

Additional data for EC transaction #421067 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM03677	NMNM03677	STEBBINS 20 FED 204H	30-016-44177-00-51	Sec 20 T20S R29E SWSW 391FSL 260FWL 32.552876 N Lat, 104.105362 W Lon
NMNM03677	NMNM03677	STEBBINS 18 FED 124H	30-016-44172-00-51	Sec 19 T20S R29E SESE 180FSL 110FEL 32.552095 N Lat, 104.105633 W Lon
NMNM03677	NMNM03677	STEBBINS 20 FED 124H	30-016-44185-00-51	Sec 20 T20S R29E SWSW 361FSL 130FWL 32.552708 N Lat, 104.105362 W Lon
NMNM03677	NMNM03677	STEBBINS 20 FED 134H	30-016-44176-00-51	Sec 20 T20S R29E SWSW 391FSL 130FWL 32.552792 N Lat, 104.105362 W Lon
NMNM03677	NMNM03677	STEBBINS 20 FED 133H	30-016-44183-00-51	Sec 20 T20S R29E NWSW 1723FSL 130FWL 32.556454 N Lat, 104.105362 W Lon
NMNM03677	NMNM03677	STEBBINS 20 FEDERAL 123H	30-016-43201-00-51	Sec 20 T20S R29E NWSW 1693FSL 130FWL 32.557783 N Lat, 104.105116 W Lon

10. Field and Pool, continued

WC015G04S202920D-BONE SPRING
WILDCAT

32. Additional remarks, continued

Stebbins 20 Fed. Com 134H; 20-20S-29E; NWSW; API 30-015-44183

All of the wells listed above are located within the same federal lease, NMNM 003677. The royalty rate is 12.5%.

Also see attached information, maps, and facility diagram.

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

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bpeterson@matadorresources.com

Benjamin D. Peterson
Senior Production Engineer

May 21, 2018

Application for Surface Commingling Oil and Gas at a Common Central Tank Battery
Proposal for Stebbins 20 Fed Nos. 204H, 124H, 134H and Stebbins 19 Fed No. 124H.

Application for Surface Commingling Gas at a Common Central Tank Battery
Proposal for Stebbins 20 Fed Nos. 204H, 124H, 134H, 123H, 133H and Stebbins 19 Fed No. 124H

The following tables provide specific values of the Subject Wells' anticipated production attributes:

Federal Lease Well Name	NMNM-003677 BOPD	Royalty Rate 12.5% Oil Gravity @60 deg	WC-015 G-04 S202920D; Bone Spring (98015) Value/bbl	MCFPD	Dry BTU	Value/mcf
Stebbins 20 Fed #123H	400	44.5	\$59.96	1,200	1,314	\$2.89
Stebbins 20 Fed #133H	125	44.5	\$59.96	500	1,314	\$2.89
Stebbins 20 Fed #124H	400	44.5	\$59.96	900	1,314	\$2.89
Stebbins 20 Fed #134H	300	44.5	\$59.96	1,000	1,314	\$2.89
Stebbins 19 Fed #124H	550	44.5	\$59.96	700	1,314	\$2.89

Federal Lease Well Name	NMNM-003677 BOPD	Royalty Rate 12.5% Oil Gravity @60 deg	Burton Flat; Wolfcamp, East (73480) Value/bbl	MCFPD	Dry BTU	Value/mcf
Stebbins 20 Fed #204H	600*	45.0*	\$59.96	1,250*	1,300*	\$2.86

*Denotes anticipated IP values.

Economic combined production

Federal Lease NMNM-003677 Royalty Rate 12.5%

Facility Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
Stebbins 20 Fed Slot 3 Tank Battery	525	44.5	\$59.96	1,700	1,314	\$2.89
Stebbins 20 Fed Slot 4 Tank Battery	1,850	44.7	\$59.96	3,850	1,309	\$2.88

The Stebbins 20 204H will be located in its individual 320-acre unit composed entirely of acreage from NMNM-003677. The remaining wells will be located in one of three 160-acre units that are composed entirely of acreage from NMNM-003677 (“See Attachment “A”).

The BLM’s interest in the subject wells is the same. All of these wells are located entirely within one federal lease, NMNM-003677. The royalty rate is 12.5% (See Attachment “B”).

