

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018

OCD Artesia

Lease Serial No.  
NMNM117120**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

7. If Unit or CA/Agreement, Name and/or No.

## 1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

## 8. Well Name and No.

Multiple--See Attached

## 2. Name of Operator

MATADOR PRODUCTION COMPANY

Contact: BRIAN FANCHER

Email: bfancher@matadorresources.com

## 9. API Well No.

Multiple--See Attached

## 3a. Address

ONE LINCOLN CENTER 5400 LBJ FREEWAY SUITE 1500  
DALLAS, TX 75240

## 3b. Phone No. (include area code)

972-371-5200  
Fx: 972-371-5201

## 10. Field and Pool or Exploratory Area

PIERCE CROSSING-WOLFCAMP, NW  
PURPLE SAGE-WOLFCAMP (GAS)

## 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Multiple--See Attached

## 11. County or Parish, State

EDDY COUNTY, NM

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Off-Lease Measurement
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and 2 Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Matador Production Co. requests approval for off-lease measurement for oil and gas at a surface facility designated for the following wells (Subject Wells):

GC 6-4-18  
Accepted for record - NMOCD

Well Name & No.	API No.	SHL	BHL
Zach McCormick Fed. Com. 202H	30-015-44254	H-13-24S-28E	H-18-24S-29E
Zach McCormick Fed. Com. 206H	30-015-44246	H-13-24S-28E	H-18-24S-29E
Zach McCormick Fed. Com. 222H	30-015-44243	H-13-24S-28E	H-18-24S-29E
Zach McCormick Fed. Com. 226H	30-015-44251	H-13-24S-28E	H-18-24S-29E

RECEIVED

MAY 31 2018

Matador has submitted an application for a communitization agreement that is composed of three tracts (see Attachments "B" and "C"). Copies of the serial register pages for the federal lands

DISTRICT II-ARTESIA O.C.D.

## 14. I hereby certify that the foregoing is true and correct.

Electronic Submission #394712 verified by the BLM Well Information System  
For MATADOR PRODUCTION COMPANY, sent to the Carlsbad  
Committed to AFMSS for processing by PRISCILLA PEREZ on 11/17/2017 (18PP0288SE)

Name (Printed/Typed) BRIAN FANCHER

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 11/10/2017

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By

J. D. Whitlock

Title

TL PET

Date

5/8/2018

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

## Additional data for EC transaction #394712 that would not fit on the form

### Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 2228	015-44251-00-S1	Sec 13 T24S R28E SENE 2325FNL 311FEL 32.218384 N Lat, 104.033257 W Lon
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 2028	015-44254-00-X1	Sec 13 T24S R28E SENE 2414FNL 311FEL 32.218628 N Lat, 104.033257 W Lon
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 2068	015-44246-00-X1	Sec 13 T24S R28E SENE 2444FNL 311FEL 32.218300 N Lat, 104.033257 W Lon
NMNM117120	NMNM117120	ZACH MCCORMICK FED COM 2228	015-44243-00-X1	Sec 13 T24S R28E SENE 2354FNL 311FEL 32.218426 N Lat, 104.033257 W Lon

### 32. Additional remarks, continued

included in that proposed communitization agreement area are enclosed herewith. This application for off-lease measurement only includes the Subject Wells. It does not include the Zach McCormick Fed. Com. 201H, 205H, 221H, or 225H.

The Subject Wells will be completed in the Purple Sage; Wolfcamp (Gas) Pool in Eddy County, NM. Their surface hole locations are situated on a shared well pad composed of land that is privately owned. It is located in Section 13, Township 24S, Range 28E.

Pursuant to 43 CFR 3173.23(e), Matador has obtained a written concurrence from the surface owner of the land where these wells' surface facility is located, and the owner of the measurement facility.

This application is being filed simultaneously with a companion application for royalty-free use of lease production at the Subject Wells' shared-surface facility.

Please see attached detailed off-lease measurement information, diagram, and maps.

# Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Voice 972.371.5427 • Fax 972.371.5201  
[bpeterson@matadorresources.com](mailto:bpeterson@matadorresources.com)

**Benjamin D. Peterson, P.E.**  
Senior Production Engineer

November 10, 2017

Bureau of Land Management  
Carlsbad Field Office  
Attn: Duncan Whitlock  
620 E Greene St.  
Carlsbad, NM 88220

**Re: Justification for Off-Lease Measurement for the Zach McCormick Fed Com 202H, 206H, 222H, and 226H wells (the "Subject Wells or Wells"); Purple Sage; Wolfcamp (Gas) Pool; Eddy County, New Mexico; (Communitization Agreement Number-Submitted and Pending):**

Dear Mr. Whitlock,

Pursuant to 43 CFR §§3173.22 and 3173.23, Matador Production Company ("Matador") seeks authority for off-lease measurement of oil and gas at the Subject Wells' designated facility ("Facility") (collectively "Subject Application"). The Facility will be dedicated to only the Subject Wells (see Attachment "A" – Site Facility Diagram). The Subject Application is complementary with a fellow application for royalty-free use of lease production by certain surface equipment at the Facility, and it includes the following Wells:

Well Name	API Number	SHL	BHL	Pool/Formation
Zach McCormick Fed Com 202H	30-015-44254	H-13-24S-28E Eddy County, NM	H-18-24S-29E Eddy County, NM	[98220] Purple Sage; Wolfcamp (Gas)
Zach McCormick Fed Com 206H	30-015-44246	H-13-24S-28E Eddy County, NM	H-18-24S-29E Eddy County, NM	[98220] Purple Sage; Wolfcamp (Gas)

Zach McCormick Fed Com 222H	30-015-44243	H-13-24S-28E  Eddy County, NM	H-18-24S-29E  Eddy County, NM	[98220]  Purple Sage; Wolfcamp (Gas)
Zach McCormick Fed Com 226H	30-015-44251	H-13-24S-28E  Eddy County, NM	H-18-24S-29E  Eddy County, NM	[98220]  Purple Sage; Wolfcamp (Gas)

### Proposed Location

The Facility will be comprised of roughly 1.53-acres that is situated immediately north of the Subject Wells' shared drilling pad, and it is located on private fee land owned by Evelyn K. and Donald Faulk that immediately offsets the Well's western lease boundary line (see Attachment "B" – Zach McCormick's Aerial Land Plat).

As previously indicated in the table above, the Subject Wells' surface hole locations will be in Section 13, Township 24S, Range 28E. Their bottom hole locations will be in Section 18, which is immediately east of Section 13. The only federal lease that will be penetrated by the Subject Wells is NMNM-177120 ("Tract 3").

Prior to the Subject Application, Matador submitted a Communitization Agreement application that is currently pending review. It is composed of the following tracts (see again Attachment "B" – Aerial Land Plat):

- Tract 1: Fee leases  
NW/4 NW4, S/2NW/4  
120.91-acres
- Tract 2: BLM Lease – NMNM 136212  
Section 18 NE/4 NW/4, Township 24S, Range 29E  
40.5-acres
- Tract 3: BLM Lease – NMNM 117120  
Section 18 NE/4, Township 24S, Range 29E  
160.7-acres

For reference, copies of the serial register pages are enclosed herewith for BLM Leases – NMNM 136212 and NMNM 117120, respectively.

Once again, it is noteworthy that the Subject Application's Facility will only serve production from the Subject Wells, which will be drilled in the south-half of the north-half in Section 18. In other words, the Facility associated with this application will not include production from the Zach McCormick Fed. Com. Nos. 201H, 205H, 221H, and 225H, which will be drilled

in the north-half of the north-half in Section 18. A separate production facility will be dedicated to the Zach McCormick Fed. Com. Nos. 201H, 205H, 221H, and 225H, and it will be located on the shared drilling pad for the Zach McCormick Fed. Com Nos. 201H, 205H, 221H, and 225H (see again Attachment "B").

#### Oil and Gas Measurement Accountability

All production from each of the Subject Wells will be metered through a three-phase "test" separator solely dedicated to each individual well, and will include both oil turbine and gas orifice meters to ensure that all produced hydrocarbons are accurately measured.

Matador proposes to utilize a "MC-III Totalizer" oil turbine meter<sup>1</sup> that will be routinely calibrated by a third-party measurement company for measurement accuracy, pursuant to applicable federal rule requirements. In addition, all oil production volumes will be measured daily by "straps" at the referenced Facility's tank battery (see again Attachment "A" – Oil FMP).

Matador also proposes to utilize a "Daniel Senior AGA" gas orifice meter<sup>2</sup> that is manufactured and assembled in accordance with the American Gas Association's ("AGA") specifications. It is the preferred gas measurement device utilized by upstream and midstream companies. All gas samples will be obtained pursuant to applicable federal rules. The composition and heating values for gas samples will be determined by a laboratory in accordance with the American Petroleum Institute's specifications to ensure accurate determinations for volume and energy (*i.e.*, MMBTU) .

