

RECEIVED: 01/09/19	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1901547421
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Matador Production Company **OGRID Number:** 228937  
**Well Name:** Northeast Kemnitz 22 State 12 **API:** 30-025-45449  
**Pool:** Kemnitz;Morrow (Gas) **Pool Code:** 79440

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]  
 [I] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM  
 [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☒ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☒ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application  
 Content  
 Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Kyle Perkins  
 Print or Type Name

1/9/19  
 Date

972-371-5202  
 Phone Number

Signature

kperkins@matadorresources.com  
 e-mail Address

# Matador Production Company

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

Voice 972.371.5202 • Fax 972.371.5201

[kperkins@matadorresources.com](mailto:kperkins@matadorresources.com)

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Kyle Perkins  
Senior Staff Attorney

January 9, 2019

Michael McMillan  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of Matador Production Company for administrative approval of  
unorthodox well location for its Northeast Kemnitz 22 State No. 12 in the S/2 of  
Section 22, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico  
Northeast Kemnitz 22 State No. 12 Well**

Dear Mr. McMillan,

Matador Production Company (OGRID No. 228937) seeks administrative approval of an unorthodox well location ("NSL") for its Northeast Kemnitz 22 State No. 12 (API No. 30-025-45449) to be completed within the Kemnitz; Morrow (Gas) Pool (Pool Code 79440) underlying the S/2 of Section 22, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico. A C-102 for this well is attached as **Exhibit A**. It will be a directional well, and it will be drilled as follows:

**Northeast Kemnitz 22 State No. 12**

- Directional Well's Surface Hole Location: 155 feet from the south line and 2,339 feet from the east line of Section 22, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico;
- Directional Well's Bottom Hole Location: 660 feet from the south line and 2,310 feet from the west line of Section 22, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico;
- Directional Well's Completed Interval: The well's entire completed interval will be located at the bottom hole location; specifically, 660 feet from the south line and 2,310 feet from the west line of Section 22, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico.

Pursuant to Condition of Approval No. 2 of this well's approved drilling permit application, Matador Production Company requests this unorthodox location to efficiently produce its interests in Section 22. This well will produce from the Kemnitz; Morrow (Gas) Pool (Pool Code 79440). There are no special pool rules for the Kemnitz; Morrow (Gas) Pool (Pool Code 79440). This is the first well on its proposed 320-acre spacing unit.

The setback requirements provided in 19.15.15.10.B.(1) provide that "the initial well on a 320-acre unit is located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to a quarter-quarter section line or subdivision inner boundary." Here, the well will be drilled such that the entire completed interval is at least 660 feet from outer boundary of the unit. *See* NMAC 19.15.16.14(B)(2). However, based on the Condition of Approval No. 2 and discussions with the Division, Matador understands that an NSL is required because the completed interval will be closer than 660 feet to the eastern boundary line of the SW/4 of Section 22, which separates the SW/4 and SE/4—the two quarter sections that comprise the 320-acre spacing unit. *See* NMAC 19.15.15.10(B)(1). The completed interval will not be any closer than 10 feet to any quarter-quarter section line.

A map showing the surrounding ownership and the project area for the proposed subject well in relation to adjoining spacing units is attached as **Exhibit B**.

Because the completed interval does not encroach the outer boundary of the spacing unit, Matador understands notice of this application is required to be given to all affected parties in the SE/4 of Section 22, which is the quarter section from which the completed interval is closer than 660 feet under NMAC 19.15.15.10(B)(1). A list of such parties affected by this application is attached as **Exhibit C**. Each of these parties has been provided notice of this application by certified mail, return receipt requested, advising them that if they have an objection to the location of this well, it must be filed with the New Mexico Oil Conservation District within 20 days of the mailing of this notice. As set forth on Exhibit C, a copy of this application has also been provided to the New Mexico State Land Office.

Your attention to this matter is appreciated.

Respectfully submitted,



Kyle Perkins

cc: New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 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	<sup>2</sup> Pool Code 79440	<sup>3</sup> Pool Name Kemnitz;Morrow (Gas)
<sup>4</sup> Property Code	<sup>5</sup> Property Name NORTHEAST KEMNITZ 22	<sup>6</sup> Well Number 12
<sup>7</sup> OGRID No. 228937	<sup>8</sup> Operator Name MATADOR PRODUCTION COMPANY	<sup>9</sup> Elevation 4083'

<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	22	16-S	34-E	-	155'	SOUTH	2339'	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
N	22	16-S	34-E	-	660'	SOUTH	2310'	WEST	LEA

