

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Applications of TITUL OIL & GAS	Case No. 21619
PRODUCTION, LLC, for Compulsory	Case No. 21620
Pooling, Lea County, New Mexico	

Applications of MATADOR PRODUCTION	Case No. 21748
COMPANY for Compulsory Pooling,	Case No. 21749
Lea County, New Mexico	Case No. 21750
	Case No. 21751

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 7, 2021

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, Dylan Rose-Coss, Technical Examiner, on Thursday, October 7, 2021, via Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane.
New Mexico CCR #122
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1 (Time noted 10:55 a.m.)

2 EXAMINER BRANCARD: All right. With that, the
3 final dessert item on our menu today is the final six
4 cases that were going to be contested but perhaps will not
5 be, and that's Cases 21619, 21620, Titus Oil & Gas, and
6 21748, 21749, 21750 and 21751.

7 So let's start with Titus.

8 MS. SHAHEEN: Thank you. Sharon Shaheen on
9 behalf of Titus Oil and Gas Production, LLC, in Case Nos.
10 21691, 21620 and 21748 through 21751.

11 EXAMINER BRANCARD: Thank you. Matador
12 Production Company.

13 MR. FELDEWERT: May it please the examiner,
14 Michael Feldewert of the Santa Fe office of Holland & Hart
15 appearing on behalf of Matador on Case 21748 through
16 21751, and then also for MRC Permian Company in Case 21619
17 and 21620, which are the Titus pooling cases.

18 EXAMINER BRANCARD: Thank you. And you may want
19 to get a little closer so we can hear you better.

20 MR. FELDEWERT: Better?

21 EXAMINER BRANCARD: That's better. Thank you.

22 All right. Are there any other interested
23 persons in these cases? I'm talking 21619, 21620, 21748,
24 -749, -750, -751. (Note: Pause.)

25 Hearing none, I believe the proposal is to

1 go ahead with 20619 and 21620. Is that correct, Ms.
2 Shaheen?

3 MS. SHAHEEN: That's my understanding, Mr.
4 Examiner.

5 EXAMINER BRANCARD: Mr. Feldewert, is the plan
6 to dismiss, then, Cases 21748 through -751?

7 MR. FELDEWERT: Yes, Mr. Examiner, the parties
8 were diligently working to resolve their differences, and
9 we are now in a position where Titus' cases can move
10 forward by affidavit, and we will be dismissing the
11 Matador Production Company Cases 21748 through 21751.

12 EXAMINER BRANCARD: But you haven't filed
13 anything yet.

14 MR. FELDEWERT: Correct.

15 EXAMINER BRANCARD: Okay. Well let's go ahead,
16 Ms. Shaheen.

17 MS. SHAHEEN: Thank you.

18 In these two cases, 22619 and 21620, Titus
19 proposes to pool all mineral interests in the Bone Spring
20 in 21619, and then the Wolfcamp in 21620, underlying a
21 standard 560-acre spacing unit comprised of the east half
22 of Section 22 and the northeast quarter and north half of
23 the southeast quarter of Section 27, all within Township
24 20 South, Range 32 East.

25 In 21619 Titus proposes to drill two wells, the

1 Thai Curry Fed Com wells. These are Bone Spring wells
2 223H and 224H.

3 In 21620 Titus proposes the Thai Curry Fed
4 Com 433H and 434H, which would be in the Wolfcamp.

5 I put together one package for both cases
6 so if you turn to the Table of Contents which should be on
7 .pdf page 2, hopefully it will be somewhat explanatory.

8 We have two checklists behind Tab 1, two
9 Applications behind Tab 2, and the landman Mr. McBroom has
10 attached exhibits relating to both cases to his Direct
11 Testimony.

12 Mr. McBroom has not previously testified
13 before the Division but his credentials are set forth in
14 his affidavit, and I would ask that his testimony be
15 accepted as a matter of record as a certified landman.

16 Mr. Frierson, the geologist, his affidavit
17 is at Exhibit B. Again, he has the requisite exhibits
18 that address both Applications. I believe he has
19 testified before the Division and his testimony has been
20 accepted.

21 We have also included testimony by the
22 engineer Mr. Will Tindol, and I believe that that
23 information is necessary in light of Matador's (inaudible)
24 of its cases.

25 Finally, as Exhibit D we have the Affidavit

1 of Notice that reflects Notice to all of the interested
2 parties either by certified mail or by publication.

3 So I would just note at least one other
4 thing, that Titus has reached voluntary agreements with
5 Brooks Oil & Gas, Andrew H. Jackson and Georgia Sobal or
6 Sobo Properties P-r-o-a-e-t-h (phonetic), and so they will
7 not be force pooling those three parties.

8 And with that I would ask the Division to
9 take this exhibit -- to admit this into the record and
10 take Case No. 21619 and 21620 under advisement.

