

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:

AMENDED APPLICATION OF MATADOR
PRODUCTION COMPANY TO RE-OPEN
CASE NUMBER 15748 TO AMEND THE
INITIAL WELL UNDER THE TERMS OF
COMPULSORY POOLING ORDER R-14433,
EDDY COUNTY, NEW MEXICO.

CASE NO. 15748
(Re-opened)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 25, 2018

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
LEONARD LOWE, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner, Leonard Lowe, Technical Examiner, and
David K. Brooks, Legal Examiner, on Thursday, January
25, 2018, at the New Mexico Energy, Minerals and Natural
Resources Department, Wendell Chino Building, 1220 South
St. Francis Drive, Porter Hall, Room 102, Santa Fe, New
Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

FOR APPLICANT MATADOR PRODUCTION COMPANY:

JORDAN L. KESSLER, ESQ.
HOLLAND & HART, LLP
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
jlkessler@hollandhart.com

INDEX

	PAGE
Case Number 15748 Called	3
Exhibits Presented	3
Proceedings Conclude	6
Certificate of Court Reporter	7

EXHIBITS OFFERED AND ADMITTED

Matador Production Company Exhibit Numbers 17 and 18	6
--	---

1 (11:25 a.m.)

2 EXAMINER JONES: Page number 4, call Case
3 Number 15748, re-opened, application of -- amended
4 application of Matador Production Company to re-open
5 Case Number 15748 to amend the initial well under the
6 terms of Compulsory Pooling Order R-14433, Eddy County,
7 New Mexico.

8 Call for appearances.

9 MS. KESSLER: Mr. Examiner, Jordan Kessler
10 from the Santa Fe office of Holland & Hart.

11 EXAMINER JONES: Any other appearances in
12 this case?

13 Please proceed.

14 MS. KESSLER: As I mentioned, this case
15 will be presented by affidavit. What I've placed in
16 front of you is Exhibits 17 and 18.

17 Exhibit 17 is an affidavit from Mr. Sam
18 Pryor, who was the landman in the initial case, 155 --
19 I'm sorry -- 15748. That case requested formation of a
20 155.83-acre spacing and proration unit that was
21 comprised of the south half-south half of Section 19, in
22 Township 20 South, Range 29 East, Eddy County, and
23 compulsory pooled approximately from the Bone Spring --
24 uncommitted interest owners in the Bone Spring Formation
25 and dedicated the spacing unit to the initial well,

1 which was the Stebbins 19 Fed Com 134H well. Order
2 R-14433 was issued back in September authorizing the
3 spacing unit.

4 Since that time, Matador has proposed to
5 all of the interest owners to change the initial well in
6 the spacing unit, so it would not be the 134H well. It
7 is instead going to be the 124H well, which targets the
8 2nd Bone Spring rather than the 3rd Bone Spring. This
9 is all set forth in the affidavit.

10 Also included in the affidavit is
11 Attachment A, the C-102 for the new initial well, which
12 is the 124H well. And Attachment B is the well-proposal
13 letter and AFE that went out to all of the working
14 interest owners under the -- both the working interest
15 owners and the parties pooled under the initial order.

16 Exhibit 18 is an affidavit from my office
17 with letters and also -- it's very difficult to read.
18 The Notice of Publication is the last page of this
19 exhibit, providing notice to all of the interest owners
20 in the spacing unit be changed for the initial well.

21 EXAMINER JONES: And the change in the
22 target?

23 MS. KESSLER: And the change in the target.

24 With that, Mr. Examiners, I'm happy to
25 answer any questions, but I would ask that Exhibits 17

1 and 18 be admitted into the record and that this case be
2 taken under advisement.

3 EXAMINER JONES: Everything okay?

4 EXAMINER BROOKS: Yeah. As I've often said
5 about affidavits, they're not -- they're hearsay, and,
6 therefore, they're not admissible over objection. But
7 this isn't a contested case, so who is going to object?

8 EXAMINER JONES: No one appeared in the
9 original case?

10 MS. KESSLER: Nobody appeared in the
11 original case.

12 EXAMINER JONES: And the same parties are
13 being pooled?

14 MS. KESSLER: There is no change in who is
15 being pooled at all or no changes in the ownership or
16 interest. Simply, the change is to the initial well.
17 So the order currently designates 134H, and we're asking
18 instead that it be the 124H.

19 EXAMINER JONES: The 134H, is it still out
20 there and is it going to be drilled?

21 MS. KESSLER: It is still out there and
22 will also be drilled, if it hasn't already. But the 124
23 will be --

24 EXAMINER JONES: The initial well.

25 MS. KESSLER: -- the initial well.

1 EXAMINER JONES: Okay. With that, we'll
2 take cases -- or Exhibits 17, 18 -- 17 and 18 --

3 MS. KESSLER: Thank you.

4 EXAMINER JONES: -- we'll admit those two
5 cases -- two exhibits and take Case Number 15748,
6 re-opened, under advisement.

7 MS. KESSLER: Thank you.

8 EXAMINER JONES: Thank you very much.

9 (Matador Production Company Exhibit Numbers
10 17 and 18 are offered and admitted into
11 evidence.)

12 (Case Number 15748 concludes, 11:30 a.m.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 13th day of February 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

25