

NSL Initial Application

Received: 03/20/19

This application is placed in file for record. It MAY or MAY NOT have been reviewed to be determined Administratively Complete

RECEIVED: 03/20/19	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1912050692
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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: Stebbins 19 Fed. No. 127H (formerly Stebbins 19 Fed. No. 133H) **API:** 30-015-44174
Pool: Russell; Bone Spring **Pool Code:** 52805

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

Kyle Perkins
Signature

March 20, 2019

Date

972-371-5202

Phone Number

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 214.866.4802

kperkins@matadorresources.com

Kyle Perkins
Operations and Regulatory Counsel

March 20, 2019

Mr. Leonard Lowe
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 Stebbins 19 Fed No. 127H in the N/2 S/2 of Section 19, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico
Stebbins 19 Fed No. 127H

Dear Mr. Lowe,

Matador Production Company (“Matador”) (OGRID No. 228937) seeks administrative approval of an unorthodox well location (“NSL”) for its Stebbins 19 Fed No. 127H (API No. 30-015-44174 – previously named the Stebbins 19 Fed No. 133H but a sundry was recently filed to, among other things, change the name) to be completed in the Russell; Bone Spring (Pool Code 52805) underlying the N/2 S/2 of Section 19, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico (the “N/2 S/2 Spacing Unit”). The well is currently permitted such that the completed interval would be 550 feet from the south line of the N/2 S/2 Spacing Unit, but Matador recently filed a sundry to move the completed interval to 50 feet from the south line of the N/2 S/2 Spacing Unit. A C-102 for this well reflecting the requested NSL is attached as **Exhibit A**. It will be a horizontal well and will be drilled as follows:

Stebbins 19 Fed No. 127H

- Well’s Surface Hole Location: 295 feet from the north line of the N/2 S/2 Spacing Unit and 440 feet from the east line of the N/2 S/2 Spacing Unit.
- Well’s Bottom Hole Location: 50 feet from the south line of the N/2 S/2 Spacing Unit and 60 feet from the west line of the N/2 S/2 Spacing Unit.
- Well’s Completed Interval: The well’s completed interval will be located 50 feet from the south line of the N/2 S/2 Spacing Unit (the unorthodox aspect of the well). The first and last take points will comply with the 100-foot setback requirements for oil wells and be orthodox in that respect.

Mr. Leonard Lowe

March 20, 2019

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Matador requests this unorthodox location to efficiently produce its and the other working interest owners' interests in the south half of Section 19, to maximize the recovery of hydrocarbons from the south half of Section 19, and to prevent waste. Matador has forced pooled and is the designated operator of the Bone Spring formation in the N/2 S/2 Spacing Unit (*see* Order No. R-14432-A), as well as the S/2 S/2 of Section 19 (*see* Order No. R-14433-A). Based on its development plans for the south half of Section 19, Matador believes the proposed well location in this NSL application is the optimal spacing for this well to achieve the greatest recovery of the hydrocarbons present in the Bone Spring formation in the south half of Section 19, thus increasing overall recovery and preventing waste.

Matador's NSL application will not unfairly prejudice the rights of any working interest owners in the S/2 S/2 of Section 19. Matador is the designated operator under a JOA covering the entire south half of Section 19 that includes voluntary inclusion of more than 98% of the working interest in the south half of Section 19 under the JOA. As a result, more than 98% of the working interest has agreed to blend their working interest to be the same in the N/2 S/2 and S/2 S/2 of Section 19. With respect to the pooled parties not under JOA, the same sixteen working interest owners comprise the pooled working interest owners in both the N/2 S/2 and S/2 S/2 of Section 19. While their percentage interest varies slightly between the N/2 S/2 and S/2 S/2, the variance is *de minimus*, ranging from a .00001046% to .00277953% difference for various pooled working interest owners. In addition, because the pooled parties own a working interest in both the N/2 S/2 and S/2 S/2, Matador believes, should the pooled parties elect to participate in the wells, that they will likewise receive greater overall production and revenues from their interest in the south half of Section 19 based on this optimal spacing, regardless of any difference in working interest percentage.

