

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☐

OTHER SWD

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Matador Operating Company

3. ADDRESS AND TELEPHONE NO.

8340 Meadow Rd., #158, Dallas, TX 75231

4. LOCATION OF WELL (Report location clearly and in accord
At surface)

660' FSL; 660' FWL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN

13. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660'

13. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3377' GR

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55	24#	1000'	475 sx
7-7/8"	5-1/2" J-55	15.5#	6500'	600 sx

Drill 6500' Delaware SWD well. Drill 12-1/4" hole to 1000'. Run and cement 8-5/8" casing to surface. NU BOP stack and drill 7-7/8" hole to 6500' and evaluate. Run and cement 5-1/2" production casing.

Well location and Acreage Dedication Plat

Application for Permit to Drill (Drilling Program)

Surface Use Plan

Exhibit A, Area Map

Exhibit B, Wellsite Plan

Exhibit C, Production Map

Exhibit D, BOP Schematic

Exhibit E, Choke Manifold

Topo Map

SUBJECT TO LIKE APPROVAL BY STATE

APPROVAL TO DRILL-CAN NOT PRODUCE UNTIL
ORDER IS RECEIVED

SWD-797

ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED [Signature] TITLE Sr. Drilling Engineer DATE 3/12/01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY [Signature] TITLE Joe G. Lara DATE APR 24 2001

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

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DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Revised 02-10-94
Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-35598		2 Pool Code 96100		3 Pool Name SWD Delaware					
4 Property Code 28140		5 Property Name RED HILLS SWD						6 Well Number 1	
7 OGRID No. 014245		8 Operator Name MATADOR OPERATING COMPANY						9 Elevation 3377'	
10 SURFACE LOCATION									
UL or lot no. M	Section 28	Township 25 SOUTH	Range 33 EAST, N.M.P.M.	Lot Ida	Feet from the 660'	North/South line SOUTH	Feet from the 660'	East/West line WEST	County LEA
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE"									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres NA		13 Joint or Infill		14 Consolidation Code		15 Order No. SWD-797			
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									
						16 OPERATOR CERTIFICATION			
						I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.			
						Signature 			
						Printed Name Jim Kramer			
						Title Sr. Drilling Engineer			
						Date 3/12/01			
						17 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 FEBRUARY 22, 2001			
						Signature and Seal of Professional Surveyor 			
Certificate No. V.L. BEZNER R.P.S. #7920									
JOB #74805 22 SE / V.H.B.									

SURFACE USE PLAN
MATADOR OPERATING COMPANY
Red Hills SWD #1
660' FSL, 660' FWL
Sec 28, T25S, R33E
Lea County, New Mexico

1. EXISTING ROADS – Area map, Exhibit “A”, is a reproduction of the appropriate part of the U.S.G.S. New Mexico 7-1/2 minute quadrangle. Existing roads are shown on the exhibit and the road to be used on the referenced well is marked. All roads shall be maintained in a condition equal to that which existed prior to start of construction.
 - A. Exhibit “A” shows the proposed well site as staked.
 - B. Direction: From the junction of state highway 128 and state highway 18 in Jal, go west 14.3 miles on state highway 128 then southwest & west 13.4 miles on county road, turn right at stop sign and go through cattleguard. Keep to the right at the “Y” and continue west for 2.4 miles, then north for 1.3 miles to Red Hills #5 wellsite. Continue north 0.5 miles on new lease road to location.
2. PLANNED ACCESS ROADS – One-half mile new road extension will be constructed from Red Hills Unit #5 well.
3. LOCATION OF EXISTING WELLS ON A ONE-MILE RADIUS
 - A. Water wells - NA.
 - B. Disposal wells - NA.
 - C. Drilling wells - NA.
 - D. Producing wells – As shown on Exhibit “C”.
 - E. Abandoned wells-As shown on Exhibit “C”.
4. If completed, Matador Operating Company will furnish maps or plats showing On Well Pad Facilities and Off Well Pad Facilities (if needed) on a Sundry Notice before construction of these facilities starts.
5. LOCATION AND TYPE OF WATER SUPPLY
Water will be purchased locally from a private source and trucked over the access road or piped in flexible lines laid on top of the ground.

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6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill site's excavations, or from a local source. These materials will be transported over the access route as shown in Exhibit "A".

7. METHODS FOR HANDLING WASTE DISPOSAL.

- A.
 - 1. Drill cuttings will be disposed of in the reserve pit.
 - 2. Trash, waste paper, and garbage will be contained in a fenced trash trailer to prevent wind-scattering during storage. When the rig moves out, all trash and debris will be hauled to an approved land-fill site.
 - 3. Salts remaining after completion of the well will be picked up by the supplier, including broken sacks.
 - 4. Sewage from trailer houses will drain into holes with minimum depth of 10'00". These holes will be covered during drilling and back-filled upon completion. A "porta-john" will be provided for the rig crews. This will be properly maintained during the drilling operations and removed upon completion of the well.
 - 5. Chemicals remaining after completion of the well will be stored in the manufacturer's containers and picked up by the supplier.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for back-filling. In the event drilling fluids will not be evaporated in a reasonable period of time, they will be transported by a tank truck to a state approved disposal site.

