

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF MATADOR PRODUCTION  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

Case No. 20244

**VERIFIED STATEMENT OF NICHOLAS WEEKS**

Nicholas Weeks, being duly sworn upon his oath, deposes and states:

1. My name is Nicholas Weeks. I am employed by MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Landman. I have personal knowledge of the matters stated herein. I previously testified before the Division, and was qualified as an expert petroleum landman. I am familiar with the application filed by Matador in this matter and I am familiar with the status of the lands in the subject area.

2. The following information is submitted in support of the compulsory pooling application filed herein:

(a) A Midland Map plat outlining the unit being pooled is attached hereto as Attachment A. Matador seeks an order pooling all mineral interests in the Bone Spring formation underlying the W/2E/2 of Section 13, Township 21 South, Range 34 East, NMPM, to form a 160 acre horizontal spacing unit. The unit is dedicated to the Bruce Keplinger 13 State Com. Well No. 123H. The well unit is comprised of state lands. There are no depth severances in the Bone Spring formation.

(b) The well is a horizontal well, with a first take point in the SW/4SE/4 and a final take point in the NW/4NE/4 of Section 13. The Form C-102 describing the horizontal well path is attached hereto as Attachment B.

(c) The working interest owners being pooled and their working interests in the well are set forth in the Attachment C-1. A record title owner and overriding royalty owners are also being pooled. They are named in the attached Exhibit C-2. The addresses therein are the best addresses we have been able to locate.

(d) A typical copy of the proposal letters and Authority for Expenditure sent to the uncommitted working interest owners are attached hereto as Attachment D.

EXHIBIT

↑

(e) A copy of the Authority for Expenditure for the well is attached as the third page to Exhibit D. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other horizontal wells of this depth drilled in this area of Lea County.

(f) I understand that several of the letters sent to interest owners were returned undelivered. To locate the interest owners, we have examined county and state records. In addition, we have used various online searching resources and title brokers to attempt to locate the interest owners.

(g) Matador has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well. If Matador reaches voluntary agreement with any of the working interest owners, we will notify the Division, and they will not be subject to pooling.

(h) Pursuant to Division rules, Matador requests that a 200% risk charge be assessed against any non-consenting working interest owner.

(i) Overhead charges of \$7,500/month for a drilling well, and \$750/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

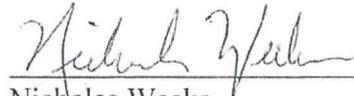
(j) Applicant requests that it be designated operator of the well.

(k) Matador Exhibit Nos. A-D were either prepared by me or compiled under my direction and supervision.

VERIFICATION

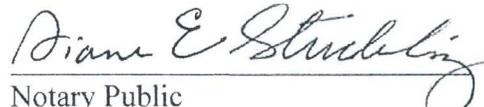
STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF DALLAS                )

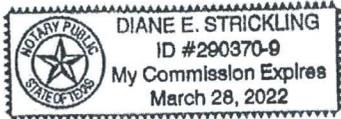
Nicholas Weeks, being duly sworn upon his oath, deposes and states that: he is authorized to make this verification on behalf of Matador Production Company; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Nicholas Weeks

