Thirteen Seconds 23 Fed-Fee 701H Well** is proposed to be horizontally drilled from a surface location in the Northwest Quarter (NW/4 of the NW/4) of Section 23 to a bottom hole location in the Northeast Quarter of the Northeast Quarter (NE/4 of the NE/4) of the same Section 23.

9. The **Thirteen Seconds 23 Fed-Fee 702H Well** is proposed to be horizontally drilled from a surface location in Northwest Quarter (NW/4 of the NW/4) of Section 23 to a bottom hole location in the Southeast Quarter of the Northeast Quarter (SE/4 of the NE/4) of the same Section 23.

10. These wells are located in the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) and have unorthodox locations; Flat Creek will be applying for administrative approval of the non-standard locations of these wells with notice letters to the affected persons.

11. A plat outlining the unit being pooled is attached hereto as **Exhibit A-2**, which shows the location of the proposed wells within the unit.

12. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owners.

13. There are no depth severances in the Wolfcamp formation in this acreage.

14. The locations and proposed depths of the well to be drilled on the pooled units is as follows:

| <b>Well Name</b>                    | <b>SHL</b>                             | <b>BHL</b>                               | <b>TVD</b> | <b>TMD</b> |
|-------------------------------------|--|--|------------|------------|
| Thirteen Seconds 23<br>Fed-Fee 701H | 912' FNL and 343'<br>FWL of Section 23 | 590' FNL and 100'<br>FEL of Section 23   | 9,317'     | 14,300'    |
| Thirteen Seconds 23<br>Fed-Fee 702H | 942' FNL and 343'<br>FWL of Section 23 | 1,910' FNL and 100'<br>FEL of Section 23 | 9,319'     | 14,300'    |

15. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners and ORRI owners shown on Exhibit A-2. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the well is located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. Notice of this hearing was published in the Carlsbad Current-Argus, a newspaper of general circulation in Eddy County, New Mexico, to cover any unanticipated parties. There were no unlocatable parties.

16. Flat Creek has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells which consists solely of subsidiaries of Matador Resources Company ("Matador"). **Exhibit A-4** provides a chronology and history of negotiations and commercial discussions with Matador which dates back to September of 2019. Flat Creek has been the more proactive party in its good-faith attempts to find a commercial solution for this unit accounting for an estimated twenty-one (21) of the emails opposed to Matador's three (3). The majority of the

communication was initiated via email with some follow up discussions being held over the phone and the rest in three (3) meetings organized by Flat Creek.

17. Flat Creek obtained its lease in this Section 23 from the Bureau of Land Management (“BLM”) in the December 5, 2018 lease sale which was issued effective November 1, 2019. The lease covers 120 acres in the North Half (N/2) of Section 23 and 40 acres in the South Half (S/2) of Section 23. The lease had a stipulation requiring the Lessee to join the Communitization Agreements (“CA”) for Matador’s two (2) existing vertical wells covering the Morrow formation in the South Half (S/2) of Section 23 (NMNM 138621) and the North Half (N/2) of Section 23 (NMNM 138785) which Flat Creek executed timely on April 11, 2019. Notably, Matador has not formally delivered well proposals to Flat Creek for these two (2) Morrow wells since our lease was issued nor has Flat Creek been paid for an overriding royalty interest (“ORRI”) that is owned by a subsidiary of Flat Creek in both of those units. Flat Creek has been entitled to payment on these wells for both its working interest and ORRI since the approval on November 1, 2019, of the federal lease, but has received no payments from Matador.

18. Matador also had an existing horizontal well (Norris-Thornton Com 204H Well; API No. 20-015-44659) in the S/2 of Section 23 which commenced production prior to the December 5, 2018 lease sale. There was no such stipulation from the BLM to join into a CA for that well which has presumably been producing on 320-acre spacing without any type of voluntary or involuntary pooling in place.

19. Flat Creek initiated commercial discussions with Matador in September of 2019 and has proposed numerous resolutions since then. This includes proposals to trade within Section 23, whereby Flat Creek would operate the North Half (N/2) and Matador would operate the South Half (S/2), opportunities to trade with other sections, as well as cash and farmout proposals. Matador

never provided formal feedback to any of our proposals as we were told that this was not getting attention internally at Matador. Following that feedback Flat Creek proposed a well to Matador to initiate development, protect everyone's correlative rights, and optimize the production of the section. Eventually, on February 10, 2021, we were told by Matador that it would purchase our working and/or royalty interest for a value that is far below market. Flat Creek immediately advised that was unacceptable as we believe that would result in stalled development of these lands and cause unnecessary waste. On March 19, 2021 Matador advised that they would be sending a revised proposal to Flat Creek the week of March 22<sup>nd</sup>, however no such proposal was made until April 21, 2021 despite multiple follow up attempts by Flat Creek which are documented in Exhibit A-4. On April 22, 2021, Flat Creek advised Matador that its April 21<sup>st</sup> proposal was also insufficient as it was not materially changed from the March 19<sup>th</sup> proposal. Flat Creek also reiterated its desire to trade or have Matador participate with Flat Creek as the operator but has not received any response from Matador.

20. Flat Creek's proposal of a 320-acre spacing unit covering the North Half (N/2) of Section 23 is offered as compromise to our proposed 480-acre spacing unit covering the North Half and North Half of the South Half (N/2 and N/2S/2) in the event the OCD decides on the S/2 of Section 23 for development. Flat Creek requests, if after review, the N/2 of Section 23 is the remaining unit to be developed, that the OCD select Flat Creek's development plan as the superior plan. We have an established track record for diligence and timeliness in our drilling and operations. Our professional team has been selected from the oil and gas industry and represent 98 years of cumulative experience in drilling and operations between four (4) key personnel in Land, Geology and Engineering with a substantial amount of that being horizontal development in the Permian Basin.

21. The interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests in the well. However, Flat Creek has been in ongoing discussions with Matador to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Flat Creek and Matador, Flat Creek requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and the protection of correlative rights.

22. Proposed C-102s for the wells are attached as **Exhibit A-1**. The wells will develop the Wolfcamp formation (PURPLE SAGE; WOLCAMP [Pool Code 98220]).

23. **Exhibit A-3** is the proposal letter and the AFE's for the proposed wells that was sent to Matador on December 14, 2020. The estimated cost of the well set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

24. Flat Creek requests overhead and administrative rates of \$8,000/month for drilling the well and \$800/month for producing the well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Flat Creek requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

25. Flat Creek requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

26. Flat Creek requests that it be designated operator of the unit and well.

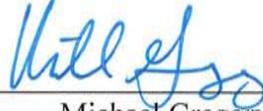
27. The Exhibits to this Statement were prepared by me, or compiled from Flat Creek's company business records under my direct supervision.

28. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

29. The foregoing is correct and complete to the best of my knowledge and belief.

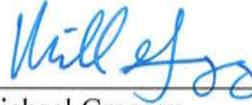
*[Signature page follows]*

Michael Gregory as a Vice President of Land and authorized agent of Flat Creek Resources, LLC, the Affiant, being duly sworn, upon oath, states that the information contained in his Self-affirmed Statement is accurate and complete to the best of his knowledge.



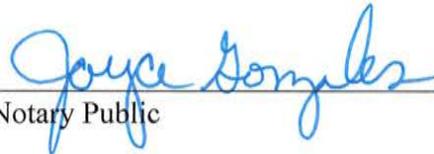
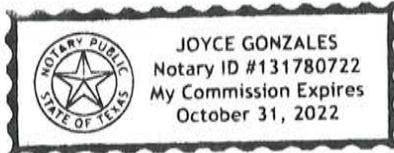
Michael Gregory

FURTHER AFFIANT SAYETH NAUGHT



Michael Gregory

Subscribed to and sworn before me this 29 day of April, 2021.



Notary Public

# Mike B. Gregory, CPL

| 777 Main St., Ste. 3600, Fort Worth, TX 76102 | (817) 310-8572 | [mike.gregory@flatcreekresources.com](mailto:mike.gregory@flatcreekresources.com) |

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## PROFESSIONAL EXPERIENCE

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### Vice President of Land; Flat Creek Resources, LLC

Fort Worth, TX

Permian Basin

2018 - Present

- Manage Land Department primarily responsible for acquisitions, divestitures, acreage trades as well as preparing assets for development via title curative, surface planning and collaboration with counterparties.
- Organically sourced acquisition opportunities; assembled 5,000+ acres in Eddy Co, NM and Reeves Co, TX through 30+ different transactions.
- Executed multiple acreage trades to extend lateral lengths for horizontal wells and optimize development; 30+ gross locations improved from 5,000' to 10,000' lateral lengths.
- Communicate with capital providers and board members to obtain approval for acquisitions, and development opportunities and other company matters.

### Senior Landman; XTO Energy Inc.

Fort Worth, TX

Regional Land Group - Midland Basin

2017 - 2018

- Oversaw active drilling program and prepared assets for horizontal development; collaborated with engineers and geologists to incorporate critical land information into well planning.
- Worked with industry counterparts to complete acreage trades and consolidate leasehold positions.

Land Acquisitions & Divestitures

2016 - 2017

- Project Lead for the \$5.6B acquisition of Bass companies; provided support to management during evaluation and obtained title coverage on 150k+ net acres in the NM Delaware Basin during due diligence.
- Negotiated, prepared and analyzed Purchase and Sale Agreements, Exchange Agreements, and related contracts; facilitated transactions internally to ensure cross-department alignment.
- Coordinated due diligence teams for acquisitions, divestitures and trades across the XTO portfolio.

Regional Land Group - East TX / North LA

2008 - 2015

- Responsible for assets in multiple counties/parishes which involved new drills, leasing programs, lease maintenance, managing company-owned minerals and various other projects.
- Negotiated and interpreted contracts including operating agreements, farmout/farmin agreements, oil and gas leases, pooling agreements and surface/water use agreements.

Other XTO Positions Held: **Landman** (2011 - 2014), **Associate Landman** (2008 - 2010), **Intern** (2007)

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## EDUCATION

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Texas Tech University, Rawls College of Business

Lubbock, TX

Bachelor of Business Administration, Energy Commerce

2008 Graduate

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## ORGANIZATIONS & CERTIFICATIONS

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Energy Commerce Advisory Council

Lubbock, TX

Texas Tech University

2015 - Present

Fort Worth Association of Professional Landmen

Fort Worth, TX

Executive Committee

2019 - Present

-American Association of Professional Landmen - Certified Professional Landman (CPL)

-Permian Basin Landmen's Association

**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 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**

|                            |  |                             |  |                             |                          |
|----------------------------|--|-----------------------------|--|-----------------------------|--------------------------|
| <sup>1</sup> API Number    |  | <sup>2</sup> Pool Code      |  | <sup>3</sup> Pool Name      |                          |
|                            |  | 98220                       |  | PURPLE SAGE; WOLFCAMP (GAS) |                          |
| <sup>4</sup> Property Code |  | <sup>5</sup> Property Name  |  |                             | <sup>6</sup> Well Number |
|                            |  | THIRTEEN SECONDS 23 FED-FEE |  |                             | 701H                     |
| <sup>7</sup> OGRID No.     |  | <sup>8</sup> Operator Name  |  |                             | <sup>9</sup> Elevation   |
| 374034                     |  | FLAT CREEK RESOURCES, LLC   |  |                             | 3133'                    |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range             | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| D             | 23      | 23 SOUTH | 27 EAST, N.M.P.M. |         | 912'          | NORTH            | 343'          | WEST           | EDDY   |

<sup>11</sup> Bottom 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 |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 23      | 23 SOUTH | 27 EAST, N.M.P.M. |         | 590'          | NORTH            | 100'          | EAST           | EDDY   |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|                               |                               |                                  |                         |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

**<sup>17</sup> 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 organization either owns a working interest or unleased 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.

Signature: *Adam Smith* Date: 4/29/2021

Printed Name: ADAM SMITH

E-mail Address: ADAM.SMITH@FLATCREEKRESOURCES.COM

---

**<sup>18</sup> 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 and correct to the best of my belief.

Date of Survey: 04/20/2021

Signature and Seal of Professional Surveyor: *Steven M. Coleman*

Professional Surveyor Seal: STEVEN M. COLEMAN, NEW MEXICO, 22921, 04/29/2021, PROFESSIONAL SURVEYOR

Certificate Number: *Steven M. Coleman*

**EXHIBIT  
A-1**

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
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1220 South St. Francis Dr.  
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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |  |                             |  |                             |                          |
|----------------------------|--|-----------------------------|--|-----------------------------|--------------------------|
| <sup>1</sup> API Number    |  | <sup>2</sup> Pool Code      |  | <sup>3</sup> Pool Name      |                          |
|                            |  | 98220                       |  | PURPLE SAGE; WOLFCAMP (GAS) |                          |
| <sup>4</sup> Property Code |  | <sup>5</sup> Property Name  |  |                             | <sup>6</sup> Well Number |
|                            |  | THIRTEEN SECONDS 23 FED-FEE |  |                             | 702H                     |
| <sup>7</sup> OGRID No.     |  | <sup>8</sup> Operator Name  |  |                             | <sup>9</sup> Elevation   |
| 374034                     |  | FLAT CREEK RESOURCES, LLC   |  |                             | 3133'                    |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range             | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| D             | 23      | 23 SOUTH | 27 EAST, N.M.P.M. |         | 942'          | NORTH            | 343'          | WEST           | EDDY   |

<sup>11</sup> Bottom 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 |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| H             | 23      | 23 SOUTH | 27 EAST, N.M.P.M. |         | 1910'         | NORTH            | 100'          | EAST           | EDDY   |

|                               |                               |                                  |                         |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|                               |                               |                                  |                         |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

**CORNER COORDINATES TABLE (NAD 27)**

|                              |                              |
|------------------------------|------------------------------|
| A - Y=472122.90, X=550787.13 | G - Y=469470.10, X=550784.98 |
| B - Y=472130.63, X=553430.62 | H - Y=469475.23, X=553425.19 |
| C - Y=472135.35, X=556065.65 | I - Y=469480.35, X=556062.40 |
| D - Y=470796.50, X=550786.05 | J - Y=466813.95, X=550780.56 |
| E - Y=470802.93, X=553427.91 | K - Y=466820.03, X=553419.77 |
| F - Y=470807.85, X=556064.02 | L - Y=466824.74, X=556058.51 |