Oil and Gas Measurement

There are two central tank batteries involved in this application (See Attachment “C”). The Stebbins 20 Fed Slot 3 Tank Battery is dedicated to the Stebbins 20 Fed 123H and 133H (“Slot 3 Tank Battery”). The Stebbins 20 Fed Slot 4 Tank Battery is dedicated to the Stebbins 19 Fed 124H and Stebbins 20 Fed 124H, 134H, and 204H (“Slot 4 Tank Battery”). These central tank batteries are located in the NWSW and SWSW of Section 20-20S-29E on Federal Lease NMNM-003677, respectively. As previously described, each well will flow to its dedicated central tank battery through its own flowline, and each well will have its own test separator. Each tank battery will have its own heater-treater.

The purpose of this application is two-fold: (1) to commingle oil and gas production from one well completed in the Wolfcamp Formation (Stebbins 20 Fed 204H) with oil and gas from three wells completed in the Bone Spring Formation (Stebbins 19 Fed 124H and Stebbins 20 Fed 124H and 134H) at the Slot 4 Tank Battery; and (2) commingle gas production from each of the wells encompassed in this application (*i.e.*, Slot 3 and Slot 4 Tank Batteries). This application does not request to commingle oil from the Slot 3 Tank Battery. Again, all the subject wells are located entirely within one federal lease, NMNM-003677.

Oil Measurement

Beginning at each well’s individual test separator, all oil production from that well will flow through its respective oil turbine meter. Subsequently, oil from each well will be routed by a common flow line to a single heater-treater. From there, the wells’ oil production will be sent to its production facility’s shared oil tanks (*i.e.*, Oil FMP Nos. 1 and 2). Accordingly, the Wells’ shared oil production tanks will be deemed the Point of Royalty Measurement, as defined in 43 C.F.R. §3170.3.

Each well will be paid royalty based on the amount of its respective oil production, as measured by each well’s respective allocation meter. Matador’s contractual agreement with the wells’ oil purchaser provides that all oil production will be purchased on a fixed basis as sweet crude at 40 API gravity. Therefore, the royalty value from these wells will not be adversely affected.

Gas Measurement

All gas production will flow through each well’s individual test separator. Subsequently, gas will be measured by an individual orifice meter for each well before it enters each production facility’s common gas line. From there, the wells’ gas production will be routed to a sales check-meter (Gas FMP Nos. 2 and 3) that is “in-line” with a common gas sales meter (Gas FMP No. 1). Matador will provide the serial number of that gas sales meter once it is obtained.

The production facilities will also include orifice meters to measure “flash” gas that originates from the heater-treaters and vapor recovery units to properly allocate the wells’ flash

volumes, according to each wells' respective oil production volumes. The sales gas meter volumes will be proportionately allocated to each well by accounting for the allocated flash gas combined with each Well's respective orifice meter measurements. There is no potential for adverse royalty impact because gas volumes are allocated on a volume basis (mcf) and energy is allocated on an energy basis (mmbtu).

The Wells' gas samples will be obtained at each meter's testing/calibration, and the composition and heating value will be determined by a third-party laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations. All primary and secondary Electronic Flow Measurement (EFM) equipment will be tested and calibrated by a reputable third-party measurement company in accordance with API, NMOCD, and BLM specifications.

Process and Flow Descriptions

The flow of production is shown in detail on the enclosed facility diagram (Attachment "C"), which also identifies the facilities' layout and interrelationship. The enclosed maps (Attachment "A") show the proposed communitization agreement boundaries, well locations, and facility locations.

The commingling of production from the subject wells is the most effective economical means of producing their reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses, as well as reduce the surface facility footprint and overall emissions.

Matador Production Company understands that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail.

Meter numbers not listed on the enclosed facility diagram (Attachment "D") will be submitted upon installation. These numbers may be submitted on an updated facility diagram.