If necessary, any water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

- A. Exhibit "B" shows the proposed well site layout.
- B. This exhibit indicates proposed location of the reserve pits and trash trailer.

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- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface conditions encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with a poly-ethylene liner. The pit liner will be a minimum of 6 mils thick. The pit liner will extend a minimum of 2'00" over the reserve pit dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is completed, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is completed or abandoned as a dry hole.

In either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area as closely as is possible. Drainage system, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstance to prevent inundation of the location pad and surface facilities. After the area had been shaped and contoured, topsoil from the soil pits will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

Should the well be completed, the previously noted procedures will apply to those areas which are not required for production facilities.

11. OTHER INFORMATION

- F. The area around the wellsite is gently undulating and rolling with snakeweed, mesquite, shin oak, Mormon tea, yucca & assorted grasses.
- G. Surface use is grazing and the lessee is Dinwiddie Cattle Company, P. O. Box 602, Jal, NM 88252.

- H. An archaeological study has been conducted for the location and road. Archaeological survey submitted under separate cover.
- I. There are no buildings in the area.

12. OPERATOR'S REPRESENTATIVE

Matador Operating Company's field representative for contact regarding compliance with the Surface Use Plan is:

Before, during, and after construction:

Jim Kramer

8340 Meadow Road #158

Dallas, TX 75231

Office: 214-987-7128

Mobile: 915-553-3542

Res: 972-377-3281

13. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Matador Operating Company and its contractors/ subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Name: _____

Jim Kramer

Sr. Drilling Engineer

Date: _____

3/12/01

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APPLICATION FOR PERMIT TO DRILL

MATADOR OPERATING COMPANY

Red Hills SWD #1
660' FSL; 660' FWL
Sec 28, T25S, R33E
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Matador Operating Company submits the following items of pertinent information in accordance with Onshore Oil and Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

1. Geological Name of Surface Formation: Permian

2. Estimated Tops of Important Geological Markers:

	Subsea	Measured Depth
T/ Evaporite Section	+2130'	1250'
Upper Permian Delaware Fm	-1520'	4900'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	0-300'	Fresh Water	*
Delaware	4900'	Oil/Water	**

* Ground water will be protected by 8-5/8" surface casing with cement circulated to surface.

** Potentially permeable horizons in the 7-7/8" hole section to be protected by the 5-1/2" casing with cement at least 500' above the top of the Delaware formation.

4. Proposed Casing Program:

Hole Size:	Interval	Casing OD	Description
16"	0-40'	14"	Conductor, if necessary
12-1/4"	0-1000'	8-5/8"	24#, J-55 ST&C New, R-3
7-7/8"	0-6500'	5-1/2"	15.5# J-55 LT&C, New, R-3

Proposed Cementing Program:

14" Conductor: Ready-mix poured to surface.

8-5/8" Surface Casing: Cement w/275 sx Class "C" Lite + .25 pps Flocele (12.5 ppg, 2.06 yield). Tail w/ 200 sx Class "C" + 2% CaCl₂ (14.8 ppg, 1.34 yield).
Float Equipment: Texas pattern shoe w/ insert float valve, 3 centralizers.

5-1/2" Production Casing: Cement w/ 250 sx Super "H" Mod + 1 pps salt + .3% CFR-3 + .4% Halad-344 (13.0 ppg, 1.65 yield). Tail w/ 350 sx Interfill "C" + .25 pps Flocele (11.5 ppg, 2.77 yield).

Note: Depending on hole conditions, the 5-1/2" casing may change to a 2-stage design to insure cement is tied into the 8-5/8" surface casing. If necessary, the DV tool will be placed above the Delaware ($\pm 4800'$).

5. Pressure Control Equipment:

The blowout preventer equipment (BOPE) shown in Exhibit D will be utilized for the 7-7/8" hole section. The assembly will consist of a 3000 psi WP double ram-type preventer (4-1/2" pipe and blind rams) and a 1500 psi WP annular preventer (API RP53 Fig 2.c.5). This BOPE assembly will be nipped up on the surface casing and used continuously until setting the 5-1/2" casing at total depth of $\pm 6,500'$. All BOPE will be tested as follows:

- Prior to drilling out from surface casing – test all BOPE to 500 psi using rig pump.

All BOP's will be hydraulically operated. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of hole. The kill line will be 2" minimum and will include a remote connection. The choke line will be 3" minimum. A complete choke manifold schematic is shown in Exhibit E.

6. Proposed Mud System:

The proposed mud system will be a combination of fresh water and brine water. The depth and mud properties of the mud system are listed below.

