

## Goetze, Phillip, EMNRD

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**From:** Adam Rankin <AGRankin@hollandhart.com>  
**Sent:** Thursday, February 22, 2018 2:27 PM  
**To:** Brooks, David K, EMNRD; Goetze, Phillip, EMNRD  
**Cc:** Joanna Garcia; Michael Feldewert  
**Subject:** Case No. 15911 - Rustler Breaks SWD No. 3; Black River Water Management Co., LLC - supplemental materials  
**Attachments:** Case No. 15911 - Declaration of Ned Frost - Geology.pdf; Case No. 15911 -Rustler Breaks SWD 3 - Land Declaration-1-31-18 (3).pdf; Exhibit A to Verschoyle Dec\_Chevron USA Google Address.PDF; Exhibit B - Chevron Change of Operator Form.PDF

David and Phil,

Attached are two supplemental submissions to be made part of the record in Case No. 15911. First, is the attached declaration of Ned Frost addressing confidential and proprietary information and analysis presented to the Division during a closed-door session. Second, is the declaration of Brooks Verschoyle, senior landman, addressing the notice issue regarding Chevron.

We believe that the attached additional information requested by the Division fulfills all outstanding requests from the Division for supplemental information. Unless there are any additional questions or more information is requested by the Division, we ask that the Division include the attached materials as part of the record for this case and take Case No. 15911 under advisement.

We very much appreciate your attention this matter and our request.

Most sincerely,  
Adam

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

**APPLICATION OF BLACK RIVER WATER  
MANAGEMENT COMPANY, LLC  
TO AMEND ADMINISTRATIVE ORDER  
SWD-1695 FOR A SALT WATER DISPOSAL  
WELL IN EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15911**

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**SELF-AFFIRMED DECLARATION OF NED FROST**

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1. My name is Ned Frost. I am over the age of eighteen, of sound mind, and am competent to make this self-affirmed declaration, which is based on my personal knowledge, and given pursuant to New Mexico Rules of Civil Procedure Rule 1-011(B) NMRA.

2. I am employed by MRC Energy Company as a geologist and have a doctoral degree in geology. My current position is Vice President of Geoscience. The applicant in this case, Black River Water Management Company, LLC, ("Black River") is an affiliate of MRC Energy Company.

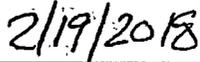
3. During Matador's technical presentation in support of its application at the Oil Conservation Division hearing on December 21, 2017, to increase the injection tubing size in the Rustler Breaks SWD No. 3 well from 4.5 inches to 5.5 inches, the Division's hearing examiner requested that Matador provide supplemental information, including Matador's model results using Stanford University's Fault Slip Potential Tool. *See* Case No. 15854, Hearing Tr. 37:17-24, dated 10/12/17; *see also* <https://scits.stanford.edu/>.

4. Because the data inputs and model results contain proprietary and confidential information, Matador presented its model inputs and results to the Division hearing examiner at a closed-door session on Thursday, December 21, 2017, in the Division's Santa Fe office.

5. I presented public data that showed current scientific thought and literature shows that southeastern New Mexico's Permian Basin is currently within a normal faulting regime. Utilizing public data, together with my interpretations and other proprietary and confidential data, including 3-D seismic data for the subject area, I applied Stanford University's Fault Slip Potential Tool to the Rustler Breaks SWD No. 3 injection well. Based on the data inputs, the model reflected a de minimus impact to pressure and a low probability for fault slip potential for the Rustler Breaks SWD No. 3 injection well.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statement in Paragraphs 1-5 are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below. *See* Rule 1-011(B) NMRA.

  
Ned Frost, Ph.D.

  
Date

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

**APPLICATION OF BLACK RIVER WATER  
MANAGEMENT COMPANY, LLC  
TO AMEND ADMINISTRATIVE ORDER  
SWD-1695 FOR A SALT WATER DISPOSAL  
WELL IN EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15911**

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**SELF-AFFIRMED DECLARATION OF BROOKS VERSCHOYLE**

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1. My name is Brooks Verschoyle. I am over the age of eighteen, of sound mind, and am competent to make this self-affirmed declaration, which is based on my personal knowledge, and given pursuant to New Mexico Rules of Civil Procedure Rule 1-011(B) NMRA.

