

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:

ORIGINAL

CASE 15302

APPLICATION OF MATADOR PRODUCTION COMPANY  
FOR A NON-STANDARD SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, AND NON-STANDARD  
LOCATION, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

MAY 28, 2015

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
SCOTT DAWSON, ADJUNCT EXAMINER  
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner, Scott Dawson, Adjunct Examiner, and  
Gabriel Wade, Legal Examiner, on May 28, 2015, 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: ELLEN H. ALLANIC  
NEW MEXICO CCR 100  
CALIFORNIA CSR 8670  
PAUL BACA COURT REPORTERS  
500 Fourth Street, NW  
Suite 105  
Albuquerque, New Mexico 87102

## 1 A P P E A R A N C E S

## 2 FOR THE APPLICANT:

3 Earl E. DeBrine, Jr.  
4 Modrall Sperling  
5 500 Fourth Street NW  
6 Bank of America Centre  
7 Suite 1000  
8 Albuquerque, New Mexico 87102

6

7

## 8 I N D E X

9 CASE NUMBER 15302 CALLED

10 MATADOR PRODUCTION COMPANY CASE-IN-CHIEF:

11 WITNESS TREY GOODWIN

	Direct	Redirect	Further
12 By Mr. DeBrine	4		

13

14 Examiner Jones	EXAMINATION		
	12		

15

16 WITNESS JERON WILLIAMSON

	Direct	Redirect	Further
17 By Mr. DeBrine	17		

18

EXAMINATION

18 Examiner Dawson	24		
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19 Examiner Jones	25		
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22 Reporter's Certificate			PAGE
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1	E X H I B I T I N D E X	
2	Exhibits Offered and Admitted	
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10	Matador Production Company Exhibit 11	16
11	INTRODUCED AT THE PROCEEDING (not offered)	
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17	INCLUDED IN NOTEBOOK FOR THE DIVISION'S	
18	CONSIDERATION MATADOR PRODUCTION COMPANY	
19	EXHIBIT 10	26
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22		
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25		

1 (Time noted 10:42 a.m.)

2 EXAMINER JONES: And let's call case 15302,  
3 Application of Matador Production Company for a  
4 non-standard spacing and proration unit, compulsory  
5 drilling, and non-standard location in Eddy County, New  
6 Mexico.

7 Call for appearances.

8 MR. DeBRINE: Earl DeBrine with the Modrall  
9 Sperling firm in Albuquerque for the Applicant, Matador  
10 Production Company. We are going to have two witnesses,  
11 Trey Goodwin, the landman, Jeron Williamson, an  
12 engineer.

13 EXAMINER JONES: Were the witnesses sworn in  
14 in the last case?

15 MR. DeBRINE: They were.

16 EXAMINER JONES: Let the record indicate the  
17 witnesses have been sworn.

18 MR. DEBRINE: We would call Trey Goodwin.

19 TREY GOODWIN  
20 having been first duly sworn, was questioned and  
21 testified as follows:

22 DIRECT EXAMINATION

23 BY MR. DeBRINE:

24 Q. Please state your name for the record.

25 A. Trey Goodwin.

1 Q. And who do you work for, Mr. Goodwin?

2 A. MRC Energy Company, which is an affiliate of  
3 Matador Production Company.

4 EXAMINER JONES: Are there any other  
5 appearances in this case?

6 (No response.)

7 MR. DeBRINE: We are not aware of any.

8 Q. (By Mr. DeBrine) How long have you worked for  
9 MRC, Mr. Goodwin?

10 A. I've worked for MRC for five months.

11 Q. As a landman?

12 A. Yes.

13 Q. What are your responsibilities and duties as a  
14 landman?

15 A. I negotiate for the acquisition of mineral  
16 interests, I work with surface owners in obtaining  
17 surface use agreements, and I review abstracts, title  
18 opinions, and curative.

