

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 DIAMONDBACK RESOURCES
LLC FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

This Case No.
should be
14909, so
disregard the
14891 mch

Case No. 14891

VERIFIED STATEMENT OF RANDY V. WATTS

Randy V. Watts, being duly sworn upon his oath, deposes and states:

1. I am an independent landman employed by Diamondback Resources LLC, and have personal knowledge of the matters stated herein.
2. Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the application filed herein:
 - (a) No opposition to this application is expected because the mineral interest owners being pooled are not locatable or have not responded to well proposals.
 - (b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2S/2 of Section 1, Township 19 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the N/2S/2 of Section 1 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit will be dedicated to the Mongoose Fee Well No. 1, a horizontal well with a surface location in the NW/4SW/4, and a terminus in the NE/4SE/4, of Section 1.
 - (c) The parties being pooled, their interests in the well unit, and their addresses, are listed on Exhibit B attached hereto.
 - (d) Copies of the proposal letters sent to the uncommitted mineral interest owners are being submitted by another witness. In addition, I have called and e-mailed the locatable parties being pooled.

Oil Conservation Division

Case No. 1

Exhibit No. 1

(f) Diamondback Resources LLC has made a good faith effort to locate interest owners in the well unit, and to obtain the voluntary joinder of the uncommitted interest owners.

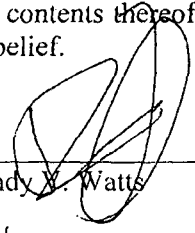
(g) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting interest owner.

(h) Applicant requests that it be designated operator of the wells.

VERIFICATION

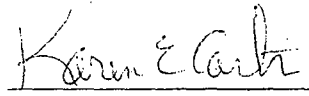
STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

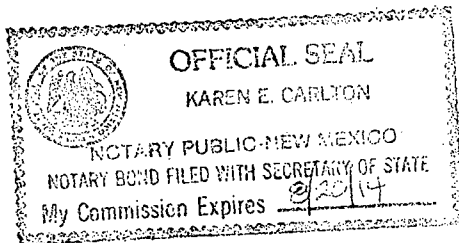
Randy V. Watts, being duly sworn upon her oath, deposes and states that: He is a contract landman for Diamondback Resources LLC; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