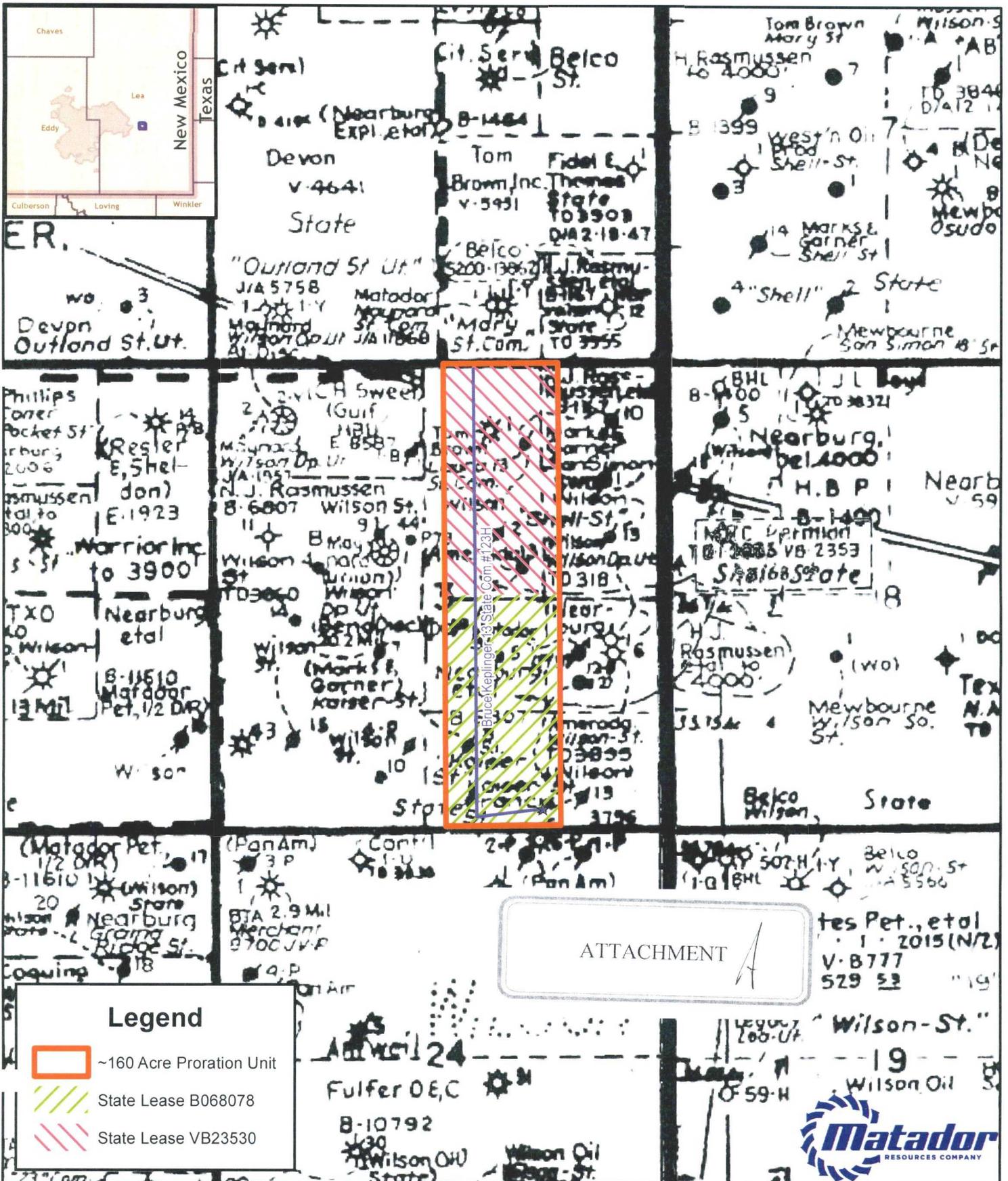
SUBSCRIBED AND SWORN TO before me this 6<sup>th</sup> day of February, 2019 by Nicholas Weeks.

My Commission Expires: 3-28-2022

  
\_\_\_\_\_  
Notary Public



# 13-21S-34E



**Legend**

- ~160 Acre Proration Unit
- State Lease B068078
- State Lease VB23530

ATTACHMENT *A*

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: January 29, 2019  
Coordinate System: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet  
Projection: Transverse Mercator; Datum: North American 1983; Units: Foot US  
Sources: IHS; ESRI;



District I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 193-6161 Fax: (575) 393-6720  
District II  
811 S First St., Artesia, NM 88210  
Phone: (575) 746-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1720 S St Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3461 Fax: (505) 476-3462

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

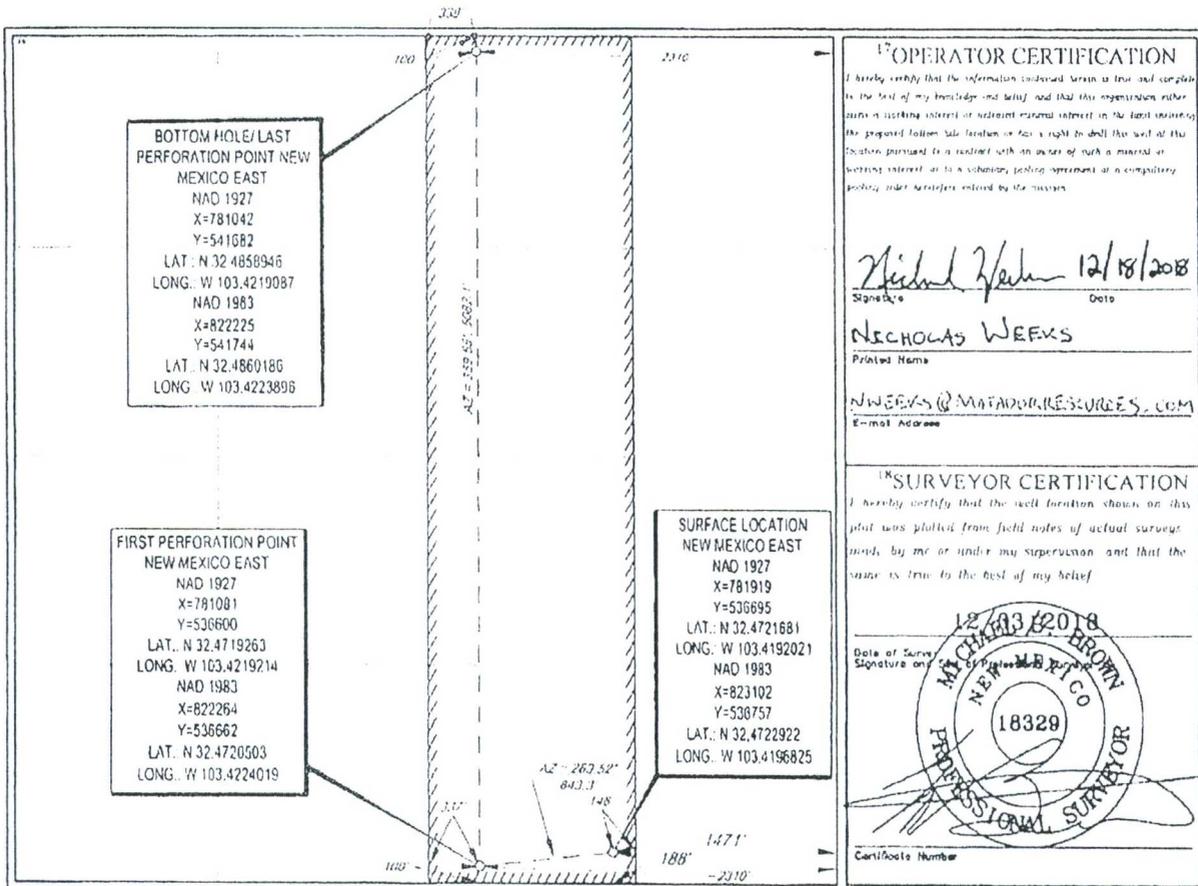
<sup>1</sup> API Number 30-0157 95434	<sup>2</sup> Pool Code 97704	<sup>3</sup> Pool Name Wilson; Bone Spring, North
<sup>4</sup> Property Code 327020	<sup>5</sup> Property Name BRUCE KEPLINGER 13 STATE COM	<sup>6</sup> Well Number #123H
<sup>7</sup> GRID No. 228937	<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY	<sup>9</sup> Elevation 3668'

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	13	21-S	34-E	-	188'	SOUTH	1471'	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	13	21-S	34-E	-	100'	NORTH	2310'	EAST	LEA

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill N	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.



S:\SURVEY\MATADOR\_RESOURCE\BRUCE\_KEPLINGER\_13\_STATE\_COM\_13\_135\_INER\INSTRUMENTS\CO\_BRUCE\_KEPLINGER\_13\_STATE\_COM\_133M\_11602.DWG 12/18/2018 1:03:46 PM cpahill

ATTACHMENT **B**

## Summary of Interests\*

MRC Permian Company:		75.000000%
Voluntary Joinder:		5.468750%
Compulsory Pool:		19.531250%
Interest Owner:	Description:	Interest:
DelMar Holdings, LP	Uncommitted Working Interest Owner	9.570313%
Wilson Oil Company, Ltd.	Uncommitted Working Interest Owner	3.125000%
Lucille T. Ellis	Uncommitted Working Interest Owner	2.734375%
Paw Prints Oil & Gas	Uncommitted Working Interest Owner	2.460937%
Ellis Petroleum Corporation	Uncommitted Working Interest Owner	1.093750%
Glen J. Ellis, Jr.	Uncommitted Working Interest Owner	0.546875%



Bruce Keplinger 13 State Com 123H

\*The Summary of Interests was calculated based on a 160.00 acre unit and is subject to the final surveyed perimeter.