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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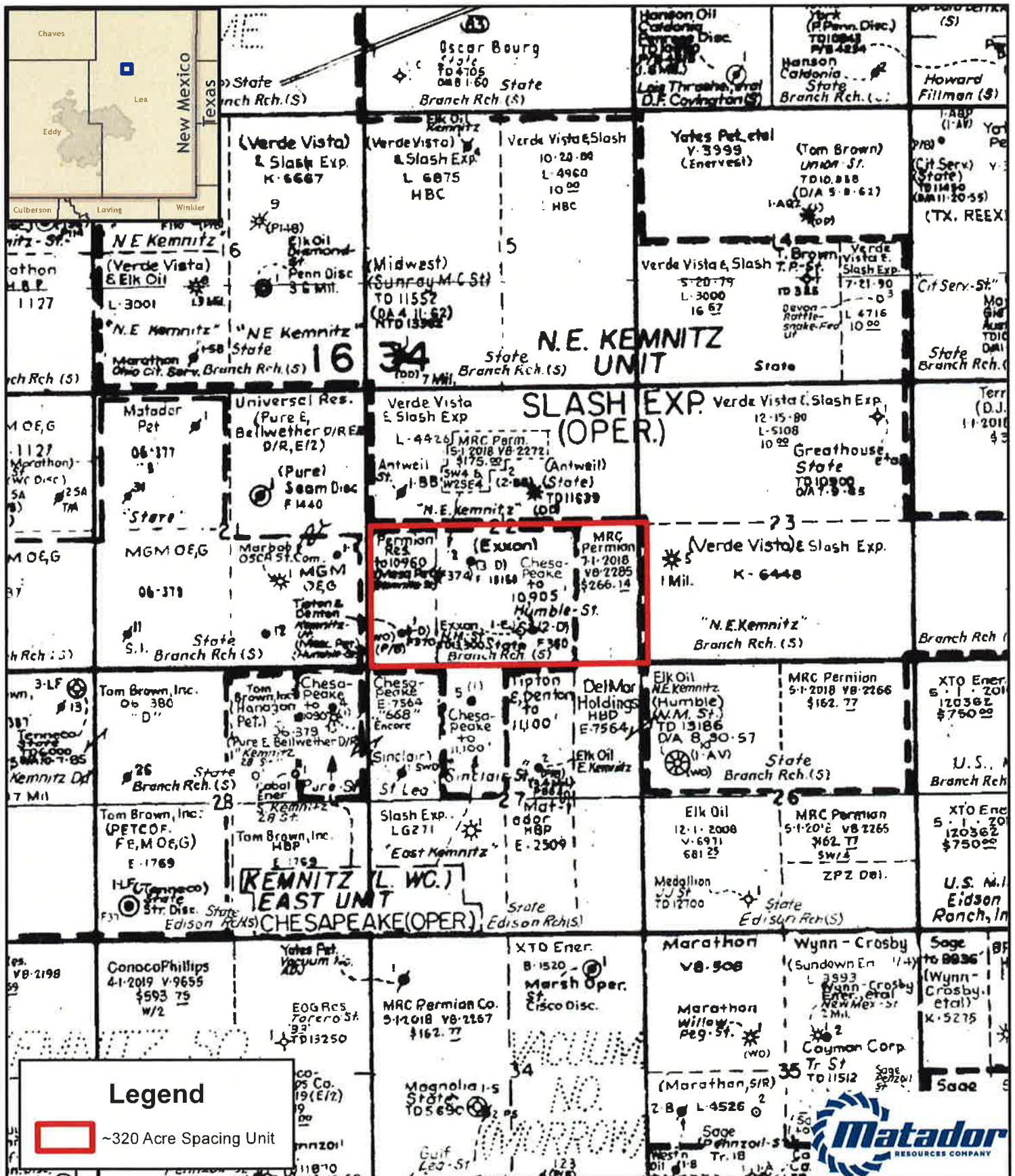
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p><sup>17</sup>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kyle Perkins</i> 12/26/18 Signature Date Printed Name E-mail Address <i>kperkins@matadorresources.com</i></p> <p><sup>18</sup>SURVEYOR CERTIFICATION</p> <p>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 to the best of my belief.</p> <p>12/26/2018 Date of Survey Signature and Seal of Professional Surveyor <i>MY CHAIRMAN BROWN</i> NEW MEXICO 18329 PROFESSIONAL SURVEYOR Certificate Number</p>
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Exhibit A



22-16S-34E



**1:30,000**

**1 inch = 2,500 feet**

## Southeast New Mexico

Date: January 8, 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;

## Exhibit B

## **EXHIBIT C**

New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504

Matador Production Company  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240

# Matador Production Company

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

Voice 972.371.5202 • Fax 972.371.5201

[kperkins@matadorresources.com](mailto:kperkins@matadorresources.com)

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Kyle Perkins  
Senior Staff Attorney

January 9, 2019

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES**

**Re: Application of Matador Production Company for administrative approval of  
unorthodox well location for its Northeast Kemnitz 22 State No. 12 in the S/2 of  
Section 22, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico  
Northeast Kemnitz 22 State No. 12 Well**

Ladies and Gentlemen,

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please do not hesitate to give me a call.