**<sup>17</sup> 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 organization either owns a working interest or unleased 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.*

Signature: *[Signature]* Date: 4/29/2021

Printed Name: ADAM SMITH

E-mail Address: ADAM.SMITH@FLATCREEKRESOURCES.COM

**<sup>18</sup> 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 and correct to the best of my belief.*

Date of Survey: 04/20/2021

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: 22921

**EXHIBIT A-2**

**OWNERSHIP BREAKDOWN – Wolfcamp formation, Permian Basin**

**N/2 of Section 23, Township 23 South, Range 27 East, Eddy County, NM  
Thirteen Seconds 23 Fed-Fee 701H, 702H (320-acre spacing unit)**

**Tract 1: N/2 N/2 (160 Acres); Thirteen Seconds 23 Fed-Fee 701H**

**Tract 2: S/2 N/2 (160 Acres); Thirteen Seconds 23 Fed-Fee 702H**

**OVERALL UNIT OWNERSHIP (N/2 of Section 23 –23S–27E; 320 acres)**

| <b>Working Interest Owner</b>  | <b>Net Acres</b> | <b>Unit WI</b> | <b>Status</b> |
|--|------------------|----------------|---------------|
| Flat Creek Resources, LLC<br>777 Main Street, Suite 3600<br>Fort Worth, Texas 76102              | 120              | 37.5%          | Committed     |
| MRC Permian Company<br>One Lincoln Centre<br>5400 LBJ Freeway, Suite 1500<br>Dallas, Texas 75240 | 200              | 62.5%          | Uncommitted   |
| <b>UNIT TOTAL</b>  | <b>320</b>       | <b>100%</b>    |               |

**Overriding Royalty Owners**

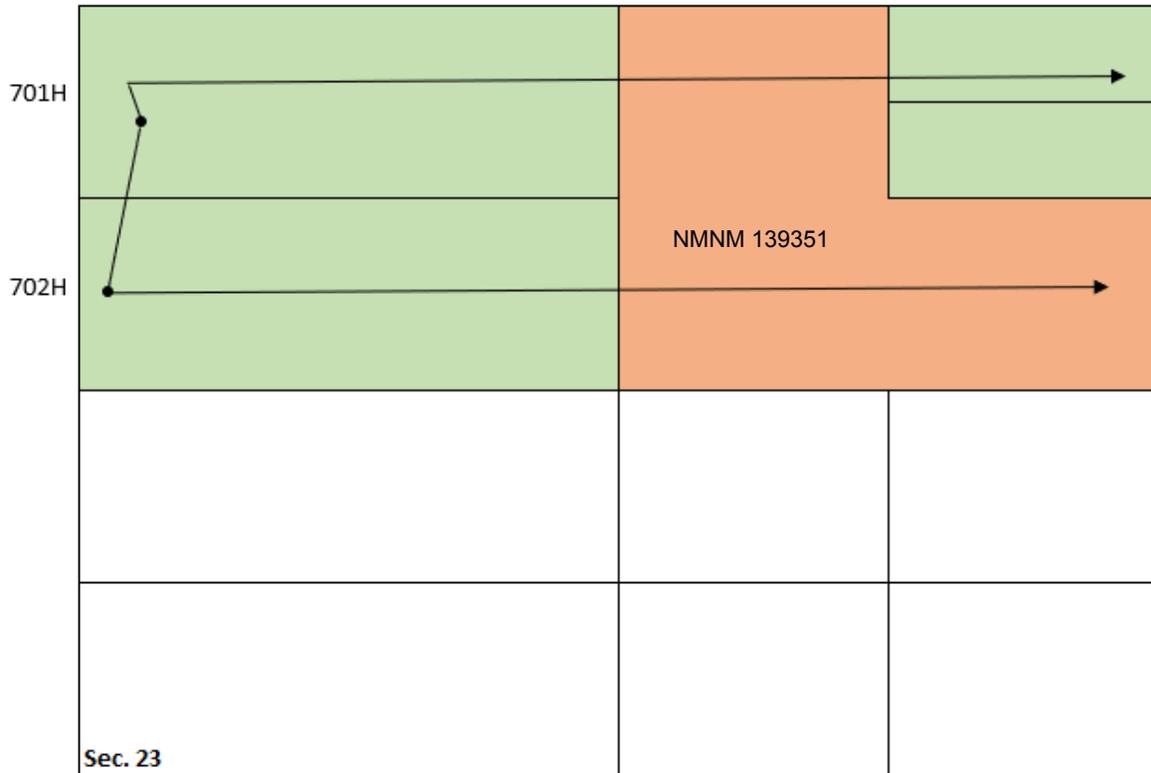
**Address**

|                            |  |
|----------------------------|--|
| Flat Creek Royalties LLC   | 777 Main Street, Suite 3600 Fort Worth, TX 76102 |
| Mo Oil Co.                 | PO Box 429 Roswell, NM 88202                     |
| Ross Duncan Properties LLC | PO Box 647 Artesia, New Mexico 88211             |
| B&G Royalties              | PO Box 376 Artesia, NM 88211                     |
| Compound Properties LLC    | PO Box 2990 Ruidoso, NM 88355                    |

**UNIT RECAPITULATION (N/2 of Section 23 –23S–27E; 320 acres)**

|                           |       |    |
|---------------------------|-------|----|
| Flat Creek Resources, LLC | 37.5% | WI |
| MRC Permian Company       | 62.5% | WI |

N/2 of Section 23, T-23-S, R-27-E, Eddy County, New Mexico, Wolfcomp Formation



Private  
Matador - 100%  
200 Acres

BLM  
Flat Creek 100%  
120 Acres

Thirteen Seconds Fed-Fee 701H  
SHL: 912' FNL & 343' FWL  
BHL: 590' FNL & 100' FEL

Thirteen Seconds Fed-Fee 702H  
SHL: 942' FNL & 343' FWL  
BHL: 1,910' FNL & 100' FEL



December 14, 2020

SENT VIA CERTIFIED MAIL

MRC Permian Company  
 One Lincoln Centre  
 5400 LBJ Freeway, Suite 1500  
 Dallas, Texas 75240

RE: Well Proposal  
 Thirteen Seconds 23 Fed-Fee 701H & 702H (the "Wells")  
 N/2 of Section 23-T23S-R27E  
 Eddy County, New Mexico

MRC Permian Company,

Flat Creek Resources, LLC ("Flat Creek"), as Operator, proposes to drill and complete the Thirteen Seconds 23 Fed-Fee 701H ("701H") and Thirteen Seconds 23 Fed-Fee 702H ("702H") as horizontal wells to an approximate TVD of 9,317' and 9,319', respectively, each with an approximate TMD of 14,300' into the Wolfcamp formation. The 701H SHL will be 1265' FNL and 645' FWL and BHL will be 590' FNL and 100' FEL of Section 23-23S-27E, Eddy County, New Mexico. The 702H SHL will be 1295' FNL and 645' FWL and BHL will be 1910' FNL and 100' FEL of Section 23-23S-27E, Eddy County, New Mexico. Enclosed for your review is Flat Creek's AFE indicating total drilling and completed well costs of \$7,540,344.24 and 6,485,993.47.

Flat Creek reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, or any other surface and or subsurface concerns, among other reasons. Flat Creek will advise you of any such modifications. **The proposed development of the N/2 of Section 23 is subject to the outcome of competing applications before the New Mexico Oil Conservation Division involving decisions on the N/2 and N/2 S/2 of said section.**

Flat Creek will drill the Wells under the terms of the modified 1989 AAPL form of Operating Agreement, with Horizontal Modifications, ("JOA"), which will be provided upon request. The JOA will have the following general provisions:

- Flat Creek Resources, LLC named as Operator
- Contract Area of N/2 of Section 23-T23S-R27E, Eddy County, New Mexico
- 100%/300% Non-Consenting Penalty
- \$8,000/\$800 Drilling and Production Rates

Please indicate your election to participate in the drilling and completion of the Wells in the space provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet. A Communitization Agreement for said well will be supplied for your review and execution at a later date.

If your election is to participate, a cash call invoice will be sent following receipt of a timely election.

If an agreement cannot be reached within 30 days of receipt of this letter, Flat Creek will apply to the New Mexico Oil Conservation District for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.

If you have any questions concerning this proposal, please contact me at (817) 310-8569 or adam.smith@flatcreekresources.com.

Sincerely,

Flat Creek Resources, LLC



Adam J. Smith, RPL  
Senior Landman

MRC Permian Company hereby elects:

\_\_\_\_\_ **TO PARTICIPATE** in the drilling and completion of the referenced well

\_\_\_\_\_ **NOT TO PARTICIPATE** in the drilling and completion of the referenced well

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

MRC Permian Company

By: \_\_\_\_\_

**FLAT CREEK RESOURCES, INC**  
**AUTHORIZATION FOR EXPENDITURE**  
**DRILL & COMPLETE HORIZONTAL WOLFCAMP**

**AFE#:**

Date: 11/11/2020

County/State: Eddy / NM

Lease: Thirteen Seconds 23 Fed-Fee 701H

Surface Location: 1,265' FNL and 645' FWL of Section 23-23S-27E

Proposed Depth: 14,300' MD

Objective: Drill Horizontal Well, Complete ~1-Mile Lateral, Production Facility

| Account Code                           | Account Name  | AFE Amount          |
|--|---|---------------------|
| <b>Intangible Drilling Costs (310)</b> |   |                     |
| 310 / 1                                | LAND SERVICE & EXP                                      | \$ 60,000.00        |
| 310 / 4                                | PERMITS - SURVEY - REGULATORY                           | \$ 8,000.00         |
| 310 / 5                                | LOCATION - DAMAGES - CLEAN UP                           | \$ 250,000.00       |
| 310 / 6                                | RIG - MOB/DEMOB   | \$ 250,000.00       |
| 310 / 7                                | RIG - DAYWORK   | \$ 297,000.00       |
| 310 / 8                                | RIG - FOOTAGE   | \$ -                |
| 310 / 9                                | RIG - TURNKEY   | \$ -                |
| 310 / 10                               | COILED TBG/SNUBBING/NITROGEN                            | \$ -                |
| 310 / 11                               | FUEL - POWER - WATER                                    | \$ 53,460.00        |
| 310 / 12                               | COMMUNICATIONS  | \$ 7,200.00         |
| 310 / 13                               | TRANSPORTATION  | \$ 36,000.00        |
| 310 / 14                               | CONSULTING SERVICE/SUPERVISION                          | \$ 92,400.00        |
| 310 / 15                               | CONTRACT LABOR & SERVICES                               | \$ 50,000.00        |
| 310 / 16                               | RENTALS - DOWNHOLE                                      | \$ 50,400.00        |
| 310 / 17                               | RENTALS - SURFACE                                       | \$ 128,160.00       |
| 310 / 18                               | BITS  | \$ 60,000.00        |
| 310 / 19                               | CASING CREW & EQUIPMENT                                 | \$ 40,000.00        |
| 310 / 20                               | CEMENT & SERVICES                                       | \$ 112,000.00       |
| 310 / 21                               | DIRECTIONAL TOOLS & SERVICES                            | \$ 194,400.00       |
| 310 / 22                               | FISHING TOOLS & SERVICE                                 | \$ -                |
| 310 / 23                               | MUD - CHEMICALS - FLUIDS                                | \$ 180,000.00       |
| 310 / 24                               | MUD LOGGING   | \$ 15,120.00        |
| 310 / 25                               | OPENHOLE LOGGING - FT - SWC                             | \$ 30,000.00        |
| 310 / 26                               | ELEC/WIRELINE & PERF SERVICE                            | \$ -                |
| 310 / 27                               | DRILL STEM TESTING - CORING                             | \$ -                |
| 310 / 28                               | TUBULAR TESTING & INSPECTION                            | \$ 22,500.00        |
| 310 / 29                               | CUTTINGS & FLUID DISPOSAL                               | \$ 150,000.00       |
|  | Subtotal  | \$ 2,086,640.00     |
| 310 / 30                               | MISC & CONTINGENCY                                      | \$ 208,664.00       |
| 310 / 60                               | P&A COSTS   | \$ -                |
| 310 / 70                               | NON-OP DRILLING - INTANG                                | \$ -                |
|  | Total Intangibles For Operations Involving Drilling Rig | \$ 2,295,304        |
| <b>Tangible Drilling Costs (311)</b>   |   |                     |
| 311 / 1                                | DRIVE PIPE - CONDUCTOR                                  | \$ 23,500.00        |
| 311 / 2                                | CASING - SURFACE  | \$ 42,500.00        |
| 311 / 3                                | CASING - INTERMEDIATE                                   | \$ 310,000.00       |
| 311 / 4                                | CASING - PRODUCTION                                     | \$ 210,000.00       |
| 311 / 5                                | CASING - LINER/TIEBACK                                  |                     |
| 311 / 6                                | HANGER - CSG ACCESSORY                                  | \$ 20,000.00        |
| 311 / 7                                | WELLHEAD EQPT   | \$ 35,000.00        |
|  | Subtotal  | \$ 641,000.00       |
| 311 / 8                                | MISC & CONTINGENCY                                      | \$ 64,100.00        |
| 311 / 70                               | NON-OP DRILLING - TANG                                  |                     |
|  | Total Tangibles For Operations Involving Drilling Rig   | \$ 705,100          |
| <b>Total Drilling Cost</b>             |   | <b>\$ 3,000,404</b> |

