

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 FOR A NONSTANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. CASE NO. 15900

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 11, 2018

Santa Fe, New Mexico

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

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, William V. Jones, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, January 11, 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.

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1 (1:31 p.m.)

2 EXAMINER McMILLAN: I'd like to call this  
3 hearing back to order.

4 At this time I'd like to call Case Number  
5 15900, application of Matador Production Company for a  
6 nonstandard spacing and proration unit and compulsory  
7 pooling, Lea County, New Mexico.

8 Call for appearances.

9 MR. FELDEWERT: May it please the Examiner,  
10 Michael Feldewert, from the Santa Fe office of Holland &  
11 Hart, appearing on behalf of the Applicant. And I have  
12 two witnesses.

13 MR. HALL: Mr. Examiner, Scott Hall,  
14 Montgomery & Andrews Law Firm, Santa Fe, appearing on  
15 behalf of Caza Petroleum, LLC. No witnesses this  
16 afternoon.

17 EXAMINER McMILLAN: Thank you.

18 If the witnesses would please stand up and  
19 be sworn in at this time.

20 (Ms. Hartsfield and Mr. Parker sworn.)

21 MR. FELDEWERT: Call our first witness.

22 EXAMINER McMILLAN: Please proceed.

23 SARA HARTSFIELD,  
24 after having been first duly sworn under oath, was  
25 questioned and testified as follows:

1 DIRECT EXAMINATION

2 BY MR. FELDEWERT:

3 Q. Would you please state your name, identify by  
4 whom you're employed and in what capacity?

5 A. My name is Sara Hartsfield. I work for Matador  
6 Resources as a landman.

7 Q. Ms. Hartsfield, have you previously testified  
8 before this Division?

9 A. Yes, I have.

10 Q. And were your credentials as a petroleum  
11 landman accepted and made a matter of record?

12 A. Yes, they were.

13 Q. Are you familiar with the application that's  
14 been filed in this case?

15 A. I am.

16 Q. And are you familiar with the status of the  
17 lands in the subject area?

18 A. Yes.

19 MR. FELDEWERT: I will retender  
20 Ms. Hartsfield as an expert in petroleum land matters.

21 MR. HALL: No objection.

22 EXAMINER McMILLAN: So qualified.

23 Q. (BY MR. FELDEWERT) Would you be kind enough to  
24 turn to what's been marked as Matador Exhibit Number 1?  
25 Identify it and explain what the company seeks under

1     **this application.**

2           A.     Sure. This is our Form C-102. Matador seeks  
3     to form a nonstandard 160-acre unit, and we wish to pool  
4     the Bone Spring Formation as to the uncommitted working  
5     interests. The pool name here has been updated by the  
6     NMOCD to the Rock Lake; Bone Spring, Pool Code 52766,  
7     and our API number is 30-025-44286. And the 160.48-acre  
8     unit would consist of the west half of the west half of  
9     Section 33.

10          **Q.     And, Ms. Hartsfield, does this exhibit also**  
11     **indicate that the first and last perforations for this**  
12     **wellbore and indeed the entire completed interval will**  
13     **comply with the Division setback requirements?**

14          A.     Yes.

15          **Q.     And what is the nature of the lands in the west**  
16     **half of the west half of Section 33?**

17          A.     The west half of the west half is comprised of  
18     two state leases.

19          **Q.     If I turn to what's been marked as Matador**  
20     **Exhibit Number 2, does this identify the interest owners**  
21     **in the proposed 160-acre spacing and proration unit?**

22          A.     Yes, it does.

23          **Q.     And it identifies the interests of the parties**  
24     **that have been consolidated to date, correct?**

25          A.     Yes.

1           Q.    That being MRC and then various -- some other  
2 interest owners?

3           A.    That's correct.

4           Q.    Does it likewise, then, identify the parties  
5 that you need to pool?

6           A.    Yes.

7           Q.    And what's the percentage interest of the  
8 parties that remain to be pooled?

9           A.    45 percent.

10          Q.    Has the company been able to locate all the  
11 parties that you seek to pool?

12          A.    Yes.

13          Q.    If I turn to what's been marked as Matador  
14 Exhibit Number 3, does this contain a sample of the  
15 well-proposal letters that were sent to these  
16 uncommitted interest owners?