Matador will install a "check" meter<sup>3</sup> at the referenced Facility to accurately measure natural gas produced by the Subject Wells. In addition, a combined third-party "sales" meter<sup>4</sup> will provide accurate and transparent measurement of all natural gas handled at the Facility (see again Attachment "A" – Gas FMP 1). The "test", "check", and "sales" orifice meters will be timely sampled and calibrated pursuant to applicable federal rule requirements. Furthermore, all primary and secondary Electronic Flow Measurement ("EFM") equipment will be timely tested and calibrated by a third-party measurement company in accordance with applicable federal regulations and standards.

#### Best Management Practices, Environmental, and Topographic Benefits

Matador's proposed off-lease measurement facility fulfills Best Management Practices by reducing surface disturbance because all access to the Facility will be limited to one existing road. In addition, Matador will incorporate a paint color combination on the Facility's surface equipment that naturally pairs with that of the surrounding land to minimize visible disconformities. As proposed, Matador's Facility is situated on a relatively flat area of land (*i.e.*, roughly two feet of elevation change across one-acre). In comparison, the topographic relief substantially increases to approximately ten feet across the common lease line shared by the Faulk's and the Federal Government (see Attachment "C" – Zach McCormick's Topo Land Plat).

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<sup>1</sup> Meter serial number will be provided once it is obtained by Matador.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

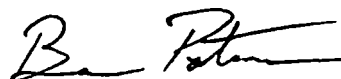
In other words, the Facility's proposed location will reduce the amount of total surface impact that is required to construct and maintain a level facility pad because it will naturally require the disruption and displacement of far less land, compared to a facility location that is situated on-lease that will increase surface debasement. Furthermore, the proposed Facility provides 500 feet of additional separation from a nearby floodplain.

#### Public Interest and Enhanced Ultimate Recovery

It is in the public's best interest to grant the Subject Application because it will provide additional revenue to the citizens of the United States through increased ultimate recovery that would otherwise be unrealized. The proposed Facility is located immediately north of the Subject Wells' off-lease drilling pad. If granted, the referenced Facility will provide a substantial cost reduction because it will also serve as a home for multiple wells' production that would otherwise require individual, on-lease facilities. Matador has demonstrated economic savings of \$600,000 per well when production from multiple wells is measured, combined, and stored at a single production facility. Those cost savings economically justify drilling additional wells that substantially increase a lease's ultimate recovery. Therefore, granting Matador's request to construct and utilize the Facility will increase the ultimate recovery of hydrocarbons because it will allow Matador to produce multiple wells from the same pool into a single surface facility.

Thank you for your time and consideration in reviewing this request. Please let me know if you have any additional questions or concerns.