| <b>Intangible Completion Costs (320)</b> |                                |  |                     |
|--|--------------------------------|--|---------------------|
| 320 / 1                                  | LAND SERVICE & EXP             | \$   | -                   |
| 320 / 2                                  | LEGAL FEES & EXP               | \$   | -                   |
| 320 / 3                                  | INSURANCE                      | \$   | -                   |
| 320 / 4                                  | PERMITS - SURVEY - REGULATORY  | \$   | -                   |
| 320 / 5                                  | LOCATION - DAMAGES - CLEAN UP  | \$   | 15,000              |
| 320 / 6                                  | RIG - DAYWORK                  | \$   | -                   |
| 320 / 7                                  | RIG - COMPLETION/WORKOVER      | \$   | 25,500              |
| 320 / 8                                  | COILED TBG/SNUBBING/NITROGEN   | \$   | 145,000             |
| 320 / 9                                  | FUEL - POWER - WATER           | \$   | 5,000               |
| 320 / 10                                 | COMMUNICATIONS                 | \$   | 5,000               |
| 320 / 11                                 | TRANSPORTATION                 | \$   | 25,000              |
| 320 / 12                                 | CONSULTING SERVICE/SUPERVISION | \$   | 69,717              |
| 320 / 13                                 | CONTRACT LABOR & SERVICES      | \$   | 7,500               |
| 320 / 14                                 | RENTALS - DOWNHOLE             | \$   | 25,000              |
| 320 / 15                                 | RENTALS - SURFACE              | \$   | 57,000              |
| 320 / 16                                 | BITS                           | \$   | 10,000              |
| 320 / 17                                 | CASING CREW & EQUIPMENT        | \$   | -                   |
| 320 / 18                                 | CEMENT & SERVICES              | \$   | -                   |
| 320 / 19                                 | FISHING TOOLS & SERVICE        | \$   | -                   |
| 320 / 20                                 | MUD - CHEMICALS - FLUIDS       | \$   | 45,000              |
| 320 / 21                                 | ELEC/WIRELINE & PERF SERVICE   | \$   | 183,500             |
| 320 / 22                                 | TUBULAR TESTING & INSPECTION   |  |                     |
| 320 / 23                                 | GRAVEL PACKING                 | \$   | -                   |
| 320 / 24                                 | FRAC & STIMULATION             | \$   | 1,138,500           |
| 320 / 25                                 | SWABBING & WELL TESTING        | \$   | 115,000             |
| 320 / 26                                 | CUTTINGS & FLUID DISPOSAL      | \$   | 227,500             |
| 320 / 28                                 | FRAC WATER                     | \$   | 262,500             |
| 320 / 29                                 | FRAC POND                      | \$   | -                   |
| 320 / 30                                 | WATER TRANSFER                 | \$   | 133,000             |
| 320 / 60                                 | P&A COSTS                      | \$   | -                   |
|  |                                | Subtotal                                     | \$ 2,494,717        |
| 320 / 70                                 | NON-OP COMP - INTANG           | \$   | -                   |
| 320 / 27                                 | MISC & CONTINGENCY             | \$   | 249,472             |
|  |                                | Total Intangibles For Completions Operations | \$ 2,744,189        |
| <b>Tangible Completion Costs (321)</b>   |                                |  |                     |
| 321 / 1                                  | CASING - LINER/TIEBACK         |  |                     |
| 321 / 2                                  | HANGER - CSG ACCESSORY         |  |                     |
| 321 / 3                                  | PRODUCTION TUBING              | \$   | 46,500.00           |
| 321 / 4                                  | TUBINGHEAD & TREE              | \$   | 35,000.00           |
| 321 / 5                                  | PACKERS - SUBSURFACE EQUIP     | \$   | 7,500.00            |
| 321 / 6                                  | RODS - PUMPS - ANCHORS ETC     | \$   | 2,850.00            |
| 321 / 7                                  | ART LIFT - SURFACE EQUIP       |  |                     |
| 321 / 8                                  | PUMPING UNITS - SURFACE EQUIP  |  |                     |
| 321 / 9                                  | VALVES - FITTING - MISC EQUIP  | \$   | 12,500.00           |
| 321 / 10                                 | SEPARATOR/HEAT TREATER/DEHY    |  |                     |
| 321 / 11                                 | GUN BBL/TANKS & RELATED EQUIP  |  |                     |
| 321 / 12                                 | COMPRESSOR & RELATED EQUIP     |  |                     |
| 321 / 13                                 | METERS - LACT UNIT             |  |                     |
| 321 / 14                                 | SWD PUMPS & EQUIPMENT          |  |                     |
| 321 / 15                                 | PIPELINES - TIE-INS            |  |                     |
| 321 / 16                                 | PROD FACILITY - FAB & INSTALL  |  |                     |
|  |                                | Subtotal                                     | \$ 104,350.00       |
| 321 / 17                                 | MISC & CONTINGENCY             | \$   | 10,435.00           |
| 321 / 60                                 | P&A COSTS                      |  |                     |
| 321 / 70                                 | NON-OP COMP - TANG             |  |                     |
|  |                                | Total Tangibles For Completions Operations   | \$ 114,785          |
| <b>Total Completion Costs</b>            |                                |  | <b>\$ 2,858,974</b> |

| <b>Intangible Facility Costs (330)</b>  |                                |  |                        |
|---|--------------------------------|--|------------------------|
| 330 / 1   | LAND SERVICE & EXP             | \$   | 64,000.00              |
| 330 / 2   | LEGAL FEES & EXP               |  |                        |
| 330 / 3   | CONSULTING SERVICE/SUPERVISION | \$   | 25,000.00              |
| 330 / 4   | CONTRACT LABOR & SERVICES      | \$   | 101,250.00             |
|   |                                | Subtotal   | \$ 190,250.00          |
| 330 / 5   | MISC & CONTINGENCY             | \$   | 19,025.00              |
| 330 / 70  | NON-OP FAC - INTANG            |  |                        |
|   |                                | <b>Total Intangibles for Facility Construction</b> | <b>\$ 209,275.00</b>   |
| <b>Tangible Facility Costs (331)</b>  |                                |  |                        |
| 331 / 1   | ART LIFT - SURFACE EQUIP       | \$   | 15,000.00              |
| 331 / 2   | PUMPING UNITS - SURFACE EQUIP  |  |                        |
| 331 / 3   | VALVES - FITTING - MISC EQUIP  | \$   | 73,500.00              |
| 331 / 4   | SEPARATOR/HEAT TREATER/DEHY    | \$   | 170,200.00             |
| 331 / 5   | GUN BBL/TANKS & RELATED EQUIP  | \$   | 96,000.00              |
| 331 / 6   | COMPRESSOR & RELATED EQUIP     | \$   | 25,000.00              |
| 331 / 7   | METERS - LACT UNIT             | \$   | 150,000.00             |
| 331 / 8   | SWD PUMPS & EQUIPMENT          | \$   | 15,000.00              |
| 331 / 9   | PIPELINES - TIE-INS            | \$   | 687,500.00             |
| 331 / 10  | PROD FACILITY - FAB & INSTALL  | \$   | 105,701.40             |
|   |                                | Subtotal   | \$ 1,337,901.40        |
| 331 / 11  | MISC & CONTINGENCY             | \$   | 133,790.14             |
| 331 / 70  | NON-OP FAC- TANG               |  |                        |
|   |                                | <b>Total Tangible for Facility Construction</b>    | <b>\$ 1,471,691.54</b> |
| <b>Total Facility Costs</b>   |                                | <b>\$</b>  | <b>1,680,966.54</b>    |
| <b>Total Estimated Well Cost</b>  |                                | <b>\$</b>  | <b>7,540,344.24</b>    |
| <b>Flat Creek Resources, LLC</b>  |                                |  |                        |
| Approved By:  | Title:                         | Date:  |                        |
| Authorization Requested From: John Wierzowiecki   | Operations Manager             |  |                        |
| PLEASE INDICATE YOUR APPROVAL AND AUTHORIZATION FOR YOUR PROPORTIONATE PARTE OF THE ESTIMATED EXPENDITURE AS DETAILED ABOVE BY SIGNING BELOW AND RETURNING ONE SIGNED COPY TO BMOG II LLC |                                |  |                        |
| OWNERSHIP:  | COST TO COMPLETE:              |  |                        |
| DATE:   | PARTICIPANTS ESTIMATED COST:   |  |                        |
| APPROVED BY:  | TITLE:                         |  |                        |

**FLAT CREEK RESOURCES, INC**  
**AUTHORIZATION FOR EXPENDITURE**  
**DRILL & COMPLETE HORIZONTAL WOLFCAMP**

**AFE#:**

Date: 11/11/2020

County/State: Eddy / NM

Lease: Thirteen Seconds 23 Fed-Fee 702H

Surface Location: 1,295' FNL and 645' FWL of Section 23-23S-27E

Proposed Depth: 14,300' MD

Objective: Drill Horizontal Well, Complete ~1-Mile Lateral, Production Facility

| Account Code                           | Account Name  | AFE Amount          |
|--|---|---------------------|
| <b>Intangible Drilling Costs (310)</b> |   |                     |
| 310 / 1                                | LAND SERVICE & EXP                                      | \$ 60,000.00        |
| 310 / 4                                | PERMITS - SURVEY - REGULATORY                           | \$ 8,000.00         |
| 310 / 5                                | LOCATION - DAMAGES - CLEAN UP                           | \$ 250,000.00       |
| 310 / 6                                | RIG - MOB/DEMOB   | \$ 250,000.00       |
| 310 / 7                                | RIG - DAYWORK   | \$ 297,000.00       |
| 310 / 8                                | RIG - FOOTAGE   | \$ -                |
| 310 / 9                                | RIG - TURNKEY   | \$ -                |
| 310 / 10                               | COILED TBG/SNUBBING/NITROGEN                            | \$ -                |
| 310 / 11                               | FUEL - POWER - WATER                                    | \$ 53,460.00        |
| 310 / 12                               | COMMUNICATIONS  | \$ 7,200.00         |
| 310 / 13                               | TRANSPORTATION  | \$ 36,000.00        |
| 310 / 14                               | CONSULTING SERVICE/SUPERVISION                          | \$ 92,400.00        |
| 310 / 15                               | CONTRACT LABOR & SERVICES                               | \$ 50,000.00        |
| 310 / 16                               | RENTALS - DOWNHOLE                                      | \$ 50,400.00        |
| 310 / 17                               | RENTALS - SURFACE                                       | \$ 128,160.00       |
| 310 / 18                               | BITS  | \$ 60,000.00        |
| 310 / 19                               | CASING CREW & EQUIPMENT                                 | \$ 40,000.00        |
| 310 / 20                               | CEMENT & SERVICES                                       | \$ 112,000.00       |
| 310 / 21                               | DIRECTIONAL TOOLS & SERVICES                            | \$ 194,400.00       |
| 310 / 22                               | FISHING TOOLS & SERVICE                                 | \$ -                |
| 310 / 23                               | MUD - CHEMICALS - FLUIDS                                | \$ 180,000.00       |
| 310 / 24                               | MUD LOGGING   | \$ 15,120.00        |
| 310 / 25                               | OPENHOLE LOGGING - FT - SWC                             | \$ 30,000.00        |
| 310 / 26                               | ELEC/WIRELINE & PERF SERVICE                            | \$ -                |
| 310 / 27                               | DRILL STEM TESTING - CORING                             | \$ -                |
| 310 / 28                               | TUBULAR TESTING & INSPECTION                            | \$ 22,500.00        |
| 310 / 29                               | CUTTINGS & FLUID DISPOSAL                               | \$ 150,000.00       |
|  | Subtotal  | \$ 2,086,640.00     |
| 310 / 30                               | MISC & CONTINGENCY                                      | \$ 208,664.00       |
| 310 / 60                               | P&A COSTS   | \$ -                |
| 310 / 70                               | NON-OP DRILLING - INTANG                                | \$ -                |
|  | Total Intangibles For Operations Involving Drilling Rig | \$ 2,295,304        |
| <b>Tangible Drilling Costs (311)</b>   |   |                     |
| 311 / 1                                | DRIVE PIPE - CONDUCTOR                                  | \$ 23,500.00        |
| 311 / 2                                | CASING - SURFACE  | \$ 42,500.00        |
| 311 / 3                                | CASING - INTERMEDIATE                                   | \$ 310,000.00       |
| 311 / 4                                | CASING - PRODUCTION                                     | \$ 210,000.00       |
| 311 / 5                                | CASING - LINER/TIEBACK                                  |                     |
| 311 / 6                                | HANGER - CSG ACCESSORY                                  | \$ 20,000.00        |
| 311 / 7                                | WELLHEAD EQPT   | \$ 35,000.00        |
|  | Subtotal  | \$ 641,000.00       |
| 311 / 8                                | MISC & CONTINGENCY                                      | \$ 64,100.00        |
| 311 / 70                               | NON-OP DRILLING - TANG                                  |                     |
|  | Total Tangibles For Operations Involving Drilling Rig   | \$ 705,100          |
| <b>Total Drilling Cost</b>             |   | <b>\$ 3,000,404</b> |