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)	ph
0-1000'	Fresh Water	8.3-8.8	28-30	N.C.	9-10
1000'-6500'	Brine Water	10.0-10.2	28-33	N.C.	9-10

Sufficient mud materials to maintain the above mentioned mud properties and meet minimum lost circulation and weight increase requirements will be kept at the location at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- A Kelly cock will be kept in the drill string at all times.
- A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

8. Drillstem Testing, Logging and Coring Programs:

- Drillstem tests: None planned.
- Electric logs: CNL-LDT-DLL-MSFL-GR: TD to 4500' (GR-CNL to surface).
- Coring: None planned.

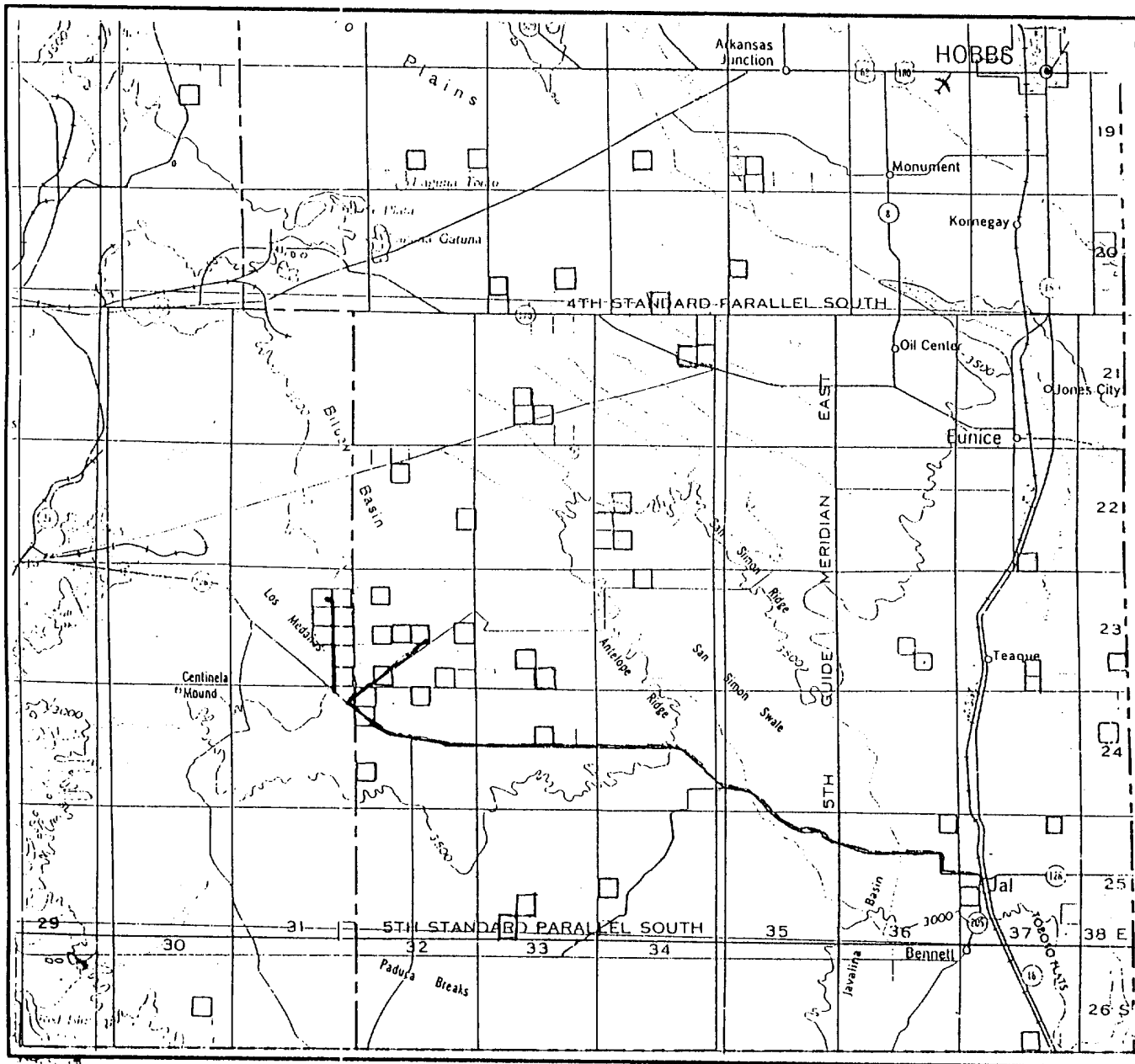
9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperature is expected to the proposed depth. No hydrogen sulfide or other hazardous gases or fluids are known to exist in the zones that will be encountered.

10. Anticipated Starting Date and Duration of Operations:

The anticipated start date will be April 25, 2001. Once commenced, drilling operations should be completed in approximately 14 days. If the well is completed, another 30 days will be required for completion work and facility installation.

VICINITY MAP.



