

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	CASE NO. 20680,
COMPANY FOR COMPULSORY POOLING,	20681, 20682,
EDDY COUNTY, NEW MEXICO.	20683

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 8, 2019

Santa Fe, New Mexico

BEFORE: LEONARD LOWE, CHIEF EXAMINER
MICHAEL McMILLAN, TECHNICAL EXAMINER
DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Leonard Lowe, Chief Examiner; Michael McMillan, Technical Examiner; and Dana Z. David, Legal Examiner, on Thursday, August 8, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT MATADOR PRODUCTION COMPANY:

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EXHIBITS OFFERED AND ADMITTED

Matador Production Company Exhibit Numbers 1 through 4	6
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1 (4:32 p.m.)

2 MR. BRUCE: 20680 through 20683, if you
3 could call those all at one time.

4 EXAMINER LOWE: Is that what you're doing
5 next?

6 MR. BRUCE: Yes.

7 EXAMINER LOWE: We will call Case Numbers
8 20680, application of Matador Production Company for
9 compulsory pooling, Eddy County, New Mexico. We will
10 combine that with 20681, 20682 and 20683.

11 Call for appearances.

12 MR. BRUCE: Mr. Examiner, Jim Bruce of
13 Santa Fe representing the Applicant.

14 I am submitting these cases by affidavit.

15 EXAMINER LOWE: Any other appearances?

16 You may proceed.

17 MR. BRUCE: Mr. Examiner, fortunately, the
18 land and geology witnesses in these cases is simply one
19 affidavit.

20 (Laughter.)

21 MR. BRUCE: So happy.

22 These cases involve all of Sections 31 and
23 32, 20 South, 29 East in Eddy County.

24 The first case is the north half-north half
25 of the sections. The second case, 20681, is the south

1 half-north half of those sections. 20682 is the north
2 half -- as to -- those two are Bone Spring tests.

3 20682 is the north half-north half of
4 Sections 31 and 32, and 20683 is the south half-north
5 half of Sections 31 and 32. So I misspoke. Totally,
6 it's the north half of those sections, but the last two
7 cases are Wolfcamp tests. And the interests are uniform
8 throughout. There are no depth severances in the Bone
9 Spring or the Wolfcamp, and there are uniform interests.

10 The C-102s for the wells are Attachment A
11 showing the locations of the wells, and they are all --
12 they all will have standard setbacks. The names of the
13 pools are the Getty; Bone Spring, and the pool code is
14 given on the C-102s.

15 The Wolfcamp wells are Burton Float; Upper
16 Wolfcamp, East, and the pool code is given.

17 There are no API numbers issued yet. So
18 the wells have not been commenced.

19 A2 shows, again, the types of lands
20 involved, and as I said, working interest is uniform --
21 working interest ownership is uniform across all of the
22 north half of these sections.

23 Attachment 3 lists the parties being
24 pooled. And the working interest owners -- the
25 overriding royalty interests were also notified of this

1 application. Well proposals are attached for each of
2 the wells, and these are all called Pennzoil wells. And
3 the wells are all -- the Bone Spring wells are a little
4 over \$10 million. Each of the Wolfcamp wells are about
5 \$10.8 million. These costs are stated to be fair and
6 reasonable and in conformance with the cost of other
7 wells in this area. And these wells, they are asking
8 7,000 a month while drilling and 700 a month while
9 producing, and, of course, they ask the cost plus 200
10 percent risk charge.

11 Next is the affidavit of Andy Juett, the
12 geologist. And in the one affidavit, he covers both the
13 Bone Spring wells. The Bone Spring wells are 2nd Bone
14 Spring tests. He's got structure maps and cross
15 sections which show the proposed interval to be tested.
16 The wells will have orthodox locations.

17 And then he also has geologic information
18 of the Wolfcamp. There will be an Upper Wolfcamp. Both
19 the Wolfcamp wells will test the Upper Wolfcamp, and
20 those wells will also be orthodox.

21 And he states that each quarter-quarter
22 section in the well unit will contribute more or less
23 equally to production from each of the respective
24 horizontal spacing unit and that drilling these wells
25 horizontally is the most efficient way to drill and

1 produce these reservoirs.

2 Exhibit 3 is my Affidavit of Notice.

3 Again, the working interests were notified. All of the
4 working interest owners received actual notice. There
5 is also a separate letter to the overriding royalty
6 owners. Most of them received actual notice, but there
7 were half a dozen -- seven green cards which I never got
8 back.

9 But to take care of that, notice was
10 published in the Carlsbad newspaper, and that's
11 submitted as Exhibit 4 so that all of the parties in
12 these wells received proper notice.

13 With that, I'd move the admission of
14 Exhibits 1 through 4 in all four cases and ask that the
15 four cases be taken under advisement.

16 EXAMINER LOWE: Exhibits 1 through 4 will
17 be accepted for all four cases, consolidated.

18 (Matador Production Company Exhibit Numbers
19 1 through 4 are offered and admitted into
20 evidence.)

21 EXAMINER LOWE: Any questions, Dana?

22 EXAMINER DAVID: I have no questions.

23 EXAMINER McMILLAN: Just make sure
24 everything is in color. And tell them don't do -- do
25 separate exhibits, because remember, if there is a

1 problem with one, there's a problem in all of them.

2 MR. BRUCE: I know. I know.

3 EXAMINER McMILLAN: Don't do it again.

4 EXAMINER LOWE: Case 20680 through Case
5 20683 will be taken under advisement.

6 (Case Numbers 20680 through 20683 conclude,
7 4:40 p.m.)

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25 STATE OF NEW MEXICO

1 COUNTY OF BERNALILLO

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3 CERTIFICATE OF COURT REPORTER

4 I, MARY C. HANKINS, Certified Court

5 Reporter, New Mexico Certified Court Reporter No. 20,

6 and Registered Professional Reporter, do hereby certify

7 that I reported the foregoing proceedings in

8 stenographic shorthand and that the foregoing pages are

9 a true and correct transcript of those proceedings that

10 were reduced to printed form by me to the best of my

11 ability.

12 I FURTHER CERTIFY that the Reporter's

13 Record of the proceedings truly and accurately reflects

14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither

16 employed by nor related to any of the parties or

17 attorneys in this case and that I have no interest in

18 the final disposition of this case.

19 DATED THIS 19th day of August 2019.

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22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
24 Paul Baca Professional Court Reporters

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