| <b>Intangible Completion Costs (320)</b> |                                |  |                     |
|--|--------------------------------|--|---------------------|
| 320 / 1                                  | LAND SERVICE & EXP             | \$   | -                   |
| 320 / 2                                  | LEGAL FEES & EXP               | \$   | -                   |
| 320 / 3                                  | INSURANCE                      | \$   | -                   |
| 320 / 4                                  | PERMITS - SURVEY - REGULATORY  | \$   | -                   |
| 320 / 5                                  | LOCATION - DAMAGES - CLEAN UP  | \$   | 15,000              |
| 320 / 6                                  | RIG - DAYWORK                  | \$   | -                   |
| 320 / 7                                  | RIG - COMPLETION/WORKOVER      | \$   | 25,500              |
| 320 / 8                                  | COILED TBG/SNUBBING/NITROGEN   | \$   | 145,000             |
| 320 / 9                                  | FUEL - POWER - WATER           | \$   | 5,000               |
| 320 / 10                                 | COMMUNICATIONS                 | \$   | 5,000               |
| 320 / 11                                 | TRANSPORTATION                 | \$   | 25,000              |
| 320 / 12                                 | CONSULTING SERVICE/SUPERVISION | \$   | 69,717              |
| 320 / 13                                 | CONTRACT LABOR & SERVICES      | \$   | 7,500               |
| 320 / 14                                 | RENTALS - DOWNHOLE             | \$   | 25,000              |
| 320 / 15                                 | RENTALS - SURFACE              | \$   | 57,000              |
| 320 / 16                                 | BITS                           | \$   | 10,000              |
| 320 / 17                                 | CASING CREW & EQUIPMENT        | \$   | -                   |
| 320 / 18                                 | CEMENT & SERVICES              | \$   | -                   |
| 320 / 19                                 | FISHING TOOLS & SERVICE        | \$   | -                   |
| 320 / 20                                 | MUD - CHEMICALS - FLUIDS       | \$   | 45,000              |
| 320 / 21                                 | ELEC/WIRELINE & PERF SERVICE   | \$   | 183,500             |
| 320 / 22                                 | TUBULAR TESTING & INSPECTION   |  |                     |
| 320 / 23                                 | GRAVEL PACKING                 | \$   | -                   |
| 320 / 24                                 | FRAC & STIMULATION             | \$   | 1,138,500           |
| 320 / 25                                 | SWABBING & WELL TESTING        | \$   | 115,000             |
| 320 / 26                                 | CUTTINGS & FLUID DISPOSAL      | \$   | 227,500             |
| 320 / 28                                 | FRAC WATER                     | \$   | 262,500             |
| 320 / 29                                 | FRAC POND                      | \$   | -                   |
| 320 / 30                                 | WATER TRANSFER                 | \$   | 133,000             |
| 320 / 60                                 | P&A COSTS                      | \$   | -                   |
|  |                                | Subtotal                                     | \$ 2,494,717        |
| 320 / 70                                 | NON-OP COMP - INTANG           | \$   | -                   |
| 320 / 27                                 | MISC & CONTINGENCY             | \$   | 249,472             |
|  |                                | Total Intangibles For Completions Operations | \$ 2,744,189        |
| <b>Tangible Completion Costs (321)</b>   |                                |  |                     |
| 321 / 1                                  | CASING - LINER/TIEBACK         |  |                     |
| 321 / 2                                  | HANGER - CSG ACCESSORY         |  |                     |
| 321 / 3                                  | PRODUCTION TUBING              | \$   | 46,500.00           |
| 321 / 4                                  | TUBINGHEAD & TREE              | \$   | 35,000.00           |
| 321 / 5                                  | PACKERS - SUBSURFACE EQUIP     | \$   | 7,500.00            |
| 321 / 6                                  | RODS - PUMPS - ANCHORS ETC     | \$   | 2,850.00            |
| 321 / 7                                  | ART LIFT - SURFACE EQUIP       |  |                     |
| 321 / 8                                  | PUMPING UNITS - SURFACE EQUIP  |  |                     |
| 321 / 9                                  | VALVES - FITTING - MISC EQUIP  | \$   | 12,500.00           |
| 321 / 10                                 | SEPARATOR/HEAT TREATER/DEHY    |  |                     |
| 321 / 11                                 | GUN BBL/TANKS & RELATED EQUIP  |  |                     |
| 321 / 12                                 | COMPRESSOR & RELATED EQUIP     |  |                     |
| 321 / 13                                 | METERS - LACT UNIT             |  |                     |
| 321 / 14                                 | SWD PUMPS & EQUIPMENT          |  |                     |
| 321 / 15                                 | PIPELINES - TIE-INS            |  |                     |
| 321 / 16                                 | PROD FACILITY - FAB & INSTALL  |  |                     |
|  |                                | Subtotal                                     | \$ 104,350.00       |
| 321 / 17                                 | MISC & CONTINGENCY             | \$   | 10,435.00           |
| 321 / 60                                 | P&A COSTS                      |  |                     |
| 321 / 70                                 | NON-OP COMP - TANG             |  |                     |
|  |                                | Total Tangibles For Completions Operations   | \$ 114,785          |
| <b>Total Completion Costs</b>            |                                |  | <b>\$ 2,858,974</b> |

| <b>Intangible Facility Costs (330)</b>  |                                |  |                      |
|---|--------------------------------|--|----------------------|
| 330 / 1   | LAND SERVICE & EXP             | \$   | 64,000.00            |
| 330 / 2   | LEGAL FEES & EXP               |  |                      |
| 330 / 3   | CONSULTING SERVICE/SUPERVISION | \$   | 25,000.00            |
| 330 / 4   | CONTRACT LABOR & SERVICES      | \$   | 101,250.00           |
|   |                                | Subtotal   | \$ 190,250.00        |
| 330 / 5   | MISC & CONTINGENCY             | \$   | 19,025.00            |
| 330 / 70  | NON-OP FAC - INTANG            |  |                      |
|   |                                | <b>Total Intangibles for Facility Construction</b> | <b>\$ 209,275.00</b> |
| <b>Tangible Facility Costs (331)</b>  |                                |  |                      |
| 331 / 1   | ART LIFT - SURFACE EQUIP       | \$   | 15,000.00            |
| 331 / 2   | PUMPING UNITS - SURFACE EQUIP  |  |                      |
| 331 / 3   | VALVES - FITTING - MISC EQUIP  | \$   | 36,750.00            |
| 331 / 4   | SEPARATOR/HEAT TREATER/DEHY    | \$   | 85,100.00            |
| 331 / 5   | GUN BBL/TANKS & RELATED EQUIP  | \$   | 19,200.00            |
| 331 / 6   | COMPRESSOR & RELATED EQUIP     |  |                      |
| 331 / 7   | METERS - LACT UNIT             | \$   | 30,000.00            |
| 331 / 8   | SWD PUMPS & EQUIPMENT          | \$   | 3,000.00             |
| 331 / 9   | PIPELINES - TIE-INS            | \$   | 137,500.00           |
| 331 / 10  | PROD FACILITY - FAB & INSTALL  | \$   | 52,850.70            |
|   |                                | Subtotal   | \$ 379,400.70        |
| 331 / 11  | MISC & CONTINGENCY             | \$   | 37,940.07            |
| 331 / 70  | NON-OP FAC- TANG               |  |                      |
|   |                                | <b>Total Tangible for Facility Construction</b>    | <b>\$ 417,340.77</b> |
| <b>Total Facility Costs</b>   |                                | <b>\$</b>  | <b>626,615.77</b>    |
| <b>Total Estimated Well Cost</b>  |                                | <b>\$</b>  | <b>6,485,993.47</b>  |
| <b>Flat Creek Resources, LLC</b>  |                                |  |                      |
| Approved By:  | Title:                         | Date:  |                      |
| Authorization Requested From: John Wierzowiecki   | Operations Manager             |  |                      |
| PLEASE INDICATE YOUR APPROVAL AND AUTHORIZATION FOR YOUR PROPORTIONATE PARTE OF THE ESTIMATED EXPENDITURE AS DETAILED ABOVE BY SIGNING BELOW AND RETURNING ONE SIGNED COPY TO BMOG II LLC |                                |  |                      |
| OWNERSHIP:  | COST TO COMPLETE:              |  |                      |
| DATE:   | PARTICIPANTS ESTIMATED COST:   |  |                      |
| APPROVED BY:  | TITLE:                         |  |                      |



April 23, 2021

SENT VIA EMAIL

MRC Permian Company  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240

Reference is made to Flat Creek Resources, LLC's ("Flat Creek") previous proposals for our Thirteen Seconds 23 Fed-Fee 701H, Thirteen Seconds 23 Fed-Fee 702H and Thirteen Seconds 23 Fed-Fee 703H (the "Proposals"), each located in Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.

Flat Creek reserved the right within its Proposals to modify the locations and drilling plans if necessary. I am writing to modify Flat Creek's Proposals to provide modified surface hole location ("SHL") footage calls. The modified SHL for each well is described below:

- **Thirteen Seconds 23 Fed-Fee 701H**
  - SHL: 912' FNL & 343' FWL
- **Thirteen Seconds 23 Fed-Fee 702H**
  - SHL: 942' FNL & 343' FWL
- **Thirteen Seconds 23 Fed-Fee 703H**
  - SHL: 1835' FSL & 889' FWL

These changes are necessary to accommodate for surface location interferences which were not present when the Proposals were submitted. The bottom hole location, formation and target for each well remains the same.

If you have any questions concerning this SHL modification, please contact me at (817) 310-8569 or [adam.smith@flatcreekresources.com](mailto:adam.smith@flatcreekresources.com).

Sincerely,

Flat Creek Resources, LLC

A handwritten signature in blue ink, appearing to read "Adam J. Smith".

Adam J. Smith, RPL  
Senior Landman

**EXHIBIT A-4**

| Date     | Sender Name  | Sender Company | Recipient Name                 | Recipient Company | Description   |
|----------|--------------|----------------|--------------------------------|-------------------|---|
| 9/30/19  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Notified Matador of our lease getting close to being issued by BLM; FCR initiated trade discussions involving a Matador lease in another area                                     |
| 3/23/20  | Mike Gregory | Flat Creek     | Jonathan Filbert               | Matador           | Suggested a call to discuss trade opportunities   |
| 5/4/20   | Mike Gregory | Flat Creek     | Jonathan Filbert               | Matador           | Reached out to discuss trade opportunities  |
| 5/13/20  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Requested revised well proposal with corrected WI for the existing 204H well; followed up on trade idea in 9/30/19 email and added another trade idea involving a different lease |
| 5/26/20  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Followed up on revised well proposal and trade ideas  |
| 5/27/20  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Inquired what our share of the D&C cost is net of prior revenue (not provided); followed up on trade idea   |
| 6/9/20   | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Followed up on trade ideas  |
| 7/1/20   | Mike Gregory | Flat Creek     | Sara Hartsfield / Trey Goodwin | Matador           | Following up on trade ideas   |
| 7/8/20   | Mike Gregory | Flat Creek     | Sara Hartsfield / Trey Goodwin | Matador           | Following up on trade ideas   |
| 10/2/20  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Proposed 5 new trade ideas to Matador   |
| 10/20/20 | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Followed up on trade ideas  |
| 11/13/20 | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Requested to discuss trade proposals with Matador prior to pooling hearing  |
| 12/4/20  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Requested to discuss trade proposals with Matador prior to pooling hearing  |
| 12/9/20  | Mike Gregory | Flat Creek     | Sara Hartsfield                | Matador           | Requested to discuss trade proposals with Matador prior to pooling hearing  |
| 2/10/21  | Trey Goodwin | Matador        | Mike Gregory                   | Flat Creek        | Cash offer from MTDR to FCR; trade/development proposal   |
| 2/10/21  | Mike Gregory | Flat Creek     | Trey Goodwin                   | Matador           | Counter to Matador proposals  |
| 3/2/21   | Mike Gregory | Flat Creek     | Trey Goodwin                   | Matador           | Follow up on counter; Trey advised he'd respond the next day  |
| 3/15/21  | Mike Gregory | Flat Creek     | Trey Goodwin                   | Matador           | Trey never responded; followed up   |
| 3/19/21  | Trey Goodwin | Matador        | Mike Gregory                   | Flat Creek        | Trey advised that a counteroffer should be sent the week of 3/22  |
| 3/29/21  | Mike Gregory | Flat Creek     | Trey Goodwin                   | Matador           | Followed up to see if Trey had time for a phone call to discuss (no response)   |
| 4/8/21   | Mike Gregory | Flat Creek     | Trey Goodwin                   | Matador           | Followed up to my 3/29 email (no response)  |
| 4/12/21  | Mike Gregory | Flat Creek     | Jonathan Filbert               | Matador           | Followed up to previous correspondence since no response was given  |
| 4/21/21  | Trey Goodwin | Matador        | Mike Gregory                   | Flat Creek        | Offer to purchase Flat Creek's leasehold in this section or sign JOA  |
| 4/22/21  | Mike Gregory | Flat Creek     | Trey Goodwin                   | Matador           | Declined offer to purchase; offered trade within section (no response received)   |

Flat Creek initiated correspondence  
 Matador initiated correspondence

NOTE: Total email correspondence is an estimated 42 from Flat Creek and 29 from Matador. The list shown above is filtered down to those involving commercial discussions. The majority of the communication was initiated via email with some follow up being on the phone and the rest in three (3) meetings organized by Flat Creek.

## **TAB 3**

- Exhibit B: Self-affirmed Statement of Thomas M. Anderson, Geologist
- Exhibit B-1: Structure Map
- Exhibit B-2: Cross-section Log
- Exhibit B-3: Gross Isochore
- Exhibit B-4: Gun Barrel graph
- Exhibit B-5: Cross-section Well Trajectories

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

**APPLICATION OF FLAT CREEK RESOURCES, LLC,  
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21747**

**SELF-AFFIRMED STATEMENT OF THOMAS M. ANDERSON**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF TARRANT    )

I, Thomas M. Anderson, being duly sworn on oath, state the following:

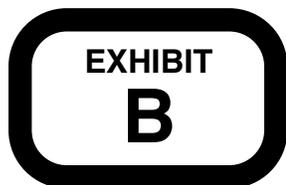
1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Flat Creek Resources, LLC (“Flat Creek”), and

I am familiar with the subject application and the geology involved.

3. This testimony is submitted in connection with the filing by Flat Creek of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

4. I have previously made my credentials a matter of public record and been qualified by the Oil Conservation Division (“Division”) as an expert petroleum geologist.

- a. I hold a Bachelor’s degree in Geology obtained from the University of South Florida and a Master’s degree in Geology from Florida State University. I completed my education in 1981.
- b. I have been employed as a petroleum geologist with Flat Creek since June, 2018. Prior to Flat Creek, I was employed as a petroleum geologist with Exxon/ExxonMobil/XTO Energy starting July, 1981. Since 2011 I have



worked fulltime in the Permian Basin, including the northern portion of the Delaware and the NW Shelf in New Mexico.

5. Wells drilled at Flat Creek, 3 in number, have been planned and executed flawlessly. In the 3 years preceding the formation of Flat Creek while at XTO, I was operations geologist for approximately 35 laterals up to 3 miles in length that were planned and executed in New Mexico with similar results.

6. In Case No. 21747, Flat Creek proposed the development of the N/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico (referred to herein as “Subject Lands” or “Section 23”) as a back-up plan should the Division decide to allow the development of the S/2 of Section 23. Although the geology of Flat Creek’s plan for the N/2 S/2 and N/2 of Section 23 would provide optimal development, and Flat Creek requests the Division to give this plan its due consideration, the geology is primed for Flat Creek’s superior development of the N/2 of Section 23 as well, which is offered as a good-faith compromise.

7. **Exhibit B-1** is a subsea TVD structure map on the top of the Wolfcamp formation, contour interval 25’. The top defines the top of the target interval for the proposed wells. The proposed spacing unit is outlined by the blue rectangle and the proposed horizontal wells are shown. There is no evidence of faults, pinch-outs or other significant impediments to the horizontal development of the Wolfcamp X/Y. The line of the cross-section A-A’ is also on the exhibit.