19 Q. Have you previously testified before the  
20 Division?

21 A. Yes.

22 Q. And were your credentials as a petroleum landman  
23 accepted as a matter of record in that case?

24 A. Yes.

25 Q. Are you familiar with the application filed by

1 Matador in this case?

2 A. Yes.

3 Q. Are you also familiar with the status of the  
4 lands that are the subject of this application?

5 A. Yes.

6 Q. Are you familiar with the application for permit  
7 to drill the Janie Conner at 13-24S-28, 224H well?

8 A. Yes.

9 MR. DeBRINE: We tender the witness as an  
10 expert of petroleum land matters.

11 EXAMINER JONES: So qualified.

12 Q. If you could turn to Exhibit 1 and explain to the  
13 Examiner what that represents?

14 A. Yes. Exhibit 1 is our C-102 plat that was  
15 attached to our approved permit for the Janie Conner  
16 224H.

17 Q. What is it Matador is seeking through its  
18 application in this case?

19 A. We are wishing to form a 320-acre project area  
20 that comprises of the Wolfcamp gas formation.

21 Q. Are the wells being drilled and completed at  
22 standard locations?

23 A. Let me see here. These are not the normal  
24 setbacks of 660 feet. These are 330 feet setbacks, so  
25 there is a non-standard location.

1 Q. So part of your application is to seek the  
2 approval of a non-standard location for the completed  
3 interval for the well?

4 A. Yes.

5 Q. Are all of the working interest owners and  
6 mineral interest owners in the project area committed to  
7 the drilling of the well?

8 A. No.

9 Q. Could you -- have you prepared an exhibit which  
10 reflects the parties that are involved in this form of  
11 proceeding and explain to the Examiner the percentage of  
12 interests that are committed and are not committed?

13 A. Yes. If we turn to Exhibit 2, I provided a  
14 mineral interest summary with a breakdown of the  
15 committed and non-committed interests. Currently, for  
16 the 224H, we have a committed interest of 71.04 percent  
17 and we have a non-committed interest of 28.95 percent.

18 Q. What is the API number for the Janie Conner 224H  
19 well?

20 A. The API number is 30-015-43037.

21 Q. And what's character of the lands involved?

22 A. These are fee lands.

23 Q. What is the name of the pool?

24 A. The pool is Pierce Crossing, Wolfcamp Northwest  
25 Gas Pool.

1 Q. And the pool number for that pool?

2 A. The pool code is 96712.

3 Q. Are there any special rules that are applicable  
4 to this pool?

5 A. There's no special pool rules.

6 Q. And as you indicated earlier, the normal setbacks  
7 for wells in this pool are 660 feet?

8 A. Yes.

9 Q. Turning to Exhibit 2, which is the list of  
10 committed and uncommitted interests, could you explain  
11 to the examiner what efforts you made to try and seek  
12 voluntary agreement with regard to the working interest  
13 owners and the mineral interest owners in the project  
14 area for the Janie Conner 224H well?

15 A. Yes. We sent well proposals and leases to each  
16 of the individuals listed here. We also engaged with a  
17 third-party company to locate additional addresses and  
18 phone numbers to try to get in contact with individuals.

19 Q. Are the well proposal letters that you sent to  
20 the mineral interest owners and working interest owners  
21 reflected in Exhibit 3?

22 A. Yes.

23 Q. Did your proposal also include an AFE estimating  
24 the cost for drilling and completing the well?

25 A. Yes. The AFE is actually attached as the back



1 page to the exhibit.

2 Q. And what were the estimated dry hole and  
3 completion costs?

4 A. The estimated dry hole cost for the 224 are  
5 \$3,383,364. And the completion costs are \$4,211,624.

6 Q. After you sent your proposal letter to the  
7 owners, what other efforts did you undertake to try to  
8 reach voluntary agreement before bringing your  
9 application before the Division?

10 A. Again, we -- once we sent the proposals to  
11 everyone, once we got correspondence back from parties  
12 that wished to participate, we listed them as our  
13 committed interests.

14 And then as far as non-committed interests, we  
15 continued to try to locate those individuals if we  
16 couldn't locate them. And we also worked with some of  
17 the non-committed parties to reach an agreement  
18 before...

