

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 TO RE-OPEN CASE NO. 15747
TO AMEND THE INITIAL WELL UNDER
THE TERMS OF COMPULSORY POOLING
ORDER R-14432, EDDY COUNTY,
NEW MEXICO.

CASE NO. 15747
(Re-opened)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 30, 2017

Santa Fe, New Mexico

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

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, November 30, 2017, 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:

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

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EXHIBITS OFFERED AND ADMITTED

Matador Production Company Exhibit
Numbers 17 through 19 (attached)

1 (10:14 a.m.)

2 EXAMINER JONES: And Case 15747, is that --

3 MS. KESSLER: That would be presented by
4 affidavit. We can do that now or do that later, as you
5 prefer.

6 EXAMINER JONES: Call Case 15747, which is
7 application of Matador Production Company to re-open
8 Case Number 15747 to amend the initial well under the
9 terms of Compulsory Pooling Order R-14232 [sic], Eddy
10 County, New Mexico.

11 Call for appearances.

12 MS. KESSLER: Mr. Examiner, Jordan Kessler,
13 from the Santa Fe office of Holland & Hart, on behalf of
14 the Applicant.

15 EXAMINER JONES: Any other appearances?

16 Being none, is it an affidavit case?

17 MS. KESSLER: Affidavit.

18 Mr. Examiner, this order was initially
19 issued back in September of 2017. That would be Order
20 R-14432, and that case authorized compulsory pooling and
21 created a 155.29-acre standard spacing -- nonstandard
22 spacing unit in the north half of the south half of
23 Section 19, Township 20 South, Range 29 east, Eddy
24 County. And the order also authorized an initial well,
25 the Stebbins 19 Fed Com No. 133H, and that horizontal

1 well was dedicated to the spacing unit.

2 In the interim, Matador has elected to --
3 or has requested to appoint a new initial well to the
4 spacing unit, and that would be the Stebbins 19 Federal
5 Com No. 123H, a different API number. But the Stebbins
6 19 Federal Com Number 123H will actually target a
7 slightly shallower formation in the Bone Spring
8 Formation.

9 So the initial pooling order -- pooling
10 order pooled the entire Bone Spring Formation and
11 designated an initial well in the 3rd Bone Spring, and
12 the new initial well will be in the -- will target the
13 2nd Bone Spring and has a different name. So it's 123
14 versus the 133H well.

15 There is an affidavit from Mr. Sam Pryor,
16 who is the landman who you just heard from and who also
17 testified in the initial case.

18 Exhibit A to the affidavit is the
19 well-proposal letter and AFE sent to all of the working
20 interest owners for the revised initial well, for the
21 123H.

22 Exhibit 18 is a Notice of Publication for
23 this case to change the initial well.

24 And Exhibit 19 is an affidavit prepared by
25 my office providing notice to all of the parties that

1 were previously pooled regarding the amendment to the
2 initial well.

3 So everything from the order will remain
4 the same, Mr. Examiner, except for the initial well.

5 EXAMINER JONES: There hasn't been any
6 other people that have been discovered or any changes in
7 in who elected and who didn't?

8 MS. KESSLER: No changes in ownership at
9 all, Mr. Examiner.

10 EXAMINER BROOKS: Well, it sounds like it's
11 just -- let's see. Who are the participating parties?
12 Is it just Matador, or are there other parties?

13 MS. KESSLER: That, I don't know, and I
14 could look back at the records from the -- from the
15 first case. But there aren't any changes in ownership
16 or in participation from this case from --

17 EXAMINER BROOKS: Has the AFE changed?

18 MS. KESSLER: The AFE has changed, and the
19 new AFE was sent to all of the parties that -- all of
20 the working interest owners whether pooled or unpooled.

21 EXAMINER BROOKS: Okay. Well, if the AFE
22 has changed, then you've got a new -- you've got pooled
23 working interest owners, and I don't know -- do you have
24 pooled working interest owners or --

25 MS. KESSLER: There are pooled working

1 interest owners. Let's see. Because the initial well
2 has not been drilled, final costs have not been sent
3 out, so there have been no elections by the pooled
4 working interest owners.

5 EXAMINER BROOKS: Okay. So -- well, you
6 generally make the election on the estimated costs.
7 Have you not sent the election letter on the estimated
8 costs?

9 MS. KESSLER: The election letter on the
10 estimated costs, I do not believe has been sent.

11 EXAMINER BROOKS: Well, if that's true,
12 then I don't think we need to put any special provisions
13 in the changed order, but if you've already sent out the
14 election letter, then it seems to me that there should
15 be an opportunity for a new election.

16 MS. KESSLER: It wouldn't have been sent,
17 Mr. Examiner, because the -- the well-proposal letter
18 for the new initial well was sent back in June, which
19 was before the pooling order was issued.

20 EXAMINER BROOKS: Okay. So that was the
21 pre-hearing --

22 MS. KESSLER: Correct.

23 EXAMINER BROOKS: -- election option.

24 Okay. It sounds like you've got your bases
25 covered. No more questions.

1 EXAMINER JONES: We'll take Case 15747,
2 re-opened, under advisement.

3 (Case Number 15747 concludes, 10:20 a.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.

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MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2017
Paul Baca Professional Court Reporters