**Bruce Keplinger 13 State Com 123H – ORRI and Record Title Interest Owners**

W/2E/2 Section 13 – T21S – R34E

ORRI

Belinda Garner  
1004 N. 14th St.  
Lovington, NM 88260

Schuyler M. Paulson  
1743 Navarre Lane  
Henderson, NV 89014

Monica Gersh  
187 Adomeit  
Henderson, NV 89074

Marks and Garner Production Company  
P.O. Box 1297  
Santa Fe, NM 87504

Record Title Owner

Hal J. Rasmussen Operating, Inc.  
223 W. Wall, Suite 600  
Midland, TX 79701

ATTACHMENT C-2

# MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240  
Voice 972.371.5481 • Fax 214.866.4981  
[nweeks@matadorresources.com](mailto:nweeks@matadorresources.com)

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**Nicholas Weeks**  
**Landman**

October 22, 2018

## VIA CERTIFIED RETURN RECEIPT MAIL

Wilson Oil Company, Ltd.  
P.O. Box 1297  
Santa Fe, NM 87504

**Re:** Bruce Keplinger 13 State Com #123H Participation Proposal  
SW/4SE/4 (FTP) Section 13, T21S, R35E  
NW/4NE/4 (FTP) Section 13, T21S, R35E  
Lea County, New Mexico

Wilson Oil Company, Ltd.,

MRC Permian Company and its operating company, Matador Production Company, (collectively "MRC") propose the drilling of the Bruce Keplinger 13 State Com #123H (the "Well"), located in the W/2E/2 of Section 13, Township 21 South, Range 35 East, Lea County, New Mexico, to test the Bone Spring formation. The estimated cost of drilling, testing, completing, and equipping the Well is \$8,241,488.00 as itemized on the enclosed Authority for Expenditure ("AFE") dated August 18, 2018.

The Well will be drilled to a total vertical depth of 10,100' and a total measured depth of 15,420', producing a treatable lateral of approximately 4,620' within the Bone Spring formation.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

MRC is proposing to drill the Well under the terms of a modified 1989 AAPL form of Operating Agreement dated October 1, 2018, a copy of which will follow under separate cover. The Operating Agreement will cover the W/2E/2 of Section 13, Township 21 South, Range 35 East, Lea County, New Mexico, limited to those depths within the Bone Spring formation ("Contract Area") pursuant to the following terms:

- 100/300/300% Non-consent penalty
- \$7,500/\$750 Drilling and Producing overhead rate

Wilson Oil Company, Ltd. will own approximately 3.125000% working interest in the Well, subject to title verification.

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 and the signed AFE to the undersigned within thirty (30) days. MRC intends to make application to the Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by

ATTACHMENT



October 22, 2018  
Wilson Oil Company, Ltd.  
Bruce Keplinger 13 State Com #123H Participation Proposal

electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

If an agreement cannot be reached within thirty (30) days of the date of this letter, MRC will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed well.

Please contact me if you have any questions.

Sincerely,

MRC Permian Company



Nicholas Weeks

Enclosure(s)

Please elect one of the following and return to sender.

\_\_\_\_\_ Wilson Oil Company, Ltd. hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Bruce Keplinger 13 State Com #123H well.

\_\_\_\_\_ Wilson Oil Company, Ltd. hereby elects **not** to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Bruce Keplinger 13 State Com #123H well.

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

**Wilson Oil Company, Ltd.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**MATADOR PRODUCTION COMPANY**

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240  
Phone (972) 371-5200 • Fax (972) 371-5201