8. **Exhibit B-2** is a stratigraphic cross-section flattened on the top of the Wolfcamp. Log curves for each well on the section consist of a gamma ray, deep resistivity, and neutron/density porosity. The targeted interval for the proposed wells (Wolfcamp Y sand) is shaded yellow.

9. Additional exhibits for the benefit of the Division’s review include **Exhibit B-3**, a gross isochore of the Wolfcamp X/Y; **Exhibit B-4**, a gun barrel representation of the unit; and **Exhibit**

**B-5**, a schematic cross-section with well trajectories is a gross isochore of the Wolfcamp target formation.

10. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

11. The planned well orientation in this area is east-west to fit with existing development. The inferred orientation of the maximum horizontal stress is roughly NE-SW.

12. The subject acreage represents a considerable percentage of Flat Creek's total acreage and will have the complete attention of the company with the goal of optimizing and accelerating operations.

13. The Exhibits to this Statement were prepared by me.

14. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

15. The foregoing is correct and complete to the best of my knowledge and belief.

*[Signature page follows]*

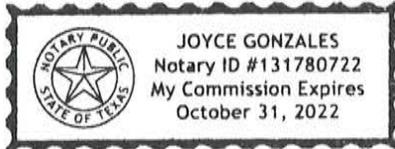
Thomas M. Anderson as a petroleum geologist and authorized agent of Flat Creek Resources, LLC, the Affiant, being duly sworn, upon oath, states that the information contained in his Self-affirmed Statement is accurate and complete to the best of his knowledge.

Thomas M. Anderson  
Thomas M. Anderson

FURTHER AFFIANT SAYETH NAUGHT

Thomas M. Anderson  
Thomas M. Anderson

Subscribed to and sworn before me this 29 day of April, 2021.



Joyce Gonzales  
Notary Public

## **Thomas M. Anderson**

3721 Cliff View Loop  
Weatherford, TX 76087  
713-817-4839  
[tmander138@yahoo.com](mailto:tmander138@yahoo.com)

### **Experience**

#### **Flat Creek Resources, Fort Worth, TX June 2018 – Present**

Business development/operations work primarily in the Delaware Basin

#### **XTO Energy, Fort Worth, TX January 2012 – May 2018**

Primary responsibility in prospect generation and operations in the northern (Lea and Eddy, NM) and southern (southern Reeves and Pecos, TX) Delaware Basin

#### **ExxonMobil Exploration, Houston, TX March 2009 – December 2011**

Exploration/operations assignments in US resource plays – Piceance/Unita, Green River, and Permian Basins

#### **ExxonMobil Exploration, Houston, TX August 2007 – February 2009**

Exploration/business development assignment in the far east: Pakistan-China-Australia

#### **ExxonMobil Production, Houston, TX July 2004 – July 2007**

Operations assignment Santa Ynez Unit, offshore CA

#### **ExxonMobil Exploration, Houston TX January 2000 – June 2004**

Exploration/operations assignment in the Pricaspian Basin, Kazakhstan

#### **Exxon Exploration, Houston TX August 1988 – December 2000**

Wide-ranging exploration/business development assignments in North and South America, Europe, Asia, and Africa

#### **Exxon Exploration, New Orleans LA June 1985 – July 1988**

Exploration/operations assignment working Smackover/Norphlet in eastern US gulf coast

#### **Exxon Production, New Orleans LA July 1981 – May 1985**

Field operations assignments onshore south LA and south MS, and offshore GOM

### **Education**

#### **Florida State University, MS Geology, 1981**

Thesis: Application of Fission Track Dating to a Metamorphic Terrain, Pine Mountain Belt, South Georgia Piedmont

#### **South Florida University, BA Geology, summa cum laude, 1977**

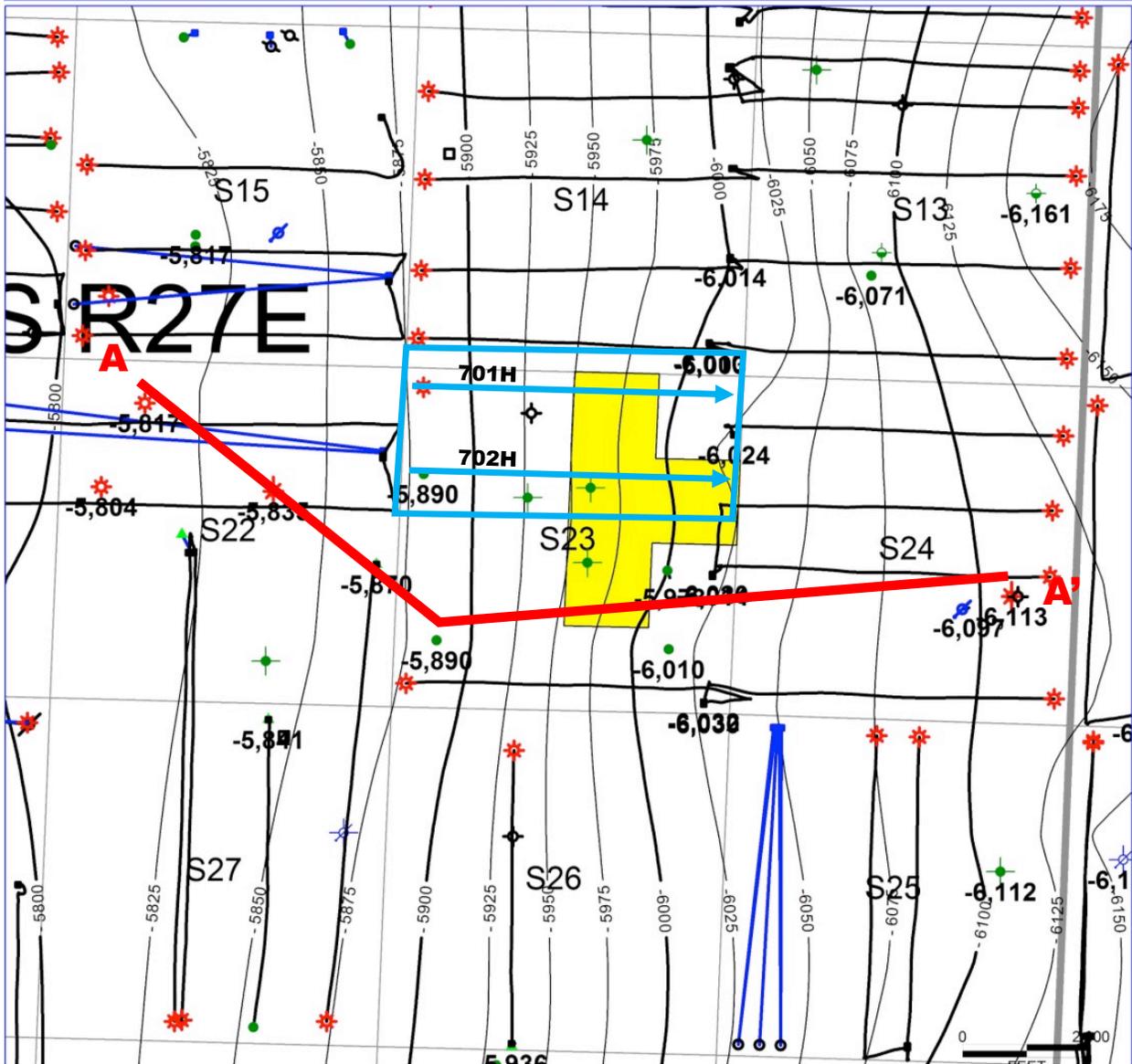
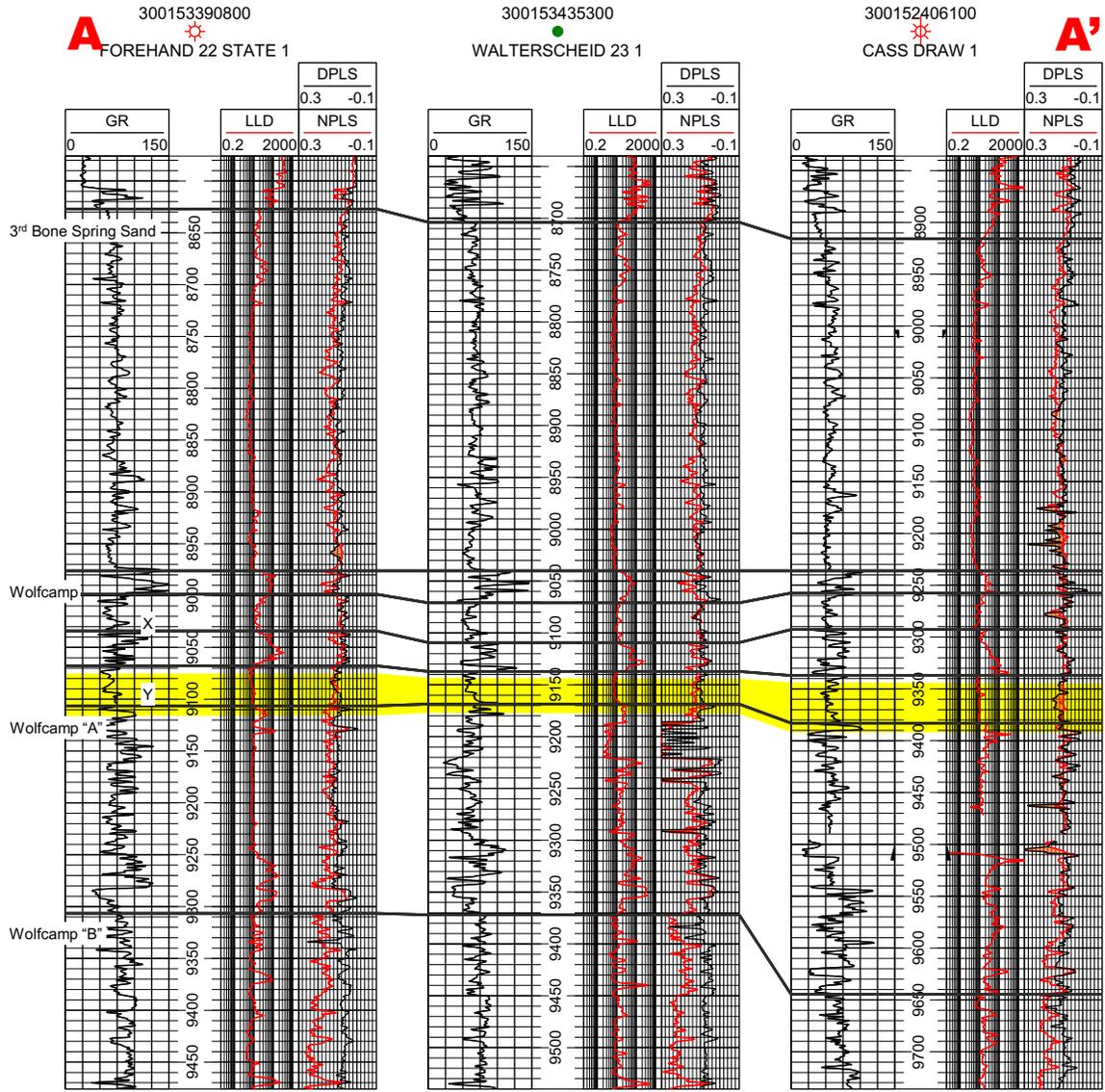
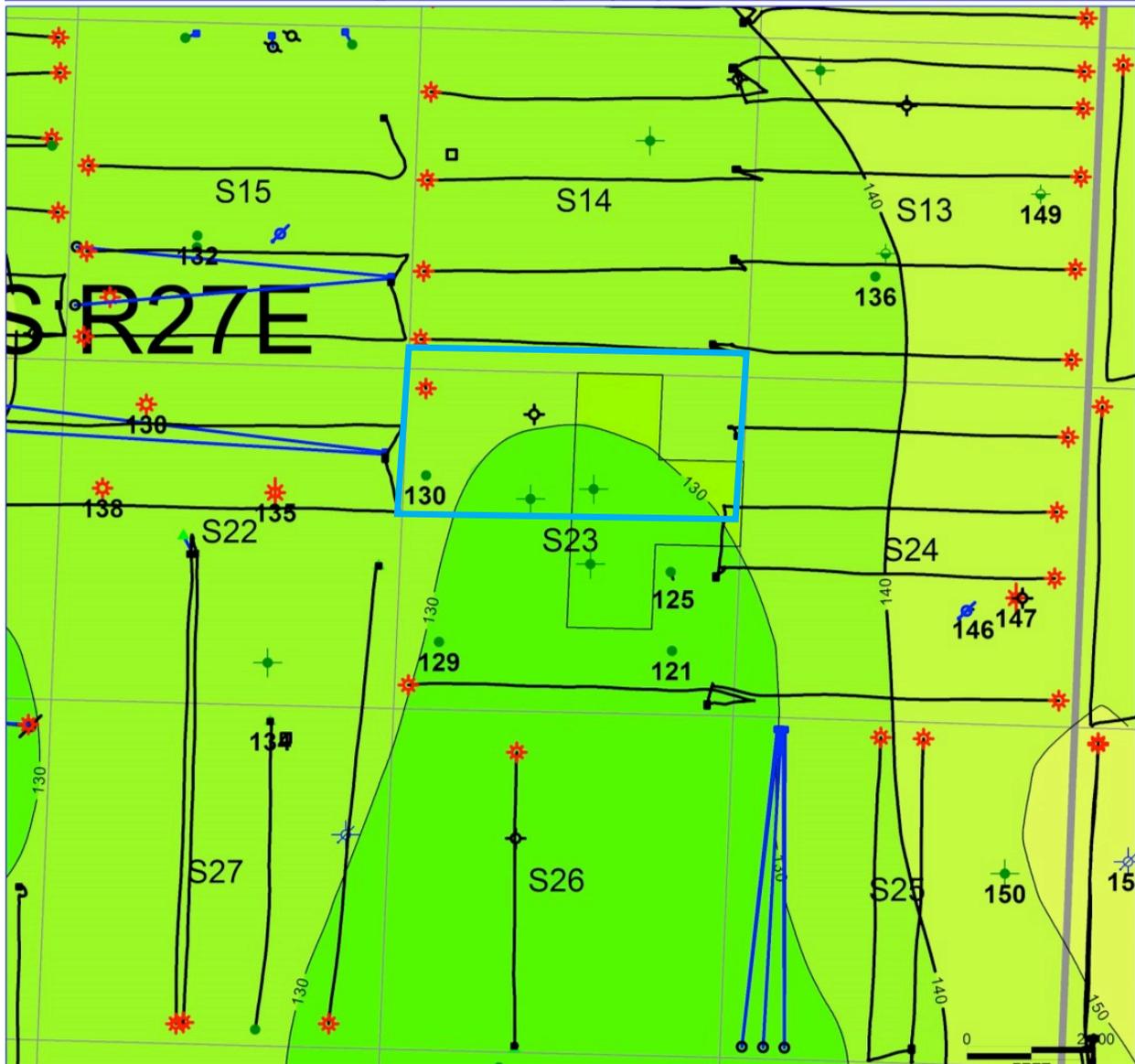


Exhibit B-1 is a subsea TVD structure map at the top of the Wolfcamp formation.