Sincerely,



Kyle Perkins

## **Lowe, Leonard, EMNRD**

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**From:** Kyle Perkins <KPerkins@matadorresources.com>  
**Sent:** Wednesday, January 16, 2019 5:54 PM  
**To:** Lowe, Leonard, EMNRD  
**Subject:** [EXT] RE: NSL for Northeast Production Company

Mr. Lowe,

Good speaking with you this afternoon. When planning the well, we picked what we thought was an orthodox location. Specifically, because the completed interval of the well is 660 feet from the outer boundary of the spacing unit, my interpretation of the rules was that the well was orthodox under the recently amended NMAC 19.15.16.14(B)(2), which states a directional well is unorthodox if the completed interval is closer than the minimum distance from the outer boundary of the "spacing unit." After receiving the permit with the condition of approval to obtain an NSL and in discussions with Mr. Paul Kautz, I now understand that an NSL is still needed under NMAC 19.15.15.10(B)(1) because the well is closer than 660 feet to the quarter section line on the interior of the spacing unit separating the SE/2 and SW/2 of Section 22.

Regarding the well, we planned this well to efficiently produce our interests in Section 22 by utilizing a preexisting well pad, and our team preferred the target to the west (and at the time thinking it was an orthodox location, as discussed above).

Thank you again for your attention to this application. If you would like any additional information, please let me know.

Best regards,

Kyle Perkins  
Senior Staff Attorney  
Matador Resources Company  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240  
(972) 371-5202 (office)  
(214) 866-4802 (fax)  
[kperkins@matadorresources.com](mailto:kperkins@matadorresources.com)



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**From:** Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]  
**Sent:** Wednesday, January 16, 2019 5:28 PM  
**To:** Kyle Perkins <KPerkins@matadorresources.com>  
**Subject:** NSL for Northeast Production Company  
**Importance:** High

**\*\*EXTERNAL EMAIL\*\***

Mr. Kyle Perkins,



Good afternoon.

Though you verbally informed the OCD on why the NSL was needed. I need to have a written statement informing the agency as well. Your verbal information will not match the reason stated within your submitted application. This is what the Director will be needing for approval processing.

**Leonard Lowe**

Engineering Bureau

**Oil Conservation Division**

**Energy Minerals and Natural Resources Department**

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Website: <http://www.emnrd.state.nm.us/oed/>

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## **Lowe, Leonard, EMNRD**

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**From:** McMillan, Michael, EMNRD  
**Sent:** Wednesday, January 9, 2019 4:47 PM  
**To:** Lowe, Leonard, EMNRD  
**Subject:** FW: Administrative NSL Application  
**Attachments:** NSL Application - Kemnitz 22 State 12.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

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**From:** Kyle Perkins <KPerkins@matadorresources.com>  
**Sent:** Wednesday, January 9, 2019 1:26 PM  
**To:** McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>  
**Subject:** [EXT] Administrative NSL Application

Mr. McMillan,

Attached for filing please find Matador's administrative application for an NSL related to its Northeast Kemnitz 22 State No. 12 well (API No. 30-025-45449). This is the first of these I've filed, so if you'd like me to send a paper copy or email to someone else's attention, please let me know.

Best regards,

Kyle Perkins  
Senior Staff Attorney  
Matador Resources Company  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240  
(972) 371-5202 (office)  
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## **Lowe, Leonard, EMNRD**

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**From:** Lowe, Leonard, EMNRD  
**Sent:** Wednesday, January 30, 2019 2:51 PM  
**To:** 'kperkins@matadorresources.com'  
**Cc:** Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD; Holm, Anchor E.; Martin, Ed; 'lisa@rwbyram.com'; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Dawson, Scott, EMNRD; Murphy, Kathleen A, EMNRD  
**Subject:** APPROVED NSL-7817\_Matador Production CO.\_Northeast Kemnitz 22 State Well No. 012\_SEC 22 16S 34E  
  
**Importance:** High

Kyle Perkins,

The following administrative order has been issued and will soon be available on the Division's web site:  
<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

### **NSL-7817**

Matador Production Company

API #: 30-025-45449

WELL: Northeast Kemnitz 22 State Well No. 012

### **Leonard Lowe**

Engineering Bureau

**Oil Conservation Division**

**Energy Minerals and Natural Resources Department**

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

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E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Website: <http://www.emnrd.state.nm.us/ocd/>