

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

CASE No. 15744 AND 15745

CUEVA DE ORO FED No. 131H WELL

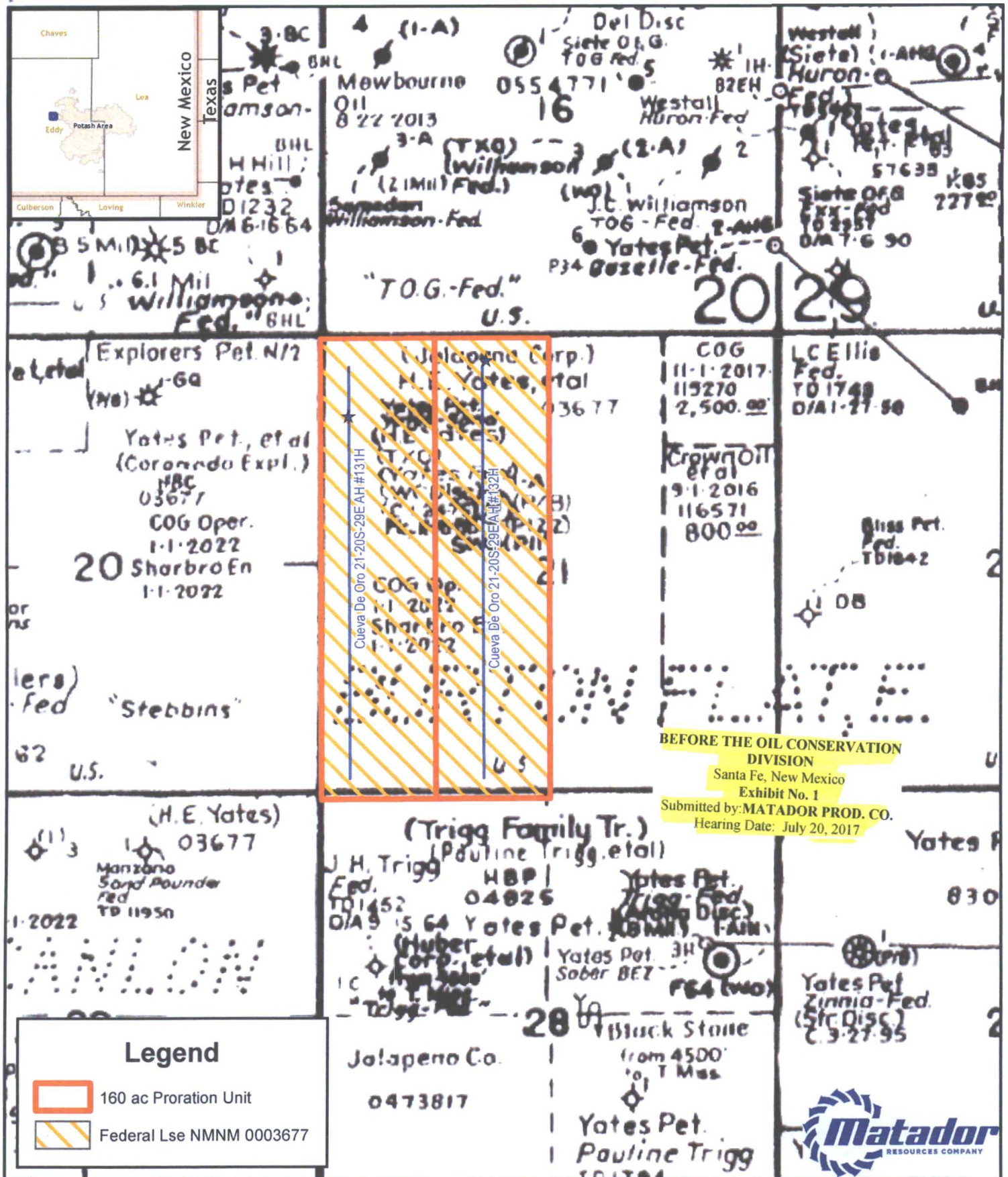
~AND~

CUEVA DE ORO FED No. 132H WELL

EDDY COUNTY, NEW MEXICO



21-20S-29E



BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 1
Submitted by: MATADOR PROD. CO.
Hearing Date: July 20, 2017

GIS Standard Map Disclaimer:
This cartographic product is for informational purposes and may not
have been prepared for, or be suitable for legal, engineering, or surveying
purposes. Users of this information should review or consult the primary
data and information sources to ascertain the suitability of the information.

