

Jones, William V, EMNRD

From: Brooks, David K, EMNRD
Sent: Wednesday, October 26, 2016 11:19 AM
To: Ernest Padilla; JLKessler@hollandhart.com
Cc: Jones, William V, EMNRD
Subject: RE: Application of Matador Production Company; Case No. 14932 (reopened)

Thanks
David Brooks

From: Ernest Padilla [<mailto:epadillaplf@qwestoffice.net>]
Sent: Wednesday, October 26, 2016 11:18 AM
To: Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>; JLKessler@hollandhart.com
Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: RE: Application of Matador Production Company; Case No. 14932 (reopened)

Mr. Brooks,

I have reviewed and approved a proposed letter agreement between BK Royalties and Matador Production Company which effectively says that the compulsory pooling order will not affect BK Royalties and that Matador will honor an existing oil and gas lease. This would resolve the issue of the continuance and the hearing can go forward tomorrow. I assume that Matador will agree to have letter agreement entered as part of the record.

Ernest L. Padilla
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From: Brooks, David K, EMNRD [<mailto:DavidK.Brooks@state.nm.us>]
Sent: Wednesday, October 26, 2016 10:58 AM
To: Ernest Padilla; JLKessler@hollandhart.com
Cc: Jones, William V, EMNRD
Subject: RE: Application of Matador Production Company; Case No. 14932 (reopened)

Good morning, Mr. Padilla and Ms. Kessler

If Matador has the right to drill the proposed well based on its ownership of other leases, I think Ms. Kessler is correct that title is not at issue in the compulsory pooling case, and therefore is not a reason to delay it. If, however, you, Mr. Padilla, have other reasons for wanting a continuance, or want to respond to anything in Ms. Kessler's message prior to the hearing tomorrow, please arrange a telephone conference. I am available from 2:00 pm for the balance of the day.

I am confident that Mr. Jones will be guided by my advice in this matter.

Sincerely
David Brooks

From: Jones, William V, EMNRD
Sent: Wednesday, October 26, 2016 9:46 AM
To: Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Subject: FW: Application of Matador Production Company; Case No. 14932 (reopened)

Hi David,
They didn't copy you.
I am fine with whatever you decide on this.

Will

From: Jordan L. Kessler [<mailto:JKessler@hollandhart.com>]
Sent: Wednesday, October 26, 2016 7:23 AM
To: Ernest Padilla <epadillaplf@qwestoffice.net>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Davidson, Florene, EMNRD <florene.davidson@state.nm.us>; Dawson, Scott, EMNRD <Scott.Dawson@state.nm.us>
Cc: Michael Feldewert <MFeldewert@hollandhart.com>
Subject: RE: Application of Matador Production Company; Case No. 14932 (reopened)

Gentleman,

Matador objects to BK Royalties' request for a continuance. As an initial matter, this request is not timely pursuant to NMAC 19.15.4.13(C). BK Royalties became aware of this hearing last week, prior to the deadline set forth in the rule, and had no reason to fail to request a timely continuance. The well at issue in this case is on the drilling schedule in the near future and a continuance of this case could jeopardize Matador's drilling schedule. Matador witnesses are traveling to New Mexico this morning.

Finally, resolution of this title dispute has no bearing on the outcome of the pooling case. The interest is owned either by BK Royalties, who would be entitled to a royalty interest by virtue of a lease, or by Barnes, who would own a mineral interest. Barnes was provided notice of this hearing as a possible unleased mineral interest owner. BK Royalties, whose lease was ultimately acquired by Matador, was not provided notice of this hearing because they would not be subject to pooling. All parties entitled to notice were provided notice. Resolution of this title dispute is not relevant to the pending pooling case because the Division need only determine for pooling purposes whether a voluntary agreement exists, not the nature and extent of each party's interest.

Jordan

From: Ernest Padilla [<mailto:epadillaplf@qwestoffice.net>]
Sent: Tuesday, October 25, 2016 5:08 PM
To: Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; Davidson, Florene, EMNRD; Dawson, Scott, EMNRD
Cc: Michael Feldewert; Jordan L. Kessler
Subject: Application of Matador Production Company; Case No. 14932 (reopened)

Gentlemen and Ms. Davidson,

On behalf of BK Royalties, LLC, our client, we request a two-week continuance of this case. BK Royalties claims a mineral interest in the spacing unit which is the subject of the application under a tax deed and is covered by an oil and gas lease. BK Royalties, which did not receive notice of application, has discovered that the applicant credits its mineral interest to the delinquent property owners who lost the land covered by the tax deed for failure to pay property taxes. Upon information and belief, Applicant sent notice to the delinquent property tax owners and considers them the owners of the mineral interest.

BK Royalties requires additional time within which to investigate title documentation as to the status of title, including records held by the Taxation & Revenue Department

Undersigned counsel for BK Royalties has conferred with Jordan Kessler, one of the attorneys for Applicant, for concurrence to this request, and agreed to wait pending a conference call with her client earlier this afternoon. No concurrence or objection has been received by undersigned counsel, but due to travel considerations and title search, undersigned counsel feels compelled to request a continuance.

Ernest L. Padilla
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