19 Q. Did you prepare a summary with regard to all the  
20 oral, written communications that you had with the  
21 owners of the proposed project area?

22 A. Yes, I did.

23 Q. And is that reflected in Exhibit 4?

24 A. Yes.

25 Q. In your opinion, did you make a good faith effort

1 to seek voluntary joinder by the working interest owners  
2 and the mineral interest owners before you brought your  
3 compulsory pooling application?

4 A. Yes.

5 Q. Looking at the AFE in Exhibit 3 and the costs you  
6 testified to earlier, are those costs consistent with  
7 costs of matters incurred in drilling horizontal wells  
8 in the Wolfcamp of similar depth and length in this  
9 area?

10 A. Yes.

11 Q. Have you also estimated the overhead costs while  
12 drilling and producing a well?

13 A. Yes. We estimate our drilling overhead cost to  
14 be \$7,000 and our production costs to be \$700.

15 Q. And are those costs consistent with those charged  
16 by Matador and other operators in the area for drilling  
17 similar wells?

18 A. Yes.

19 Q. Are you asking the Division to include those  
20 administrative and overhead costs for the well to be  
21 incorporated into its order in this proceeding?

22 A. Yes.

23 Q. Are you also requesting the Division to adjust  
24 those costs in accordance with the Copas accounting  
25 procedures?

1 A. Yes.

2 Q. Are you also asking the Division to incorporate a  
3 200 percent charge for risk for any owners that go  
4 non-consent with regard to the proposed well?

5 A. Yes.

6 Q. With regard to notice of your application, have  
7 you identified all the owners of working interest and  
8 unleased mineral interest owners in the surrounding --  
9 the operators of surrounding spacing units who are  
10 offset owners with regard to the project area?

11 A. Yes. In Exhibit 5, I have detailed the offset  
12 working interest owners located within a 320-acre radius  
13 around the proposed project area.

14 Q. And if you look at Exhibit 6, which is my  
15 affidavit of notice which was sent out to all the offset  
16 owners reflected in Exhibit 5 and all the owners of  
17 unleased mineral interests and uncommitted working  
18 interest owners in the project area, were you able to  
19 locate all of those people and provide them notice of  
20 your application?

21 A. We did get some cards back as undeliverable. But  
22 we continued to locate additional addresses and send  
23 correspondence. But we did notice everybody that's  
24 listed.

25 Q. Did you also publish notice of this proceeding in

1 a newspaper of general circulation in the county where  
2 the lands are located?

3 A. Yes. And a copy of the affidavit of notice as  
4 published is the last page of this exhibit.

5 Q. In your opinion, have you made a good faith  
6 effort to identify all of the working interest and  
7 mineral interest owners to provide them with actual and  
8 published notice of this proceeding?

9 A. Yes.

10 Q. Were Exhibits 1 through 6 prepared by you from  
11 the business records of Matador under your direction and  
12 control?

13 A. Yes.

14 MR. DeBRINE: We would move to have admitted  
15 Exhibits 1 through 6 and tender the witness for further  
16 examination.

17 EXAMINER JONES: Exhibits 1 through 6 are  
18 admitted.

19 (Whereupon, MATADOR PRODUCTION COMPANY  
20 Exhibits 1 through 6 were offered and admitted.)

21 EXAMINER DAWSON: I have no questions, sir.

22 EXAMINATION BY EXAMINER JONES

23 EXAMINER JONES: So what terms did you offer  
24 these people?

25 THE WITNESS: You know, at Matador one of

1 our things is -- our reputation is one of the most  
2 important things to us, and we want to make sure that  
3 our offers are consistent across the board with  
4 everybody that we give offers to.

5 So when you look at this list of people that  
6 we've included in the forced pooling, I can tell you  
7 that all of the offers were consistent with each other.

8 EXAMINER JONES: Is it listed in here, the  
9 letters that you sent --

10 THE WITNESS: Our well proposals I do  
11 believe actually show our initial offer. Let me just  
12 turn to it. Just give me a second. We will look at  
13 Exhibit 3.