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

Southeast New Mexico

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

0 750 1,500 3,000 4,500 6,000 Feet

District I
 1622 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 Grande Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87503
 Phone: (505) 476-3460 Fax: (505) 476-3463

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 27470		*Pool Name GETTY; BONE SPRING	
*Property Code		*Property Name CUEVA DE ORO FED			*Well Number #131H
*GRID No.		*Operator Name MATADOR PRODUCTION COMPANY			*Elevation 3289'

10 Surface Location

UL or lot no. D	Section 21	Township 20-S	Range 29-E	Lot No. -	Feet from the 884'	North/South line NORTH	Feet from the 300'	East/West line WEST	County EDDY
UL or lot no. M	Section 21	Township 20-S	Range 29-E	Lot No. -	Feet from the 240'	North/South line SOUTH	Feet from the 330'	East/West line WEST	County EDDY
*Dedicated Acres 160		*Jules or Infill		*Consolidation Code		*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.

	FIRST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=575878 Y=569408 LAT.: N 32.5651695 LONG.: W 104.0870390 NAD 1983 X=617056 Y=569470 LAT.: N 32.5652881 LONG.: W 104.0875432	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided interest in the land underlying the proposed bottom hole location or has a right to drill this well on 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: <i>Cassie Hahn</i> Date: 6/18/17 Printed Name: Cassie Hahn E-mail Address: chahn@matadorresources.com	
	LAST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=575889 Y=564786 LAT.: N 32.5524640 LONG.: W 104.0870375 NAD 1983 X=617070 Y=564847 LAT.: N 32.5525827 LONG.: W 104.0875413		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the survey is true to the best of my belief. Date of Survey: 08/18/2016 Signature and Seal of Surveyor: <i>Michael D. Brown</i> Surveyor's Seal: MICHAEL D. BROWN, NEW MEXICO, 18329, PROFESSIONAL SURVEYOR
	SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=575850 Y=568834 LAT.: N 32.5636462 LONG.: W 104.0871348 NAD 1983 X=617030 Y=568916 LAT.: N 32.5637848 LONG.: W 104.0878390 ELEV = 3289'		BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=575889 Y=564696 LAT.: N 32.5522166 LONG.: W 104.0870374 NAD 1983 X=617070 Y=564757 LAT.: N 32.5523353 LONG.: W 104.0875412

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

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

☐ AMENDED REPORT

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

Summary of Interests

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

Cueva De Oro Fed #131H and #132H



Summary of Interests

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

MRC Delaware Resources, LLC

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

Sam Pryor
Senior Staff Landman

April 7, 2017

APR 7 2017

VIA CERTIFIED RETURN RECEIPT MAIL

Sharbro Energy LLC
105 4th Street
Artesia, NM 88210

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

Dear Sharbro Energy LLC,

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

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

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

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

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

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

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

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

Please contact me if you have any questions.

Sincerely,

MRC Delaware Resources, LLC


Sam Pryor

Enclosure(s)

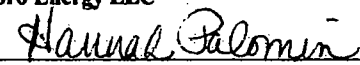
Please elect one of the following and return to sender.

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

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

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

Sharbro Energy LLC

By: 

Title: Attorney-in-Fact

Date: 4/24/2017

Phone (972) 371-8200 • Fax (972) 371-8201

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

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Patrick Walsh
 Completions Engineer: Matt Bell
 Production Engineer: Rakesh Patel

Team Lead - WTX/NBM

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFD _____ DEL
Executive VP, Legal _____ CA
President _____ MVH

VP - Res Engineering _____ BMR
Exec Dir - Exploration _____ MLE

VP - Drilling _____ BG
VP - Production _____ TWG

NON OPERATING PARTNER APPROVAL:

Company Name: **Sharbro Energy, LLC**

Working Interest (%): 3.670635%

Tax ID:

Signed by: Hannah Galomon

Date: 4/24/17

Title: Attorney-in-Fact

Approval: ☒ Yes

No (mark one)

The costs on this AFE are estimates only and may not be considered as outlays on any specific day or at the last day of the project. Many deductions appeared under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of capital costs incurred, including rig, log, casing, regulatory, leasehold and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering the well. Participants shall be covered by and held jointly and severally by Operator's well control and general liability insurance which Participant provides Operator a certificate of coverage as soon as practicable in no event later than the date of completion.

MRC Delaware Resources, LLC

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

Sam Pryor
Senior Staff Landman

April 7, 2017

VIA CERTIFIED RETURN RECEIPT MAIL

Sharbro Energy LLC
105 4th Street
Artesia, NM 88210

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

Dear Sharbro Energy LLC,

MRC Delaware Resources, LLC and its operating company Matador Production Company (collectively "MRC") propose the drilling of the Cueva De Oro 21 Fed #132H well (the "Well"), located in the E2W2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico, to test the Bone Spring formation. The estimated cost of drilling, testing, completing, and equipping the Well is \$6,574,417.00, as itemized on the enclosed Authority for Expenditure ("AFE") dated March 27, 2017.

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

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

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

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

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

**BEFORE THE OIL CONSERVATION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 6

Submitted by: **MATADOR PROD. CO.**

Hearing Date: July 20, 2017

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

Please contact me if you have any questions.

Sincerely,

MRC Delaware Resources, LLC



Sam Pryor

Enclosure(s)

Please elect one of the following and return to sender.

