

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:

CASE NOS: 21542, 21544

APPLICATION OF MATADOR PRODUCTION COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on
Thursday, December 3, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

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For Flat Creek Resources:

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I N D E X

CASE CALLED

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E X H I B I T I N D E X

Admitted

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1 HEARING EXAMINER ORTH: So let's move to matters
2 21542, 21543 and 21544. Matador Production is the applicant
3 in each of these cases. They're compulsory pooling
4 applications. 21542 and 21543 relate to a well named Norris
5 Thornton. 21544 relates to a well named Colonel R. Howard.

6 I did see in the file that 21542 and 44 appear to
7 be clear to proceed by affidavit. We would be having a
8 status conference in 21543. So going to ask for
9 appearances, and then counsel can tell me how they prefer to
10 proceed between those two things. Who is here from Holland
11 & Hart for Matador.

12 MS. LUCK: Good morning again. Kaitlyn Luck with
13 the Santa Fe office of Holland & Hart on behalf of Matador
14 Production Company in each of these cases.

15 HEARING EXAMINER ORTH: All right. Thank you,
16 Ms. Luck. The entry of appearance from Flat Creek
17 Resources. Is that you, Mr. Savage, from Abadie & Schill.

18 MR. SAVAGE: Yes. Good morning, Darin Savage
19 from Abadie & Schill for Flat Creek Resources. No objection
20 to hearing by affidavit on these and no objection to
21 consolidating.

22 HEARING EXAMINER ORTH: All three, or just the
23 44.

24 MR. SAVAGE: No, just the two that are 21524 to
25 21544, consolidate those and having those presented by

1 affidavit, and we are reserving the 21543 for status
2 conference.

3 HEARING EXAMINER ORTH: All right. Thank you for
4 clarifying that. Let me pause for a moment to see if there
5 are any other entries of appearance this morning in 21542 or
6 21544.

7 (No audible response.)

8 HEARING EXAMINER ORTH: No. If you would please
9 then, go ahead, Ms. Luck.

10 MS. LUCK: Thank you. So we filed two separate
11 packets for 21542 and 21544, and so I'm going to start with
12 21542.

13 In that case Matador filed the set of exhibits
14 starting with the pooling application checklist as Exhibit
15 A, and then a copy of the application as Exhibit B. And as
16 I'm looking through these exhibits that we submitted to the
17 Division, it looks like actually our checklist didn't make
18 it into the packet, so I will have to supplement this with a
19 corrected packet that does include the checklist, so my
20 apologies for that.

21 And then as Exhibit C is an affidavit of Sarah
22 Hartfield who is the landman of Matador Production Company
23 in both of these cases. She has previously testified before
24 the Division and her credentials as an expert have been
25 accepted and made a matter of record.

1 She is familiar with this application and the
2 status of the land where this proposed spacing unit is
3 located in Section 23, Township 23 South, Range 27 East in
4 Eddy County, New Mexico.

5 In this case Matador is seeking to pool the
6 interest owners in a spacing unit comprised of 320 acres in
7 the Morrow Formation in the S/2 of Section 23 and Matador
8 seeks to dedicate the unit to the Norris Thornton Com 2H
9 well which is a vertical well.

10 Matador provides the administrative order
11 approving the non-standard location of this well as C-1, and
12 then as C-2, Matador provided a copy of the C-102 for the
13 well which notes the well is located in the Carlsbad Morrow
14 South gas pool, and that pool code is 73960.

15 Matador has indicated each of the tracts and
16 owners in this proposed spacing unit in Exhibit C-3. And
17 then C-4 breaks down each of the working interest owners
18 that Matador seeks to pool.

19 C-5 is copy of the well proposal letter, and
20 Matador's landman explains in her affidavit each of the
21 efforts made to reach an agreement with the uncommitted
22 working interest owners in this case.

23 And then as Matador Exhibits D and E, those are
24 the notice exhibits reflecting that our office provided
25 notice of this hearing timely as required by the rules to

1 each of the interest owners to be pooled, and that notice
2 was also published in the newspaper in Eddy County and
3 directed to each of the interest owners that Matador is
4 seeking to pool in this case.

5 Turning to Case 21544, in that case it looks like
6 we also missed the checklist, so I apologize for that, and I
7 will supplement that as Matador Exhibit A and provide that
8 after this hearing is concluded.

9 Matador Exhibit B is a copy of the application
10 for this case. And then Matador Exhibit C is the affidavit
11 of Matador's landman, Sarah Hartfield, and she notes in her
12 affidavit that Matador is seeking an order pooling the
13 uncommitted interest owners in the Morrow Formation in a 320
14 acre spacing unit in the N/2 of Section 23 in Township 23
15 South, Range 27 East.

16 Matador is seeking to dedicate this unit to the
17 Colonel R. Howard Com 1H well, which is another vertical.
18 This well it's located a non-standard location, and Matador
19 provides a copy of the NSL order approving that non-standard
20 location.

21 Matador also provides the C-102 for this well
22 which is located in the same pool, the pool code is 73960.
23 And then Matador's Exhibit C-3 and C-4 provide that tract
24 breakout of each of the interest owners that Matador seeks
25 to pool and their interest in the proposed units.

1 And then Matador Exhibit C-5 is a copy of the
2 well proposal letter that was sent to the working interest
3 owners that Matador seeks to pool.

4 Finally, as in the prior case, Matador Exhibits D
5 and E are the notice information showing that our office
6 provided notice of this hearing both by mail and by
7 publication.

8 So with that I would move the admission of
9 Exhibits A through E in both cases 21542 and 21544.

10 HEARING EXAMINER ORTH: All right. Thank you,
11 Ms. Luck. Mr. Savage, do you have questions of Ms. Luck in
12 either of those cases?

13 MR. SAVAGE: I just have one question. Ms. Luck,
14 I don't think it's possible since Matador states in its
15 pooling -- it states it's just pooling the Morrow and lists
16 no other formations, so I apologize for any redundancy by
17 this question, but I would like to confirm that Matador will
18 not claim pooling rights in the Wolfcamp on the basis that
19 the vertical wells pass through the Wolfcamp. If you could
20 clarify that, please.

21 MS. LUCK: Yeah. I think that the landman's
22 affidavit explains in both cases that Matador is only
23 seeking to pool the Morrow formation in both of these cases,
24 and there's no pooling sought of the Wolfcamp formation in
25 either case.

1 MR. SAVAGE: And therefore no pooling rights
2 based on those vertical wells?

3 MS. LUCK: Under these order, the orders being
4 sought. Thank you.

5 MR. SAVAGE: Thank you.

6 HEARING EXAMINER ORTH: All right. Thank you,
7 Mr. Savage. Mr. Lamkin, do you have any questions of Ms.
8 Luck?

9 TECHNICAL EXAMINER LAMKIN: I don't have any
10 questions. Thank you.

11 HEARING EXAMINER ORTH: All right. Thank you,
12 Ms. Luck. Your exhibits are accepted subject to the
13 provision of the checklist, and cases 21542 and 21544 will
14 be taken under advisement.

15 MS. LUCK: Thank you, and I will submit those
16 checklists as soon as the hearing is concluded.

17 HEARING EXAMINER ORTH: Thank you.

18 (Exhibits admitted.)

19 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

4 I, IRENE DELGADO, New Mexico Certified Court
5 Reporter, CCR 253, do hereby certify that I reported the
6 foregoing virtual proceedings in stenographic shorthand and
7 that the foregoing pages are a true and correct transcript
8 of those proceedings to the best of my ability.

9 I FURTHER CERTIFY that I am neither employed by
10 nor related to any of the parties or attorneys in this case
11 and that I have no interest in the final disposition of this
12 case.

13 I FURTHER CERTIFY that the Virtual Proceeding was
14 of poor to good quality.

15 Dated this 3rd day of December 2020.

16
17 /s/ Irene Delgado
18 _____
Irene Delgado, NMCCR 253
License Expires: 12-31-20

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