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A P P E A R A N C E S

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1 (Time noted 9:16 a.m.)

2 EXAMINER BRANCARD: Okay. We have one more set
3 of items on the scheduled docket for today's hearing.

4 There is also a motion hearing to follow
5 the following two cases, so Ms. Macfarlane, stick around.

6 And so let me just call these last two
7 cases and see what we are going to have here, and maybe we
8 need to take a break. So let's find out.

9 I'm calling Cases 21985, 21986. These are
10 Items 43 and 44 on today's agenda. Matador Production
11 Company.

12 MS. LUCK: Good morning. Kaitlyn Luck of the
13 Santa Fe office of Holland & Hart for Matador Production
14 Company in these two cases.

15 EXAMINER BRANCARD: Thank you. I have Marathon.

16 MS. BENNETT: Good morning, everyone. Deana
17 Bennett on behalf of Marathon Oil Permian, LLC, in these
18 two cases.

19 EXAMINER BRANCARD: S.K. Warren Resources.

20 MS. SHAHEEN: Thank you, Mr. Examiner. Sharon
21 Shaheen, Montgomery Andrews, on behalf of S.K. Warren.

22 EXAMINER BRANCARD: All right. Are we having a
23 contested hearing today? Where are we going with this?

24 Ms. Luck, can you start off?

25 MS. LUCK: Yes. It's my understanding that

1 Matador is able to proceed unopposed at this hearing,
2 based on the discussions of the parties leading up to it.
3 Matador worked through a deal with S.K. Warren earlier
4 this week, and it's my understanding that Marathon is not
5 opposed, but I will defer to the parties to confirm.

6 EXAMINER BRANCARD: Thank you.

7 Ms. Shaheen.

8 MS. SHAHEEN: Ms. Luck is correct that S.K.
9 Warren has reached agreement with Matador and it does not
10 object to this case proceeding by affidavit.

11 EXAMINER BRANCARD: Ms. Bennett.

12 MS. BENNETT: Thank you. It is correct that
13 Matador has reached an agreement with Marathon, and for
14 the record that agreement is that Matador has agreed to
15 not pool Marathon in these two cases. And with that
16 understanding Marathon has agreed to allow these cases, or
17 does not oppose these cases going by affidavit today.

18 EXAMINER BRANCARD: Thank you. Are there any
19 other interested parties in Cases 21985 and 21986? (Note:
20 Pause.) Hearing none, Ms. Luck you may proceed.

21 MS. LUCK: Thank you. In these cases that is
22 correct that Matador is not intending to pool Marathon.

23 So I'll walk through the exhibits we filed
24 on Tuesday.

25 These cases have been consolidated into a

1 single exhibit packet, which was filed with the Division
2 on Tuesday.

3 The first case starts off with Case 21985,
4 and in that case Matador is seeking to pool the Bone
5 Spring Formation underlying the north half of the south
6 half of Section 14 and 15. And that spacing unit will be
7 dedicated to the George 14 and 15-24S-28E 113H Well, and
8 the API number and details of that well are provided in
9 the affidavit of Ms. Sara Hartsfield, which is included as
10 Matador's Exhibit C.

11 Then in Case 21986, Matador is seeking to
12 pool the south half of the south half of Sections 14 and
13 15, and that will be initially dedicated to the George
14 114H well.

15 These sections are all located in Township
16 24 South, Range 28 East in Eddy County, New Mexico.

17 In the exhibit packet that was filed with
18 the Division on Tuesday, Matador included first as
19 Exhibit A copies of the application checklist that
20 included all the information required by the Division,
21 followed by Exhibit B, which are copies of both
22 applications for both cases.

23 And then, as I mentioned, Exhibit C is the
24 affidavit of Ms. Sara Hartsfield, who is Matador's landman
25 for these two cases. With her affidavit she provides all

1 of the standard land exhibits, including the C-102, a
2 Tract and Unit Rehab as Exhibit C-2, which does reflect
3 that Matador is not seeking to pool Marathon, and then
4 that's also shown on Exhibit C-3.

5 Matador Exhibit C-4 reflects the overriding
6 royalty interest owners that Matador is seeking to pool,
7 followed by Exhibit C-5, which is copies of the Well
8 Proposal Letter and AFEs that were sent to the working
9 interest partners.

10 Then finally Exhibit C-6 is the chronology
11 of Matador's contacts with the uncommitted working
12 interest owners.

13 Next in the packet is Matador's Exhibit D,
14 which is the affidavit of Andrew Parker, who is the
15 geologist for this project. His affidavit provides the
16 required geology information for both cases, and he also
17 provides his opinion that the Bone Spring is appropriate
18 for horizontal well development in this area.

19 Finally in the exhibit packet are Exhibits
20 E and F, which are the Notice information, reflecting that
21 Notice was timely provided in advance of this hearing.

22 So with that I would move the admission of
23 Exhibits A through F and request this case be taken under
24 advisement.

25 EXAMINER BRANCARD: Thank you. All right.

1 Any questions, Ms. Shaheen, or any
2 objections?

3 MS. SHAHEEN: None for me. Thank you.

4 EXAMINER BRANCARD: Ms. Bennett.

5 MS. BENNETT: No questions. Thank you.

6 EXAMINER BRANCARD: Ms. Murphy.

7 MS. MURPHY: Good morning. I'll try to get my
8 questions in before they start construction, apparently,
9 in the next room.

10 But my question to you is: A two-mile
11 lateral, Ms. Luck?

12 MS. LUCK: That's correct. These are two-mile
13 laterals underlying Sections 14 and 15, and there is one
14 well in each spacing unit.

