

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:

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

Case No. 22800

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 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
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS
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1 A P P E A R A N C E S

2 For Matador Production Company:

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 BY: MICHAEL FELDEWERT
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1 HEARING OFFICER BRANCARD: All right. We
2 are now on Item Number 51 on the worksheet for
3 today. This is Case 22880, Matador Production
4 Company.

5 MR. FELDEVERT: May it please the
6 examiners, Michael Feldewert with the Santa Fe
7 office of Holland & Hart for the applicant.

8 HEARING OFFICER BRANCARD: Are there any
9 other interested persons for Case 22800?

10 Hearing none, Mr. Feldewert, you may
11 proceed.

12 MR. FELDEVERT: Mr. Examiners, we're going
13 somewhat old school today. We are seeking to pool
14 an 80-acre spacing unit for a directional oil well.

15 And the reason we are pooling for 80 acres
16 is because that is required by the special rules
17 issued initially by Division Order 61 or 6913 for
18 the Humble City Strawn south pool. So we're in the
19 Strawn formation.

20 Our Exhibit A with our package has the
21 compulsory pooling checklist.

22 Exhibit B is the filed application.

23 Exhibit C is the affidavit of David Johns
24 who has previously testified and he attaches to his
25 references and attaches to his affidavit five

1 exhibits labeled C1 through C5.

2 When you see the C102, which is labeled as
3 C1, you will note when you apply the special rules
4 that the bottom pole location here, which is what
5 matters for the direction of oil, that that is going
6 to be a nonstandard location under those special
7 rules because it's not within the required distance
8 of the center point. They will be seeking approval
9 of that nonstandard location separately.

10 His Exhibit C2 provides the two tracts are
11 involved here as well as a general location area for
12 these two tracks.

13 His Exhibit C3 provides the ownership
14 breakdown identifying who owns and what tracts.

15 And he notes in his affidavit that what
16 we're seeking to pool here is a group of small
17 unleased mineral interest owners that are listed in
18 Exhibit A3 as uncommitted mineral interest owner.
19 The remaining parties are not being pooled.

20 His Exhibit C4 provides a sample of the
21 well proposal letter and the AFE that initially went
22 out. And you will see that in the exhibit package
23 after the AFE in Exhibit 4 there was an additional
24 letter that Mr. Johns sent out that provided more
25 information about the well and the proposed

1 provisions of the GOA including, Mr. Garcia, the
2 overhead rates that would be proposed here.

3 C5 then has the chronology of contacts
4 with these unleased owners and some of which he
5 points out they have been not able to locate even
6 with additional efforts.

7 Exhibit D, as in David, is the affidavit
8 of Andrew Parker, he's the geologist. He provides
9 also general location map as well as a structure map
10 and a cross section for this acreage. What you'll
11 see in his affidavit is his explanation that the
12 reason that they have chosen this particular bottom
13 hole location is they're attempting to hit a
14 discreet reservoir. I think what some people used
15 to call a structural mound within the Strawn
16 formation. And that they have chosen this bottom
17 hole location as the location where they believe
18 it's best to efficiently and effectively target that
19 mound.

20 The exact depth is not going to be known
21 until they actually commence drilling, take the log
22 information and apply other data, proprietary data
23 that they have in this area to put themselves within
24 the best location to hit this structural mound.
25 That's why he identified the Strawn formation as the

1 target interval. Where it's going to be exactly,
2 they're not quite sure and will depend upon the
3 information that yet as they drill the well and then
4 apply it to the other proprietary data.

5 Exhibit E is our affidavit from my office
6 providing notice of this hearing to the effected
7 parties as well as the U.S. Postal Service report
8 that shows the latest information on the delivery of
9 the items but since there are unlocateable parties,
10 Exhibit F as in Frank is the affidavit of
11 publication directed to all of these parties
12 providing notice of this hearing.

13 So with that, we ask that Exhibits A
14 through F be taken under advisement, or be admitted
15 into the record and that this matter be taken under
16 advisement.

17 HEARING OFFICER BRANCARD: Thank you.

18 Mr. Garcia, questions?

19 TECHNICAL HEARING OFFICER GARCIA: No
20 questions. I appreciate the order numbers in the
21 checklist. A lot of work for the special pool
22 orders. No questions, thank you.

23 HEARING OFFICER BRANCARD: Well,
24 Mr. Feldewert, we'll have to figure out whether we
25 approve these kind of wells anymore, but you're

1 saying this fits into the definition under 19.15.16
2 of being a directional well?

3 MR. FELDEVERT: I'm assuming you quoted
4 the regulation correctly, but, yes, to me it fits
5 into the definition of a direction well.

6 HEARING OFFICER BRANCARD: It has an
7 intentional ASAMA.

8 MR. FELDEVERT: They hit that map.

9 HEARING OFFICER BRANCARD: Thank you.
10 I'm assuming you're aware of the
11 requirements under 19.15.16.14, directional well
12 bores?

13 MR. FELDEVERT: The filing? Now you're
14 going to make me pull out the rulebook here, hold
15 on. You're referencing what?

16 HEARING OFFICER BRANCARD: 19.15.16.14,
17 actually B.

18 MR. FELDEVERT: 14(b) directional well
19 bores.

20 HEARING OFFICER BRANCARD: It has nothing
21 to do with today's proceeding, but that's the steps
22 you have to take to go to get a permit for the
23 location in the directional drilling.

24 MR. FELDEVERT: Yes. Yeah.

25 HEARING OFFICER BRANCARD: Okay.

1 TECHNICAL HEARING OFFICER GARCIA: I may
2 be wrong, too, Mr. Brancard. It's been awhile. I
3 think there's also an extra form for allowables
4 because the allowables will only go with horizontal
5 wells. Might do some checking, I guess, as a
6 precaution.

7 MR. FELDEVERT: You are correct about the
8 depth bracket allowables, assuming that there's no
9 horizontal wells within the same pool.

10 TECHNICAL HEARING OFFICER GARCIA: Yeah,
11 more production allowable is, I guess, what I was
12 going with but ...

13 MR. FELDEVERT: Yes. We're really going
14 old school here.

15 HEARING OFFICER BRANCARD: We are, aren't
16 we?

17 MR. FELDEVERT: Yeah, I appreciate the
18 reference to the depth bracket allowable. I will
19 alert them to that. I don't know, for example, if
20 there are any horizontal wells within this same pool
21 which would, of course, eliminate the allowable
22 issue, I will call it, but that's something that
23 they'll need to take a look at and be mindful of.

24 TECHNICAL HEARING OFFICER GARCIA: Yeah.
25 I'm not too versed in that rule, I just know it

1 comes to light every once in awhile and I don't
2 think it matters for this case, just time, just more
3 of an FYI.

4 MR. FELDEVERT: I agree with that but I
5 appreciate you bringing it up.

6 TECHNICAL HEARING OFFICER GARCIA: That's
7 all I have.

8 HEARING OFFICER BRANCARD: Thank you.

9 Once again, are there any other interested
10 persons in Case 22800?

11 Hearing none, the exhibits in Case 22800
12 will be admitted into the record and the case will
13 be taken under advisement.

14 (Matter concluded.)

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REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
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