

**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.

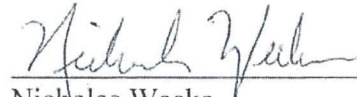
(k) Matador Exhibit Nos. A-D were either prepared by me or compiled under my direction and supervision.



VERIFICATION

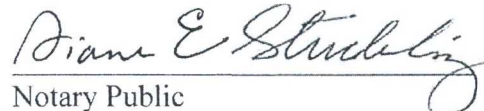
STATE OF TEXAS                     )  
                                                  ) ss.  
COUNTY OF DALLAS                )

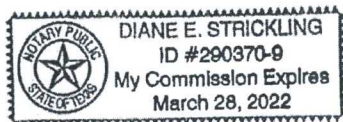
Nicholas Weeks, being duly sworn upon his oath, deposes and states that: he is authorized to make this verification on behalf of Matador Production Company; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information,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

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

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

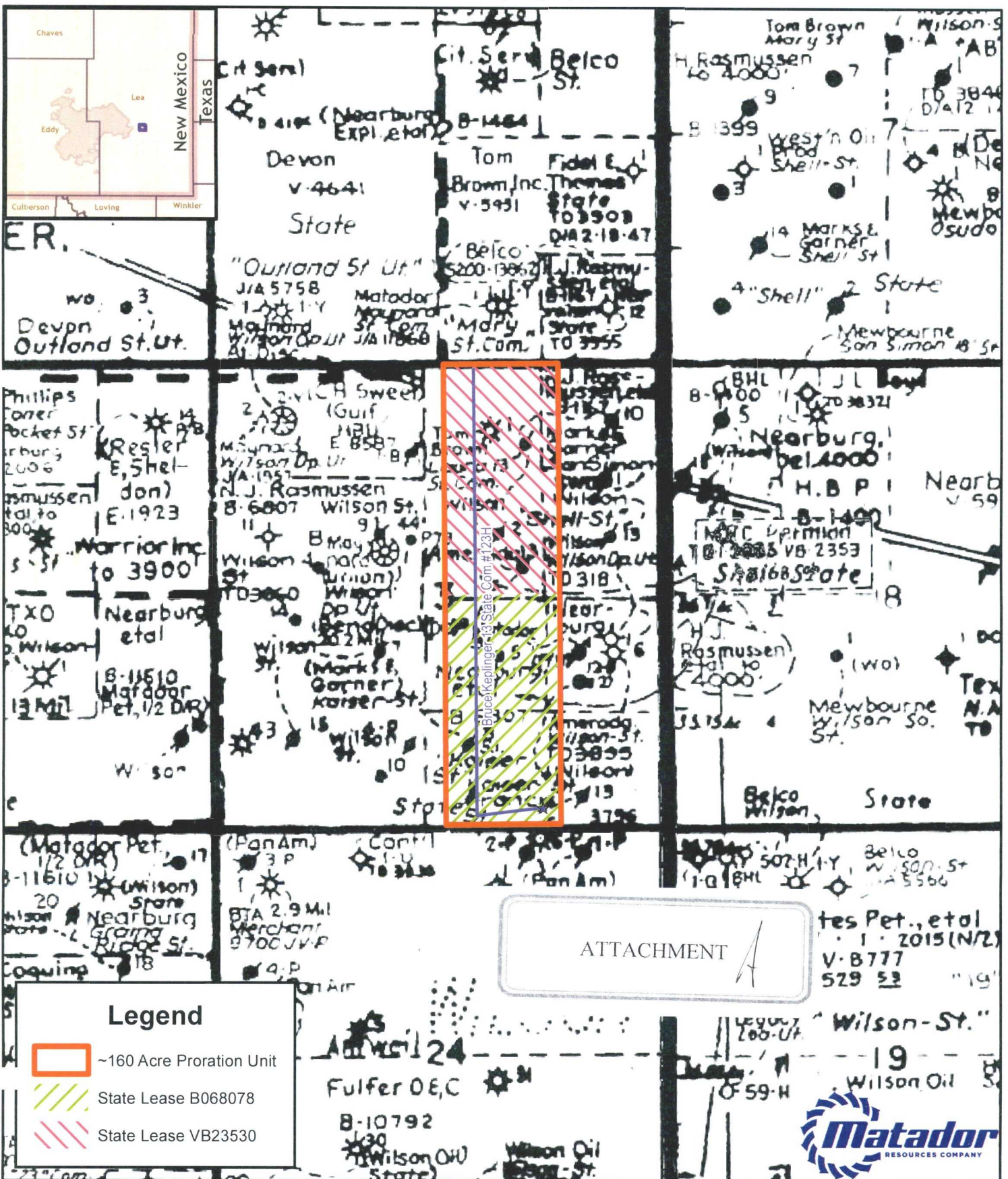
My Commission Expires: 3-28-2022

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





13-21S-34E



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 quality of the information.

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) 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 30-0257 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.

<p><b>BOTTOM HOLE/LAST PERFORATION POINT NEW MEXICO EAST</b> NAD 1927 X=781042 Y=541682 LAT: N 32.4858946 LONG: W 103.4219087 NAD 1983 X=822225 Y=541744 LAT: N 32.4860186 LONG: W 103.4223896</p>	<p><b>FIRST PERFORATION POINT NEW MEXICO EAST</b> NAD 1927 X=781081 Y=536600 LAT: N 32.4719263 LONG: W 103.4219214 NAD 1983 X=822264 Y=536662 LAT: N 32.4720503 LONG: W 103.4224019</p>	<p><b>SURFACE LOCATION NEW MEXICO EAST</b> NAD 1927 X=781919 Y=536695 LAT: N 32.4721681 LONG: W 103.4192021 NAD 1983 X=823102 Y=538757 LAT: N 32.4722922 LONG: W 103.4196825</p>	<p><b><sup>17</sup>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this representation neither states a working interest or a mineral interest in the land nor does it represent a claim to the land or any right to drill the well at the location shown. It is a statement with an intent of such a mineral or working interest as to a voluntary pooling agreement or a compulsory pooling order hereafter entered by the court.