Accordingly, Matador respectfully requests an exception to the minimum 330-foot setback for oil wells measured perpendicularly from the outer boundary of the spacing unit found in NMAC 19.15.16.15(C)(1)(a), and requests approval of the NSL requested herein to locate the completed interval 50 feet from the south line of the N/2 S/2 Spacing Unit. As mentioned above, the first and last take points are at an orthodox location as it relates to the 100-foot setback requirement.

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**.

A list of the 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 Division within 20 days of the mailing of the notice. As set forth on Exhibit C, a copy of this application has also been provided to the Bureau of Land Management.

I appreciate your attention to this matter.

Sincerely,



Kyle Perkins

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

¹ API Number 30-015-44174		² Pool Code 52805	³ Pool Name Russell; Bone Spring
⁴ Property Code	⁵ Property Name STEBBINS 19 FED		⁶ Well Number 127H
⁷ GRID No.	⁸ Operator Name MATADOR PRODUCTION COMPANY		⁹ Elevation 3248'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	19	20-S	29-E	-	2347'	SOUTH	440'	EAST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	19	20-S	29-E	-	1370'	SOUTH	60'	WEST	EDDY

¹² Dedicated Acres 155.83	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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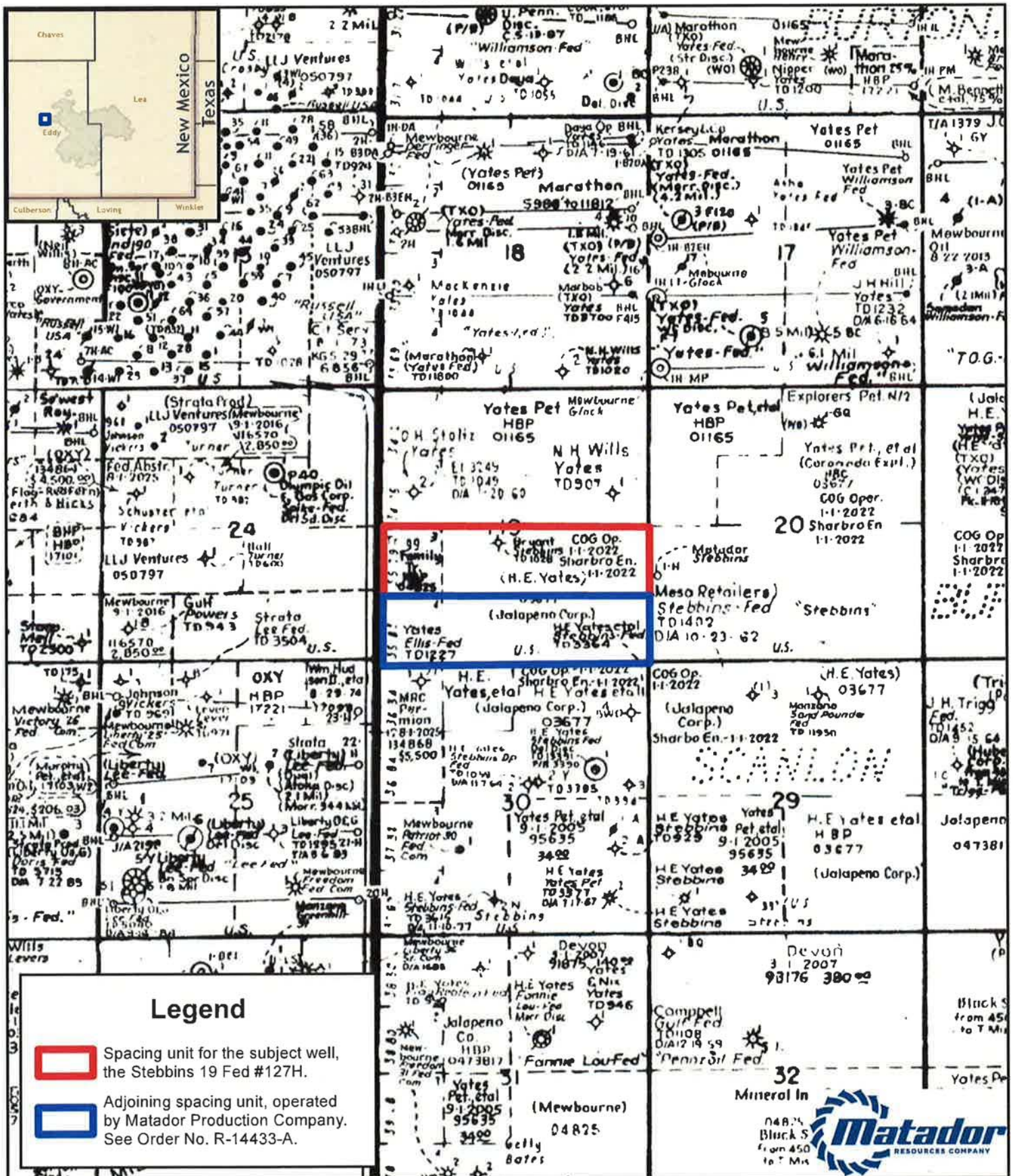
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>16</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=565195 Y=565827 LAT.: N 32.5553890 LONG.: W 104.1217390 NAD 1983 X=606375 Y=565889 LAT.: N 32.5555073 LONG.: W 104.1222439</p> </div> <div style="width: 45%;"> <p>LAST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=565235 Y=565827 LAT.: N 32.5553889 LONG.: W 104.1216092 NAD 1983 X=606415 