

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: 22465

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
FEBRUARY 17, 2021  
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
WILLIAM BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on  
Thursday, February 17, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

A P P E A R A N C E S

For the Applicant:

ADAM RANKIN  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

TAKEN UNDER ADVISEMENT 07

REPORTER CERTIFICATE 08

1                   HEARING EXAMINER BRANCARD: All right. With that  
2 I'm on Item Number 48 on the docket worksheet today, and  
3 that is Case 22465, Matador Production.

4                   MR. RANKIN: Good morning, Mr. Examiner. May it  
5 please the Division, Adam Rankin with the Santa Fe office of  
6 Holland & Hart appearing in this case on behalf of the  
7 applicant.

8                   HEARING EXAMINER BRANCARD: Do we have any other  
9 interested parties for Case 22465?

10                   (No audible response.)

11                   HEARING EXAMINER BRANCARD: Hearing none, Mr.  
12 Rankin, you may proceed.

13                   MR. RANKIN: Thank you very much, Mr. Examiner.  
14 In this case Matador seeks to pool all uncommitted interest  
15 owners in a 480 acre horizontal well spacing unit in the  
16 Brushy Canyon Formation in the E/2 of Section 36 in the SE/4  
17 of Section 25 all within Township 23 South, Range 28 East in  
18 Eddy County, New Mexico.

19                   The proposed spacing unit will be dedicated to a  
20 single well for the Ray State Com Number 23H Well, which  
21 will be drilled at a location allowing for an enlarged  
22 spacing unit using proximity tracts.

23                   The exhibit packet that was filed on Tuesday  
24 includes as Exhibit A the compulsory pooling checklist which  
25 identified each of the elements necessary for proceeding to

1 the pooling case, identifying the wells, spacing unit,  
2 acreages and the information required by the Division.

3 Exhibit B is a copy of the application that was  
4 filed in the case.

5 Exhibit C is a copy of the affidavit of Matador's  
6 landman, Sarah Hartsfield. She has previously testified.  
7 She identifies the proposed spacing unit, acreage, target  
8 formation, the pool in this case which is the Loving Brushy  
9 Canyon East pool, Pool Code 40350. She attached her  
10 affidavit as a copy of the C-102 identifying the  
11 location -- the land plat for the well and the pool it's  
12 targeting.

13 Exhibit C-2 is a tract of land that comprise each  
14 of the proposed spacing units.

15 C-3 is the working interest owners that Matador  
16 is seeking to pool and their interests in each tract within  
17 the spacing unit, and C-3 also identifies the overriding  
18 royalty interest owners that Matador is seeking to pool in  
19 this case.

20 C-4 is copy of all the well proposal letters and  
21 APs sent to the working interest owners.

22 And C-5 is a summary of the contacts that Matador  
23 has named with each of the parties that it's seeking to  
24 pool.

25 In this case Matador is seeking administrative

1 costs for drilling and producing of \$8,000 per month while  
2 drilling and 800 per month while producing.

3 Exhibit D is a copy of the geologist affidavit  
4 along with the exhibits identifying the proposed target  
5 interval. In this case it's Mr. Daniel Brugioni who has  
6 previously testified. In his affidavit and exhibits he has  
7 determined there are no impediments to drilling horizontal  
8 wells in this acreage within the Brushy Canyon, and that it  
9 is in the interest of conservation and prevention of waste.

10 Exhibit E is a copy of the affidavit prepared by  
11 me reflecting we have provided notice to each of the  
12 parties, and Matador is seeking to pool by name providing  
13 notice of application of the hearing, and along with that is  
14 a copy of the postal report reflecting that each of the  
15 parties were sent certified mail and dates and so forth,  
16 along with the current postal status.

17 Some of those postal reports reflect that the  
18 mailings were not delivered or were returned, and therefore  
19 we are relying on notice of publication to confirm that we  
20 have provided notice to each of those parties.

21 Exhibit F is an affidavit of publication  
22 reflecting that each of the parties that we are seeking to  
23 pool were identified by name and were timely published in  
24 the newspaper in the Carlsbad Current Argus on December 26,  
25 2021.

1                   With that, Mr. Examiner, unless there are any  
2     questions on this case, we ask that Exhibits A through F and  
3     their attachments be accepted into the record and this case  
4     be taken under advisement.

5                   HEARING EXAMINER BRANCARD: Thank you. Ms.  
6     Murphy, any questions on this case?

7                   TECHNICAL EXAMINER MURPHY: Good morning, Mr.  
8     Rankin. So there were -- were there any unknowns?

9                   MR. RANKIN: I don't believe there were, Ms.  
10    Murphy. I believe that all the parties were locatable.

11                  TECHNICAL EXAMINER MURPHY: And it looks like  
12    there was about 35 percent that you are trying to pool on  
13    that? A lot of those are smaller interests, is that  
14    correct, except for Kaiser-Francis?

15                  MR. RANKIN: Yes.

16                  TECHNICAL EXAMINER MURPHY: All righty. I have  
17    no more questions. Thank you.

18                  HEARING EXAMINER BRANCARD: Thank you. My  
19    only -- it's not really a question, Mr. Rankin, it's kind of  
20    a point for a number of the cases today, which is, you know,  
21    when I look at your geology cross sections, I see a well  
22    that's in the spacing unit. Just hoping there is no  
23    overlapping spacing units here, that's all. Hoping that  
24    you've checked this all out.

25                  MR. RANKIN: Right.

1                   HEARING EXAMINER BRANCARD: If you look at  
2 Exhibit D-2, Page 35, you see the well right in the spacing  
3 unit.

4                   MR. RANKIN: I can confirm that, Mr. Examiner. I  
5 believe that those are vertical wells that traverse the  
6 target interval which is, you know, trying to find wells  
7 with -- for well control purposes, to confirm that the  
8 well -- the well logs and so forth oftentimes we are relying  
9 on vertical wells that are drilled through the target  
10 formation.

11                  HEARING EXAMINER BRANCARD: Sure. And as I feel  
12 the need to bring it up, but there are several other cases  
13 today that have the same issue. It's been an issue. I  
14 don't know if it's -- I just want to make sure you all  
15 confirm that you are not dealing with an overlapping spacing  
16 unit issue. Thank you.

17                  Are there any other questions or concerns from  
18 any person here on case -- where are we -- 22465.

19                  (No audible response.)

20                  HEARING EXAMINER BRANCARD: Hearing none, Case  
21 22465 will be taken under advisement.

22                  (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

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

15 I FURTHER CERTIFY that the Virtual Proceeding was  
16 of poor to good quality.

17 Dated this 17th day of February 2022.

18

/s/ Irene Delgado

19

Irene Delgado, NMCCR 253  
License Expires: 12-31-22

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