**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

DATE:	August 18, 2018	A/E NO.:	
WELL NAME:	Bruce Keplinger 13 State Com #123H	FIELD:	
LOCATION:	Section 13-21S-35E	MD/YD:	15,420/10,100'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	4,620'
MRC No.:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill, complete and equip a horizontal 2nd Bone Spring well		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 95,500	\$ -	\$ -	\$ -	\$ 95,500
Location, Surveys & Damages	160,500	13,000	4,000	50,000	277,500
Drilling	812,500	-	-	-	812,500
Cementing & Float Equip	282,000	-	-	-	282,000
Logging / Formation Evaluation	-	6,500	-	-	6,500
Mud Logging	15,375	-	-	-	15,375
Mud Circulation System	46,413	-	-	-	46,413
Mud & Chemicals	50,000	35,000	-	-	85,000
Mud / Wastewater Disposal	135,000	-	-	-	135,000
Freight / Transportation	18,000	15,000	-	-	33,000
Rig Supervision / Engineering	117,300	85,200	6,600	28,800	237,300
Drill Bits	98,000	-	-	-	98,000
Fuel & Power	127,500	-	-	-	127,500
Water	92,000	482,500	-	-	574,500
Drig & Completion Overhead	10,250	24,000	-	-	34,250
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	174,250	-	-	-	174,250
Completion Unit, Swab, CTU	-	98,000	9,000	-	107,000
Perforating, Wireline, Slickline	-	127,500	-	-	127,500
High Pressure Pump Truck	-	104,000	-	-	104,000
Stimulation	-	1,824,000	-	-	1,824,000
Stimulation Flowback & Disp	-	208,000	168,000	-	376,000
Insurance	28,496	-	-	-	28,496
Labor	123,500	84,000	8,000	-	195,500
Rental - Surface Equipment	66,318	285,700	3,000	4,000	359,018
Rental - Downhole Equipment	76,500	42,000	-	7,000	125,500
Rental - Living Quarters	42,850	37,220	-	2,000	82,170
Contingency	127,588	110,717	3,000	-	241,284
Real Time Operations	22,038	-	-	-	22,038
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,700,968</b>	<b>3,582,337</b>	<b>201,000</b>	<b>91,800</b>	<b>6,534,058</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 79,464	\$ -	\$ -	\$ -	\$ 79,464
Intermediate Casing	177,773	-	-	-	177,773
Drilling Liner	-	-	-	-	-
Production Casing	272,106	-	-	-	272,106
Production Liner	-	-	-	-	-
Tubing	-	-	60,600	-	60,600
Wellhead	50,000	-	10,000	-	60,000
Packers, Liner Hangers	-	56,400	-	-	56,400
Tanks	-	-	-	89,000	89,000
Production Vessels	-	-	57,000	59,750	116,750
Flow Lines	-	-	25,000	-	25,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	180,000	-	180,000
Compressor	-	-	-	15,000	15,000
Installation Costs	-	-	30,000	128,000	158,000
Surface Pumps	-	-	-	-	-
Non-controllable Surface	350	-	3,500	-	3,850
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	-	65,000	65,000
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting / Facility Piping	-	-	-	135,000	135,000
Gathering / Bulk Lines	-	-	-	30,000	30,000
Valves, Dumps, Controllers	-	-	-	8,000	8,000
Tank / Facility Containment	-	-	-	35,000	35,000
Flare Stack	-	-	-	30,000	30,000
Electrical / Grounding	-	-	8,500	10,000	18,500
Communications / SCADA	-	-	2,500	15,000	17,500
Instrumentation / Safety	-	-	7,500	60,000	67,500
<b>TOTAL TANGIBLES &gt;</b>	<b>575,683</b>	<b>56,400</b>	<b>384,600</b>	<b>886,750</b>	<b>1,707,433</b>
<b>TOTAL COSTS &gt;</b>	<b>3,280,639</b>	<b>3,618,737</b>	<b>685,600</b>	<b>778,550</b>	<b>8,241,488</b>

**PREPARED BY MATADOR PRODUCTION COMPANY:**

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

**MATADOR RESOURCES COMPANY APPROVAL:**

Executive VP, COO/CFO:	DEL	VP - Res Engineering:	BMR	VP - Drilling:	BS
Executive VP, Legal:	CA	Exec Dir - Exploration:	NLF		
President:	MVH				

**NON OPERATING PARTNER APPROVAL:**

Company Name:	Working Interest (%):
Signed by:	Date:
Title:	Approval: Yes



This document is the property of Matador Production Company and may be used only for the purposes stated herein. It is not to be distributed outside the company. If you have been authorized to use this document, you agree to keep it confidential and to use it only in accordance with the terms of any agreement governing the use of this document. If you are not an authorized user, you are notified that you are not to disseminate this document to any other person. If you have any questions regarding this document, please contact the Controller at (972) 371-5200.