2. I am employed by MRC Energy Company ("Matador") as a Senior Landman. Black River Water Management Company, LLC, the applicant in this case, is an affiliate company of Matador. I am familiar with the application that was filed in this case. I am a graduate of the University of Mississippi ('94) with a Bachelors of Business Administration and hold minors in Petroleum Land Management and Real Estate. Throughout my career, I have primarily focused on surface land related matters. My specialties include land/rights of way acquisition/leasing, title research, entitlements, horizontal development and asset management. Since joining Matador in July of 2014, my primary role has been that of a Surface Landman. I have been tasked with securing all surface rights needed to conduct both Exploration & Production as well as Midstream operations. Prior to Matador, I served as the Regional Manager of Jones Lang LaSalle's (JLL) Rail Practice Group for nearly five years

where I exclusively represented BNSF Railway in all surface and subsurface affairs over a nine state territory, which included New Mexico.

3. As part of my job duties as Senior Landman, I conducted a record title research to identify affected parties requiring notice pursuant to the Division's rules in this case.

4. In Case No. 15854 to amend Administrative Order SWD-1682, the Division asked Black River Water Management Company, LLC, to evaluate the radius of influence of injection for disposal wells injecting through 5-1/2 inch tubing. Based on that analysis, Black River Water Management Company, LLC determined that the radius of influence for injection through 5-1/2 inch tubing is expected to be approximately 8/10th of a mile after 20 years. *See* Case No. 15911, Tr. 14:5-18 (testimony of Mr. Bradley M. Robinson). Black River Water Management Company, LLC accordingly increased the notice to affected parties from one-half-mile radius to a one-mile radius.

5. I reviewed record title for affected persons within a one-mile radius of the Rustler Breaks SWD No. 3 Well, which is the well that is the subject of this case. I identified the following Division-designated operators within the one-mile area of review requiring notice:

- a. Probity SWD, LLC;
- b. Marathon Oil Permian LLC;
- c. Mewbourne Oil Company; and
- d. Chevron U.S.A. Inc. *See* Exhibit 15, Case No. 15911 (notice and notice green cards).

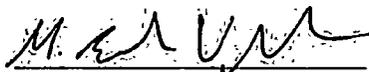
6. Based on the United States Postal Service receipts and tracking information, notice of the application and hearing was delivered to all affected persons identified. *See* Exhibit 15 (USPS tracking sheet, stating that the notice package to Chevron "has been delivered to the

mail room . . . on December 4, 2017"). While the notice package to Chevron was delivered by the U.S.P.S., it was not signed for by Chevron and, therefore, receipt by Chevron was not actually confirmed.

7. Holland & Hart LLP provided notice of the hearing in this case to the affected persons I identified using the addresses of record I provided, including the correct address for Chevron U.S.A. Inc. *See* Exhibit 15, Case No. 15911 (affidavit of notice).

8. In my opinion, I undertook a good-faith effort exercising reasonable diligence to identify and confirm the last known address for Chevron. The address used to provide notice of this case, 6301 Deauville Blvd., Midland, TX 79706, is the same address identified in a Google search. *See* Exhibit A, attached hereto. It is also the same address Chevron provided in the most recent Division records. *See* Exhibit B, attached hereto (change of operator Form C-145, filed December 18, 2017).

9. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statement in Paragraphs 1-8 are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below. *See* Rule 1-011(B) NMRA.

  
Brooks Verschoyle

1/30/2018  
Date

# Chevron Midcontinent Headquarters Campus



4.6 ★★★★★ 12 Google reviews

Oil & natural gas company in Midland County, Texas

[Website](#)

[Directions](#)