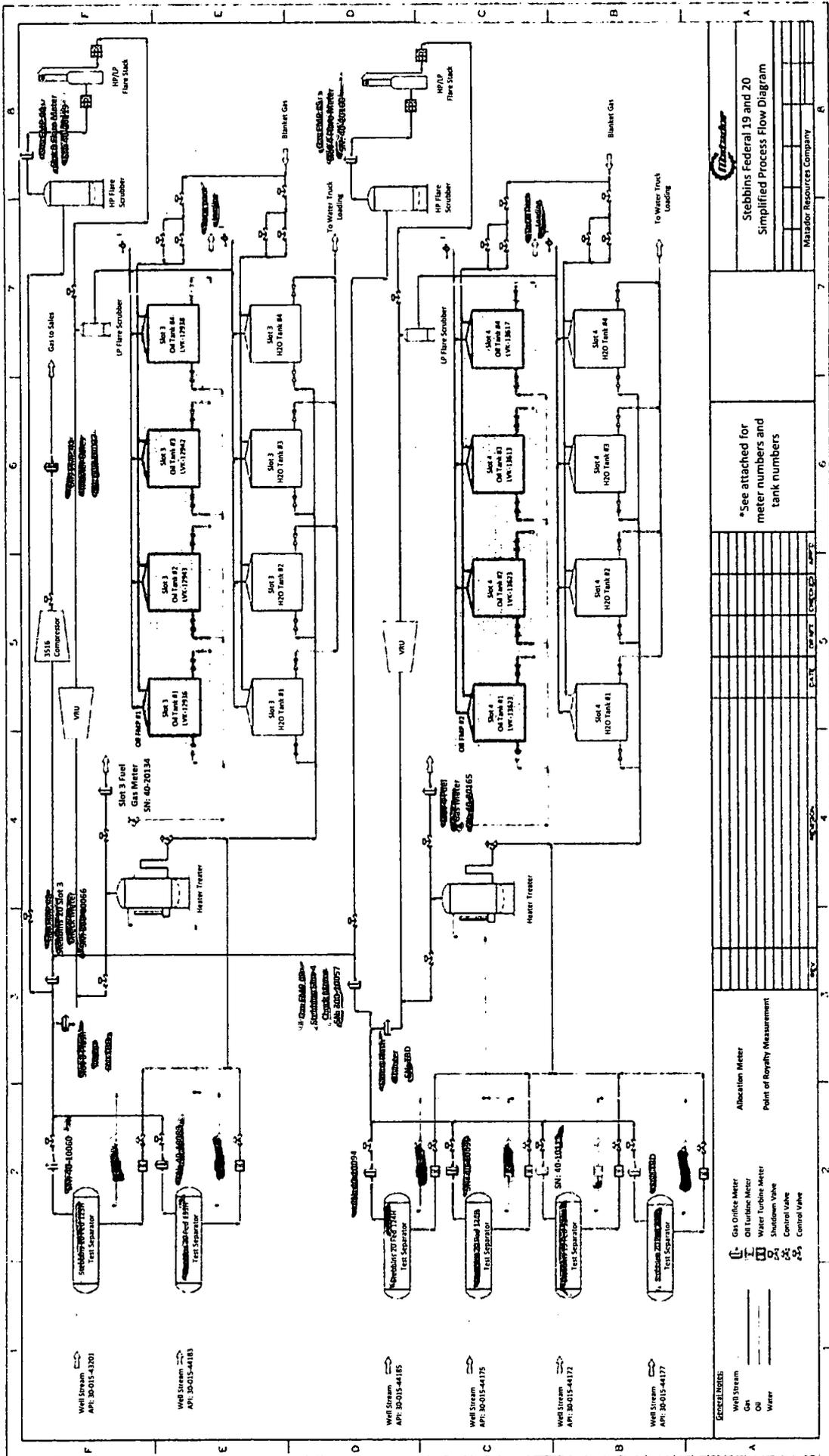
Thank you for your time and consideration in reviewing this application. Please let me know if you have any additional questions or concerns.