17          A.    Yes.

18          Q.    And if I look at the last page of this exhibit,  
19 this letter that went out, did it include an AFE?

20          A.    It did.

21          Q.    And are the costs reflected on this AFE  
22 consistent with what the company and other operators  
23 have incurred for drilling similar wells in this area?

24          A.    Yes.

25          Q.    If I look at the second page of this exhibit,

1     does it identify for the Examiners the overhead rates  
2     that the company seeks under this pooling application?

3           A.     Yes.

4           Q.     And what are those amounts?

5           A.     7,000 for drilling and 700 while producing.

6           Q.     And, likewise, are these costs similar to what  
7     other operators are charging in this area for these  
8     types of wells?

9           A.     Yes, they are.

10          Q.     Now, following the submission of these  
11     well-proposal letters, what additional efforts did the  
12     company undertake to reach agreement with the interest  
13     owners you seek to pool?

14          A.     I've had follow-up phone calls and emails with  
15     all of the parties listed here. I'll start at the top.  
16     Caza Petroleum, we spoke with them, received a phone  
17     call last night from them. They are not opposing this.  
18     They're allowing us to pool them, and it is -- we'll  
19     determine if they will participate under the pooling  
20     order later.

21                   Gaedeke Holdings has returned a signed  
22     election. We have not received an operating agreement,  
23     but they've also indicated that they might participate  
24     under the pooling order.

25                   And the Allar Company has said that they



1 will participate under the pooling order.

2 Q. In preparation for this hearing, did the  
3 company identify the operators of the leased mineral  
4 interest owners in the 40-acre tracts surrounding your  
5 proposed nonstandard spacing and proration unit?

6 A. Yes, we did.

7 Q. And did the company include these offset  
8 owners, as well as the pool parties, in the notice of  
9 this hearing?

10 A. Yes, we did.

11 Q. And if I turn to what's been marked as Matador  
12 Exhibit Number 4, is this an affidavit prepared by my  
13 office with the attached letters providing notice of  
14 hearing to the affected parties?

15 A. Yes, it is.

16 Q. Were Matador Exhibits 1 through 3 compiled by  
17 you or under your direction and supervision?

18 A. Yes.

19 MR. FELDEWERT: Mr. Examiner, I would move  
20 the admission into evidence of Exhibits 1 through 4,  
21 which includes my Notice of Affidavit.

22 MR. HALL: No objection.

23 EXAMINER McMILLAN: Exhibits 1 through 4  
24 may now be accepted as part of the record.

25 (Matador Production Co. Exhibit Numbers 1

1                   through 4 are offered and admitted into  
2                   evidence.)

3                   MR. FELDEWERT: And that concludes my  
4                   examination of this witness.

5                   CROSS-EXAMINATION

6                   BY MR. HALL:

7                   Q.    Ms. Hartsfield, good afternoon.

8                            Let me ask you: They have a large  
9                   proportion of nonconsent interests in this well,  
10                  correct?

11                  A.    Yes.

12                  Q.    Does Matador have any objection to providing  
13                  the nonconsenting interest owners with a periodic  
14                  progress report towards payout?

15                         MR. FELDEWERT: Object to the form of the  
16                  question. I think that's -- if they are nonconsenting,  
17                  I'm not aware of a requirement that they provide the  
18                  information.

19                         EXAMINER BROOKS: Well, I'm not aware of a  
20                  requirement, but I believe most operators do it. So I  
21                  think it's a valid objection -- I think it's a valid  
22                  question just for information.

23                  Q.    (BY MR. HALL) You can answer.

24                  A.    I'm not actually sure that I can answer that  
25                  question. I feel like that's a question I'd have to

1 take up with upper management.