**Address:** 6301 Deauville Blvd, Midland, TX 79706

**Hours:** Open · Closes 5PM ▼

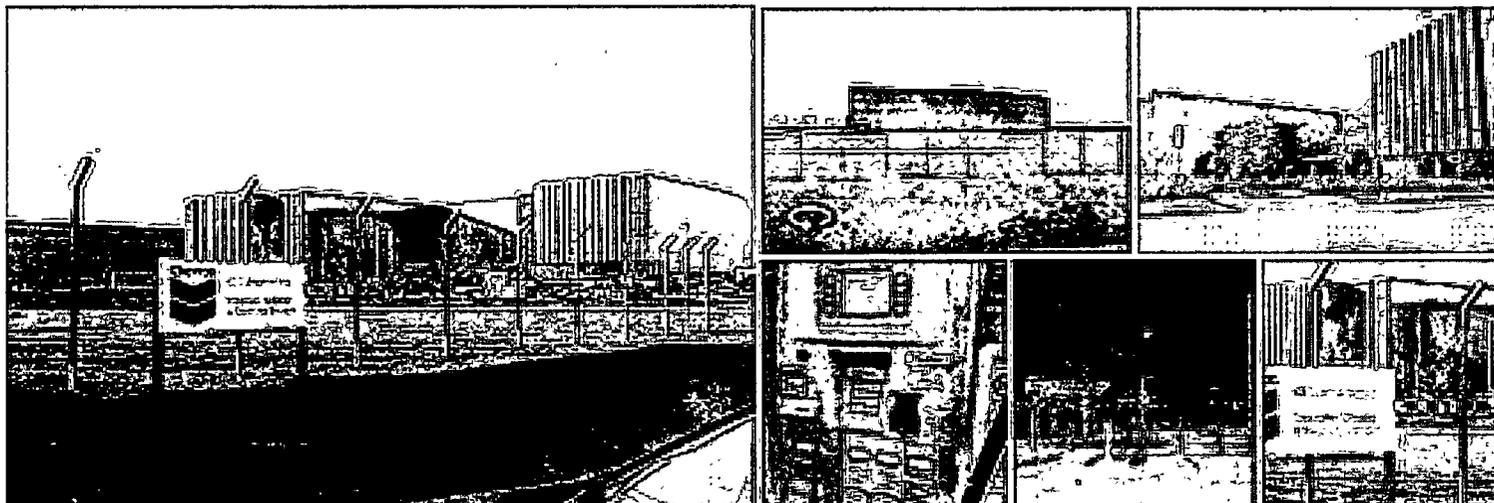
**Phone:** (432) 687-7687

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## Questions & answers

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**EXHIBIT A**

# Chevron Midcontinent Headquarters Campus



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Oil & natural gas company in Midland County, Texas

[Website](#)

[Directions](#)

**Address:** 6301 Deauville Blvd, Midland, TX 79706

**Hours:** Open · Closes 5PM ▾

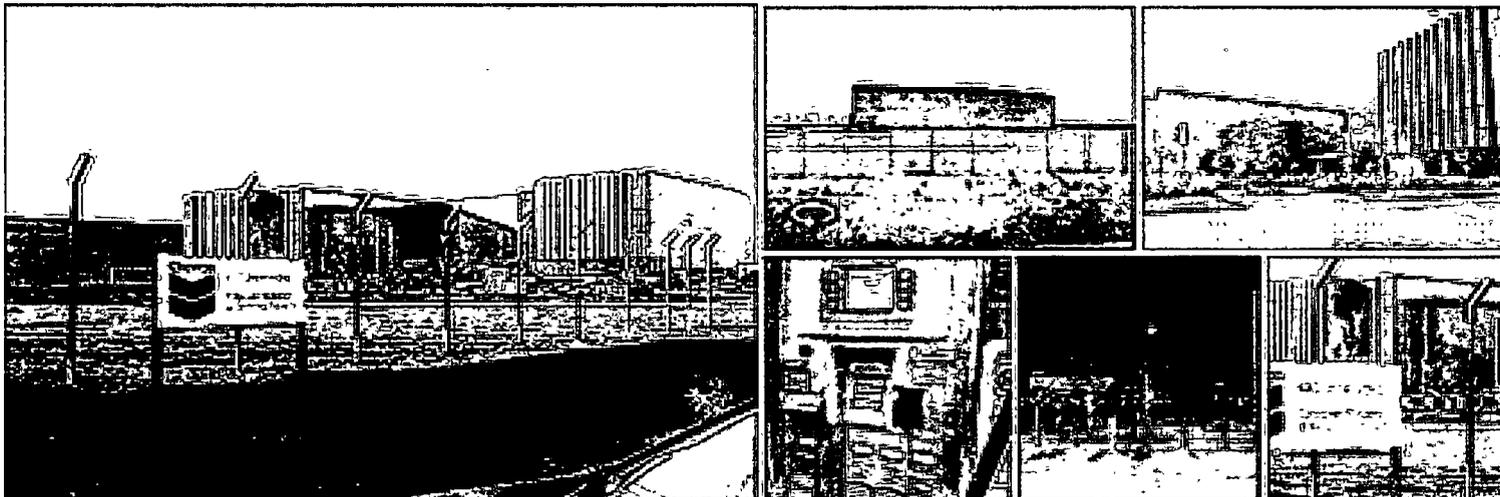
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## Questions & answers

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**EXHIBIT A**