Very truly yours,



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

BDP/bkf
Enclosures



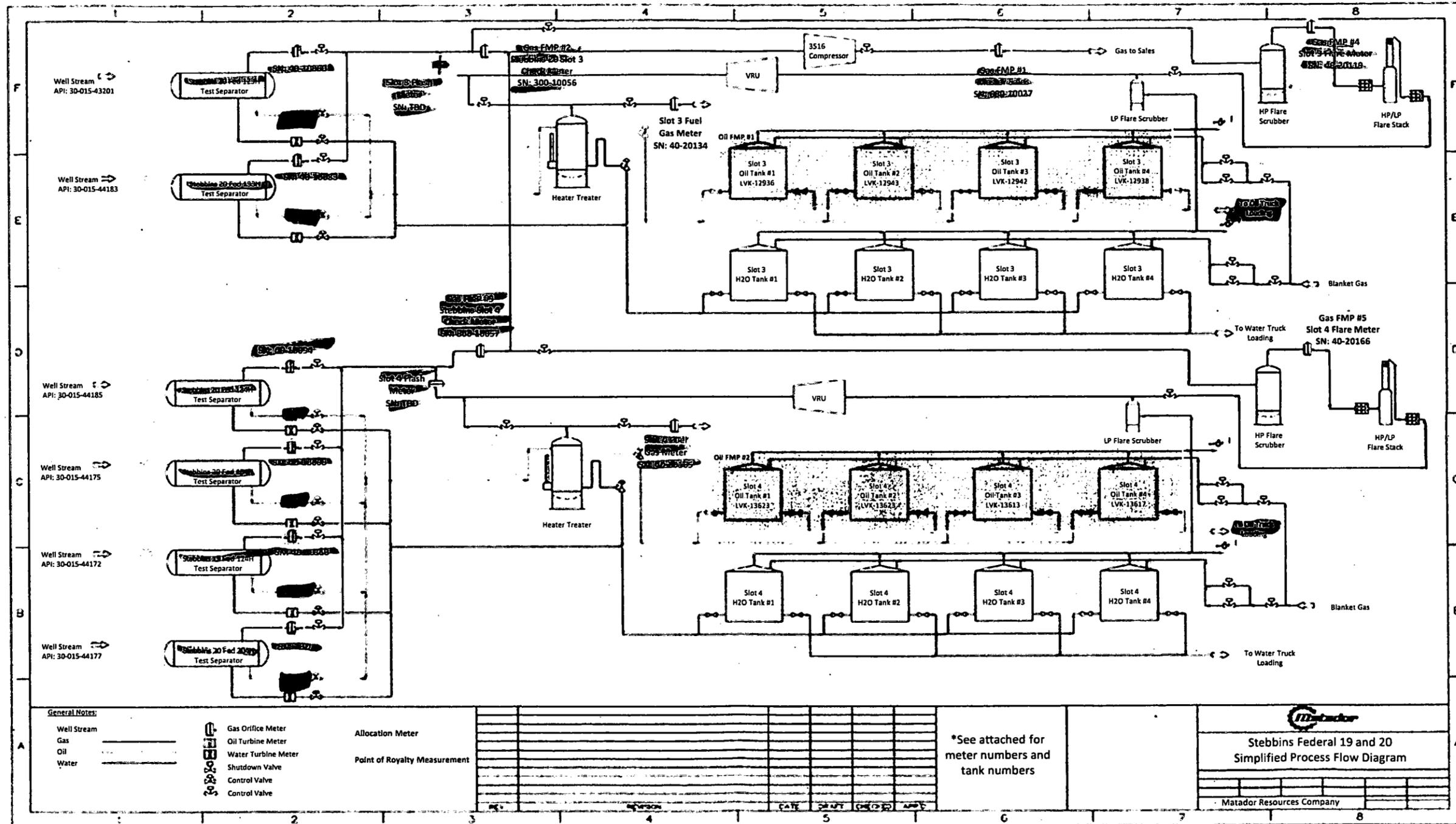
*see attached for meter numbers and tank numbers

Well Stream	API	Flow	Direction
Well Stream	30-015-43201	Gas	Left
Well Stream	30-015-44185	Gas	Left
Well Stream	30-015-44175	Gas	Left
Well Stream	30-015-44172	Gas	Left
Well Stream	30-015-44177	Gas	Left