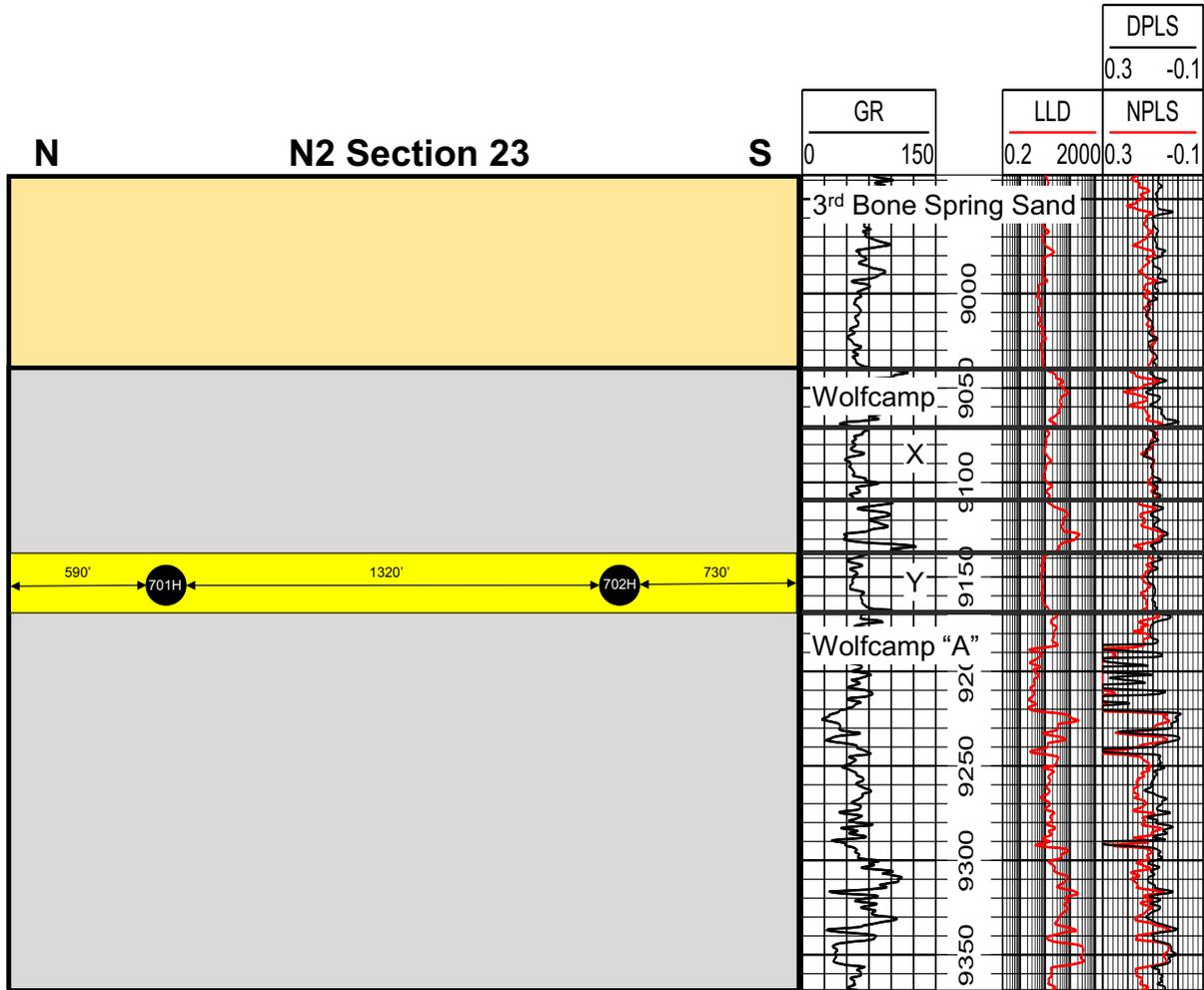


**Exhibit B-2** is cross-section A-A'. Stratigraphic section hung on the top Wolfcamp. Target interval of wells 701 & 702H (Y sand) indicated by yellow shading.

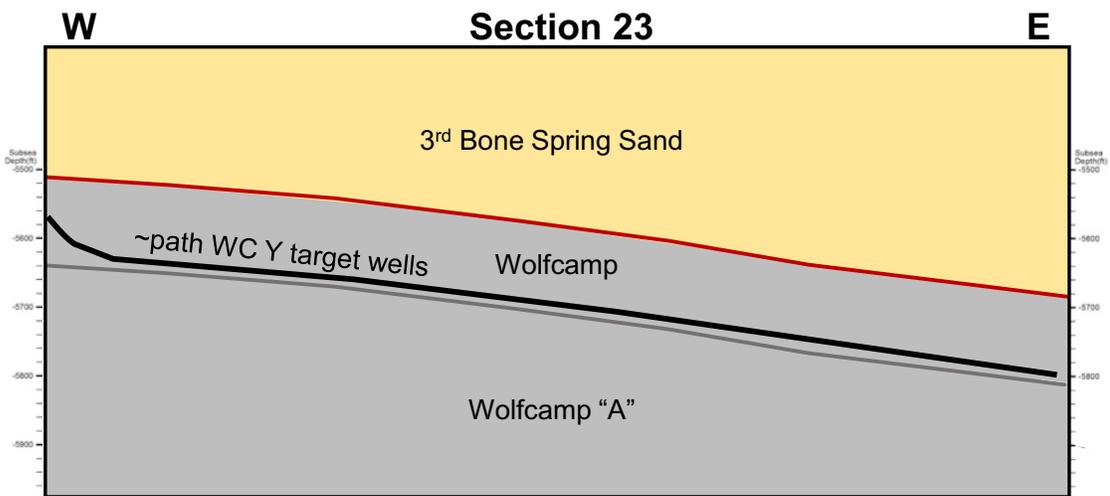




**Exhibit B-3** is a gross isochore of the Wolfcamp X/Y target formation.



**Exhibit B-4:** Gun barrel representation of the unit.



**Exhibit B-5:** Well trajectories.

## **TAB 4**

- Exhibit C: Self-affirmed Statement of Anand Kote, Engineer
- Exhibit C-1: EUR & economic evaluation of Norris-Thornton Com #204H Well
- Exhibit C-2: Graph: Comparison of oil production from operators (Matador & Mewbourne)
- Exhibit C-3: Graph: Comparison of production (Flat Creek & Matador)

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

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

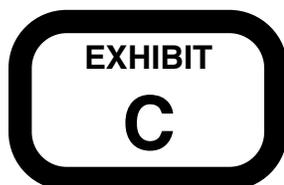
**APPLICATION OF FLAT CREEK RESOURCES, LLC  
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 21747**

**SELF-AFFIRMED STATEMENT OF ANAND KOTE**

I, Anand Kote, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a reservoir engineer for Flat Creek Resources, LLC (“Flat Creek”) and I am familiar with the subject application and the engineering involved.
3. I have never testified previously before the Oil Conservation Division (“Division”) as an expert engineer and ask that the Division accept my credentials as an expert witness, based on my educational background, stated herein, and my resume attached for your review and consideration.
  - a. I hold a Bachelor’s degree in Mechanical Engineering obtained from the University of Pune (India). I completed my education in the year of 2013.
  - b. I hold a Master’s degree in Industrial Engineering obtained from the University of Texas at Arlington. I completed my master’s degree in the year of 2016.
  - c. I have been employed as a reservoir engineer since 2016 covering several disciplines from operations, production, and reservoir engineering.
4. This Statement is submitted in connection with the filing by Flat Creek of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.



5. Flat Creek and Matador Production Company (“Matador”) have submitted competing pooling applications for the development of the Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico (referred to herein as “Subject Lands” or “Section 23”). In Case No. 21747, Flat Creek proposed the development of a 320-acre unit covering the N/2 of Section 23, which as shown by the Exhibits herein provides superior production. Flat Creek provides a plan for the N/2 of Section 23 as a back-up plan and compromise should the Division decide to allow the development of the S/2 of Section 23. This way, the state of New Mexico would still have the option to benefit from Flat Creek’s superior production rates. Compared to other operators in the area, Matador’s production and recovery consistently underperform, as shown in Exhibit C-2. Flat Creek has a track record of diligent and timely drilling and production, executed flawlessly, and the Exhibits herein show that Flat Creek is positioned to be among the top-producers in this area, if not exceeding expectations. The Exhibits demonstrate the following:

7. **Exhibit C-1** illustrates that the one mile horizontal Norris Thornton Com 204H well (the “Existing Well”) drilled and completed by Matador Resources Company (“Matador”) in September 2018 in the S/2 S/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, has a relatively low EUR and a low internal rate of return on investment. Exhibit C-1 also identifies the production actuals and forecast graph that were used to calculate EUR’s along with historical and future product pricing to calculate economics.

8. **Exhibit C-2** compares the production of all horizontal Wolfcamp XY wells drilled within a 20 mile radius of the AOI by Matador and Mewbourne Oil Company (“Mewbourne”). It also demonstrates well performance on a normalized cumulative oil basis per 1,000 feet of lateral length per well. Matador drilled 49 Wolfcamp XY wells compared to Mewbourne’s 31. Matador’s wells

averaged less oil production, resulting in less reservoir drainage and thus increasing waste. Exhibit C-2 also includes a map highlighting the AOI location and wells used to create the average curves.

9. **Exhibit C-3** plots the neighboring operators' cumulative oil production per 1,000 feet of lateral over time for the Wolfcamp XY. The plot also highlights the cumulative oil production of the Existing Well, along with Flat Creek's Wolfcamp XY Type Curve superimposed on the actual production realized by peers. The Existing Well has aggregated lower oil production over time than other offset wells. Flat Creek's curve forecasts an achievable recovery of EUR 465 MBO versus 306 MBO of existing PDP of the Existing Well drilled and completed by Matador. Our objective is to maximize economic reservoir drainage and prevent waste, which both increases severance taxes for the state of New Mexico and enhances returns for investors.

10. The Exhibits herein were prepared by me, or prepared from Flat Creek's business records under my direct supervision.

11. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

*[Signature page follows]*

Anand Kote as a reservoir engineer and authorized agent of Flat Creek Resources, LLC, the Affiant, being duly sworn, upon oath, states that the information contained in his Self-affirmed Statement is accurate and complete to the best of his knowledge.

*Anand Kote*

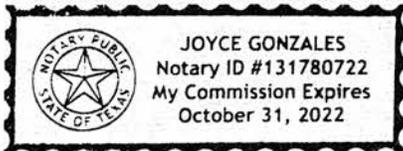
\_\_\_\_\_  
Anand Kote

FURTHER AFFIANT SAYETH NAUGHT

*Anand Kote*

\_\_\_\_\_  
Anand Kote

Subscribed to and sworn before me this 29 day of April, 2021.



*Joyce Gonzales*  
\_\_\_\_\_  
Notary Public

# Anand Sanjay Kote

E: ranand.kote@gmail.com T: 682-230-6513

A: 7211 Monet Ln, Grand Praire, TX 75054

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## EDUCATION

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**Master of Science in Industrial Engineering** (2016)

University of Texas at Arlington- Arlington, Texas

**Bachelor of Engineering in Mechanical Engineering** (2013)

University of Pune - P.G.Moze College of Engineering, India

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## PROFESSIONAL EXPERIENCE

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### Flat Creek Resources LLC

**Reservoir Engineer II** (Nov 2019 - present)

- Developing Type Curves, Aries evaluation models for new PDP acquisition, complete development models to provide drill out summary and recycling of cashflow in the future development scenario of the new acquisition.
- Working closely with Geo team to understand the reservoir and log characteristics, deep basin faults, H<sub>2</sub>S issues close to Permian basin platforms and overcome technical challenges associated with field development pertaining to Estimated Ultimate Recovery (EUR), Well Spacing, GOR, WOR.
- Working with Geo team to help build the engineering technical evaluation model to provide dollar recommendations on new acquisition, help facilitate strategic trade deals and evaluate minerals by risking the model based on geology characteristics of the part of basin.
- Participating as a team member in well planning and drilling, helped drilling engineers with geo-steering and designing the production lift mechanism for new wells. Provided recommendations on completion recipes of new wells by analyzing the offset completion parameters and well performance and create the maximum diversion.

•

### Black Mountain Oil and Gas II

**Reservoir Engineer** (Oct 2017 – Oct 2019)

- Participated as a strategic member of acquisition team to develop economic model scenarios in order to put together 18,000 acres leasehold position in southern Delaware basin at low entry prices.
- Performed analytical and numerical analysis of offset well performance to assess completion effectiveness, quantify recoverable resource, and forecast production.
- Worked with geology team to understand reservoir characterization of southern Delaware basin and new acquisition opportunities by analysing type logs.
- Worked with cross-functional team to map Delaware Mountain group graben features on the existing asset to identify potential source of water and H<sub>2</sub>S, correlated it back to observed frac treating pressure data and frac gradient for each stage of horizontal wolfcamp completions.
- Developed drilling and economic scenarios avoiding graben features to understand economic viability of asset for different laterals, frac design for upside development.
- Worked with geologists to understand petrophysical log properties of bone spring sand to come up with limited perforating interval design and evaluated economic impact for recompletion and full field development of vertical wells on existing asset in southern Delaware basin.
- Designed the flow back and production lift mechanism for drilled wells by performing volumetric analysis of fluid rate to justify the well economics.
- Worked with cross-functional team by developing updated type curves, rig scheduling for remaining locations, reservoir and economic merit (NPV, IRR) resulting in profitable disposition of a portion of the acreage (~5,000 ac, \$50M) to XTO and recovering most of the cost basis over the entire position.

