

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF LEGACY RESERVES
OPERATING LP FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

CASE NOS. 22226 - 22229

**APPLICATIONS OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO**

CASE NOS. 22413 - 22416

**Legacy Reserves Operating LP Response in Opposition to
Matador Motion to Vacate Pre-Hearing Order**

On June 9, 2022, Matador Production Company (“Matador”) submitted to the New Mexico Oil Conservation Division (“Division”) a Motion to Vacate the Pre-Hearing Order (“Motion”) for the captioned cases (“Subject Cases”). Legacy Reserves Operating LP (“Legacy”) respectfully requests that the Division deny Matador’s Motion, and in support of its request states the following.

1. Matador’s Motion contains incorrect statements, as follows.

a. The Pre-Hearing Order for the captioned matters (“PHO”) set the hearing for these matters for June 17, 2022, not July 7, 2022. If the matters had been set for hearing on July 7, 2022, Matador could still send notice of its applications.

b. Matador’s misleading allegations about Legacy marketing its interests are nothing more than a red herring intended to obfuscate Matador’s inexcusable failure to provide notice of its applications to interested parties.

c. Matador made no effort to seek the concurrence of Legacy for Matador’s Motion. Matador has not communicated with Legacy about any possibility of a motion to vacate the PHO.

2. Legacy has sought continuances of Case Nos. 22226-22229 (“Legacy Cases”) on three separate occasions, beginning in October of 2021, to facilitate discussions and negotiations with

other working interest owners, including Matador. Legacy provided ample time for the parties to negotiate, and for Matador to obtain title information for its applications.

3. Legacy intends to commence operations on the Sapphire Wells and the Ruby Wells as soon as it has the requisite regulatory approvals and permits. Legacy's federal lease covering the Sapphire unit has stipulations restricting the timing of operations to drill the Sapphire Wells. Further delays of Subject Cases will exacerbate the difficulties of completing the Sapphire Wells during the available operations window.

4. Legacy is mobilizing a rig and moving the rig from Texas to drill the wells that are the subject of the Legacy Cases ("Sapphire Wells") along with a group of wells in an adjacent unit ("Ruby Wells"), which are set for hearing in Case Nos. 22230 and 22231. Further delays of the Subject Cases will put Legacy's rig schedule at severe risk, causing Legacy to potentially incur unnecessary charges and rig scheduling difficulties.

5. Legacy has invested a substantial amount of time, effort, and capital in putting together the units for the Ruby Wells and the Sapphire Wells.

6. Legacy has already had an on-site with the BLM for both the Ruby Wells and the Sapphire Wells, and has submitted a SUPO to the BLM.

7. Matador's misleading allegations about Legacy marketing its interests are a red herring. Legacy is preparing to drill the Ruby Wells and the Sapphire wells and intends to commence operations as soon as it has the requisite regulatory approvals and permits. Matador's repeated allegations are nothing more than a thinly veiled attempt to distract from Matador's own failure to send notice of its own applications.

8. The Division issued its prehearing order for the Subject Cases on January 10, 2022, more than five months ago, and set a hearing date of April 21, 2022 at that time.

9. Prior to the April 21, 2022 hearing, Matador requested that the PHO be vacated because Matador failed to send notice to the interested parties. Despite Legacy's opposition, the Division vacated the and set a hearing date of June 17, 2022 – a delay of an additional two months. On April 21, 2022, Matador agreed to the June 17, 2022 hearing date, making no objection that it could not timely notify interested parties of the hearing date.

10. In the present matter, Matador asks that the Division delay the Legacy Cases, vacate the PHO, and set the Subject Cases for a status conference, all because Matador still has not obtained title information or provided notice to interested parties, despite having over six months to prepare for its own applications. Matador's request for another delay is due solely to its own failure to obtain title and send timely notice to interested owners. Matador's ongoing failure to notify interested parties, and its repeated requests to delay Legacy's development plans indicate bad faith, and are inexcusable. In contrast, Legacy has an imminent drilling schedule and has made significant progress toward developing the Ruby Wells and Sapphire Wells.

11. For the foregoing reasons, Legacy respectfully requests that the Division enter an order:

- a. DENYING Matador's Motion;
- b. PROCEEDING with the hearing on the Subject Cases on June 17, 2022;
- c. At such hearing, DISMISSING Matador's applications in Case Nos. 22413-22416 due to Matador's failure to timely notify interested parties; and
- d. Granting any other relief the Division deems appropriate in this matter.

12. Alternatively, Legacy respectfully requests that the Division enter a new pre-hearing order:

- a. BIFURCATING the Legacy Cases from Matador's Applications in Case Nos. 22413-22416;
- b. PARTIALLY DENYING Matador's Motion as it applies to the Legacy Cases, and proceeding with the hearing on the Legacy Cases;

c. PARTIALLY GRANTING Matador's motion insofar, and only insofar, as it applies to Matador's Applications, which will result in a continuance of Matador's Applications due to the failure of Matador to have timely notified interested parties of the duly scheduled June 17, 2022 hearing on its Applications; and

d. Granting any other relief that the Division deems appropriate in this matter.

DATED: June 10, 2022.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.



By: James P. Parrot
1675 Broadway, Suite 600
Denver, CO 80202
(303) 407-4499
jparrot@bwenergylaw.com

Attorneys for Legacy Reserves Operating LP

Certificate of Service

I hereby certify that on June 10, 2022, I caused a true and correct copy of the foregoing to be emailed to:

Ocean Munds-Dry
Elizabeth Ryan
ConocoPhillips
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
Ocean.Munds-Dry@conocophillips.com
Beth.Ryan@conocophillips.com

ATTORNEYS FOR COG OPERATING

James Bruce
Post Office Box 1056
Santa Fe, NM 87504
jamesbruc@aol.com

ATTORNEY FOR MATADOR PRODUCTION COMPANY

J.E. Gallegos
Michael J. Condon
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
jeg@gallegoslawfirm.net
mjc@gallegoslawfirm.net

ATTORNEYS FOR JALAPENO CORPORATION



Grace Go-Hoveland