

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: 22465

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
FEBRUARY 17, 2021
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 KATHLEEN MURPHY on
Thursday, February 17, 2021, 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 07

REPORTER CERTIFICATE 08

1 HEARING EXAMINER BRANCARD: All right. With that
2 I'm on Item Number 48 on the docket worksheet today, and
3 that is Case 22465, Matador Production.

4 MR. RANKIN: Good morning, Mr. Examiner. May it
5 please the Division, Adam Rankin with the Santa Fe office of
6 Holland & Hart appearing in this case on behalf of the
7 applicant.

8 HEARING EXAMINER BRANCARD: Do we have any other
9 interested parties for Case 22465?

10 (No audible response.)

11 HEARING EXAMINER BRANCARD: Hearing none, Mr.
12 Rankin, you may proceed.

13 MR. RANKIN: Thank you very much, Mr. Examiner.
14 In this case Matador seeks to pool all uncommitted interest
15 owners in a 480 acre horizontal well spacing unit in the
16 Brushy Canyon Formation in the E/2 of Section 36 in the SE/4
17 of Section 25 all within Township 23 South, Range 28 East in
18 Eddy County, New Mexico.

19 The proposed spacing unit will be dedicated to a
20 single well for the Ray State Com Number 23H Well, which
21 will be drilled at a location allowing for an enlarged
22 spacing unit using proximity tracts.

23 The exhibit packet that was filed on Tuesday
24 includes as Exhibit A the compulsory pooling checklist which
25 identified each of the elements necessary for proceeding to

1 the pooling case, identifying the wells, spacing unit,
2 acreages and the information required by the Division.

3 Exhibit B is a copy of the application that was
4 filed in the case.

5 Exhibit C is a copy of the affidavit of Matador's
6 landman, Sarah Hartsfield. She has previously testified.
7 She identifies the proposed spacing unit, acreage, target
8 formation, the pool in this case which is the Loving Brushy
9 Canyon East pool, Pool Code 40350. She attached her
10 affidavit as a copy of the C-102 identifying the
11 location -- the land plat for the well and the pool it's
12 targeting.

13 Exhibit C-2 is a tract of land that comprise each
14 of the proposed spacing units.

15 C-3 is the working interest owners that Matador
16 is seeking to pool and their interests in each tract within
17 the spacing unit, and C-3 also identifies the overriding
18 royalty interest owners that Matador is seeking to pool in
19 this case.

20 C-4 is copy of all the well proposal letters and
21 APs sent to the working interest owners.

22 And C-5 is a summary of the contacts that Matador
23 has named with each of the parties that it's seeking to
24 pool.

25 In this case Matador is seeking administrative

1 costs for drilling and producing of \$8,000 per month while
2 drilling and 800 per month while producing.

3 Exhibit D is a copy of the geologist affidavit
4 along with the exhibits identifying the proposed target
5 interval. In this case it's Mr. Daniel Brugioni who has
6 previously testified. In his affidavit and exhibits he has
7 determined there are no impediments to drilling horizontal
8 wells in this acreage within the Brushy Canyon, and that it
9 is in the interest of conservation and prevention of waste.

10 Exhibit E is a copy of the affidavit prepared by
11 me reflecting we have provided notice to each of the
12 parties, and Matador is seeking to pool by name providing
13 notice of application of the hearing, and along with that is
14 a copy of the postal report reflecting that each of the
15 parties were sent certified mail and dates and so forth,
16 along with the current postal status.

17 Some of those postal reports reflect that the
18 mailings were not delivered or were returned, and therefore
19 we are relying on notice of publication to confirm that we
20 have provided notice to each of those parties.

21 Exhibit F is an affidavit of publication
22 reflecting that each of the parties that we are seeking to
23 pool were identified by name and were timely published in
24 the newspaper in the Carlsbad Current Argus on December 26,
25 2021.

1 With that, Mr. Examiner, unless there are any
2 questions on this case, we ask that Exhibits A through F and
3 their attachments be accepted into the record and this case
4 be taken under advisement.

5 HEARING EXAMINER BRANCARD: Thank you. Ms.
6 Murphy, any questions on this case?

7 TECHNICAL EXAMINER MURPHY: Good morning, Mr.
8 Rankin. So there were -- were there any unknowns?

9 MR. RANKIN: I don't believe there were, Ms.
10 Murphy. I believe that all the parties were locatable.

11 TECHNICAL EXAMINER MURPHY: And it looks like
12 there was about 35 percent that you are trying to pool on
13 that? A lot of those are smaller interests, is that
14 correct, except for Kaiser-Francis?

15 MR. RANKIN: Yes.

16 TECHNICAL EXAMINER MURPHY: All righty. I have
17 no more questions. Thank you.

18 HEARING EXAMINER BRANCARD: Thank you. My
19 only -- it's not really a question, Mr. Rankin, it's kind of
20 a point for a number of the cases today, which is, you know,
21 when I look at your geology cross sections, I see a well
22 that's in the spacing unit. Just hoping there is no
23 overlapping spacing units here, that's all. Hoping that
24 you've checked this all out.

25 MR. RANKIN: Right.

1 HEARING EXAMINER BRANCARD: If you look at
2 Exhibit D-2, Page 35, you see the well right in the spacing
3 unit.

4 MR. RANKIN: I can confirm that, Mr. Examiner. I
5 believe that those are vertical wells that traverse the
6 target interval which is, you know, trying to find wells
7 with -- for well control purposes, to confirm that the
8 well -- the well lots and so forth oftentimes we are relying
9 on vertical wells that are drilled through the target
10 formation.

11 HEARING EXAMINER BRANCARD: Sure. And as I feel
12 the need to bring it up, but there are several other cases
13 today that have the same issue. It's been an issue. I
14 don't know if it's -- I just want to make sure you all
15 confirm that you are not dealing with an overlapping spacing
16 unit issue. Thank you.

17 Are there any other questions or concerns from
18 any person here on case -- where are we -- 22465.

19 (No audible response.)

20 HEARING EXAMINER BRANCARD: Hearing none, Case
21 22465 will be taken under advisement.

22 (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 17th 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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