

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: 22204, 22205

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
February 3, 2022
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 DYLAN ROSE-COSS on
Thursday, February 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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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 06

REPORTER CERTIFICATE 07

E X H I B I T I N D E X

Admitted

Exhibits and Attachments 06

1 HEARING EXAMINER BRANCARD: We are still on the
2 theme of Matador here, we'll call Cases 22204, 22205. These
3 are Items 26 and 27 on our docket worksheets, Matador
4 Production Company.

5 MR. RANKIN: Good morning, Mr. Examiner. Adam
6 Rankin with the Santa Fe office of Holland & Hart appearing
7 on behalf of the applicant on these two cases and we ask
8 they be consolidated.

9 HEARING EXAMINER BRANCARD: There does not appear
10 to be any other entries of appearance, but I will ask. Is
11 there anybody else interested in Cases 22204 or 22205?

12 (No audible response.)

13 HEARING EXAMINER BRANCARD: Hearing none, Mr.
14 Rankin, you may proceed.

15 MR. RANKIN: Thank you very much, Mr. Examiner.
16 In these cases Matador Production Company seeks an order
17 pooling all uncommitted interest in the Bone Spring
18 Formation underlying two standard 320 acre horizontal
19 spacing units comprised of the N/2 of Section 13, Township
20 24 South, Range 28 East, and the N/2 of Section 18, Township
21 24 South, Range 29 East, Eddy County.

22 In case 22204, Matador is seeking standard 320
23 acre spacing unit in the N/2 of the S/2 of that, of that
24 acreage. And in Case 22205 Matador is seeking 320 acre
25 standard spacing unit in the S/2 S/2 of that acreage.

1 In these cases, Exhibit A is a copy of the
2 compulsory pooling checklist, Exhibit B is a copy of the
3 applications that is were filed in the case. Exhibit C is a
4 copy of the affidavit provided by Matador's landman who has
5 previously been accepted as a matter of record as an expert
6 in petroleum land matters, along with her affidavit are
7 copies of the C-102 for each of the proposed dedicated
8 wells, a copy of the acreage and the land status for each of
9 the proposed spacing units identifying the working interests
10 and overrides that they are seeking to pool, as well as a
11 copy of the well proposal and AFEs that went to each of the
12 parties and a summary of the contacts and efforts to reach
13 voluntary agreement.

14 Exhibit D is a copy of the affidavit of Matador's
15 geologist reviewing and identifying the target intervals
16 within each of these spacing units confirming that in his
17 opinion he didn't identify any impediments to drilling
18 horizontal wells in the acreage.

19 Exhibit E and F are a copy of the notice that
20 went out for each of these cases along with the affidavit of
21 publication.

22 Now, Mr. Examiner, I believe -- let me get to it
23 one moment. I believe in this case -- no, these cases were
24 published. So the publication was timely in the newspaper,
25 and at this time, Mr. Examiner, I would move the admission

1 of Exhibits A through F into the record and request that
2 these cases be taken under advisement. I would be happy to
3 address any questions that you or technical examiners have.

4 HEARING EXAMINER BRANCARD: Thank you. Mr.
5 Rose-Coss, questions?

6 TECHNICAL EXAMINER ROSE-COSS: I did pull up my
7 map here. I'm trying to -- these are -- these locations
8 are more than five miles away from the -- roughly nine miles
9 away from the Brine Well location. So, for the record, we
10 look into that, and it -- and they are not within the AOR
11 of the Brine Well. The wells being close they are all
12 township north and east of the City of Carlsbad. So that's
13 my comment for this case.

14 HEARING EXAMINER BRANCARD: Thank you.
15 Mr. Rankin, there appears to be in both cases a number of
16 unleased mineral interests here you are seeking to pool; is
17 that correct?

18 MR. RANKIN: I believe that is true, Mr.
19 Examiner. If you look at Exhibit C-3, Matador has
20 identified a couple of parties as being unleased mineral
21 interest owners.

22 HEARING EXAMINER BRANCARD: I believe we put some
23 provisions in the orders to deal with that.

24 MR. RANKIN: Under the statute, I guess unleased
25 mineral interest owners -- I don't know if this is what you

1 are talking about -- they are treated at 1/8 working
2 interest 7/8 royalty interest, so that's a standard
3 provision that would be required under the statute. In each
4 of these cases that Matador has sought to not only offer
5 these parties to, to join in the, in the operation of the
6 well, but also to sought to lease their interest.

7 HEARING EXAMINER BRANCARD: 1/8 royalty, 7/8
8 working interest.

9 MR. RANKIN: Did I mess that up. That is exactly
10 the way it's supposed to be. Sorry about that.

11 HEARING EXAMINER BRANCARD: Thank you. Are there
12 any other interested persons for Cases 22204, 22205?

13 (No audible response.)

14 HEARING EXAMINER BRANCARD: Hearing none, the
15 exhibits will be admitted into the record, and these cases
16 will be taken under advisement.

17 (Inaudible discussion.)

18 (Exhibits admitted.)

19 (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 3rd day of February 2022.

18

/s/ Irene Delgado

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

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