14 If you look at Exhibit 3 and you turn to --  
15 for instance, if you turn to -- for instance, if you  
16 turn to Mourne Oil and Gas, this will give you kind of  
17 an idea of what we offered in our proposals.

18 If you turn to the second page, under item  
19 3, Mourne Oil and Gas hereby elects to lease our  
20 minerals at \$1,500 an acre, 20 percent royalty in a  
21 three-year term on lease one enclosed.

22 EXAMINER JONES: Pretty good terms.

23 THE WITNESS: Yes.

24 EXAMINER JONES: This case was -- it says  
25 that the spacing unit is non-standard, I think it does.

1 But really it's a standard spacing unit; is that  
2 correct.

3 THE WITNESS: Yes, sir. The perforation  
4 intervals are within a standard proration unit, yes,  
5 sir.

6 EXAMINER JONES: The setbacks are  
7 standard --

8 THE WITNESS: Yes, sir.

9 EXAMINER JONES: But also the size and  
10 orientation of the 320 is standard for Wolfcamp wells?

11 THE WITNESS: Yes, sir.

12 EXAMINER JONES: And gas is not prorated  
13 either, is it?

14 THE WITNESS: No, sir.

15 EXAMINER JONES: So it says, spacing and  
16 proration unit here, and it probably should just say,  
17 gas spacing unit.

18 And the location, these two wells you are  
19 talking about in these two cases, they are not  
20 multi-laterals, are they? They are different API  
21 numbers.

22 THE WITNESS: Yes. They are different well  
23 heads. Yes, sir.

24 EXAMINER JONES: So for the non-standard  
25 location, you have noticed everybody and you want that

1 to be approved through this hearing?

2 THE WITNESS: Yes, sir.

3 EXAMINER JONES: So you noticed everybody --  
4 let's see here. I think you've got a plat, don't you?

5 THE WITNESS: Exhibit 5, yes, sir. If you  
6 turn to Exhibit 5, and it should be the last page in  
7 that exhibit. And it shows our 320-acre spacing unit.  
8 In the south half --

9 EXAMINER JONES: Okay.

10 THE WITNESS: -- of 13 in the middle there,  
11 that's our 320 acre. And then you can see that we  
12 noticed everybody within 320 acres outside of that. So  
13 each one of these, A B, C, and E, are all 320 acres.  
14 And then we also noticed everybody in F and D to  
15 complete that radius.

16 EXAMINER JONES: Okay. Now the -- there is  
17 a north half Wolfcamp gas spacing unit in section 14.  
18 And that's operated by Guardian. Were they noticed in  
19 this case?

20 THE WITNESS: Yes, sir.

21 EXAMINER JONES: Okay. And that was the  
22 only Wolfcamp spacing unit I saw so you had to kind  
23 of --

24 THE WITNESS: Yes, sir.

25 MR. DeBRINE: And if you look at Exhibit 6,

1 Mr. Examiner, the first party listed is the offset --

2 EXAMINER JONES: Okay.

3 THE WITNESS: And also I did want to add  
4 that -- just like in the Janie Conner 124, Oxy is also a  
5 party to this one as well that we have listed in the  
6 forced pooling, in which we engaged with Oxy and we were  
7 working with them as a potential participant in the  
8 well. And, again, we have Exhibit 11 showing the e-mail  
9 where they elected to have their acreage force pooled.

10 MR. DeBRINE: And, Mr. Examiner, I neglected  
11 to bring that up in my direct examination of  
12 Mr. Goodwin.

13 EXAMINER JONES: This will be Exhibit 11?

14 MR. DeBRINE: Yes.

15 EXAMINER JONES: Do you want it admitted?

16 MR. DeBRINE: And we would ask that it be  
17 admitted.

18 EXAMINER JONES: Exhibit 11 will be  
19 admitted.

20 (Whereupon, MATADOR PRODUCTION COMPANY  
21 Exhibit 11 was offered and admitted.)

22 EXAMINER JONES: In section 14, if you did a  
23 south half of Wolfcamp, would you pick up any more  
24 owners, since the section has already been laid out as  
25 a lay-down spacing unit?



1 THE WITNESS: Yes, sir. There's actually --  
2 we would drill, I believe -- and I'll let our technical  
3 expert clarify. But I believe that we drilled two  
4 Wolfcamp gas wells in the south half of section 14  
5 already.

6 EXAMINER JONES: So you guys are the owners?

7 THE WITNESS: Yes, sir.

8 EXAMINER JONES: I don't have any more  
9 questions. Thank you.

10 MR. DeBRINE: I call Jeron Williamson as our  
11 next witness, Mr. Examiner.

12 EXAMINER JONES: Okay.

13 JERON WILLIAMSON  
14 having been first duly sworn, was questioned and  
15 testified as follows:

16 DIRECT EXAMINATION

17 BY MR. DeBRINE:

18 Q. Would you please state your name for the record.

19 A. Jeron Williamson.

20 Q. Who do you work for and how long have you worked  
21 for them?

22 A. I am employed by MRC Energy Company, an affiliate  
23 of Matador Production Company. I have been employed by  
24 them for the last ten months.

25 Q. And what is your position with MRC?

1       A. I am employed as a senior staff reservoir  
2 engineer.

3       Q. What are your duties and responsibilities  
4 as senior staff reservoir engineer?

5       A. Working with the G.O. science team, the  
6 development team, and our southeast New Mexico  
7 development team to optimize our development areas in  
8 Eddy and Lea counties.

9       Q. Could you provide the Examiner with a summary of  
10 your educational experience and background in the oil  
11 and gas industry?

12       A. Yes. I received a bachelor of science degree in  
13 petroleum engineering from Texas A&M University in 1996;  
14 a master's of business administration in 2002 from  
15 Robert Morris University in Pittsburgh, Pennsylvania.

16             And I was employed by Schlumberger Data and  
17 Consulting Services for 13 plus years, employed by  
18 Talisman Energy as a senior reservoir engineer for four  
19 years. And now I'm employed by MRC Energy Company as a  
20 senior staff reservoir engineer for the last ten months.

21       Q. As a petroleum engineer, do you also work with  
22 the geology group in undertaking geological studies in  
23 determining where to drill and the design of well plans  
24 for drilling wells?

25       A. I do.

1 Q. And do you hold any certifications or belong to  
2 any professional organizations?

3 A. I am a member of the Society of Petroleum  
4 Engineers.

5 Q. Have you previously testified before the New  
6 Mexico Oil Conservation Division?

7 A. I have.

8 Q. Were your credentials in those cases accepted and  
9 made a matter of record?

10 A. Yes.

11 Q. Are you familiar with the application filed by  
12 Matador in this case?

13 A. Yes.

14 Q. Are you also familiar with the status of the  
15 lands in the APD for the Janie Conner 13-24S-28E RB,  
16 224H well?

17 A. Yes.

18 Q. Have persons working with you or under your  
19 direction and supervision conducted an engineering and  
20 geological study of the area embracing the proposed  
21 spacing unit for the well?

22 A. Yes.

23 MR. DeBRINE: We would tender the witness as  
24 an expert in petroleum engineering and geological  
25 matters, Mr. Examiner?

1 EXAMINER JONES: What did you do at  
2 Schlumberger?

3 THE WITNESS: I worked as a consulting  
4 engineer. It was actually S.A. Holich & Associates was  
5 purchased by Schlumberger in 1997. So I was kind of  
6 brought in in that acquisition to work as a consulting  
7 engineer on conventional gas resource plays.

8 EXAMINER JONES: And you were part of that  
9 team that companies could hire and you would give them  
10 advice on how to develop their resources?

11 THE WITNESS: That's correct, that in  
12 addition to third-party reserves audits in, typically,  
13 methane or G.O. gas reservoirs.