SECTION 28 TWP 25-S RGE 33-E
SURVEY NEW MEXICO PRINCIPAL MERIDIAN
COUNTY LEA STATE NM
DESCRIPTION 660' FS. & 660' FWL

OPERATOR MATADOR OPERATING COMPANY
LEASE RED HILLS SWD #1

DISTANCE & DIRECTION FROM JCT. OF S.H. 128 &
COUNTY ROAD, ± 16.0 MILES NORTHWEST OF JAL, THENCE
SOUTHWESTERLY 14.0 MILES ON COUNTY ROAD, THENCE
WEST 0.9 MILE ON LEASE ROAD, THENCE NORTHWESTERLY
2.6 MILE TO A POINT $\pm 200'$ WEST OF THE LOCATION.

Exhibit A
Area Map



This location has been very carefully slaked on the ground according to the best official survey records, maps, and other data available to us.

Review this plot and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

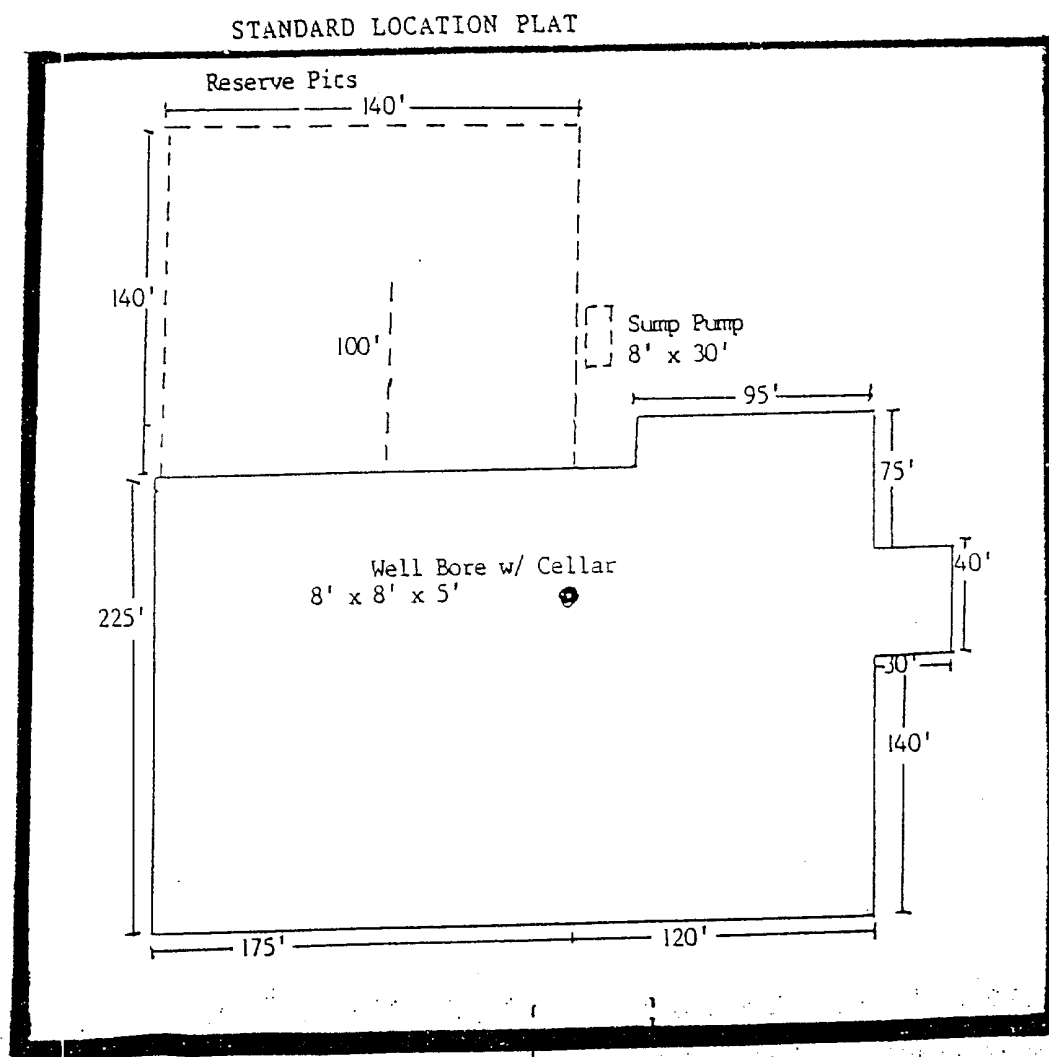
1307 N. HOBART
PAMPA, TX. 79065
(800) 658-6382

