

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

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

**CASE NOS. 22417, 22418, 22419, 22420**

**CONSOLIDATED PRE-HEARING STATEMENT  
OF DANGLADE/SPEIGHT FAMILY OIL AND GAS I, L.P.**

Respondent Danglade/Speight Family Oil and Gas I, L.P. (“Danglade”), by and through its undersigned attorneys, submits this pre-hearing statement pursuant to the rules of the Oil Conservation Division.

**STATEMENT OF THE CASE**

In Case No. 22417, Matador Production Company (“Matador”) seeks an order: (1) pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W2SW of Section 18, the W2W2 of Section 19, and the W2NW of Section 30, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) dedicating the spacing unit to the proposed initial Lonnie King Fed Com #135H well.

In Case No. 22418, Matador seeks an order: (1) pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E2SW of Section 18, the E2W2 of Section 19, and the E2NW of Section 30, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) dedicating the spacing unit to the proposed initial Lonnie King Fed Com #136H well.

In Case No. 22419, Matador seeks an order: (1) pooling all uncommitted interests in the Wolfcamp formation underlying a standard 320-acre, more or less, horizontal spacing unit

comprised of the W2SW of Section 18, the W2W2 of Section 19, and the W2NW of Section 30, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) dedicating the spacing unit to the proposed initial Lonnie King Fed Com #211H well.

In Case No. 22420, Matador seeks an order: (1) pooling all uncommitted interests in the Wolfcamp formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E2SW of Section 18, the E2W2 of Section 19, and the E2NW of Section 30, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) dedicating the spacing unit to the proposed initial Lonnie King Fed Com #212H well.

In each of the above-referenced cases, Danglade is an affected interest owner of unleased mineral interests in each proposed spacing unit. In each case, Matador's Application for compulsory pooling should be denied, as Matador has not made a good faith effort to secure the voluntary unitization of Danglade's interest in the proposed spacing units as required by New Mexico law.

As the Applicant in these cases, Matador has the burden of proving that it has fulfilled each of the statutory and regulatory requirements necessary to allow compulsory pooling. These requirements stem from the foundational principles of correlative rights and constitutionally protected private property rights. Section 70-2-17 NMSA states that:

All orders effecting [compulsory] pooling... shall be upon such terms and conditions as are just and reasonable and will afford to the owner or owners of each tract or interest in the unit the opportunity to recover or receive without unnecessary expense his just fair share of the oil or gas, or both.

When seeking to pool two or more separately owned tracts, Operators have the "obligation" to attempt to obtain voluntary agreements pooling the lands. *See* NMSA 1978 Section 70-2-18. In this matter, Matador has the burden of proof of showing that their offers to lease Danglade's

mineral interest were made in good faith. In its filings with the OCD in these cases, Matador has proffered no evidence whatsoever that its offer to Danglade was made in good faith.

In these cases, Applicant, Matador, has not made a good faith effort to lease Danglade's unleased mineral interest in the proposed spacing units. It is self-evident that the requirement of a "good faith effort to lease" encompasses, at a minimum, making an offer that is roughly in line with fair market value in the area at the time of the offer and not less than what would compensate an owner if it were to "recover or receive without unnecessary expense" an owner's fair share of oil or gas, or both. The U.S. Constitution guarantees that "private property [shall not] be taken for public use without *just compensation*." U.S. CONST. amend. V. In cases regarding the state's eminent domain power, which is analogous in many respects to the compulsory pooling mechanism, the U.S. Supreme Court has held that the U.S. Constitution requires that a condemned owner be compensated for the fair market value of what is taken. *See, e.g., United States v. Miller*, 317 U.S. 369, 374 (1943).

The New Mexico compulsory statutes must also protect an unleased mineral owner's right to fair market value; and, in fact, this protection is referenced in the statute, which requires that all compulsory pooling orders must afford to all owners their "just [and] fair share of the oil or gas" in the pool. Section 70-2-17 NMSA. In these cases, Matador has been unreasonably slow and made little effort to pursue negotiations with Danglade, including ignoring communications from Danglade for weeks on end. Matador negotiations in this matter evidence a lack of good faith.

Matador cannot show that it has met the statutory prerequisites to compulsory pooling and its Applications should be denied.

**APPLICANT**

MATADOR PRODUCTION  
COMPANY

**APPLICANT’S ATTORNEY**

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**OTHER INTERESTED PARTIES**

**RESPONDENT**

DANGLADE/SPEIGHT FAMILY OIL  
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**RESPONDENT’S PROPOSED EVIDENCE**

**WITNESSES**

**ESTIMATED TIME**

**EXHIBITS**

Joe L. Lindemood, Catoico  
Resource Management, LP

15 minutes

Approx. 5-10

James L. Lucas, Jr., Oil and  
Gas Manager, Catoico  
Resource Management, LP

15 minutes

Approx. 5-10

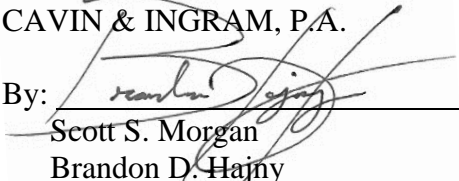
**RESPONDENT’S POSITION ON RELIEF SOUGHT**

Respondent Danglade/Speight Family Oil & Gas I, LP opposes the issuance of the compulsory pooling relief sought by Matador as Matador has not complied with the statutory requirements for compulsory pooling. Danglade files this Consolidated Pre-Hearing Statement for

the purposes of reserving its right to present arguments at the hearings set in these matters. However, Danglade also specifically reserves its rights to file a Motion for Continuance, requesting that the hearings set in these matters be continued to a later date, as it has only recently been able to retain counsel in these matters.

RESPECTFULLY SUBMITTED,

CAVIN & INGRAM, P.A.

By:   
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ATTORNEYS FOR RESPONDENT  
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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served via e-mail on December 30, 2021 to the following:

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By: /s/ Brandon D. Hajny  
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