2 EXAMINER BROOKS: Now, they do not provide  
3 drilling reports, as a rule, to nonconsenting parties.

4 THE WITNESS: Right.

5 EXAMINER BROOKS: But most operators  
6 provide payout status reports. But that's just a  
7 comment.

8 Go ahead.

9 Q. (BY MR. HALL) And I've not seen a copy of the  
10 JOA that's been proposed for use for this well, but can  
11 you tell me whether it has any provision that restricts  
12 providing well data to parties who have only tendered  
13 their shared costs up front. Do you know?

14 A. No, it does not.

15 Q. Okay.

16 MR. HALL: Nothing further.

17 CROSS-EXAMINATION

18 BY EXAMINER McMILLAN:

19 Q. Are there any depth severances?

20 A. No.

21 Q. So it's 160.48. So are there lots in there?

22 A. No, sir. I don't believe so. We've had it  
23 resurveyed.

24 EXAMINER McMILLAN: Go ahead.

25

1 CROSS-EXAMINATION

2 BY EXAMINER BROOKS:

3 Q. Are these parties identified on Exhibit 2, are  
4 they all owners of oil and gas leases?

5 A. There is just one -- there are two state leases  
6 in this.

7 Q. Yeah. But --

8 A. They all own in the one state lease in the  
9 north half.

10 Q. So they own operating rights in that state  
11 lease?

12 A. Yes, sir.

13 Q. Are there any overrides?

14 A. There is one override.

15 Q. Dangerous question.

16 Did you give notice to the override owner?

17 A. We did not give notice to the override owner.  
18 However, our legal department has reviewed this, and  
19 based on the assignment that created the override, we  
20 believe we have the authority to pool.

21 Q. Okay. I'll accept that.

22 A. That said and in an abundance of caution, we'll  
23 include them on the communitization agreement.

24 Q. Yes. As I said, I do not pretend at all that  
25 there is any obligation to give notice to the override

1 owners if their assignment of override includes pooling  
2 power. So -- that's all I have.

3 CROSS-EXAMINATION

4 BY EXAMINER JONES:

5 Q. So the com agreement is in the works?

6 A. Yes, sir.

7 Q. Okay. And who owns the -- who has the title to  
8 the two state leases?

9 A. Matador has title to the state lease that  
10 covers the south half of Section 33, and then the 5  
11 percent that has joined, along with this other 45  
12 percent -- Caza, Gaedeke and The Allar Company -- own  
13 the state lease that covers the -- I got that  
14 backwards -- covers the north half and Matador covers  
15 the south half.

16 Q. Okay. So Gaedeke, you said -- I got you said  
17 Caza said not opposing but will be pooled, and Allar  
18 will participate, but Gaedeke, I forgot what you said  
19 about them.

20 A. The Allar Company will not sign an operating  
21 company, but they will participate under the pooling  
22 order.

23 And Gaedeke has sent in a signed election  
24 letter, but we have not received an operating agreement.  
25 In the phone call with them, they were still trying to

1     decide if they would participate under the pooling order  
2     or under an operating agreement.

3           Q.     Okay.  And they're not represented, as you  
4     know, by attorneys -- or at least they're not here.  
5     Just Caza is here.

6                     The two state leases, are they both the  
7     same royalty rate?

8           A.     Yes, they are.

9           Q.     Okay.  Those state acreages are pretty fixed on  
10    their -- on their acreages based on, you know, what was  
11    deeded to them from the federal government years ago.  
12    So if you had it resurveyed, I don't know how that'll  
13    work with the com agreement.  You'll be told about that,  
14    I'm sure, when you go through the com process.

15          A.     I've come across it in the past with the  
16    communitization agreement, and they've worked -- we've  
17    worked really well together.

18          Q.     Okay.  Okay.  And the cost, is that -- how old  
19    is that?  That's pretty recent, looks like.  Looks like  
20    it's three months old or so.