11 EXAMINER BRANCARD: Thank you.

12 Mr. Feldewert, did you have any questions?

13 MR. FELDEWERT: No questions and no objections.
14 Thank you.

15 EXAMINER BRANCARD: Mr. Rose-Coss.

16 EXAMINER ROSE-COSS: No questions. Thank you.

17 EXAMINER BRANCARD: Okay. So this is a 560-acre
18 well unit, so you know what I'm going to ask, Ms. Shaheen.

19 What happened to the south half of the
20 southeast quarter?

21 MS. SHAHEEN: I don't know that I can answer
22 that question but I'm happy to confer with the client --
23 oh, you know, there's one other thing that I forgot to
24 mention, and it is explained in the affidavit, and that is
25 so Titus proposed these applications as the operator but

1 has since reached an agreement with Fasken, I believe
2 Fasken Oil & Gas (sic) and Fasken will be the operator of
3 these wells.

4 And that's explained in the testimony.

5 But nevertheless I will check with both
6 Titus and Fasken to inquire about that other
7 quarter/quarter section, and we can file a supplemental
8 affidavit if that would be helpful to the Division.

9 EXAMINER BRANCARD: Is Fasken over a contract
10 with Titus, or what's going on here?

11 MS. SHAHEEN: There is a Joint Operating
12 Agreement in which Titus agreed that Fasken would be the
13 operator of these wells. But if I remember correctly, and
14 Mr. Wallace is actually here today, I believe, who is
15 listening in.

16 But if I remember correctly Fasken operates the
17 vertical wells located in this proposed spacing unit so
18 the parties agreed they would also operate these
19 horizontal wells.

20 EXAMINER BRANCARD: Well, I mean do they need to
21 be part of the Application? I mean, if we are going to --
22 the State is going to designate them as the operator?
23 What are we going to do?

24 MS. SHAHEEN: I don't see that being necessary
25 under the regulations. I think what will happen, we've

1 asked that Titus be named the operator and then Titus and
2 Fasken would submit the requisite Change of Operator form.

3 EXAMINER BRANCARD: Okay.

4 But you don't know what's going on with
5 that south half of the southeast.

6 MS. SHAHEEN: I do not, but I'm happy to find
7 out and provide some supplemental information.

8 EXAMINER BRANCARD: That would be good, because
9 they look like lonely quarter/quarter sections down there,
10 maybe unloved, so we want to find out what's going on.

11 And I assume you have -- looking at your
12 well descriptions, they do appear to be proximity wells,
13 so could you do your -- what are your building blocks
14 here? What are building blocks, right? You need
15 proximity wells.

16 MS. SHAHEEN: Right. Right. I'm assuming
17 that's the case. Each well would penetrate contiguous
18 40-acre tracts.

19 EXAMINER BRANCARD: But you need one well to get
20 you the...

21 MS. SHAHEEN: That sounds like something else
22 I'm going to need to confer with the client about and
23 provide some supplemental information.

24 EXAMINER BRANCARD: I haven't gone through all
25 the 102s. It may already be in here.

1 MS. SHAHEEN: No, I don't think I have
2 identified proximity wells in the Checklist, so that's why
3 I'm a little hesitant here.

4 Yes. See, I stated there are no proximity
5 tracts, so I need to go back and clarify that.

6 EXAMINER BRANCARD: Because your C-102s are
7 designating 280-acre tract units not 560, the C-102s.

8 MS. SHAHEEN: Oh, I see that after all. Well, I
9 will definitely follow up on those two fronts, which would
10 be proximity -- and I've already forgotten the first one.

11 Oh, the lonely 40-acre tract.

12 EXAMINER BRANCARD: All right. Well, hopefully
13 it is just a mistake on your C-102s. If not, please check
14 with what you have given people Notice of. Have you given
15 them Notice of 560-acre units or 280? You know, do we
16 need to continue this for -- to correct the Notice?

17 MS. SHAHEEN: Let me take a look at the Well
18 Proposal, if you don't mind.

19 EXAMINER BRANCARD: I don't.

20 MS. SHAHEEN: I'll take a quick look at the Well
21 Proposal here. (Note: Pause.) Almost there.

22 So I'm on .pdf page 50, and I can't tell
23 from this letter. This is the letters that were sent
24 after an agreement was reached with Fasken, and I'm not
25 sure whether we have the original letter in here. I don't

1 see it. So I'll need to follow up with respect to that,
2 as well.

3 But I believe that all of the wells were
4 proposed in the same Well Proposal Letter. I'll need to
5 double check there.

6 EXAMINER ROSE-COSS: If you look at page 55 I
7 see mention of a 560-acre spacing unit. I don't know if
8 that is available to all interest owners.

9 MS. SHAHEEN: I don't believe this is my letter
10 of Notice notifying the interest owners of the
11 Application, but, as I've said, I'm not sure here about
12 the Well Proposal Letter itself.

13 EXAMINER BRANCARD: Well there is an Exhibit
14 A-6, September 4, 2020, that I think is giving a 280-acre
15 unit.

16 And then there is the August, 2021 letter
17 which I think is giving the 560 acres.

18 MS. SHAHEEN: I apologize. I did not take a
19 close look at this and I will need to follow up with
20 respect to that.

21 I'm looking -- yeah.

22 If it's okay with you, Mr. Hearing
23 Examiner, I propose that I confer with the client and then
24 perhaps confer with Mr. Rose-Coss as to the best way to
25 make any amended changes to the Application.

1 EXAMINER BRANCARD: Okay. I'm a little
2 concerned, and I have no idea if it's true that some
3 people may have gotten Notice of the 280-acre unit and
4 some may have gotten Notice of a 560-acre unit, so that
5 would be a problem.

6 MS. SHAHEEN: Well, what I can say is that
7 everyone received the September 20th -- sorry, the
8 August -- I apologize. It takes me a minute to scroll
9 here. The August 18th letter. So all of the working
10 interest owners received an August 18, 2021 letter which
11 is proposing all four wells in the 560-acre spacing unit.

12 So to the extent -- and that was more than
13 30 -- well, more than 30 days prior to the hearing.

14 EXAMINER BRANCARD: Okay. I mean, your
15 publication seems to do the 560 acres, also.

16 MS. SHAHEEN: Right. And the letter notifying
17 everyone of the hearing, the Application and the hearing
18 also refers to the 560-acre spacing unit.

19 EXAMINER BRANCARD: Okay. So it looks like
20 we've a couple of things to deal with here: (1) You need
21 to coordinate your C-102s with your application.

22 MS. SHAHEEN: Okay.

23 EXAMINER BRANCARD: Because they are clearly
24 reporting a 280-acre unit.

25 Then in order to get a 560-acre spacing

1 unit you need proximity wells.

2 MS. SHAHEEN: Got it.

3 EXAMINER BRANCARD: If you don't have those,
4 your client doesn't want to do those, you can come back
5 and ask for 280-acre units.

6 MS. SHAHEEN: All right.

7 EXAMINER BRANCARD: Mr. Rose-Coss, was there
8 other questions here?

9 EXAMINER ROSE-COSS: No. No. Thank you for
10 clarifying that, Mr. Brancard.

11 MR. FELDEWERT: I do have one, Mr. Examiner, if
12 I may.

13 EXAMINER BRANCARD: Sure.

14 MR. FELDEWERT: Do you know, Ms. Shaheen, is MRC
15 Permian still being pooled in both the Bone Spring and the
16 Wolfcamp?

17 MS. SHAHEEN: I was assuming that's the case.

18 MR. FELDEWERT: Okay.

19 MS. SHAHEEN: But, frankly, what I don't know --
20 oh, I'm looking for the wrong document now. I'm assuming
21 that Notice went to MRC Permian and not Matador.

22 MR. FELDEWERT: I'm not worried so much about
23 that as I am about the different status of the pooling
24 applications for a 560-acre spacing unit in both the Bone
25 Spring and the Wolfcamp.

1 MS. SHAHEEN: I'm assuming that they are being
2 pooled in both cases.

3 MR. FELDEWERT: Yeah. That's what it looks
4 like. All right.

5 Well, then I would have to concur that
6 there appears to be a disconnect between the filed and
7 served applications and the well locations reflected on
8 the C-102s and in the Compulsory Pooling Checklist.

9 MS. SHAHEEN: And I will endeavor to inquire
10 about that and obtain the necessary corrections.

11 MR. FELDEWERT: Because we're in Lea County, so
12 it applies, really, to both the Bone Spring and Wolfcamp.

13 EXAMINER BRANCARD: Okay. Any other concerns?

14 MR. FELDEWERT: No, those are sufficient.

15 EXAMINER BRANCARD: All right. We will take
16 this case under advisement. These are Cases 21619 and
17 21620, but the record is going to be left open for counsel
18 to try to clarify where we are at here with the wells, the
19 C-102s, the spacing units, et cetera.

20 And if there are any problems, please let
21 us know right away, because those will need to be
22 corrected and the case will need to be continued.

23 MS. SHAHEEN: I will look into this as soon as
24 possible, and I appreciate your advice.

25 EXAMINER BRANCARD: Thank you. Mr. Feldewert,

1 you will be going ahead and your client will dismiss its
2 cases?

3 MR. FELDEWERT: Yes.

4 EXAMINER BRANCARD: Thank you.

5 All right. I think we are at the end of
6 today's menu. Anything else?

7 (Note: No response.)

8 (Time noted 11:15 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
8 October 7, 2021, the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 transcription to the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18

/s/ Mary Macfarlane

19

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