6709 N. CLASSEN BLVD.
OKLAHOMA CITY, OK. 73116
(800) 654-3219

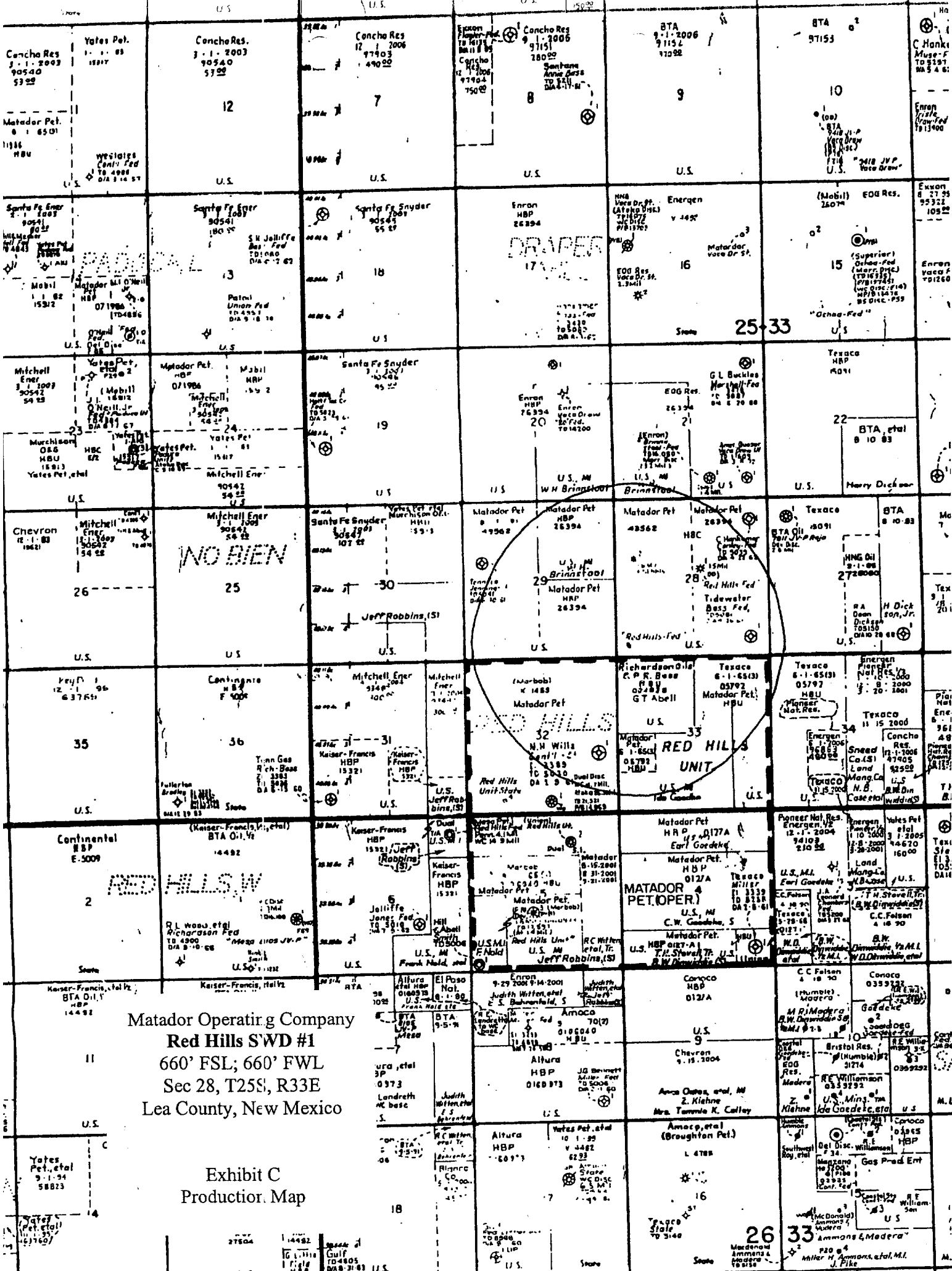
2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

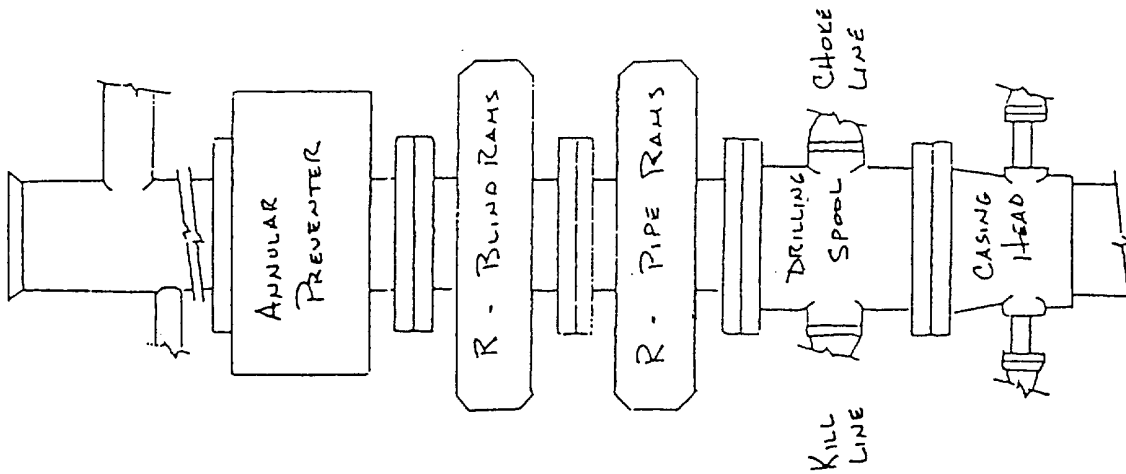
Matador Operating Company
Red Hills SWD #1
660' FSL; 660' FWL
Sec 28, T25S, R33E
Lea County, New Mexico