Very truly yours,

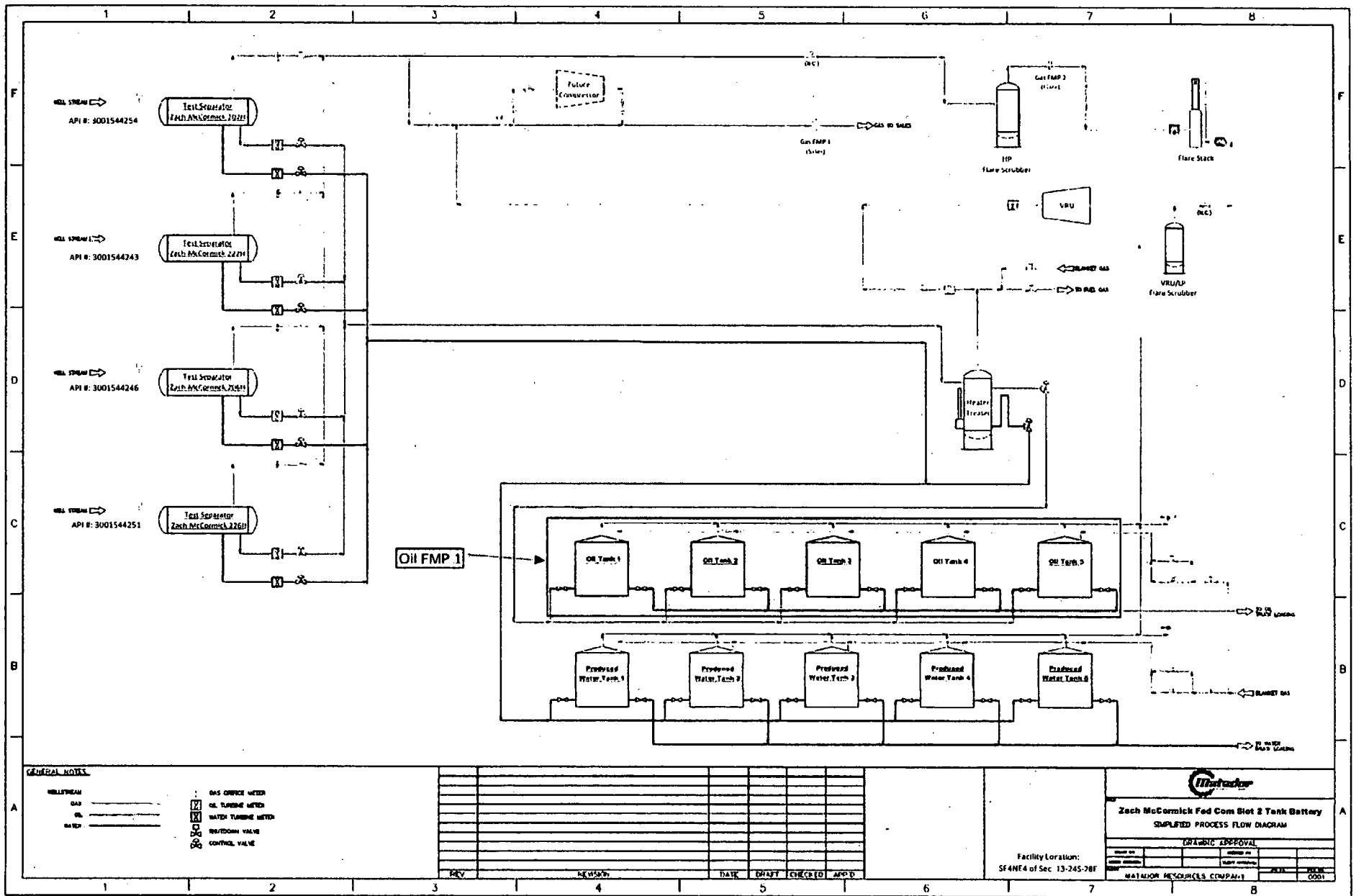


Benjamin D. Peterson, P.E.  
Sr. Production Engineer

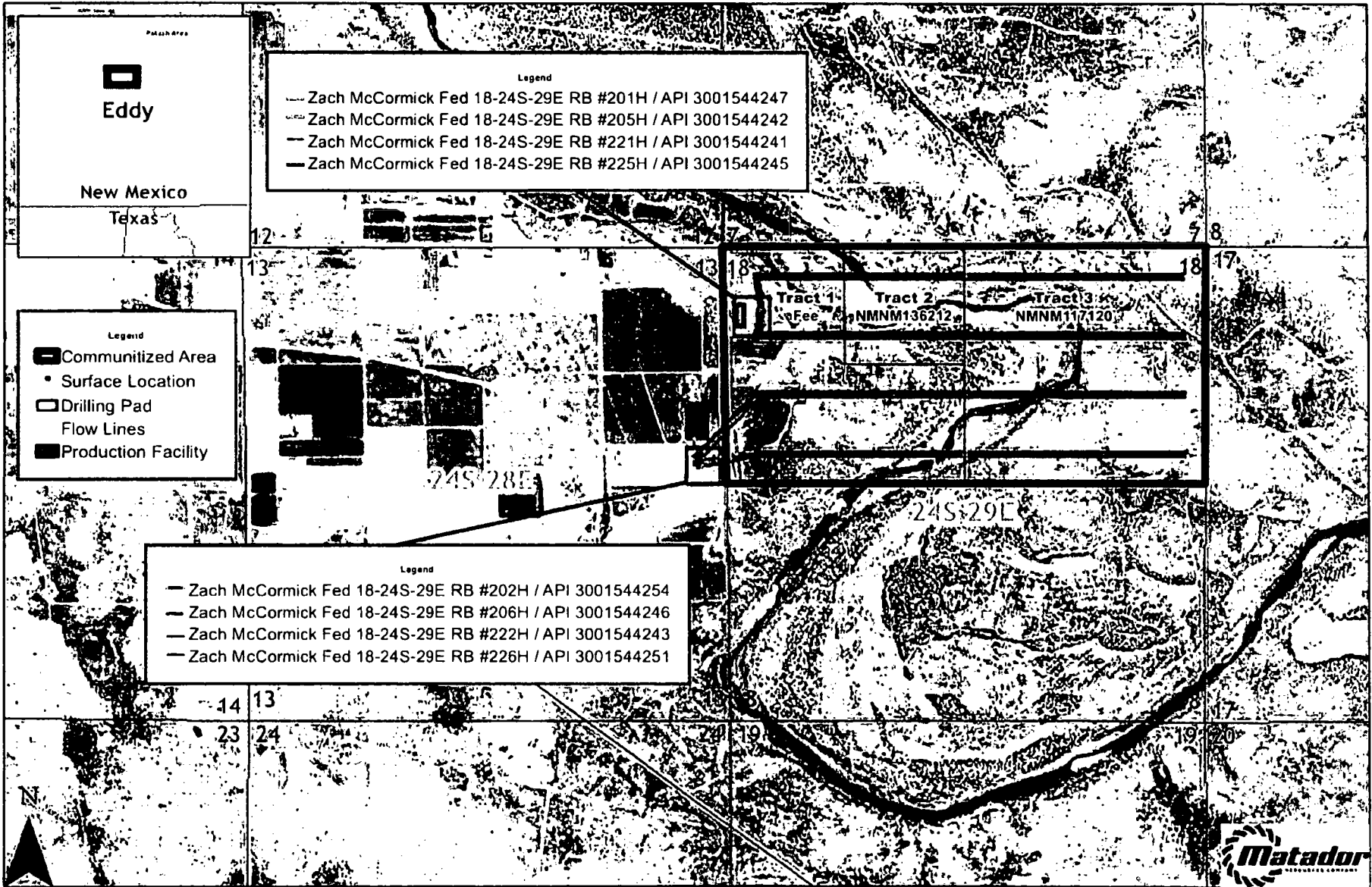
BDP/bkf

Enclosures

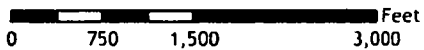
**Attachment "A"**



**Attachment "B"**  
**Zach McCormick**  
**Land Plat**



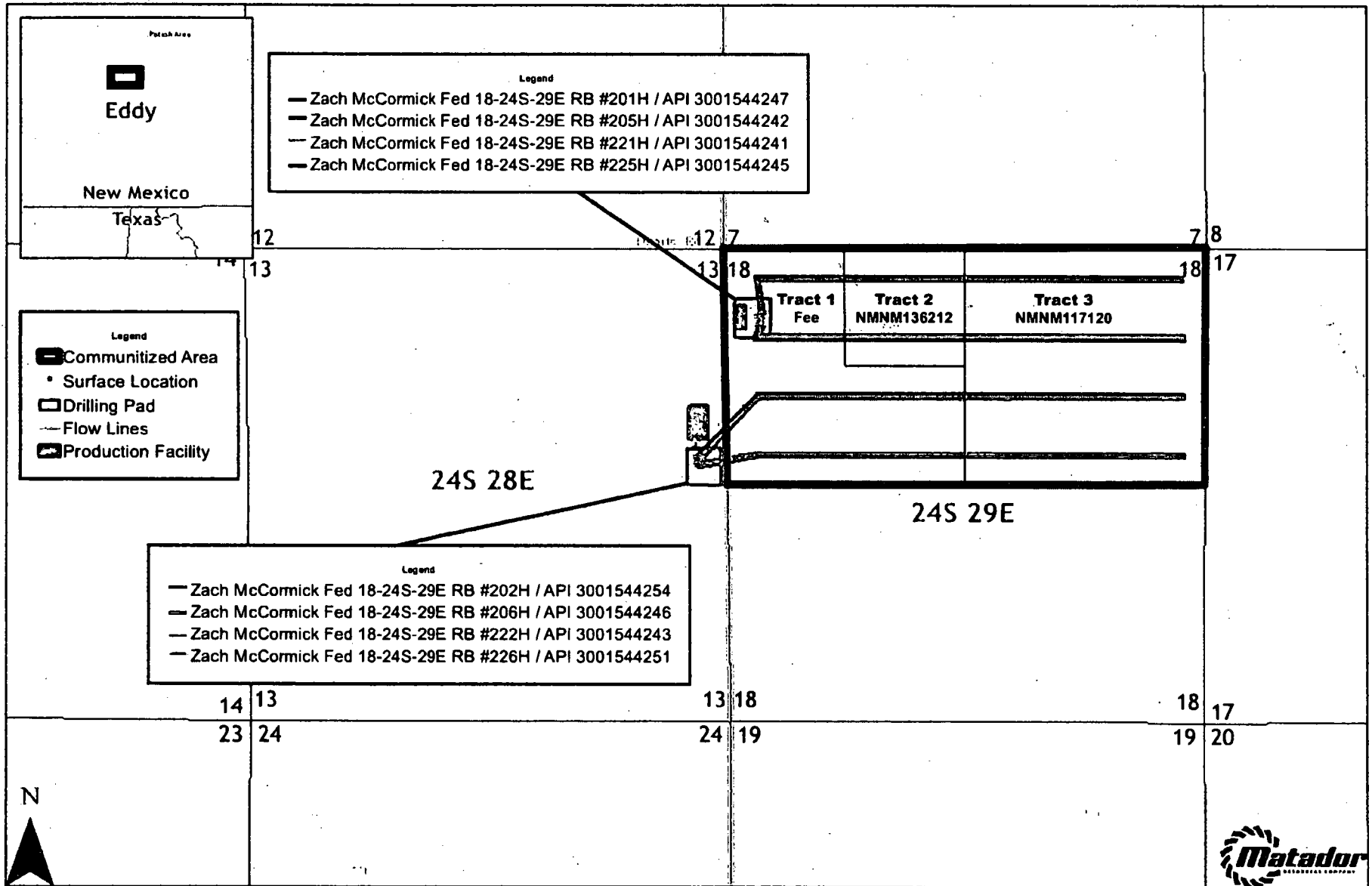
## Southeast New Mexico



Date: October 19, 2017  
Filename: ZMcCormick\_OffsiteMeas  
Projection: NAD27 State Plane New Mexico East FIPS 3001  
Sources: IHS; ESRI;



**Attachment "C"**  
**Zach McCormick**  
**Land Plat**



**Southeast New Mexico**

Date: October 19, 2017  
Filename: ZMcCormick\_OffsiteMeas  
Projection: NAD27 State Plane New Mexico East FIPS 3001  
Sources: IMS; ESRI;