**Reservoir Engineer**

- Participated as an early member of the technical team to help deploy \$150M with acquisitions in Lea and Eddy counties, New Mexico.
- Generated economic model scenarios for prospect evaluation, PDP value and provided recommendations for the new acquisitions.
- Worked as a team member of cross-functional team comprised of geologists, production engineer, business development to prepare reserves / economic analysis of working / mineral interest.
- Assisted senior reservoir engineer for production forecasting using material balance, volumetric analysis and decline curve analysis, economic assessment of PDP properties, scheduling drilling activities and evaluation runs.
- Evaluated PDP packages, HBP acquisitions and made economic recommendations to strategize developing capital, production budget and acreage expansion.
- Increased efficiency and productivity using IHS Field Direct software to capture real time production data accurately, troubleshooting well production performance and reduce operating cost.
- Conducted reservoir engineering studies including analytical and continuous improvement techniques in order to provide technical assessments to identify recompletion and drilling opportunities on the operated assets.
- Participated as a member of divestiture team by type curve assignments, remaining inventory appraisal, current base production, capital and operating expenses allocation with careful consideration on oil price differential leading to profitable disposition of Permian assets (\$700M, >5x).
- Actively participated in drilling and completion design for a wolfcamp well in Northern Delaware Basin, overlooked completion operation along with completion engineers in the field, analyzed proppant per gallon/feet/cluster and other completion parameters of the offset wells to maximize production, designed production lift mechanism to flowback the well using artificial lift mechanisms.

**CERTIFICATIONS**

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- Halliburton ARIES Petroleum Economic Software
- Applied Reservoir Engineering (Petro skills)
- Basic Open Hole Logging



### Exhibit C-1 (continued)

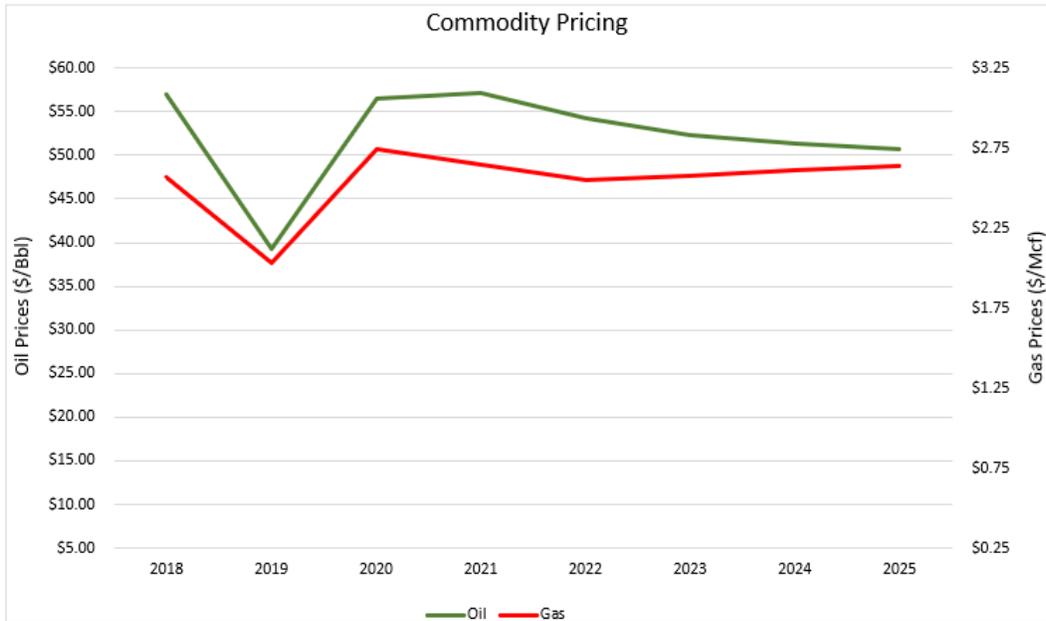
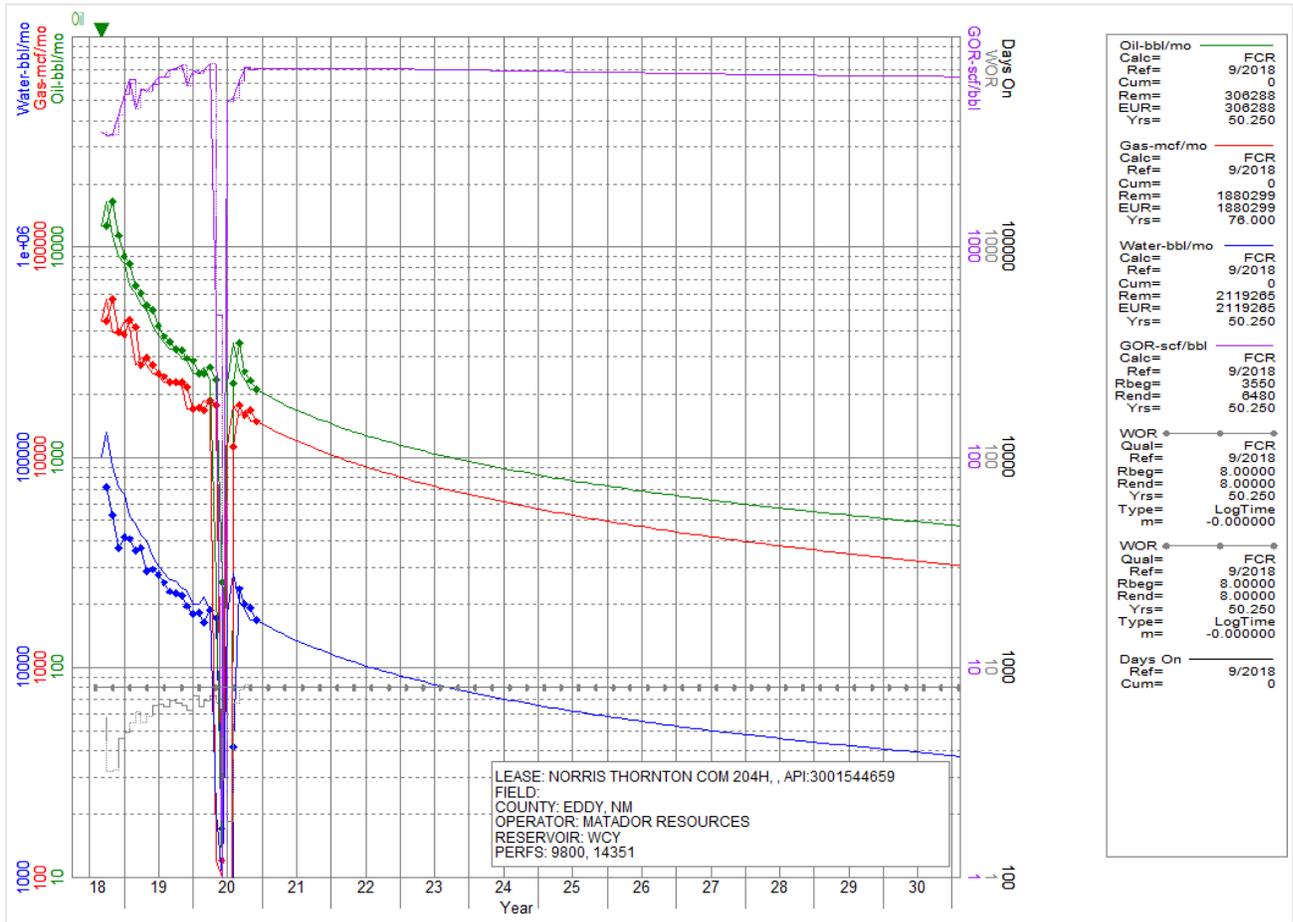


Exhibit C-1 is an EUR and economic evaluation of existing well in S2 of 23S27E section 23 along with historical and forecast curves and historical and future commodity pricing.

### Exhibit C-2

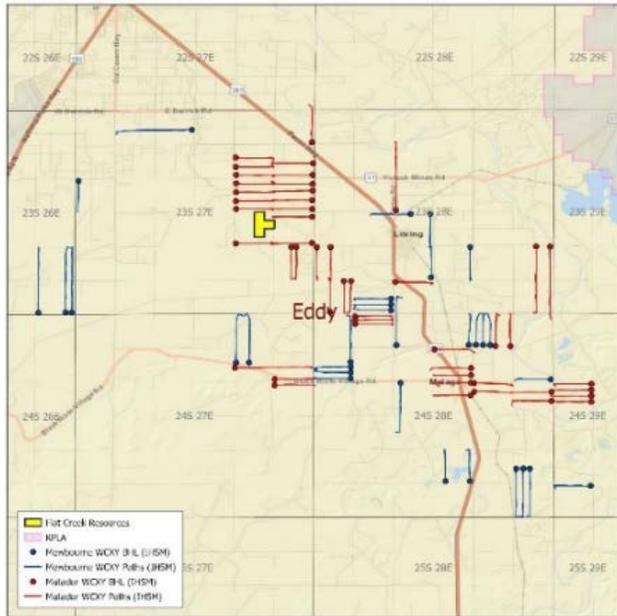
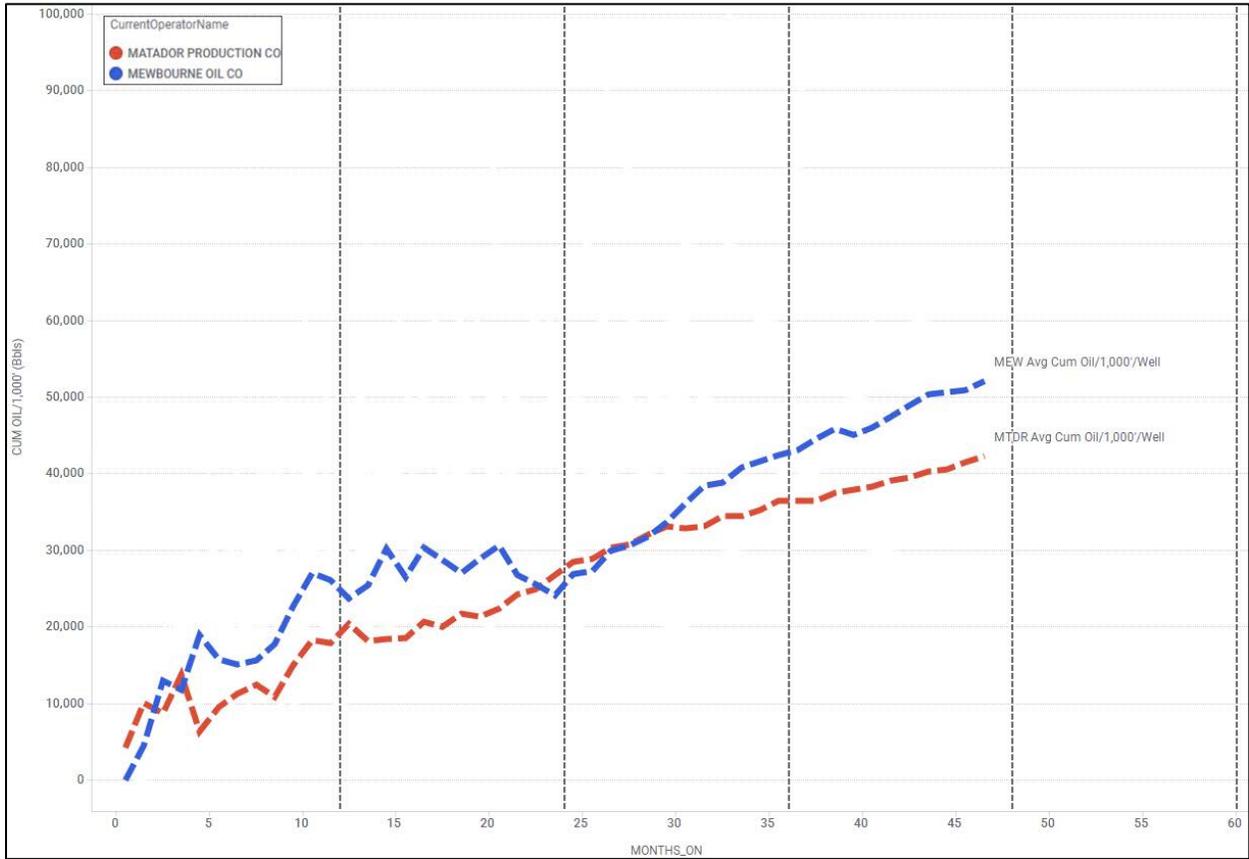
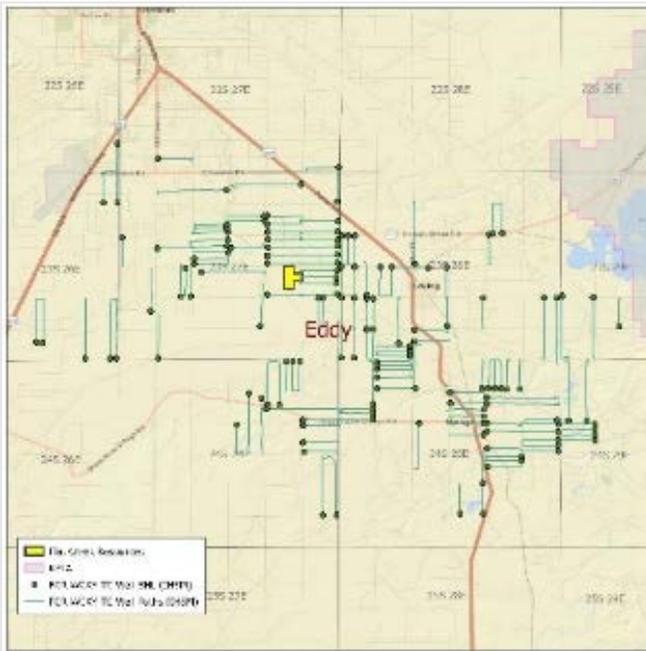
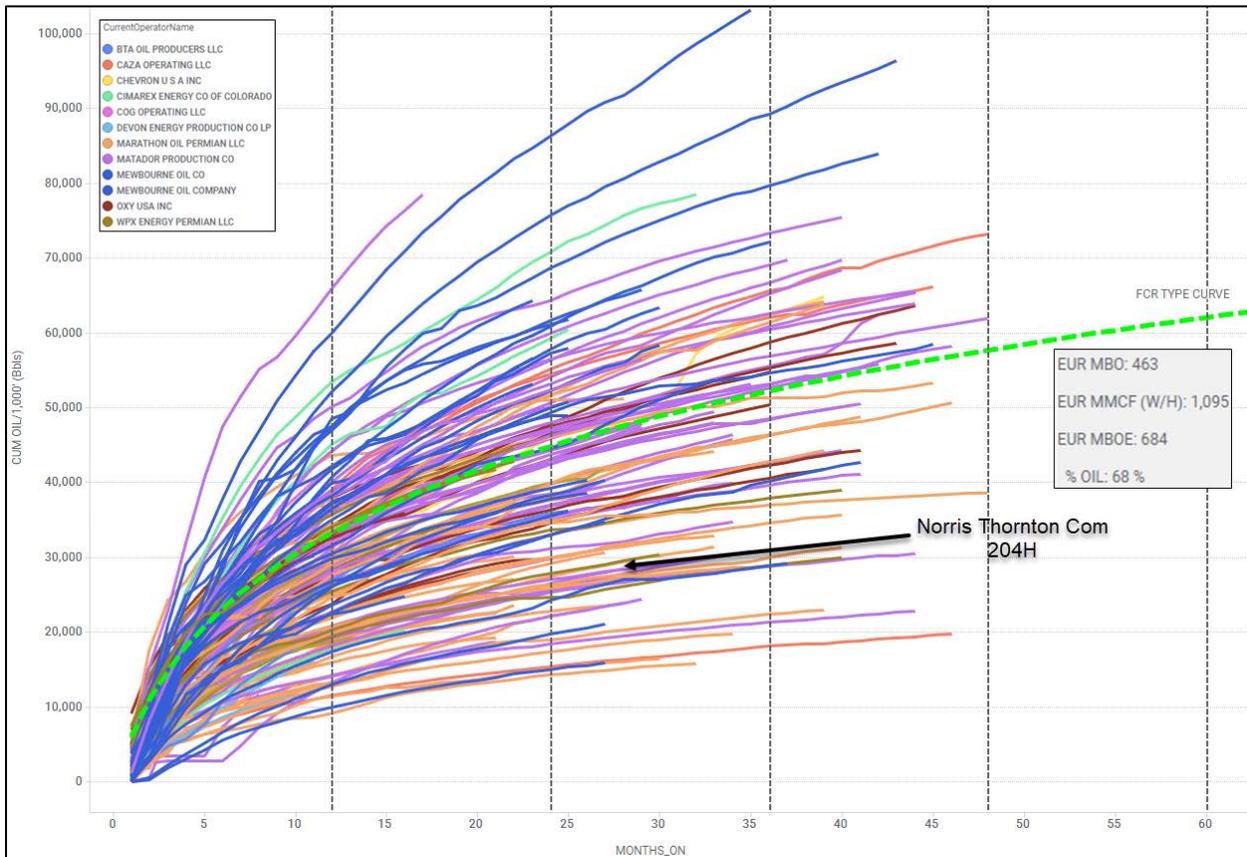