Exhibit B
Wellsite Plan



NEW LEASE ROAD

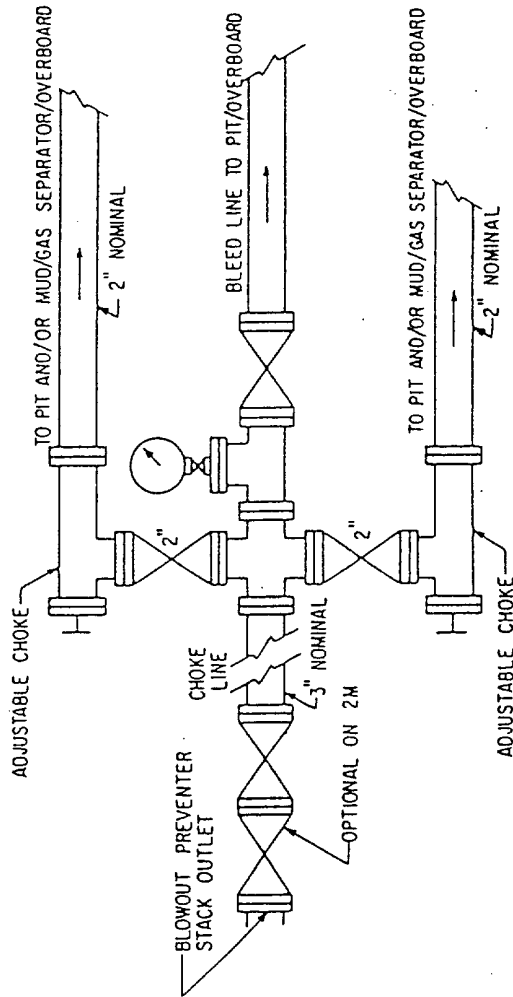




3000 psi
Working Pressure

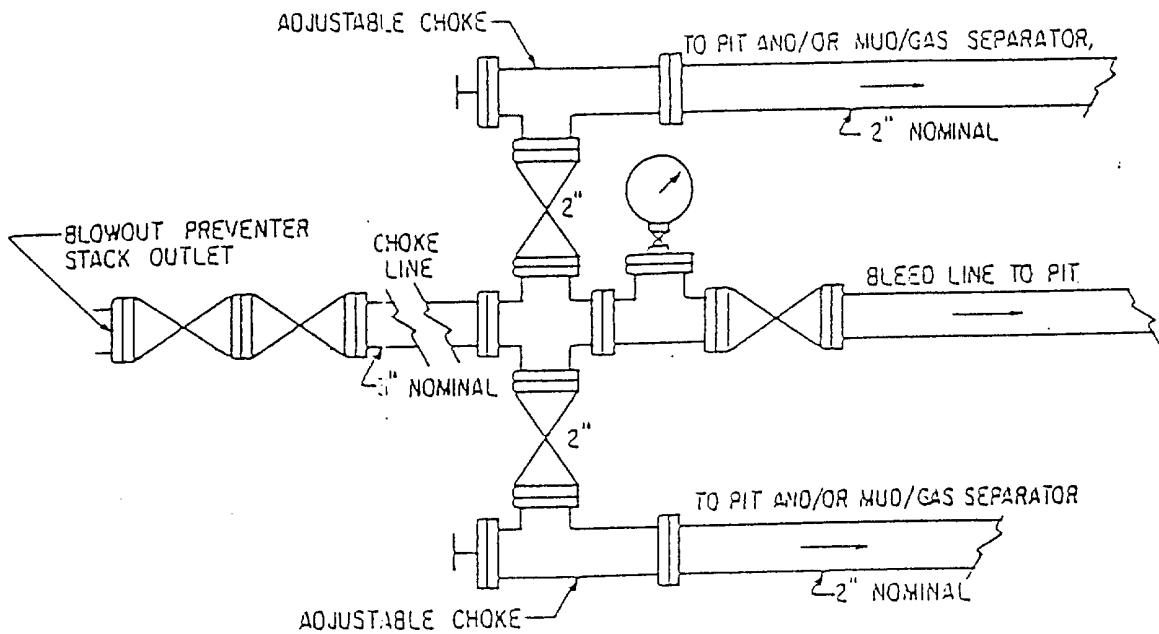
Matador Operating Company
Red Hills SWD #1
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Sec 28, T25S, R33E
Lea County, New Mexico