Y=565889 LAT.: N 32.5555072 LONG.: W 104.1221140</p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>FIRST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=570167 Y=565831 LAT.: N 32.5553696 LONG.: W 104.1056019 NAD 1983 X=611347 Y=565892 LAT.: N 32.5554881 LONG.: W 104.1061064</p> </div> <div style="width: 45%;"> <p>SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=569824 Y=566806 LAT.: N 32.5580541 LONG.: W 104.1067089 NAD 1983 X=611005 Y=566868 LAT.: N 32.5581725 LONG.: W 104.1072114</p> </div> </div>				<p>17 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 unleased 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>[Signature]</i> 3/18/19 Signature Date Cade LaBolt Printed Name cade.labolt@matadorresources.com E-mail Address</p>
<p>18 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>02/05/2019 Date of Survey MICHAEL BROWN Signature and Seal of Professional Surveyor NEW MEXICO 18329 PROFESSIONAL SURVEYOR</p> <p>Certificate Number</p>				

S:\SURVEY\MATADOR_RESOURCES\STEBBINS_FED_19 & 20-29-29E\FINAL_PRODUCTS\LO_STEBBINS_19_FED_127H_REV3.DWG 3/4/2019 4:47:51 PM adlabella

EXHIBIT A

19-20S-29E



1:30,000

1 inch = 2,500 feet

Southeast New Mexico

Date: March 19, 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

Becky Welch Kitto
P.O. Box 1482
Sonoita, AZ 85637

Bryan W. Welch
1764 S. Paige Creek Place
Tucson, AZ 85748

EOG Resources Assets LLC
104 South Fourth Street
Artesia, NM 88210

Erin L. Cofrin Revocable Trust
43 Camino Arroyo Place
Palm Desert, CA 92260

James Gray Welch
9307 Sam Rayburn CT
Cypress, TX 77433

John A. Yates
P.O. Box 100
Artesia, NM 88210

Marian Welch Pendergrass
2705 Gaye Drive
Roswell, NM 88201

Michael Irwin Welch
8610 Kenosha Drive
Lubbock, TX 79423

Pamela J. Burke, as Trustee of the Claire Ann Iverson Revocable Living Trust UTA dated
November 22, 2005
P. O. Box 10508
Midland, TX 79702