Exhibit C-2 is a plot of cumulative oil production per 1,000 feet of lateral per well for Wolfcamp XY formation drilled and completed by Matador Resources Company and Mewbourne Oil Company.



### Exhibit C-3



**Exhibit C-3** is a plot of cumulative oil production per 1,000 feet of lateral over time for Wolfcamp XY wells drilled and completed by all neighboring operators along with Flat Creek’s Wolfcamp XY type curve superimposed over it and highlighting existing PDP ‘Norris Thornton Com 204H’.

## **TAB 5**

- Exhibit D: Affidavit of Notice, Darin C. Savage
- Exhibit D-1: Notice Letters (WI & ORRI)
- Exhibit D-2: Mailing List
- Exhibit D-3: Affidavit of Publication





For the Pursuit of Energy

ABADIE | SCHILL PC

|           |              |
|-----------|--------------|
| Colorado  | New Mexico   |
| Louisiana | Texas        |
| Kansas    | Utah         |
| Nebraska  | Wyoming      |
| Montana   | California   |
| Oklahoma  | North Dakota |

March 18, 2021

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Flat Creek Resources, LLC, for horizontal spacing and compulsory pooling, Eddy County, New Mexico  
Thirteen Seconds 23 Fed-Fee 701H Well  
Thirteen Seconds 23 Fed-Fee 702H Well

Case No. 21747

Dear Interest Owners:

This letter is to advise you that Flat Creek Resources, LLC, has filed the enclosed application, Case No. 21747, with the New Mexico Oil Conservation Division for creating a standard 320-acre, more or less, horizontal spacing unit to cover the N/2 of Section 23-T23S-R27E, NMPM, Eddy County, New Mexico, and to pool all uncommitted mineral owners in the Wolfcamp formation underlying said unit, as described in the enclosed application.

A hearing has been requested before a Division Examiner on April 8, 2021, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely at the same scheduled time. For information about remote access, you can visit the Division's website at: <http://www.emnrd.state.nm.us/OCD/hearings.html>, or call (505) 476-3441.

[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT  
D-1

You are being notified as an interest owner and 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 NMAC 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 Adam Smith at (817) 310-8569 or at [adam.smith@flatcreekresources.com](mailto:adam.smith@flatcreekresources.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Flat Creek Resources, LLC



For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado      New Mexico  
Louisiana      Texas  
Kansas      Utah  
Nebraska      Wyoming  
Montana      California  
Oklahoma      North Dakota

March 18, 2021

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

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         compulsory pooling, Eddy County, New Mexico  
         Thirteen Seconds 23 Fed-Fee 701H Well  
         Thirteen Seconds 23 Fed-Fee 702H Well

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[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

You are being notified as an overriding royalty interest owner and 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 NMAC 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 Adam Smith at (817) 310-8569 or at [adam.smith@flatcreekresources.com](mailto:adam.smith@flatcreekresources.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Flat Creek Resources, LLC

By Owner

| Well | Interest | Owner Name                                     | Address   | USPS Article Number   | Date Mailed | Status    | Service        | Delivery Date | Card Returned? |
|------|----------|--|---|-----------------------|-------------|-----------|----------------|---------------|----------------|
| BLM  |          | Bureau of Land Management                      | 620 E. Greene St. Carlsbad, NM 88220-6292                             | 702000900000034200120 | 3.18.21     | DELIVERED | Certified Mail | N/A           | YES            |
| BLM  |          | Bureau of Land Management                      | 301 Dinosaur Trail Santa Fe, NM 87508                                 | 702000900000034200137 | 3.18.21     | DELIVERED | Certified Mail | 3.22.21       | YES            |
| WI   |          | MRC Permian Company/Matador Production Company | One Lincoln Centre, 5400 LBJ Freeway, Suite 1500, Dallas, Texas 75240 | 702000900000034200205 | 3.18.21     | DELIVERED | Certified Mail | 3.24.21       | YES            |
| WI   |          | Fiat Creek Resources                           | CLIENT  |                       |             |           |                |               |                |
| ORRI |          | Fiat Creek Royalties LLC                       | 777 Main Street, Suite 3600 Fort Worth, TX 76102                      | 702000900000034200168 | 3.18.21     | DELIVERED | Certified Mail | N/A           | YES            |
| ORRI |          | Mo Oil Co.                                     | PO Box 429 Roswell, NM 88202  | 702000900000034200175 | 3.18.21     | DELIVERED | Certified Mail | 3.23.21       | YES            |
| ORRI |          | Ross Duncan Properties LLC                     | PO Box 647 Artesia, New Mexico 88211                                  | 702000900000034200182 | 3.18.21     | DELIVERED | Certified Mail | N/A           | YES            |
| ORRI |          | B&G Royalties                                  | PO Box 376 Artesia, NM 88211  | 702000900000034200199 | 3.18.21     | DELIVERED | Certified Mail | 3.22.21       | YES            |
| ORRI |          | Compound Properties LLC                        | PO Box 2990 Ruidoso, NM 88355   | 702000900000034200151 | 3.18.21     | DELIVERED | Certified Mail | 3.23.21       | YES            |



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

B + 6 Royalties  
 PO Box 376  
 Artesia, NM 88211



9590 9402 6411 0303 2710 86

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0199

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X Emily McCaw

- Agent
- Addressee

B. Received by (Printed Name)

Emily McCaw

C. Date of Delivery

3-22-21

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

4197.1

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Registered Mail
- Registered Mail Restricted Delivery (over \$500)

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

Compound Properties  
 PO Box 2990  
 Ruidoso, NM 88355



9590 9402 6411 0303 2711 23

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0151

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee  
 X *Donna Haste*

B. Received by (Printed Name) C. Date of Delivery  
 DONNA HASTEY 3-23-21

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

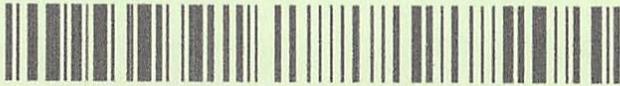
3. Service Type
- |   |   |
|---|---|
| <input type="checkbox"/> Adult Signature                                  | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery              | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®                       | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery               | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery                              | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery          |   |
| <input type="checkbox"/> Registered Mail                                  |   |
| <input type="checkbox"/> Registered Mail Restricted Delivery (over \$500) |   |

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

Flat Creek Royalties  
777 main Suite 3600  
Fort Worth, TX 76102



9590 9402 6411 0303 2711 16

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0168

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Jayce Bonny*

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

BLM  
620 E Greene St  
Carlsbad Nm 88220



9590 9402 6411 0303 2711 54

2. Article Number (Transfer from)

7020 0090 0000 3420 0120

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

B. Received by (Printed Name)

*Joseph France*

C. Date of Delivery

- Agent
- Addressee

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

MRC Permian  
 5400 LBJ Freeway  
 Suite 1500  
 Dallas, TX 75240



9590 9402 6407 0303 4596 89

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0205

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

4002C19

C. Date of Delivery

03/24/21

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

3. Service Type

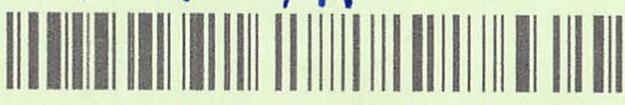
- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Registered Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery
- Registered Mail Restricted Delivery (\$500)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

Ross Duncan  
PO Box 647  
Artesia, NM 88211



9590 9402 6411 0303 2710 93

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0182

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *aw*

- Agent
- Addressee

B. Received by (Printed Name)

A WATTS

C. Date of Delivery

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Mail  
Mail Restricted Delivery  
(0)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

BLM  
 301 Dinosaur Trail  
 Santa Fe, NM 87508



9590 9402 6411 0303 2711 47

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0137

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X *R Duran*  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery  
*Regina Duran* *3-22-21*

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



3. Service Type
- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                         | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery     | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®              | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery      | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery                     | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery |   |
- Registered Mail Restricted Delivery (over \$500)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

Mo Oil Co  
 PO Box 429  
 Roswell NM 88202



9590 9402 6411 0303 2711 09

2. Article Number (Transfer from service label)

7020 0090 0000 3420 0175

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*X Janine Turnbell*  Agent  
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

*Janine Turnbell*

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



3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Registered Mail  
 Registered Mail Restricted Delivery  
 (over \$500)

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**Affidavit of Publication**

Ad # 0004654829

**This is not an invoice**

**ABADIE SCHILL P.C.**  
555 RIVERGATE LANE SUITE B4-18

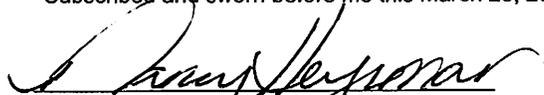
**DURANGO, CO 81301**

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:

03/23/2021

  
\_\_\_\_\_  
Legal Clerk

Subscribed and sworn before me this March 23, 2021:

  
\_\_\_\_\_  
State of WI, County of Brown  
NOTARY PUBLIC  
5.15.23  
\_\_\_\_\_  
My commission expires

Ad # 0004654829  
PO #: Case No. 21747  
# of Affidavits 1

**This is not an invoice**

**NANCY HEYRMAN**  
Notary Public  
State of Wisconsin

**EXHIBIT**  
**D-3**

CASE No. 21747: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devisees, assigns and successors of MRC P E R M I A N COMPANY/MATADOR PRODUCTION COMPANY, FLAT CREEK ROYALTIES LLC, MO OIL CO., ROSS DUNCAN PROPERTIES LLC, B&G ROYALTIES, COMPOUND PROPERTIES LLC of Flat Creek Resources, LLC's, application for approval of a spacing unit and compulsory pooling, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on April 8, 2021, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely. For information about remote access, you can visit the Division's website at: <http://www.emnrd.state.nm.us/OCD/hearings.html>, or call (505) 476-3441. Flat Creek Resources, LLC, at 777 Main St., Suite 3600, Fort Worth, TX, 76102, seeks an order from the Division: (1) establishing a 320-acre, more or less, standard horizontal spacing and proration unit comprised of the N/2 of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated by the Division as a gas field, underlying said unit. Flat Creek Resources, LLC, proposes to dedicate the HSU to its Thirteen Seconds 23 Fed-Fee 701H Well, to be horizontally drilled from a surface location in NW/4 NW/4 (Unit D) of Section 23 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23. Also proposed to be drilled is the Thirteen Seconds 23 Fed-Fee 702H Well, to be horizontally drilled from a surface location in NW/4 NW/4 (Unit D) of Section 23 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 23. The completed intervals for the proposed wells will be nonstandard in relation to the setback requirements imposed by the Special Rules for the Purple Sage Gas Pool, as provided in Order No. R-14262, and Flat Creek will be applying administratively for approval of the nonstandard location. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling

also completing the wells.  
The wells and lands are lo-  
cated approximately 3 miles  
west of Loving, New Mexico.  
#4654829, Current Argus,  
March 23, 2021