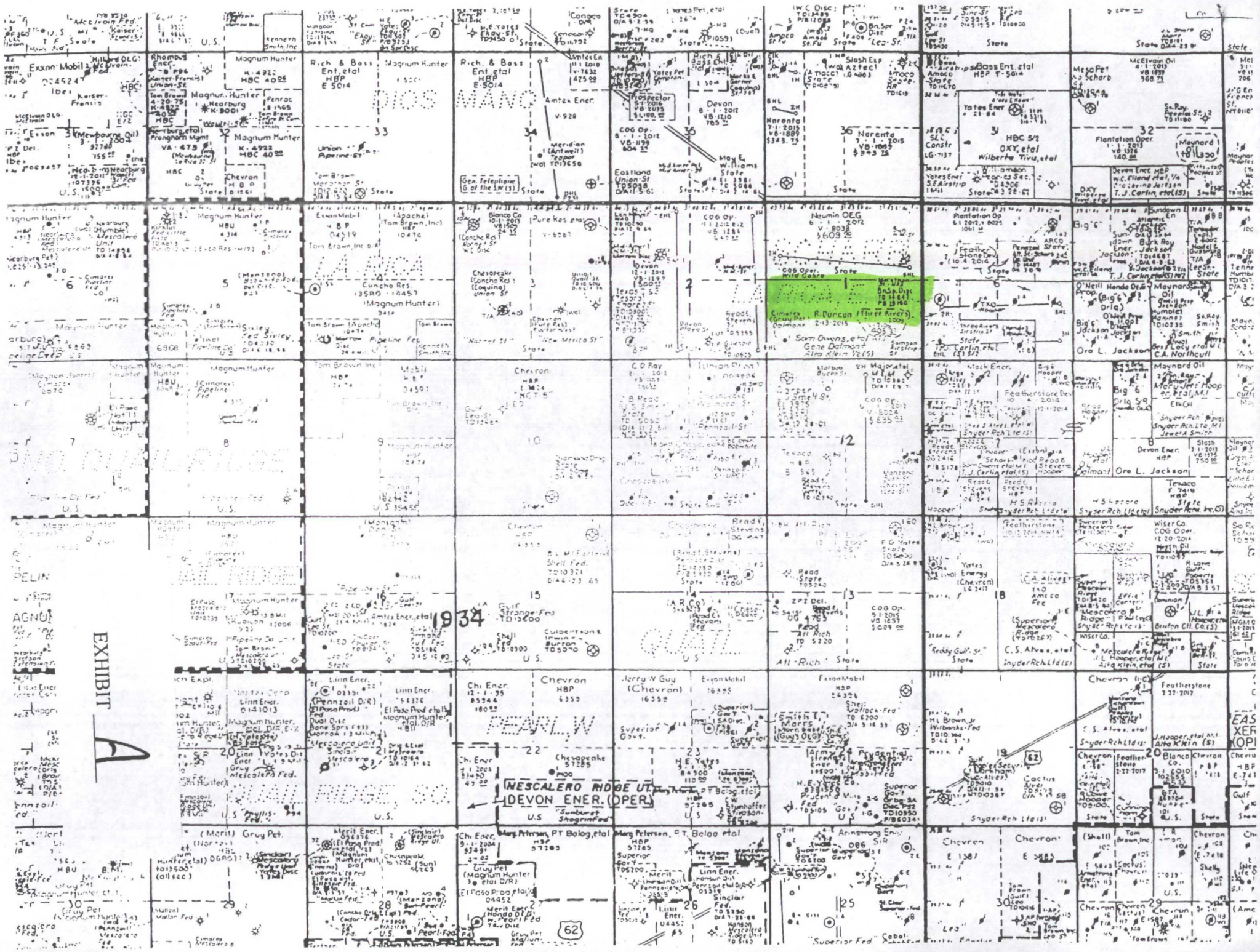

Randy V. Watts

SUBSCRIBED AND SWORN TO before me this 26 day of September, 2012 by
Randy V. Watts.

My Commission Expires: 8/20/14


Notary Public





Mongoose #1H Working Interest Calculations (After 8/21/12 Title Opinion)

Participating Mineral Owners Per Title Opinion:

Collins Partners, Ltd.	1.388889%
Paul Davis, Ltd	1.388889%
Davis Partners, Ltd.	2.777777%
Nuevo Seis, Ltd	1.406250%
Texas Vanguard Oil Co.	0.156250%
Peregrine Production LLC	1.953125%
Subtotal - Participating Mineral Owners	9.071180%

Pooled Interests per Title Opinion:

Rebecca McCall Landis Baird	0.062500%
Mary Ellen Brownell	0.062500%
Randolph D. McCall	0.062500%
Hope Hampton Benner	0.069444%
Maroine Dunaway Claunch	0.069444%
Mary Anita Dunaway Crockett	0.069444%
Doris Forrester Garrett	0.069444%
Jack Gordon Hampton devisees	0.069444%
Jack Gordon Hampton II	0.069444%
Larri Moore Trippet Hampton	0.069444%
R.E. Hampton, Jr.	0.069444%
Logan Knapp	0.069444%
Frances Dunaway McGregor	0.069444%
Jack Orr	0.069444%
Juanita Phillip Schlegel	0.069444%
Eleanor Hampton Sherbert	0.069444%
Ruth Dunaway Sherewood	0.069444%
Marguerite Forrester Tigert	0.069444%
Patricia Wallace	0.125000%
Derrill G. Elmore (No Address)	0.375000%
Subtotal - Pooled Interests	1.729160%

Total Unleased Interests per Title Opinion **10.800340%**

CDR/RCW Group WI thru Tanks:

	Working Interest Per 11/20/11 Letter Agreement	Working Interest (After Stillwater)	Leased Interests
Buckhorn Energy LLC	50.000000%	50.000000%	44.599830%
Sharktooth Resources Ltd.	16.666700%	16.666700%	14.866640%
Charles D. Ray	16.666650%	14.999985%	13.379936%
JS&AL Family Limited Partnership	8.333300%	7.499970%	6.689948%
SMAA Family LP	4.166700%	4.166700%	3.716681%
Williamson Oil & Gas, LLC	2.500000%	2.250000%	2.006992%
Louellen T. Mays	1.666650%	1.499985%	1.337982%
Stillwater Investments		2.916660%	2.601651%
Total - WI through tanks	100.000000%	100.000000%	89.199660%
Total			100.000000%

Other Information:

CDR/RCW Group WI after Tanks:

Buckhorn Energy LLC	33.749983%	33.749983%	30.104870%
Sharktooth Resources Ltd.	11.250017%	11.250017%	10.034977%
Charles D. Ray	27.500000%	24.750000%	22.076916%
JS&AL Family Limited Partnership	13.749959%	12.374963%	11.038425%
SMAA Family LP	6.875062%	6.875062%	6.132531%
Williamson Oil & Gas, LLC	4.125004%	3.712504%	3.311541%
Louellen T. Mays	2.749975%	2.474978%	2.207672%
Stillwater Investments		4.812494%	4.292728%
Total - WI through tanks	100.000000%	100.000001%	89.199660%

**Leases taken by CDR/RCW Group after Title Opinion

John D McCall Jr	0.156250%
Thomas S. McCall	0.156250%
The Allar Company	0.062500%
Hair Royalty Group	0.069445%
Leases	0.444445%

EXHIBIT

B