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

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

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

Sharbro Energy LLC

By: Hannah Palomin

Title: Attorney-in-Fact

Date: 4/24/17

MATADOR PRODUCTION COMPANY
ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-6200 • Fax (972) 371-6201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

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

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 51,700				\$ 51,700
Location, Surveys & Damages	151,800	13,000	5,000	58,000	227,500
Drilling	654,200				654,200
Cementing & Floet Equip	201,000				201,000
Logging / Formation Evaluation		5,000			5,000
Mud Logging	19,450				19,450
Mud Circulation System	37,370				37,370
Mud & Chemicals	51,800	20,000			71,800
Mud / Wastewater Disposal	185,000				185,000
Freight / Transportation	15,000	12,000			27,000
Rig Supervision / Engineering	82,400	57,500	3,200	18,500	172,600
Drill Bits	72,000				72,000
Fuel & Power	69,300				69,300
Water	37,000	450,000			487,000
Drig & Completion Overhead	6,000	6,500			12,500
Plugging & Abandonment					
Directional Drilling, Surveys	190,000				190,000
Completion Unit, Seab, CTU		40,000	12,000		52,000
Perforating, Wireline, Slickline		97,000			97,000
High Pressure Pump Truck		42,000	10,500		52,500
Stimulation		1,710,000			1,710,000
Stimulation Flowback & Dep		180,500	4,500		185,000
Insurance	24,943				24,943
Labor	87,500	9,000	6,000		102,500
Rental - Surface Equipment	40,080	103,055	1,000	3,900	148,035
Rental - Downhole Equipment	37,000	28,000			65,000
Rental - Living Quarters	44,870	25,570	1,000	1,300	72,740
Contingency	102,039	280,013	2,820	8,270	393,142
TOTAL INTANGIBLES >	2,143,822	3,680,138	46,020	80,970	5,350,949
TANGIBLE COSTS					
Surface Casing	\$ 33,450				\$ 33,450
Intermediate Casing	43,815				43,815
Drilling Liner	85,450				85,450
Production Casing	234,778				234,778
Production Liner					
Tubing			40,075		40,075
Wellhead	41,000		40,000		81,000
Packers, Liner Hangers	8,000	25,200			33,200
Tanks				120,000	120,000
Production Vessels			40,000	45,000	85,000
Flow Lines			46,000		46,000
Rod string					
Artificial Lift Equipment			45,000		45,000
Compressor					
Installation Costs			30,000	58,500	88,500
Surface Pumps			5,000		5,000
Non-controllable Surface				40,000	40,000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			65,500	14,000	79,500
Gas Conditioning / Dehydration					
Interconnecting Facility Piping					
Gathering / Suck Lines				30,000	30,000
Valves, Dumps, Controllers					
Tank / Facility Containment				30,000	30,000
Flare Stack				20,000	20,000
Electrical / Grounding			30,000	7,000	37,000
Communications / SCADA					
Instrumentation / Safety			10,000	25,000	35,000
TOTAL TANGIBLES >	448,193	25,200	351,575	289,500	1,214,468
TOTAL COSTS >	2,591,015	3,705,338	397,595	480,470	6,574,417

PREPARED BY MATADOR PRODUCTION COMPANY:

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

MATADOR RESOURCES COMPANY APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

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

This copy of this AFE is submitted only and may not be submitted as evidence in any dispute arising from this project. This modification submitted under the AFE may be changed up to a year after the well has been completed. In submitting this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including AFE, location, occupancy, logistics and other costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants must be executed by each other prior to completion of the well and general liability insurance must be provided by the Operator. A certificate of insurance must be provided to the Operator by the date of completion.

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

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

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

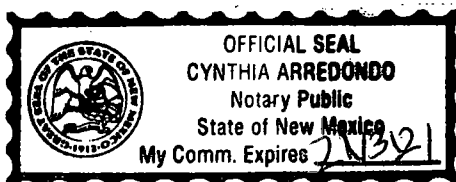
July 5 2017

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

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

My commission Expires 2/13/21

Notary Public



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

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

**STATE OF
NEW MEXICO TO:**

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

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

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

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

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

**BEFORE THE OIL CONSERVATION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 7

Submitted by: MATADOR PROD. CO.

Hearing Date: July 20, 2017

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

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

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

July 5 2017

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

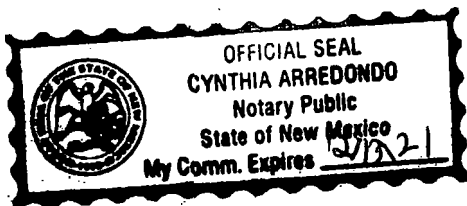
[Signature]

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

[Signature]

My commission Expires 2/13/21

Notary Public



July 5, 2017

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on July 20, 2017, in the Oil Conservation Division Hearing Room at 1220

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

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

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

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

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

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

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

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