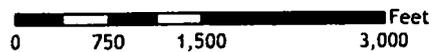
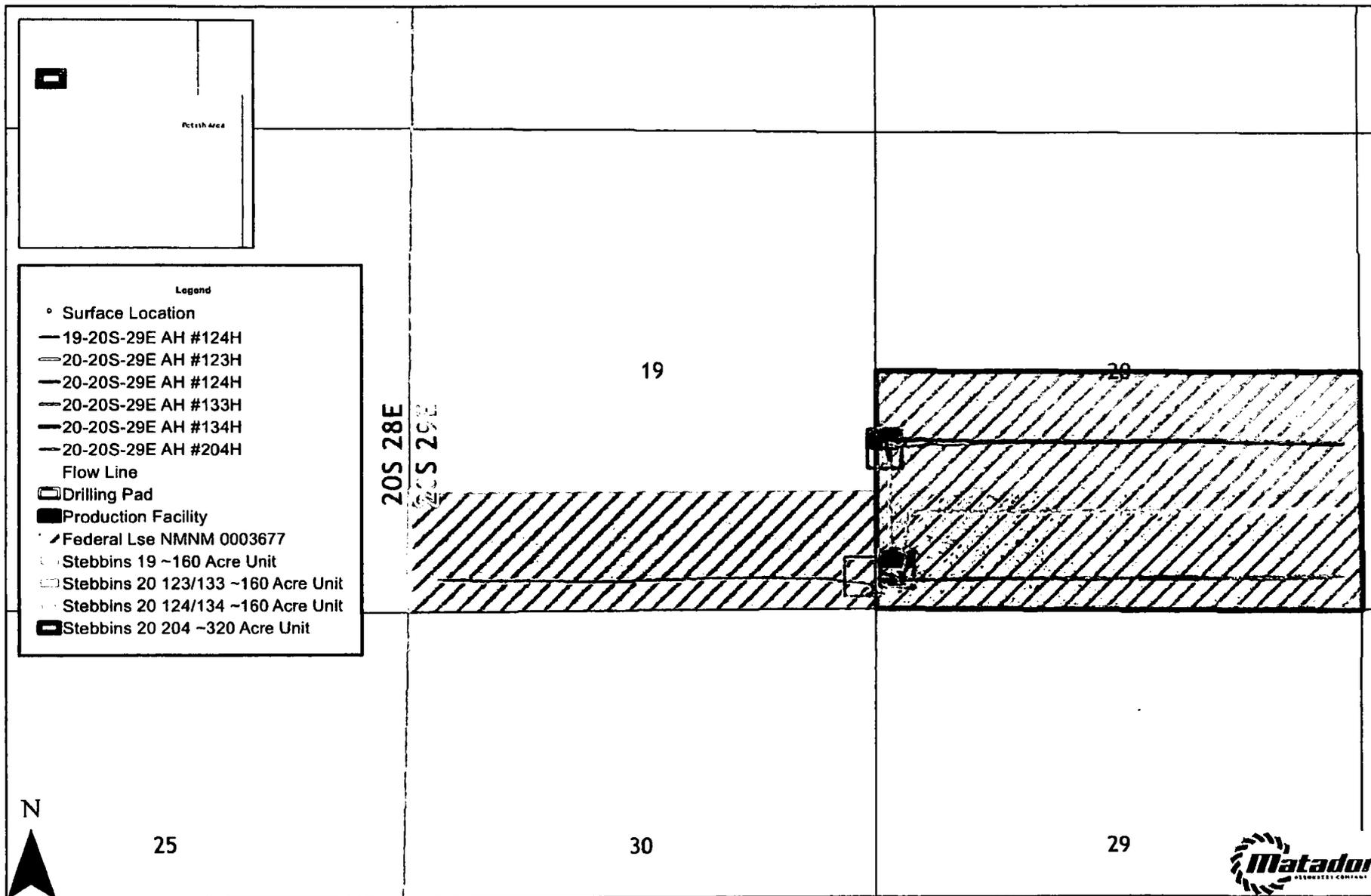
Allocation Meter
Point of Royalty Measurement

Legend:
 Well Stream
 Gas
 Oil
 Water

Stebbins Federal 19 and 20
Simplified Process Flow Diagram
Mastador Resources Company



Attachment "A"



Date: May 14, 2018
 Filename: ComminglingLandPlat_Stebbins
 Projection: NAD27 State Plane New Mexico East FIPS 3001
 Sources: IHS; ESRI;

013

018

017

NMNM
100255

NMNM
0554

NMNM 0001165

019

020

024

NMNM 0004825

STEBBINS STEBBINS
19 FEB 19 FEB
COM 123H COM 133H
STEBBINS STEBBINS
19 FEB 19 FEB
COM 203H COM 113H STEBBINS 20
STEBBINS 20 FEB 203H
FEB 133H STEBBINS 20
FEB 113H