Exhibit D
BOP Schematic



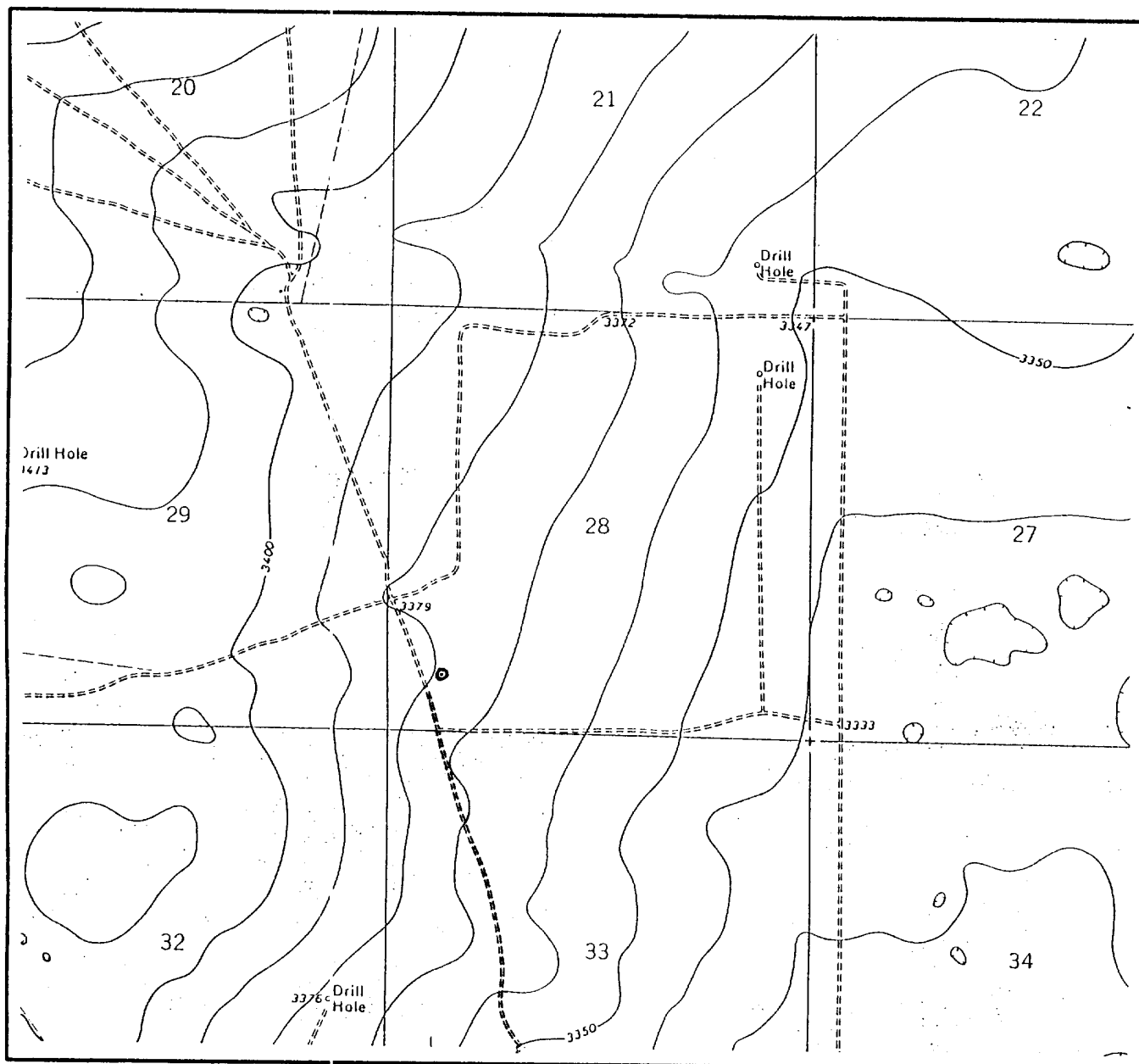
Matador Operating Company
Red Hills SWD #1
660' FSL; 660' FWL
Sec 28, T25S, R33E
Lea County, New Mexico

Exhibit E
Choke Manifold



3M Choke Manifold
Depth Interval: 700' - 12,900'
Hole Size: 12-1/4" & 8-3/4"

LOCATION ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10 FEET

SECTION 28 TWP 25-S RGE 33-E
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN
 COUNTY LEA STATE NM
 DESCRIPTION 660' FSL & 660' FWL
 ELEVATION 3377'

OPERATOR MATADOR OPERATING COMPANY
 LEASE RED HILLS SWD #1

U.S.G.S. TOPOGRAPHIC MAP
PADUCA BREAKS EAST, NEW MEXICO

LAT. N 32°05'46"
 LONG. W 103°34'59"



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.
 Review this plat and notify us immediately of any possible discrepancy.