15 MS. MURPHY: And you're pooling the overriding
16 royalty interest, which is Devin?

17 MS. LUCK: That's right.

18 MS. MURPHY: And about 82 percent are already
19 joined in this, either joinders or they're committed.
20 Correct?

21 MS. LUCK: Yeah, that's right. That's right.
22 It looks like we are only looking to pool about 16.4
23 percent.

24 MS. MURPHY: And 8 percent is OXY and then 3 1/2
25 percent for S.K. Warren and 3 1/2 percent for Calm Fort

1 Worth, correct?

2 MS. LUCK: That is correct.

3 MS. MURPHY: I do have the same request of you
4 for these two cases, of the Midland map, that I had for
5 Mr. Bruce. There is a Mrs. Butler who apparently,
6 according to the Midland map owns land, and so we really
7 need to have pertinent useful data on here. So I'll
8 request that you submit those two exhibits, I said C-2, I
9 believe, in both of the packets.

10 MS. LUCK: I'll do that.

11 MS. MURPHY: And again OCD and SLO do have maps
12 that you can have with useful data. Thank you.

13 MS. LUCK: Thanks. We'll (inaudible) both of
14 the maps.

15 MS. MURPHY: And again, Mr. Brooks did affirm
16 that, so it would be good to start getting people to
17 submit better maps. Thank you.

18 EXAMINER BRANCARD: Well, if Mr. Brooks affirmed
19 that, I'm certainly not going to disagree.

20 MS. MURPHY: Do you hear a phone ringing?

21 EXAMINER BRANCARD: No. Okay.

22 So what are we doing with Marathon here,
23 Ms. Luck? You are not pooling them?

24 MS. LUCK: That's correct. If you turn to our
25 Exhibit C-3 you will see the working interest partners

1 that we're seeking to pool, and Marathon is not being
2 pooled in these proceedings.

3 EXAMINER BRANCARD: Okay. So do we need special
4 language for our Order?

5 MS. LUCK: I don't believe so, because this
6 would be like any other typical voluntary agreement where
7 the Division understands that there's voluntary agreements
8 that are reached with the working interest partners that
9 are being pooled.

10 EXAMINER BRANCARD: Okay. So you have a
11 voluntary agreement with them?

12 MS. LUCK: I don't know the status of it, if
13 it's complete at this point, but I would represent that
14 Marathon and Matador are working towards voluntary
15 agreement.

16 MS. BENNETT: This is Deana.

17 I too just have a -- Deana Bennett on
18 behalf of Marathon Oil Permian.

19 Just one quick note, which is just that the
20 OCD's Orders do say they pool all uncommitted interest
21 owners, and so long as everyone here is clear that the
22 exhibit that Ms. Luck has provided identified the
23 uncommitted interest owners, then that not including
24 special language in the Order would be okay. But
25 certainly to reduce any ambiguity, I think it would be

1 helpful at this point, because there is not an agreement
2 fully in place yet, to make that point clear in the Order.

3 EXAMINER BRANCARD: So you're saying that our
4 Order should just pool the uncommitted interest owners
5 that are listed?

6 MS. BENNETT: I think that's implied in the
7 Order based on the exhibits that we prepare and submit,
8 but there is some ambiguity, I think in the Orders.

9 EXAMINER BRANCARD: Well, our Orders are
10 designed to pool all uncommitted interest owners, and it's
11 the job of the Applicant to provide Notice to all of the
12 uncommitted interest owners, and then, boom, you're
13 pooled.

14 Okay. Maybe we can figure this out.

15 MS. BENNETT: I suppose one thing -- and, Ms.
16 Luck, I didn't look at your exhibit Compulsory Pooling
17 Checklist, but in the Compulsory Pooling Checklist there
18 is a portion, a section that says Special Requests or
19 Other Provisions, and perhaps if it was just stated
20 expressly in the Compulsory Pooling Checklist, that would
21 suffice.

22 MS. BRADFUTE: Mr. Brancard, this is Jennifer
23 Bradfute with Marathon Oil.

24 Perhaps the simplest solution would be just
25 one sentence in the Order saying that Marathon's interests

1 are not pooled by this Order, that the parties are working
2 on a voluntary agreement.

3 EXAMINER BRANCARD: All right. If you want to
4 offer that.

5 I mean, I would also say: Look, it doesn't
6 matter, right? Because the Order can say you're pooled,
7 but the Order also says that you're supposed to be given
8 Notice and an opportunity to be unpooled -- uncommitted
9 operators to become committed.

10 You know, saying that you're pooled is
11 meaningless if you go and sign an agreement. Then you're
12 not pooled.

13 So give us a sentence and we can work on
14 that.

15 MS. BRADFUTE: Thank you very much.

16 EXAMINER BRANCARD: Anything else, Ms. Luck?

17 MS. LUCK: Nothing further for me. I would just
18 ask the cases be taken under advisement. The parties will
19 work together on language to get submitted to the
20 Division.

21 EXAMINER BRANCARD: Thank you.

22 So are there any other interested persons
23 for Cases 21985, 21986? (Note: Pause.)

24 Hearing none, the exhibits are admitted
25 into the record. In Cases 21985 we require a new map for

1 your exhibits, and if you are going to offer language I
2 will give you a week. And I mean it, because we get these
3 Orders out quickly. We don't have a lot of Orders from
4 this week's hearing, so they will get out quickly.

5 So if you can get it to me by let's say
6 Monday for any new language, because otherwise the Order
7 may be gone out already.

8 With that, Cases 21985 and 21986 will be
9 taken under the advisement. Thank you.

10 (Time noted 9:31 a.m.)

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1 STATE OF NEW MEXICO) .

2) SS

3 COUNTY OF TAOS)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, August
8 19, 2021, the proceedings in the above-captioned matter
9 were taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18

/s/ Mary Macfarlane

19

20

MARY THERESE MACFARLANE, CCR
NM Certified Court Reporter No. 122
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