STEBBINS 19 FEB 204H
STEBBINS 19 FEB 114H

NMNM 0003677

025

NMNM
017098

NMNM 134868

030

029

NMNM
017103

NMNM 000

FED COM 203H STEBBINS
19 FED
STEBBINS COM 133H
19 FED STEBBINS
COM 123H 19 FED
COM 113H

STEBBINS 20
FED 203H

STEBBINS 20
FED 133H

STEBBINS 20
FED 113H

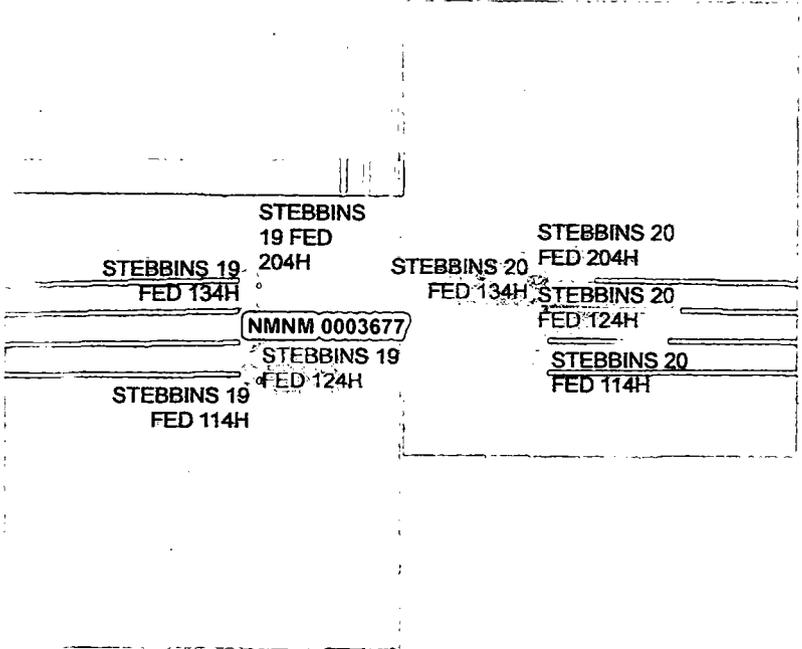
NMNM 0003677

019

020

019

020



STEBBINS
19 FED

STEBBINS 20
FED 204H

STEBBINS 19
204H
FED 134H

STEBBINS 20
FED 134H

STEBBINS 20
FED 124H

NMNM 0003677

STEBBINS 19
FED 124H

STEBBINS 20
FED 114H

STEBBINS 19
FED 114H

030

029

Matador Production Company

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bpeterson@matadorresources.com

Benjamin D. Peterson
Senior Production Engineer

May 21, 2018

Bureau of Land Management – Carlsbad Field Office
Mr. Duncan Whitlock
620 E. Greene Street
Carlsbad, NM 88220-6292

Re: Application of Matador Production Company for Authority to Commingle Oil and Gas at the Surface from the Stebbins 20 204H with the Stebbins 19 124H and the Stebbins 20 123H, 124H, 133H, and 134H; Burton Flat Wolfcamp; East (Gas) Pool; Russell; Bone Spring Pool; and WC-015 G-04 S202920D; Bone Spring Pool; Eddy County, New Mexico

Dear Mr. Whitlock,

This cover letter serves to provide you with an overview of Matador Production Company's ("Matador") subject application, which includes a request to surface commingle oil and gas. With this cover letter, please find the following supporting documents enclosed:

1. A memorandum of economic justification in support of Matador's request for authority to surface commingle;
2. Attachment A - Aerial Map with unit boundaries, well locations, flowline locations, and facility locations;
3. Attachment B - Copy of the serial register page for NMNM 003677;
4. Attachment C - Site facility diagram with process flow description for the above-captioned wells.

There are two production facilities associated with this application, and they are located in the NWSW and SWSW of Section 20-20S-29E on Federal Lease NMNM-003677. It is the only federal lease applicable to this application. Therefore, Matador does not seek authority to store, measure, and sell the Subject Wells' oil and gas at an off-lease measurement facility because their production facility is situated "on-lease".

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

Very truly yours,

A handwritten signature in black ink, appearing to read "B. Peterson". The signature is fluid and cursive, with the first letter "B" being particularly large and stylized.

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

BDP/bkf
Enclosures

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 07/09/18 11:12 AM

Page 1 of 4

01 02-25-1920;041STAT0437;30USC226
Case Type 311111: O&G LSE NONCOMP PUB LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED Case File Juris:

Total Acres
2,150.970

Serial Number
~~NMNM--0 003677~~

Serial Number: NMNM-- 0 003677

Name & Address			Int Rel	%Interest
COG OPERATING LLC	600 W ILLINOIS AVE	MIDLAND TX 797014882	LESSEE	47.500000000
CONCHO OIL & GAS LLC	600 W ILLINOIS AVE, ONE CONCHO CENTER	MIDLAND TX 797014882	LESSEE	2.500000000
EOG RESOURCES ASSETS LLC	5509 CHAMPIONS DR	MIDLAND TX 797062843	OPERATING RIGHTS	0.000000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 87103	OPERATING RIGHTS	0.000000000
MEWBOURNE CURTIS W	PO BOX 7698	TYLER TX 757117698	OPERATING RIGHTS	0.000000000
MRC DELAWARE RESOURCES LLC	5400 LYNDON B JOHNSON FWY, STE 1500	DALLAS TX 752401000	OPERATING RIGHTS	0.000000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	OPERATING RIGHTS	0.000000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	LESSEE	37.500000000
SHARBRO OIL LTD CO	PO BOX 840	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000
YATES ENERGY CORP	PO BOX 2323	ROSWELL NM 882022323	OPERATING RIGHTS	0.000000000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 882111091	LESSEE	12.500000000

Serial Number: NMNM-- 0 003677

Mer Twp	Rng	Sec	SType	Nr SUFF	Subdivision	District/Resource Area	County	Mgmt Agency
23	0200S	0290E	019	ALIQ	SE,E2SW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	019	LOTS	4;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	020	ALIQ	S2,NE,SENW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	021	ALIQ	W2,W2E2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	029	ALIQ	N2,SE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	030	ALIQ	E2W2,NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	030	LOTS	3,4;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM 0003677

Relinquished/Withdrawn Lands

23	0200S	0290E	730	FF	L 1,2 ASGN;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
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Serial Number: ~~NMNM-- 0 003677~~

Act Date	Code	Action	Action Remarks	Pending Office
10/02/1950	124	APLN RECD		
11/01/1950	237	LEASE ISSUED		
11/01/1950	496	FUND CODE	05;145003	
11/01/1950	530	RLTY RATE - 12 1/2%		
11/01/1950	868	EFFECTIVE DATE		
02/05/1957	235	EXTENDED	THRU 10/31/60;	
10/05/1960	235	EXTENDED	THRU 09/30/62;	
10/05/1960	570	CASE SEGREGATED BY ASGN	INTO NMNM03677-A;	
11/16/1962	235	EXTENDED	THRU 09/30/64;	
12/11/1964	235	EXTENDED	THRU 09/30/66;	
09/15/1966	500	GEOGRAPHIC NAME	SCANLON FLD;	
09/15/1966	510	KMA CLASSIFIED		
09/15/1966	650	HELD BY PROD - ACTUAL		
09/15/1966	658	MEMO OF 1ST PROD-ACTUAL		
11/09/1966	102	NOTICE SENT-PROD STATUS		
01/24/1975	500	GEOGRAPHIC NAME	RUSSELL FLD;	
01/24/1975	512	KMA EXPANDED		
11/19/1975	512	KMA EXPANDED		
01/24/1977	512	KMA EXPANDED		

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

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

Stebbins 20 Federal wells (see list below)

**Matador Production Company
July 9, 2018**

**Condition of Approval
Pool Lease Commingling of Bone Springs and Wolfcamp production**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
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.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees 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.
6. Gas measurement for allocation must be measured as per Onshore Order #5 or 43 CFR 3175 and API requirements for sales meters, or as approved in this approval to commingle production.
7. Oil measurement for allocation must be measured as per Onshore Order #4 or 43 CFR 3174 and API requirements for oil measurement, or as approved in this approval to commingle production.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33" for royalty-bearing flared gas and disposition code 63 for royalty-bearing vented gas.
DC 33 = Flared gas – royalty due
DC 63 = Vented gas – royalty due
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases/CAs require additional commingling approvals.
11. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
12. This approval does not authorize any by passes around any allocation meter or metering separator, this is to include the use of headers to divert production other production equipment other than the approve measurement points.
13. Submit meter numbers upon installation of meters and provide updated facility diagram with meters numbers. If oil is sold by LACT, submit LACT meter number.

Stebbins 20 Federal 123H	3001543201, Bone Springs	Lease NMNM03677
Stebbins 20 Federal 204H	3001544177, Wolfcamp	Lease NMNM03677
Stebbins 20 Federal 134H	3001544175, Bone Springs	Lease NMNM03677
Stebbins 20 Federal 133H	3001544183, Bone Springs	Lease NMNM03677
Stebbins 20 Federal 124H	3001544185, Bone Springs	Lease NMNM03677
Stebbins 19 Federal 124H	3001544172, Bone Springs	Lease NMNM03677

Lease NMNM03677 Royalty Rate 12.5%