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 09:37 AM

Page 1 of 2

Run Date: 09/27/2017

**01 12-22-1987;101STAT1330;30USC181 ET SE**  
**Case Type 312021: O&G LSE COMP PD -1987**  
**Commodity 459: OIL & GAS**  
**Case Disposition: AUTHORIZED**

**Total Acres** 40.000 **Serial Number** NMNM--136212

Name & Address			Serial Number: NMNM-- - 136212	Int Rel	% Interest
MRC PERMIAN CO	5400 LBJ FWY STE 1500	DALLAS TX 752401017	LESSEE	100.000000000	

Mer Twp Rng Sec				STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0240S	0290E	018	ALIQ		NENW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Act Date	Code	Action	Action Remark	Pending Office
04/20/2016	387	CASE ESTABLISHED	201609004;	
05/20/2016	299	PROTEST FILED	CENTER BIO DIVERSITY;	
05/20/2016	299	PROTEST FILED	WILDEARTH GUARDIANS;	
09/01/2016	143	BONUS BID PAYMENT RECD	\$80.00;	
09/01/2016	191	SALE HELD		
09/01/2016	267	BID RECEIVED	\$720000.00;	
09/15/2016	143	BONUS BID PAYMENT RECD	\$719920.00;	
04/26/2017	298	PROTEST DISMISSED	CENTER BIO DIVERSITY;	
04/26/2017	298	PROTEST DISMISSED	WILDEARTH GUARDIANS;	
04/27/2017	237	LEASE ISSUED		
04/27/2017	974	AUTOMATED RECORD VERIF	LBO	
05/01/2017	246	LEASE COMMITTED TO CA	NMNM136614;	
05/01/2017	496	FUND CODE	05;145003	
05/01/2017	530	RLTY RATE - 12 1/2%		
05/01/2017	643	PRODUCTION DETERMINATION	/1/	
05/01/2017	651	HELD BY PROD - ALLOCATED	/1/1 ZACH FED COM;	
05/01/2017	660	MEMO OF 1ST PROD-ALLOC	/1/NMNM136614;	
05/01/2017	868	EFFECTIVE DATE		

Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE:
0003	SENM-S-17 SLOPES OR FRAGILE SOILS
0004	SENM-S-18 STREAMS, RIVES, AND FLOODPLAINS
0005	SENM-S-21 CAVES AND KARST
0006	SENM-S-25 VISUAL RESOURCE MANAGEMENT
0007	SEM-S-43 NSO PECOS RIVER CORRIDOR
0008	SENM-LN-1 CAVE - KARST OCCURRENCE AREA
0009	NM-11-LN SPECIAL CULTURAL RESOURCE
0010	/1/ FROM 06/07/2016 TO 04/30/2017 ROYALTIES &
0011	PRODUCTION WERE BEING ALLOCATED TO THE UNLEASED LAND
0012	ACCOUNT, NMNM136616, IN TR #2 OF THE APPR. CA,
0013	NMNM136614. WITH THE APPR. OF LEASE NMNM136212, THE
0014	UNLEASED LAND ACCT., NMNM136616 HAS BEEN TERMINATED,
0015	AND EFF. 05/01/2017 LEASE NMNM136212 HAS REPLACED

**NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM**

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

Run Time: 09:37 AM

Page 1 of 1

Run Date: 09/27/2017

**01 12-22-1987;101STAT1330;30USC181 ET SE**  
**Case Type 312021: O&G LSE COMP PD -1987**  
**Commodity 459: OIL & GAS**  
**Case Disposition: AUTHORIZED**

**Total Acres 520.000**  
**Serial Number NMNM-- - 117120**

Name & Address			Serial Number: NMNM-- - 117120	Int Rel	% Interest
COG OPERATING LLC	600 W ILLINOIS AVE	MIDLAND TX 797014882	LESSEE	95.000000000	
CONCHO OIL & GAS LLC	600 W ILLINOIS AVE, ONE CONCHO CEI	MIDLAND TX 797014882	LESSEE	5.000000000	

Serial Number: NMNM-- - 117120								
Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0240S	0290E	008	ALIQ	S2NE,NW,NWSE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0240S	0290E	017	ALIQ	N2NW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0240S	0290E	018	ALIQ	NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 117120				
Act Date	Code	Action	Action Remark	Pending Office
10/17/2006	387	CASE ESTABLISHED	200610025;	
10/18/2006	191	SALE HELD		
10/18/2006	267	BID RECEIVED	\$1352000.00;	
11/24/2006	237	LEASE ISSUED		
11/24/2006	974	AUTOMATED RECORD VERIF	BTM	
12/01/2006	496	FUND CODE	05;145003	
12/01/2006	530	RLTY RATE - 12 1/2%		
12/01/2006	868	EFFECTIVE DATE		
03/22/2007	963	CASE MICROFILMED/SCANNED		
10/20/2009	643	PRODUCTION DETERMINATION	/1/	
10/20/2009	651	HELD BY PROD - ALLOCATED	/1/	
10/20/2009	660	MEMO OF 1ST PROD-ALLOC	/1/NMNM124060;	
12/04/2009	246	LEASE COMMITTED TO CA	CA-NM124060	
01/31/2011	140	ASGN FILED	MARBOB EN/COG OPERA;1	
03/11/2011	139	ASGN APPROVED	EFF 02/01/11;	
03/18/2011	974	AUTOMATED RECORD VERIF	ANN	

Serial Number: NMNM-- - 117120	
Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE:
0003	NM-11-LN SPECIAL CULTURAL RESOURCE
0004	SENM-LN-1 CAVE - KARST OCCURRENCE AREA
0005	SENM-S-11 PECOS RIVER/CANYON
0006	COMPLEX ACEC: SEC. 18: W2NE
0007	SENM-S-17 SLOPES OR FRAGILE SOILS
0008	SENM-S-18 STREAMS, RIVERS, AND FLOODPLAINS
0009	SENM-S-19 PLAYAS AND ALKALI LAKES
0010	SENM-S-21 CAVES AND KARST
0011	SENM-S-25 VISUAL RESOURCE MANAGEMENT

**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Off-Lease Storage, Measurement and Sales of production  
Conditions of Approval**

**Matador Production Company  
Zach McCormick Fed Com 202H, 206H, 222H, 226H  
NMNM117120**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented/flared without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments and/or product accountability.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease/Unit activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease/Unit from various sources is a privilege which is granted to lessees/operators for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.