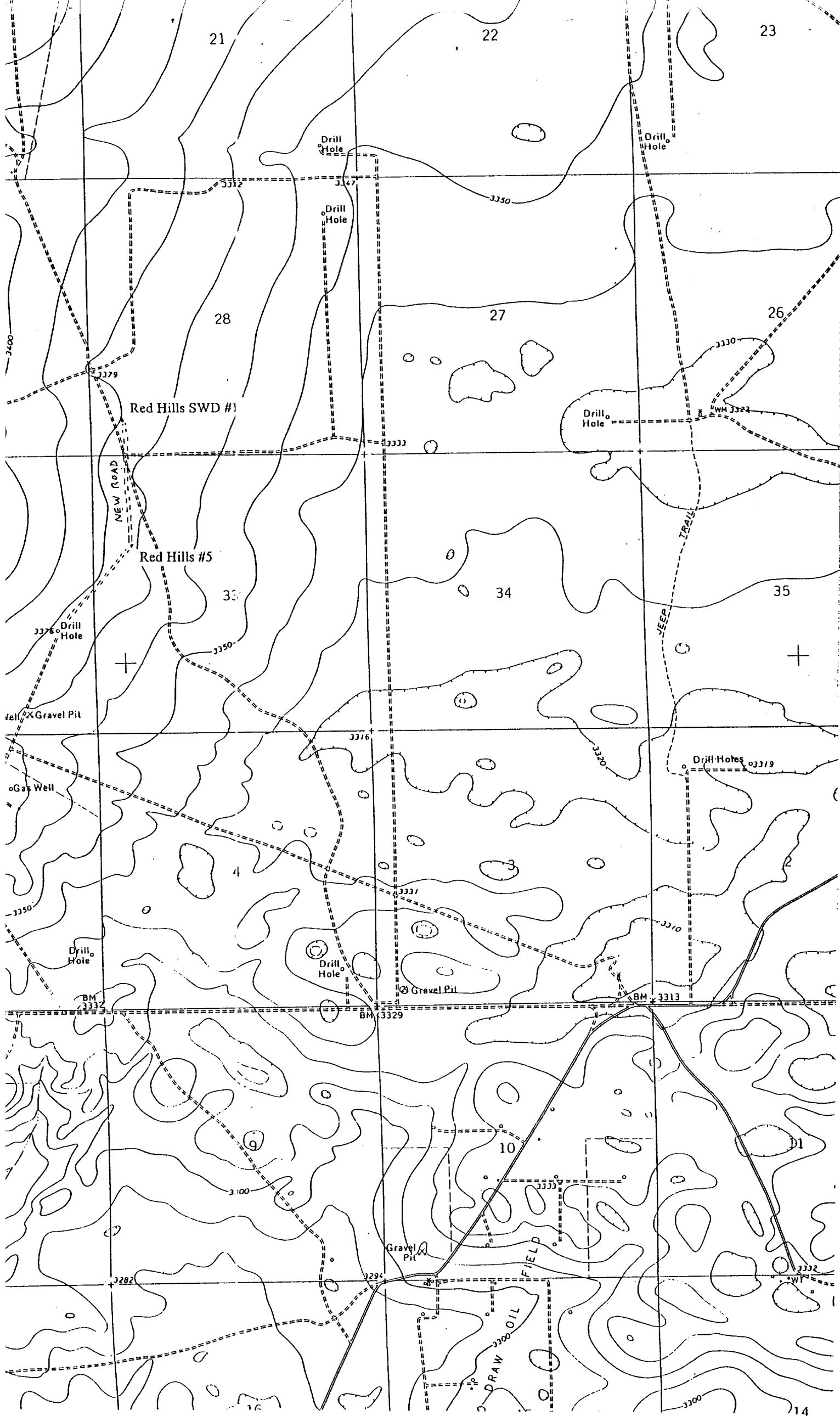
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 MIDLAND, TX. 79705
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United States Department of the Interior

**Bureau of Land Management
Roswell Office
2909 West Second Street
Roswell, New Mexico 88201**

Statement of Accepting Responsibility for Operations

Operator name: Matador Operating Company
Street of box: 8340 Meadow Road, #158
City, State: Dallas, TX
Zip Code: 75231

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the eased land or portion thereof, as described below:

Lease No. NM 43562

Legal Description of land: W/2 of Section 28, T25S, R33E, Lea County, NM

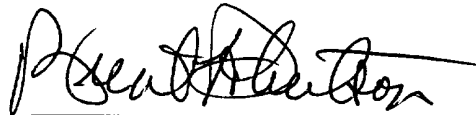
Formation (s) (if applicable):

Bond Coverage: (state if individually bonded or another's bond)

Statewide

BLM Bond File No.: 29403

Authorized Signature:



Brent Robertson
Landman

Title:

Date:

March 13+, 2001

ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

ELF

11/29/01

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