21          A.     August 31st.  Probably about five months old at  
22    this point, but --

23          Q.     Okay.  Thanks very much.

24          A.     Okay.  Thank you.

25                     EXAMINER McMILLAN:  You may be excused.

1 MR. FELDEWERT: Call our next witness.

2 EXAMINER McMILLAN: Please proceed.

3 ANDREW PARKER,

4 after having been previously sworn under oath, was  
5 questioned and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. FELDEWERT:

8 Q. Would you please state your name, identify by  
9 whom you're employed and in what capacity?

10 A. My name is Andrew Parker. I work for Matador  
11 Production Company as a senior geologist.

12 Q. Mr. Parker, do your responsibilities include  
13 the Permian Basin in New Mexico?

14 A. Yes.

15 Q. And have you previously testified before this  
16 Division and been recognized as an expert in petroleum  
17 geology?

18 A. Yes, I have.

19 Q. Are you familiar with the application filed in  
20 this case?

21 A. Yes.

22 Q. And have you conducted a geologic study of the  
23 lands that are the subject of this application?

24 A. Yes.

25 MR. FELDEWERT: I would retender Mr. Parker

1 as an expert witness in petroleum geology.

2 MR. HALL: No objection.

3 EXAMINER McMILLAN: So qualified.

4 Q. (BY MR. FELDEWERT) Mr. Parker, what formation  
5 is targeted by the proposed well?

6 A. Bone Spring Formation.

7 Q. And in your opinion, is this formation  
8 continuous across the acreage that the company seeks to  
9 pool?

10 A. Yes.

11 Q. And have you prepared a structure map and a  
12 cross section of this targeted formation for the  
13 Examiners?

14 A. Yes.

15 Q. If I turn to what's been marked as Matador  
16 Exhibit Number 5, is this a structure map that you  
17 created?

18 A. Yes.

19 Q. Would you first explain to us what the various  
20 sticks and the colors are on here and then explain to us  
21 what this exhibit shows?

22 A. The yellow box is the project area that we're  
23 seeking to pool. The orange sticks with the green  
24 squares are surface locations with the laterals of  
25 existing Bone Spring wells within this area map. And



1 the red stick is the Bill Alexander well that we are  
2 proposing to drill here. The red dots with the black  
3 line are -- from A to A prime are referencing the cross  
4 section that is in the following exhibit. And this is a  
5 structure map on the top of the Bone Spring Formation.  
6 It's subsea. You can see the 50-foot contours, and it's  
7 showing sort of a gradual dip to the south and  
8 southwest.

9 Q. Do you see any faulting or pinch-outs or other  
10 geologic impediments to the development of this spacing  
11 unit with horizontal wells?

12 A. No, we do not.

13 Q. Now, the wells that you've identified here for  
14 your cross section, why did you choose these particular  
15 wells?

16 A. This is -- they represent the best well control  
17 in the area. The cross section is representative of  
18 what we expect to see along the lateral.

19 Q. Okay. And then if I turn to what's been marked  
20 as Matador Exhibit Number 6, is this the cross section,  
21 A to A prime, that corresponds with the wells on a prior  
22 exhibit?

23 A. Yes.

24 Q. And first off, can you identify the formations  
25 on here -- or the formation?

1           A.    Yes.  The top black line is the top of the Bone  
2   Spring Formation, and the lower black line is the base  
3   of the Bone Spring, which would also be the top of the  
4   Wolfcamp.

5           **Q.    And for the record, how have you identified the**  
6   **targeted interval within the Bone Spring?**

7           A.    That is identified by the transparent yellow  
8   box from A to A prime.

9           **Q.    What do you observe with respect to the**  
10   **continuity of this interval across your proposed**  
11   **nonstandard unit?**

12          A.    Again, this is a structurally uncrossed  
13   section, so you can see the dip of the formation, which  
14   is consistent with the previous structure map, and there  
15   is little to no thickness change within the target zone  
16   along the lateral.

17          **Q.    In your opinion, is this an acreage -- is this**  
18   **acreage that can be efficiently and economically**  
19   **developed by horizontal wells?**

20          A.    Yes.

21          **Q.    And in your opinion, will all of the**  
22   **quarter-quarter sections comprising your proposed**  
23   **nonstandard spacing unit be productive and contribute**  
24   **more or less equally to the production in the wellbore?**

25          A.    Yes.

1           Q.    If I turn to what's been marked as Matador  
2 Exhibit Number 7, is this a wellbore diagram that you  
3 created?