14 EXAMINER JONES: Yes. He is qualified as an  
15 expert.

16 Q. (By Mr. DeBrine) If you could turn to Exhibit 7,  
17 Mr. Williamson, and explain to the examiner what that  
18 map represents.

19 A. Matador Exhibit 7 is the structure map for the  
20 top of the Wolfcamp, the subC structure map. So this is  
21 the Pierce Crossing Wolfcamp northwest gas pool area.

22 The subject well, Matador Janie Conner 224H, is  
23 located there with a service hole location in section 14  
24 of 24 south, 28 east, and the bottom hole location in  
25 section 13.

1           The Wolfcamp structure is dipping slightly at a  
2   one degree dip from west to east. There are noted on  
3   the map here a handful of Wolfcamp producers, but there  
4   aren't many on the map.

5       Q. Did you identify any geological impediments in  
6   drilling the Janie Conner 224H well?

7       A. We did not.

8       Q. Did you prepare a cross section of logs of wells  
9   in the area to determine the relative thickness,  
10  porosity of the Wolfcamp B formation in this area?

11      A. Yes.

12      Q. If you could turn to Exhibit 8, which is a  
13  structural cross section showing those wells, and if you  
14  could explain to the Examiner what's depicted there.

15      A. Matador Exhibit 8 is a structural cross section  
16  from A to A Prime; shown on the included map there at  
17  the bottom of the page, two Oxy wells in section 14.  
18  Numbers 1 and 2, those are the Lightfoot No. 1 and  
19  Lightfoot No. 2 wells.

20           Also part of the cross section, well number 3 is  
21  the Devon Energy Harrison CL13 No. 1 well. All three of  
22  these wells penetrated the Wolfcamp.

23           And what we've noted on the cross section with  
24  the blue line there, the Wolfcamp marker B top, and then  
25  the Wolfcamp marker D top. So you are looking at well

1 over 650 feet of formation thickness with cross leaf  
2 ranging from eight to roughly 15 percent across most of  
3 that section.

4 Also shown on the cross section with the red line  
5 there is our proposed landing target for the Janie  
6 Conner 224H, shown there in red. So we expect that this  
7 well will be very productive from the Wolfcamp B, a  
8 significant thickness with really good cross leaf  
9 development.

10 Q. What conclusions have you drawn from your  
11 geological study of the area? Are the wells going to be  
12 drilled?

13 A. So we concluded that there doesn't appear to be  
14 any impediment to drilling this horizontal well. The  
15 formation appears to be quite continuous and we expect  
16 it to be very productive and ought to have each area  
17 within the development unit contribute to that  
18 production.

19 Q. Could you identify Exhibit 9 and turn to that and  
20 explain to the Examiner what that represents?

21 A. Exhibit 9 is the completion diagram for the Janie  
22 Conner 224H. It will be drilled from surface hole  
23 location in section 14 and then drilled to the east in a  
24 down dip direction, with first and last perforations no  
25 closer than the 330 feet from the section allowance in

1 section 13.

2 Q. And you talked about that earlier, that is a  
3 non-standard location with respect to the first and last  
4 perforation?

5 A. That's correct.

6 Q. What is the reason you are asking for that from  
7 the Division?

8 A. We believe, due to core testing and some of our  
9 reservoir engineering models that we built, that the  
10 matrix permeability in the Wolfcamp formation is icrowed  
11 to Ano Dar C permeability.

12 So in order to effectively develop the acreage,  
13 we wanted to make sure that we're not leaving resources  
14 behind and that's our reasoning for the 330-foot  
15 spacing.

16 Q. In your opinion would the granting of Matador's  
17 application be in the best interests of conservation,  
18 prevent waste and protect correlative rights?

19 A. Yes.

20 Q. Were Exhibits 7 through 9 prepared by you or  
21 compiled by you under your direction and supervision?

22 A. Yes.

23 MR. DeBRINE: Okay. No further.  
24 questions. And I tender the witness for further  
25 examination.

1 EXAMINATION BY EXAMINER DAWSON

2 EXAMINER DAWSON: Mr. Williamson, those  
3 wells over there in section 14 to the west of you, those  
4 were drilled by Oxy -- is that what you said? -- over  
5 there in the south half of 14?