</p> <p>Signature: <i>Michael Weeks</i> Date: 12/18/2008 Printed Name: NICHOLAS WEEKS E-mail Address: N.WEEKS@MATADOR.RESOURCE.COM</p> <p><b><sup>18</sup>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision and that the same is true to the best of my belief.</p> <p>Date of Survey: 12/18/2008 Signature of Surveyor: <i>Michael Brown</i> Professional Surveyor Certificate Number: 18329</p>
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S:\SURVEY\MATADOR\_RESOURCES\BRUCE KEPLINGER 13 STATE COM 13.215 INVERTAL UNDEVELOPED\BRUCE KEPLINGER 13 STATE COM 13.215 INVERTAL UNDEVELOPED 12/18/2008 10:45 PM (cpld)

ATTACHMENT

3



## Summary of Interests\*

<b>MRC Permian Company:</b>		<b>75.000000%</b>
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 – 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)

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

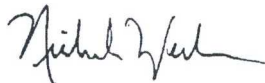
electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

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: \_\_\_\_\_



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

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

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Patrick Walsh
Completions Engineer:	Matt Bell
Production Engineer:	Rakesh Patel

Team Lead - VTX/NM

Executive VP, COO/CFO \_\_\_\_\_ VP - Res Engineering \_\_\_\_\_ VP - Drilling \_\_\_\_\_  
 \_\_\_\_\_ DEL \_\_\_\_\_ BMR \_\_\_\_\_ B3 \_\_\_\_\_  
 Executive VP, Legal \_\_\_\_\_ Exec Dir - Exploration \_\_\_\_\_  
 \_\_\_\_\_ CA \_\_\_\_\_ NLF \_\_\_\_\_  
 President \_\_\_\_\_  
 \_\_\_\_\_ MNH \_\_\_\_\_

Company Name: \_\_\_\_\_ Working Interest (%): \_\_\_\_\_

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_ Approval: \_\_\_\_\_ Yes \_\_\_\_\_

ATTACHMENT

AFE - Version 3