4           A.    Yes.

5           Q.    And does this confirm for the Examiners that  
6 the completed interval for this wellbore will meet the  
7 standard 330-foot setback requirements for this pool?

8           A.    Yes, it does.

9           Q.    In your opinion, will the granting of this  
10 application be in the best interest of conservation, the  
11 prevention of waste and the protection of correlative  
12 rights?

13          A.    Yes.

14          Q.    Were Matador Exhibits 5 through 7 compiled by  
15 you or prepared under your direction and supervision?

16          A.    Yes.

17                   MR. FELDEWERT:  Mr. Examiner, I would move  
18 the admission into evidence of Exhibits 5 through 7.

19                   MR. HALL:  No objection.

20                   EXAMINER McMILLAN:  Exhibits 5 through 7  
21 may now be accepted as part of the record.

22                               (Matador Production Co. Exhibit Numbers 5  
23 through 7 are offered and admitted into  
24 evidence.)

25                   MR. FELDEWERT:  And that concludes my

1 examination of this witness.

2 CROSS-EXAMINATION

3 BY MR. HALL:

4 Q. Mr. Parker, can you discuss the geologic risk  
5 associated with this well? Is there elevated geologic  
6 risk with this proposal, in your opinion?

7 A. I'm not sure what you mean by elevated risk.

8 Q. Does the well project meet Matador's internal  
9 criteria for geologic risk?

10 A. Yeah. We -- we wouldn't be drilling the well  
11 if it didn't. I mean, it meets all of our criteria for  
12 that.

13 Q. You're not saying there is zero geologic risk,  
14 correct?

15 A. I don't think I would ever say there is zero  
16 geologic risk. No.

17 Q. You're asking for the risk penalty, right?

18 A. Huh?

19 Q. You're asking for the risk penalty?

20 MR. FELDEWERT: We're asking for the  
21 standard 200 percent risk penalty. That has not been  
22 challenged.

23 Q. (BY MR. HALL) Is there anything on your two  
24 geologic exhibits that would -- you could point to that  
25 would indicate any elevated geologic risk?

1 MR. FELDEWERT: Mr. Examiner, I'm going to  
2 object on the grounds that Caza did not challenge the  
3 200 percent risk penalty and that that is not at issue  
4 here before the Division.

5 EXAMINER BROOKS: Well, I think that should  
6 probably be sustained because the rule in Part 13 of our  
7 rules says that the burden of raising the issue and the  
8 burden of proof are on the pooled -- the to-be-pooled  
9 party is at this point -- stands at this point until the  
10 Court holds otherwise. So I advise the Examiner sustain  
11 the objection.

12 MR. HALL: And I would respond we're not --  
13 we're challenging the risk of -- sort of the agreement  
14 that there is risk. I just want to know Matador's  
15 assessment of the risk, since they're asking for the  
16 risk penalty.

17 EXAMINER BROOKS: Well, I will allow you to  
18 ask the question for Bill of Exception purposes. But  
19 it's really not relevant in Division proceeding, but it  
20 doesn't hurt anything, as I see it.

21 MR. FELDEWERT: You previewed my objection  
22 in saying what's the relevance.

23 EXAMINER BROOKS: Well, there is no real  
24 need to ask the question for Bill of Exception purposes  
25 in the Division, but as a courtesy, I'll say that's

1     okay.  If you want him to answer the question, go ahead  
2     and answer the question.

3                     MR. HALL:  Thank you.

4                     Can you read back the question for us,  
5     Mary?

6                     (The court reporter read the last question  
7                     as requested.)

8                     THE WITNESS:  I'm really not sure I know  
9     how to answer the question.

10            **Q.     (BY MR. HALL) Okay.  That's fine.  That's your**  
11     **answer?**

12            A.     Yeah.

13                     MR. HALL:  That's all I have.

14                     (Examiner Brooks exits the room, 1:52  
15                     p.m.)