6 THE WITNESS: The vertical wells, yes.

7 EXAMINER DAWSON: They are vertical wells?

8 THE WITNESS: Yes.

9 EXAMINER DAWSON: They haven't drilled -- I  
10 saw a well pad that's horizontal --

11 THE WITNESS: No -- Matador has --

12 EXAMINER DAWSON: Oh, you had one planned  
13 there?

14 THE WITNESS: We have actually three wells  
15 drilled in section 14 and some of those are Wolfcamp  
16 wells.

17 EXAMINER DAWSON: How are those performing  
18 for you?

19 THE WITNESS: We've got one on line now  
20 that's a really good well. We're really pleased  
21 with the results from it. The other two have yet  
22 to be completed. They will be fracked the middle of  
23 June.

24 EXAMINER DAWSON: Okay. That's all the  
25 questions I have.



1 EXAMINATION BY MR. JONES

2 EXAMINER JONES: Let me ask you quickly.

3 Our geologist in Hobbs is talking about this Wolfcamp  
4 being upper shale and then lower carbonate and the  
5 carbonate down below being gas and the shale up above  
6 being oil; is that the case here?

7 THE WITNESS: We expect in this -- in the  
8 Wolfcamp in this area that our production -- our  
9 producing gas/oil ratios will be in the range of 8,000  
10 to 9,000 SCF per barrel. So --

11 EXAMINER JONES: So it would still be an  
12 oil, a classified oil for 8,000 to 10,000, right?

13 THE WITNESS: Eight- to 10,000 is what we  
14 expect this to be.

15 EXAMINER JONES: Standard cubic feet --

16 THE WITNESS: Standard cubic feet per  
17 barrel.

18 EXAMINER JONES: Per barrel?

19 THE WITNESS: Yes.

20 EXAMINER JONES: That would be oil. So your  
21 spacing unit, if you do that, it would contract to  
22 the -- you would need to come back in and pool the  
23 smaller spacing, that would be the south half, south  
24 half, if you get that -- it's probably smarter to start  
25 out the way you're doing now and see what you get.

1 THE WITNESS: We don't have much production  
2 from the Wolfcamp here yet so it's tough to say with  
3 certainty, but...

4 EXAMINER JONES: I saw gas in a lot of other  
5 deep formations here, but you're drilling horizontal  
6 wells, so let's just see what happens. And right now it  
7 is classified as in a gas pool?

8 THE WITNESS: Yes.

9 EXAMINER JONES: So you got 320 spacing for  
10 it. And we will just go with that. Good luck on your  
11 well.

12 MR. DeBRINE: That concludes your  
13 presentation, Mr. Examiner. I would also note that  
14 Exhibit 10 in the exhibit notebook is just a proposed  
15 order for the Division's consideration in this case.  
16 And we will also send you a copy of that in a work  
17 document so that you can utilize it as you see fit.

18 EXAMINER JONES: Okay. Thank you very much.  
19 We are going to take case 15302 under advisement.

20

21

22 (Time noted 11:09 a.m.)

23

24

25

I do hereby certify that the foregoing is  
a true and correct record of the proceedings in  
the examination hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_.

1 STATE OF NEW MEXICO )  
2 ) ss.  
3 COUNTY OF BERNALILLO )  
4  
5  
6

7 REPORTER'S CERTIFICATE

8  
9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR  
10 No. 100, DO HEREBY CERTIFY that on Thursday, May 28,  
11 2015, the proceedings in the above-captioned matter were  
12 taken before me, that I did report in stenographic  
13 shorthand the proceedings set forth herein, and the  
14 foregoing pages are a true and correct transcription to  
15 the best of my ability and control.

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

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23  
24  
25  


ELLEN H. ALLANIC, CSR  
NM Certified Court Reporter No. 100  
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