Pamela J. Burke, as Trustee of the P.I.P. 1990 Trust
P. O. Box 10508
Midland, TX 79702

EXHIBIT C

Pamela J. Burke, as Trustee of the Siegfried James Iverson, III Revocable Living Trust UTA
dated November 18, 2005
P. O. Box 10508
Midland, TX 79702

Phoebe J. Welch, Trustee of the Phoebe J. Welch Trust dated July 27, 2006
20350 Marsh Creek Rd
Brentwood, CA 94513

Phoebe Welch
1867 Karas Court
Concord, CA 94521

Robert Welch Gillespie
186 Sierra View
Pasadena, CA 91105

Santo Legado LLC
P.O. Box 1020
Artesia, NM 88211

Saunders Thomas Welch
8610 Kenosha Drive
Lubbock, TX 79423

Sharbro Energy LLC
P.O. Box 840
Artesia, NM 88211

Stacy Welch Green
P. O. Box 164
Sonoita, AZ 85637

T. I. G. Properties
P. O. Box 10508
Midland, TX 79702

Van P. Welch, Jr.
2259 C Via Puerta
Laguna Woods, CA 92653

EXHIBIT C

Van S. Welch II
2901 Wildwood Place
Duncan, OK 73533

Wendell Terry Welch
P. O. Box 8428
Nikiski, AK 99635

Yates Energy Corporation
P. O. Box 2323
Roswell, NM 88202

Bureau of Land Management
301 Dinosaur Trl
Santa Fe, NM 87508

Matador Production Company

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

Voice 972.371.5202 • Fax 214.866.4802

kperkins@matadorresources.com

Kyle Perkins
Operations and Regulatory Counsel

March 20, 2019

VIA CERTIFIED MAIL/RRR

TO AFFECTED PARTIES

Re: Application of Matador Production Company for administrative approval of unorthodox well location for Stebbins 19 Fed No. 127H in the N/2 S/2 of Section 19, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico
Stebbins 19 Fed No. 127H

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

From: Kyle Perkins <KPerkins@matadorresources.com>
Sent: Wednesday, March 20, 2019 11:18 AM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Two Administrative NSL Applications - Stebbins 19 Fed 227 and Stebbins 19 Fed 127
Attachments: Stebbins 19 227 NSL.pdf; Stebbins 19 127 NSL.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Mr. Lowe,

Attached for filing please find the following:

1. Matador's administrative application for an NSL related to its Stebbins 19 Fed No. 227 well (API 30-015-44171); and
2. Matador's administrative application for an NSL related to its Stebbins 19 Fed No. 127 (API 30-015-44174).

I will be mailing copies of both to the affected parties today. If you would like any additional information, please let me know.

Best regards,

Kyle Perkins
Operations and Regulatory Counsel
Matador Resources Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
(972) 371-5202 (office)
(214) 866-4802 (fax)
kperkins@matadorresources.com



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Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Monday, May 6, 2019 11:35 AM
To: 'Kyle Perkins'
Cc: Mike Bratcher (mike.bratcher@state.nm.us); Cordero, Gilbert, EMNRD; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Warnell, Terry G, EMNRD; Murphy, Kathleen A, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'
Subject: APPROVED NSL-7877 & 7878_Matador_Stebbins 19 No. 127H & 227H_SEC 19 20S 29E_EDDY COUNTY
Attachments: NSL-7877_ORDER.pdf; NSL-7878_ORDER.pdf
Importance: High

Mr. Kyle Perkins,

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

NSL-7877

**Matador Production Company [OGRID 228937]
Stebbins 19 Federal Well No. 127H
API No. 30-015-44174**

NSL-7878

**Matador Production Company [OGRID 228937]
Stebbins 19 Federal Com Well No. 227H
API No. 30-015-44171**

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Francis
Santa Fe, New Mexico 87505
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Cell: 505-930-6717
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E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>