16                                 CROSS-EXAMINATION

17     BY EXAMINER JONES:

18            **Q.     I really -- this is 2nd Bone -- 3rd -- 2nd Bone**  
19     **Spring; is that correct?  Are you calling it the 2nd**  
20     **Bone Spring?**

21            A.     No.  This is the 1st Bone Spring.

22            **Q.     You're calling it 1st.**

23                                 **So it's kind of a ratty-type sand member**  
24     **there, isn't it, according to those cross section logs?**

25            A.     The target interval is -- is a nice, thick,

1 clean sand.

2 Q. And you have a -- do you have a vertical well  
3 close by that you --

4 A. Just the ones used in the cross section.

5 Q. Yeah. Okay. And they're actually -- well,  
6 they're a half mile away, each one of them. So pretty  
7 close, I guess.

8 So you bracketed your interval, and you're  
9 going to go for a real clean sand and hope your frac job  
10 influences more than just that.

11 (Examiner Brooks enters the room, 1:53  
12 p.m.)

13 EXAMINER BROOKS: Excuse me.

14 Q. (BY EXAMINER JONES) Your -- I think it looks --  
15 I can see it on both -- both --- both wells, and it  
16 looks like you're drilling toe up, is that right?

17 A. Yes, sir.

18 Q. Toe up.

19 So do you have any facilities out there  
20 already, or this well is going to have to be  
21 brand-new -- brand-new tank battery and everything?

22 A. Yeah. I can't answer that question. I don't  
23 know what's out there at this point.

24 Q. Was this your recommendation, your -- your  
25 well?

1           A.    I mean, it was my team's.  You know, they  
2   evaluated this and brought it forward.  Yeah.

3           **Q.    Okay.  No more questions.**

4                       EXAMINER BROOKS:  I have no questions.

5                               CROSS-EXAMINATION

6   BY EXAMINER McMILLAN:

7           **Q.    The only question I'm getting is to clarify the**  
8   **name of the well.  I've looked on the left side of the**  
9   **Bill Alexander State Com 111, but one of your**  
10  **presentations says "AR 111."  So I'd like to get it**  
11  **right when we write the order.**

12                       MR. FELDEWERT:  I would go with the name of  
13  the well on the C-102.

14                       EXAMINER McMILLAN:  Okay.

15                       EXAMINER JONES:  Any more witnesses?

16                       MR. FELDEWERT:  No.  Sorry.  That concludes  
17  our presentation.

18                       EXAMINER McMILLAN:  Closing statements?

19                       MR. FELDEWERT:  We'd ask that the case be  
20  taken under advisement.

21                       MR. HALL:  I have a request, Mr. Examiner.  
22  I ask that any order that's issued in this case pooling  
23  unjoined interests provide that the operator render  
24  payout progress reports on a regular periodic basis, and  
25  I'd also ask that the order specify that well data may



1 be made available to the nonconsenting interest owners.

2 EXAMINER BROOKS: You know, with regard to  
3 payout reports, I know that operators -- many operators,  
4 anyway, customarily provide them. Do you know -- can  
5 you tell me if that's because it's provided in the  
6 operating agreements, or is it just that that's just a  
7 practice they have?

8 MR. HALL: I do not know.

9 EXAMINER BROOKS: Neither do I. So I know  
10 that most operators -- I think there is general  
11 understanding in the oil and gas industry that you don't  
12 get trailing reports unless you participate, but I know  
13 I'm not aware of any law on the subject.

14 Mr. Feldewert, do you have anything to say  
15 on this subject?

16 MR. FELDEWERT: Well, I would point out two  
17 things. One, obviously, they have chosen to not  
18 participate under a JOA even though it was sent to them.  
19 They have chosen to participate under the standard  
20 pooling order.

21 EXAMINER BROOKS: Yeah.

22 MR. FELDEWERT: So I don't see any  
23 rationale or basis to modify your standard pooling order  
24 that has been used by this Division for a number of  
25 years and which has -- imposed upon what requirements

1 are in pooling order versus what requirements are in the  
2 JOA.

