

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                      CASE NO. 20245  
COMPANY FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE:   SCOTT DAWSON, CHIEF EXAMINER  
            KATHLEEN MURPHY, TECHNICAL EXAMINER  
            TERRY WARNELL, TECHNICAL EXAMINER  
            DAVID K. BROOKS, LEGAL EXAMINER

            This matter came on for hearing before the  
New Mexico Oil Conservation Division, Scott Dawson,  
Chief Examiner; Kathleen Murphy and Terry Warnell,  
Technical Examiners; and David K. Brooks, Legal  
Examiner, on Thursday, February 7, 2019, 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

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# APPEARANCES

FOR APPLICANT MATADOR PRODUCTION COMPANY:

JAMES G. BRUCE, ESQ.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
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# EXHIBITS OFFERED AND ADMITTED

Matador Production Company Exhibit Numbers 1 through 4	7
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(11:12 a.m.)

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EXAMINER DAWSON: At this time we will hear

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Case 20245, which is an application of Matador

4

Production Company for compulsory pooling, Lea County,

5

New Mexico.

6

Mr. Bruce, when you're ready.

7

MR. BRUCE: Yes, sir.

8

Mr. Examiner, this is the application of

9

Matador Production Company for the pooling of the west

10

half-west half of Section 17, 25 South, 35 East, for its

11

Leslie Fed Com Well #021H, which is a Delaware test,

12

Lower Brushy Canyon well.

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Submitted to you is Exhibit 1, the

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affidavit of Cassie Hahn, the landman, with the usual

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attachments.

16

Attachment A, which is a little bit out of

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order, shows the well unit and shows the well unit is

18

comprised of federal and fee acreage, two federal leases

19

plus a 40-acre fee tract.

20

Attachment B is the C-102 for the well.

21

The well is in the North Wilson; Bone Spring Pool. The

22

C-102 contains the pool code, and it also contains the

23

API number for the well.

24

Attachment C shows the parties, the working

25

interest owners being force pooled. I would note that

1 on that list is Diamondback Energy, Inc. Diamondback  
2 has signed a JOA, and we no longer seek to force pool  
3 them. So the other four parties listed are being force  
4 pooled, and that's about 4 percent of the well unit.

5 There is an overriding royalty interest  
6 owner being pooled, Santo Petroleum, LLC, which is shown  
7 on Exhibit C1.

8 A typical proposal letter sent to the  
9 parties is shown as Attachment D.

10 And the AFE for the well is Attachment E.  
11 It's about an \$8-and-a-quarter million well. The  
12 affidavit contains the usual statements regarding the  
13 efforts to obtain voluntary joinder. The overhead rates  
14 being charged are 7,000 and 700 per month, and they  
15 request the maximum risk charge cost plus 200 percent.

16 Exhibit 2 is the Affidavit of Notice. I'm  
17 showing my notice letter. And the additional parties  
18 were notified by this letter, but several of them have  
19 come to terms with Matador.

20 All the parties being pooled did receive  
21 actual notice, but under an excess of caution, I also  
22 published notice in the newspaper, and that is Exhibit  
23 3. So all parties received notice -- actual notice and  
24 constructive notice.

25 Exhibit 4 is the affidavit -- affidavit of

1 the geologist, Andrew Parker, containing a locator map,  
2 a structure map -- the structure dips gently to the  
3 east -- a cross section of the Lower Brushy Canyon -- or  
4 of the Brushy Canyon interval of the Delaware Mountain  
5 Group, and it also shows the landing point in the Lower  
6 Brushy Canyon. It also contains a schematic well plat.  
7 The well is in the Dogie Draw, Pool Code 97779. The  
8 geologist states that the well is justified from a  
9 geologic standpoint, and each quarter-quarter section in  
10 the well unit will contribute more or less equally to  
11 production. There is no faulting or other geologic  
12 impediment in the area which would adversely affect the  
13 drilling of this well.

14               There are very few wells in the Brushy  
15 Canyon in this area, and so there is really no  
16 preference for north-south or east-west. This section  
17 is also being developed for Bone Spring and Wolfcamp  
18 wells, which are all stand-up wells. So Matador chose a  
19 stand-up well for the Brushy Canyon as well.

20               The landman and the geologist state that  
21 the granting of this application is in the interest of  
22 conservation and the prevention of waste.

23               And with that, I would move the admission  
24 Exhibits 1 through 4 and ask that the matter be taken  
25 under advisement.

1 EXAMINER DAWSON: Okay. Do you have any  
2 questions, Mr. Brooks?

3 EXAMINER BROOKS: No questions.

4 EXAMINER DAWSON: Mr. Warnell?

5 EXAMINER WARNELL: No questions.

6 EXAMINER DAWSON: Ms. Murphy?

7 EXAMINER MURPHY: No.

8 EXAMINER DAWSON: So this is the Leslie  
9 well? It looks like on Attachment B, the C-102 plat  
10 says "Bruce Keplinger."

11 MR. BRUCE: Oh. When I come back, I will  
12 provide --

13 EXAMINER DAWSON: A corrected?

14 MR. BRUCE: -- a corrected.

15 EXAMINER DAWSON: All right. That's all I  
16 have.

17 MR. BRUCE: Okay. Thank you.

18 EXAMINER DAWSON: And you requested  
19 Exhibits 1 through 4 --

20 MR. BRUCE: Be admitted.

21 EXAMINER DAWSON: -- and the appropriate  
22 attachments to be admitted to the record?

23 MR. BRUCE: Yes.

24 EXAMINER DAWSON: They will be admitted to  
25 the record.

1 (Matador Production Company Exhibit Numbers  
2 1 through 4 are offered and admitted into  
3 evidence.)

4 EXAMINER DAWSON: And you're requesting  
5 this case to be taken under advisement?

6 MR. BRUCE: Correct.

7 EXAMINER DAWSON: At this point Case 20245  
8 will be taken under advisement.

9 (Recess, 11:20 a.m.)

10 (1:28 p.m.)

11 MR. BRUCE: And, Mr. Examiner, if you would  
12 re-open Case 20245, where I had the improper C-102 for  
13 the well.

14 EXAMINER DAWSON: That would be fantastic.  
15 At this point we will re-open Case 20245, which is --  
16 let me get to it here -- Matador Production Company for  
17 compulsory pooling, Lea County, New Mexico. It's the  
18 Leslie Fed Com #21H. We're opening the record for  
19 admission of the corrected C-102.

20 MR. BRUCE: That is correct, Mr. Examiner.  
21 I'd mark this exhibit with the case number and  
22 Attachment B to Exhibit 1, which is the landman's  
23 affidavit.

24 EXAMINER DAWSON: Okay. We will insert  
25 this into the case file and correct the -- and remove

1 the former incorrect C-102 from this file.

2 And with that, we will take -- further take  
3 20245 under advisement, and we will get this C-102 in  
4 the file. So that concludes 20245.

5 (Case Number 20245 concludes, 1:29 p.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO  
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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 7th day of March 2019.  
21

22  
23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
25 New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters