

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:

ORIGINAL

CASE 15362

APPLICATION OF MATADOR PRODUCTION COMPANY  
for a NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 12, 2015

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner, and Gabriel Wade, Legal Examiner,  
November 12, 2015, 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: ELLEN H. ALLANIC  
NEW MEXICO CCR 100  
CALIFORNIA CSR 8670  
PAUL BACA COURT REPORTERS  
500 Fourth Street, NW  
Suite 105  
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

For the Applicant:

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I N D E X

CASE NUMBER 15362 CALLED

MATADOR PRODUCTION COMPANY  
CASE-IN-CHIEF:

WITNESS CHRIS CARLETON

	Direct	Redirect	Further
By Mr. Bruce	5		

	EXAMINATION
Examiner Jones	9

	PAGE
Reporter's Certificate	11

E X H I B I T I N D E X  
Exhibits Offered and Admitted

1		
2		
3		
4		PAGE
5	MATADOR PRODUCTION COMPANY EXHIBIT 14	9
6	MATADOR PRODUCTION COMPANY EXHIBIT 15	9
7	MATADOR PRODUCTION COMPANY EXHIBIT 16	9
8	MATADOR PRODUCTION COMPANY EXHIBIT 17	9
9	MATADOR PRODUCTION COMPANY EXHIBIT 18	9
10	MATADOR PRODUCTION COMPANY EXHIBIT 19	9
11		
12		
13		
14		
15		
16		
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1 (Time noted 9:44 a.m.)

2 EXAMINER JONES: Now Matador. Let's call  
3 15362, Application of Matador Production Company for a  
4 Non-Standard Oil Spacing and Proration Unit and  
5 Compulsory Pooling, Eddy County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of  
8 Santa Fe representing the applicant. And I have one  
9 witness in this case.

10 EXAMINER JONES: Any other appearances?

11 (No response.)

12 EXAMINER JONES: Will the witness please  
13 stand and the court reporter swear the witness.

14 (WHEREUPON, the presenting witness  
15 was administered the oath.)

16 MR. BRUCE: Mr. Examiner, this case was  
17 previously heard a couple of months ago and continued  
18 because I hadn't received a green card back. And in the  
19 interim, as the witness, Mr. Carleton, will tell you,  
20 some other stuff came up, so we are hopefully -- well,  
21 putting it most of it to bed here.

22 CHRIS CARLETON

23 having been first duly sworn, was  
24 examined and testified as follows:

25 ---oOo---

DIRECT EXAMINATION

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BY MR. BRUCE:

Q. Would you please state your name and city of residence for the record.

A. Chris Carleton, Dallas, Texas.

Q. Who do you work for and in what capacity?

A. Employed by MRC Energy Company, an affiliate of Matador Production Company, as a landman.

Q. Have you previously testified before the Division?

A. Yes.

Q. And were your credentials as an expert petroleum landman recognized by the Division?

A. Yes.

Q. And did you previously testify as the landman in this case on September 3rd?

A. Yes.

Q. As I stated, Mr. Carleton, the case was continued just for a notice issue. What happened in the interim?

A. A few weeks after the initial hearing, we had new developments in the chain of title and discovered there were additional parties that had interests in the well, so we noticed those parties, sent out well proposals.

Q. And are those interest owners identified in Exhibit 14?

1 A. Yes. Exhibit 14 shows an updated breakdown of  
2 the working interest and mineral interests.

3 Q. And are those the parties you seek to force pool?

4 A. Yes. Except for Larry A. Mizel. We reached a  
5 voluntary joinder with him just this Monday.

6 Q. And that is reflected in Exhibit 15, is it not?

7 A. Yes. Except, also, again, for Larry Mizel.

8 Q. And that signed JOA just came in a couple of days  
9 ago?

10 A. Yes. It just came in on Monday.

11 Q. What is Exhibit 16?

12 A. Exhibit 16 are copies of the well proposals that  
13 were sent out to all the parties that Matador wishes to  
14 pool. Several had to be re-sent on account of changes  
15 in address. So there are duplicates in here due to  
16 re-sending the proposals.

17 Q. Have you had any other contacts with the parties  
18 besides the well proposal letters?

19 A. Yes. Exhibit 17 is a summary of my  
20 communications with the parties. We reached out to  
21 several, trying to do either term assignments or have  
22 them sign a JOA.

23 And we are still negotiating with multiple  
24 parties in here, trying to get the voluntary joinders.

25 Q. Now, in your opinion, has MRC made a good faith

1 effort to obtain the voluntary joinder of the interest  
2 owners of the well?

3 A. Yes.

4 Q. Looking back at, say, Exhibit 15, Mr. Carleton,  
5 were all of these parties locatable?

6 A. No. We were not able to find a good address for  
7 Barney Martin Partners. We sent several proposals to  
8 different addresses, but we were never able to get one  
9 deliverable.

10 Q. And what records did you search trying to locate  
11 Barney Martin Partners?

12 A. County records as well as an on-line service that  
13 searches several records, Accurrent, and we were still  
14 not able to get a deliverable address.

15 Q. And is Exhibit 18 my affidavit of notice to the  
16 locatable parties?

17 A. Yes.

18 Q. And other than Barney Martin Partners, has  
19 everyone received actual notice of the hearing?

20 A. Yes.

21 MR. BRUCE: Mr. Examiner, the original  
22 reason this matter was continued was because I had not  
23 received a green card back from the Conquistador  
24 Council. It took like two months to get that green card  
25 back. It finally showed up.

1 EXAMINER JONES: They were all out hiking  
2 somewhere.

3 Q. Finally, has notice of this application been  
4 published in a newspaper with respect to Barney Martin  
5 Partners?

6 A. Yes.

7 MR. BRUCE: Mr. Examiner, Exhibit 19 is  
8 simply the notice I sent to the newspaper, a published  
9 notice for the December 3rd hearing. And I would ask  
10 that the matter be continued to December 3rd merely for  
11 notice purposes.

12 EXAMINER JONES: December 3rd?

13 MR. BRUCE: Yes.

14 Q. Were exhibits 14 through 19 prepared by you or  
15 under your supervision or compiled from company business  
16 records?

17 A. Yes.

18 Q. And in your opinion is the granting of this  
19 application in the interests of conservation and the  
20 prevention of waste?

21 A. Yes.

22 Q. Mr. Carleton, in the prior hearing, you did  
23 testify about the well costs and the overhead rates,  
24 et cetera?

25 A. Yes.

1 Q. And a geologist did present -- geologic evidence  
2 was presented in the case at that time?

3 A. That's correct.

4 MR. BRUCE: Mr. Examiner, I move the  
5 admission of Exhibits 14 through 19.

6 EXAMINER JONES: Exhibits 14 through 19 are  
7 admitted.

8 (MATADOR PRODUCTION COMPANY EXHIBITS 14  
9 through 19 were offered and admitted.)

10 EXAMINATION BY EXAMINER JONES

11 EXAMINER JONES: The one that has the  
12 Exhibit A on it has Apache and Anadarko on it also. It  
13 has Conquistador Council and Boy Scouts plus Anadarko.

14 THE WITNESS: Originally, we thought  
15 Anadarko had an interest in this. And that was the new  
16 title information, it showed they no longer owned in  
17 this section.

18 EXAMINER JONES: So that got split with a  
19 bunch of different entities?

20 THE WITNESS: That's correct.

21 EXAMINER JONES: Nothing else has changed as  
22 far as the well itself. Has the well been drilled yet?

23 THE WITNESS: No, it has not.

24 EXAMINER JONES: So you still want to  
25 continue it to December the 3rd?

1 STATE OF NEW MEXICO )  
 2 ) ss.  
 3 COUNTY OF BERNALILLO )  
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7 REPORTER'S CERTIFICATE

8  
 9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR  
 10 No. 100, DO HEREBY CERTIFY that on Thursday, November  
 11 12, 2015, the proceedings in the above-captioned matter  
 12 were taken before me, that I did report in stenographic  
 13 shorthand the proceedings set forth herein, and the  
 14 foregoing pages are a true and correct transcription to  
 15 the best of my ability and control.

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

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 NM Certified Court Reporter No. 100  
 License Expires: 12/31/15