3 EXAMINER BROOKS: Okay.

4 MR. HALL: May I?

5 EXAMINER BROOKS: Yes. You may speak in  
6 rebuttal if you wish.

7 MR. HALL: We've heard testimony from  
8 Matador's landman that their JOA for this project does  
9 not restrict who gets well data. There is no  
10 restriction that they have to pay in advance to receive  
11 well data. Apparently, it's not addressed. There is no  
12 such restrictions in the agreement. And I can cite to  
13 some prior Division precedent where you have allowed  
14 well data to be provided, and I can provide you with  
15 some case law precedent as well that establishes the  
16 owner of acreage within a well unit also owns the well  
17 data and geologic data associated with that acreage and  
18 is entitled to it. And I'll be glad to brief that to  
19 you or read it into the record.

20 EXAMINER BROOKS: Please do so. Brief it  
21 to us and provide a copy to Mr. Feldewert --

22 MR. HALL: Will do.

23 EXAMINER BROOKS: -- and allow him to  
24 respond.

25 MR. FELDEWERT: Thank you. That was going

1 to be my request.

2 EXAMINER BROOKS: And do you need a  
3 deadline, or are you going to be --

4 MR. HALL: I don't need a deadline.

5 EXAMINER BROOKS: You'll have to really go  
6 fast to be faster than Mike. If it were me taking it  
7 under advisement, it would be different.

8 MR. FELDEWERT: I would request -- I don't  
9 want this to delay the pooling order because they do  
10 have some drilling plans that are upcoming. I think  
11 we're fine with the current normal schedule of getting  
12 pooling orders out, and I would hope that this is not  
13 going to delay that, if Mr. Hall wants to get his brief  
14 in.

15 MR. HALL: We can agree it can be taken  
16 under advisement.

17 MR. FELDEWERT: I do ask that the case be  
18 taken under advisement.

19 EXAMINER BROOKS: Okay. Well, I will let  
20 the Examiner speak to that.

21 But let's say -- you think you can get the  
22 brief fairly quickly, Mr. Hall?

23 MR. HALL: Is ten days okay? Would two  
24 weeks be better?

25 EXAMINER McMILLAN: Is that reasonable for

1     you?

2                   MR. FELDEWERT:  I don't know why he  
3     couldn't do in a shorter period of time than that.

4                   EXAMINER BROOKS:  Well we have to give you  
5     some time to respond, but we usually run about -- like  
6     about 30 days, I think.

7                   MR. HALL:  That should be --

8                   EXAMINER BROOKS:  I haven't been keeping up  
9     with the averages.

10                  MR. FELDEWERT:  Can you get it to us by  
11     next Thursday?

12                  MR. HALL:  I'll do my best.

13                  MR. FELDEWERT:  It's your brief.

14                  EXAMINER BROOKS:  I would be interested in  
15     the authorities --

16                  MR. HALL:  Okay.

17                  EXAMINER BROOKS:  -- because I kind of know  
18     what the practice is, but I don't know what the law is  
19     other than I was not aware of any Division precedent on  
20     the subject.  So I'd be particularly happy to have the  
21     opportunity to review that.

22                  EXAMINER McMILLAN:  Okay.  Case Number  
23     15900 shall be taken under advisement with the  
24     stipulation that the requested information be provided  
25     by end of work next Thursday.

1 MR. FELDEWERT: Thank you.

2 EXAMINER BROOKS: Okay. With the response  
3 the following Thursday. Okay?

4 MR. FELDEWERT: Yes, sir.

5 EXAMINER BROOKS: So that would  
6 be -- Mr. Hall's brief would be due Thursday, January  
7 the 18th, and Mr. Feldewert's brief would be due  
8 Thursday, January 25th.

9 EXAMINER McMILLAN: Thank you very much.

10 MR. FELDEWERT: Thank you.

11 EXAMINER JONES: Take a five-minute break  
12 while Hilcorp sets up.

13 (Case Number 15900 concludes, 2:00 p.m.)

14 (Recess, 2:00 p.m. to 2:15 p.m.)

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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 18th day January 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  
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