## 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 IN THE PURPLE SAGE POOL, A NONSTANDARD SPACING AND PRORATION UNIT FOR COMPULSORY POOLING, AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 15954

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 25, 2018

Santa Fe, New Mexico

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

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, Leonard Lowe, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, January 25, 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.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
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- 1 (11:31 a.m.)
- 2 EXAMINER JONES: Call Case Number 15954,
- 3 Application of Matador Production Company for a
- 4 nonstandard spacing and proration unit in the Purple
- 5 Sage Pool, a nonstandard spacing proration unit for
- 6 compulsory pooling, and compulsory pooling, Eddy County,
- 7 New Mexico.
- 8 Call for appearances.
- 9 MR. RANKIN: Adam Rankin on behalf of the
- 10 Applicant.
- 11 EXAMINER JONES: Any other appearances in
- 12 this case?
- Okay. You may proceed.
- MR. RANKIN: Thank you.
- 15 I'd like to have our witnesses sworn in.
- 16 EXAMINER JONES: Yes.
- 17 MR. RANKIN: We've got two witnesses today.
- 18 EXAMINER JONES: Please stand. And will
- 19 the court reporter please swear in the witnesses?
- 20 (Ms. Hartsfield and Mr. Collier sworn.)
- MR. RANKIN: With that, Mr. Examiner, I
- 22 would call our first witness, Ms. Sara Hartsfield.
- 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. RANKIN:
- Q. Ms. Hartsfield, will you please review for the
- 4 Examiner your full name for the record?
- 5 A. My name is Sara Hartsfield. I work for Matador
- 6 Resources as a landman.
- 7 Q. And have you previously testified before the
- 8 Division?
- 9 A. Yes, I have.
- 10 Q. And have you had your credentials as an expert
- in petroleum land matters made a matter of record?
- 12 A. I have.
- 13 Q. Are you familiar with the application filed in
- 14 the case?
- 15 A. Yes.
- 16 Q. Have you conducted a study of the lands and the
- 17 parties requiring notice that are subject to this
- 18 application?
- 19 A. Yes, I have.
- 20 MR. RANKIN: Mr. Examiner, I tender
- 21 Ms. Hartsfield as an expert in petroleum land matters.
- 22 EXAMINER JONES: She is qualified as an
- 23 expert in petroleum land matters.
- 24 EXAMINER BROOKS: Okay. Let me clarify.
- 25 I'm not sure we have the right exhibits.

- 1 THE WITNESS: I don't think so.
- 2 MR. RANKIN: 159 --
- THE WITNESS: He has an EOG case.
- 4 MR. RANKIN: Oh, did I pass out the wrong
- 5 one (laughter)?
- 6 Q. (BY MR. RANKIN) Ms. Hartsfield, picking up
- 7 where we left off, will you please review for the
- 8 Examiners what's been marked as Exhibit 1 and what it is
- 9 that Matador is seeking from this application today?
- 10 A. Yes. Exhibit 1 is our -- this is a draft C-102
- 11 that shows our proposed well. It's a two-mile, lay-down
- 12 lateral comprised of the north half of the south half of
- 13 Section 12, 24 South, 27 East, and the north half of the
- 14 south half of Section 11, 24 South, 27 East. And we are
- 15 seeking to create a nonstandard approximately
- 16 328.09-acre proration and spacing unit. And we are
- 17 seeking to pool the Wolfcamp Formation underneath this
- 18 unit.
- 19 Q. Ms. Hartsfield, will you please explain for the
- 20 Examiners why it is this 320-acre-approximate unit is
- 21 nonstandard in this case?
- 22 A. In this situation, we've had the land
- 23 resurveyed, and it's a little bit larger than -- oh,
- 24 sorry.
- Q. And also because you're seeking a two-mile

1 lateral as opposed to a half-section spacing unit of the

- 2 pools?
- 3 A. Correct.
- 4 Q. And the pool code for this pool that you're
- 5 spacing -- I mean that you're pooling here?
- 6 A. The pool code is 98220.
- 7 Q. And does the C-102 indicate that your
- 8 completion -- the completed interval for this two-mile
- 9 lateral will be fully within the setbacks as authorized
- 10 by Division rules?
- 11 A. It does.
- 12 Q. And those will be 330 feet; is that correct?
- 13 A. Correct.
- 14 Q. And what is the status of the lands that are
- 15 subject to this application?
- 16 A. On Exhibit 2, you can see an outline of the
- 17 status of the land. The majority is fee acreage with
- 18 the northwest quarter of the southwest quarter of
- 19 Section 11 being state land.
- 20 Q. So the area that's indicated by the red hatch
- is the state -- state land?
- 22 A. Yes, that is correct.
- Q. And all the rest is fee?
- 24 A. Yes.
- 25 Q. Now, does Matador have a lease expiration

1 deadline that's affecting its interests in this land?

- 2 A. Yes, it does. Matador has a lease expiration
- 3 in Section 11 -- the fee land in Section 11 for April
- 4 29th, 2018.
- 5 Q. Okay. So you're looking for -- make sure you
- 6 get an order in place so you can proceed to develop the
- 7 lands in advance of your lease expiration?
- 8 A. Correct.
- 9 **Q. Yeah.**
- 10 Now, this proposed spacing unit is also
- 11 nonstandard because of the existing spacing units in
- 12 Section 11 and Section 12; is that correct?
- 13 A. That is correct.
- 14 Q. All right. And so is there an overlapping
- 15 spacing unit that is being impacted by this proposal?
- 16 A. Yes.
- 17 Q. And is that depicted on your next exhibit,
- 18 **Number 3?**
- 19 A. It is.
- 20 Q. Will you review for the Examiners what this
- 21 exhibit shows and reference the overlapping spacing
- 22 unit?
- 23 A. Yes, I will. So the area marked in green is
- 24 Matador's existing 320-acre unit. This was pooled under
- 25 pooling Order R-13763. And we have existing wells

- 1 there, the Rustler Breaks 12-24-27 #1H and also the
- 2 Rustler Breaks 12-24-27 #204H. The blue portion in the
- 3 south half of the south half of Section 11 is the
- 4 existing 160-acre unit operated by COG. That is also a
- 5 Purple Sage; Wolfcamp Unit. The red-hatched area
- 6 encompassing the north half of the south half of
- 7 Sections 11 and 12 is our proposed approximately
- 8 320-acre unit.
- 9 Q. And so the area to the north of Section 11 and
- 10 Section 12, those are occupied by existing 320-acre
- 11 spacing units as well; is that correct?
- 12 A. Correct, in the Purple Sage; Wolfcamp.
- 13 Q. And those are operated by Mewbourne --
- 14 A. Yes.
- 15 Q. -- in both cases?
- 16 So the purpose for the nonstandard 320-acre
- 17 spacing will be to permit Matador to develop the north
- 18 half-south half of Section 11 and accommodate the
- 19 spacing units both to the north and to the south?
- 20 A. That is correct.
- 21 Q. And did you provide notice of your proposed
- 22 application to COG?
- 23 A. Yes.
- 24 Q. And did you also provide notice to all mineral
- interest owners of your proposed spacing unit?

- 1 A. Yes.
- 2 Q. And to your knowledge, have you received any
- 3 objections from any of the parties that you sent notice
- 4 to?
- 5 A. No, I have not.
- 6 Q. Now, on your next exhibit, is this a list of
- 7 all the -- a summary of all the interest owners and
- 8 their percentage of interest in the proposed spacing
- 9 unit that you're seeking to pool?
- 10 A. Yes, it is.
- 11 Q. And these are all the parties that you're
- 12 seeking to pool at this time?
- 13 A. That's correct.
- 14 Q. And is the next exhibit, Number 5, a copy of
- 15 the well-proposal letters that were sent to the working
- 16 interest owners and the mineral interest owners in the
- 17 spacing unit -- or, rather, the working interest owners
- 18 in the spacing unit?
- 19 A. Yes.
- 20 Q. And what is the -- did your well-proposal
- 21 letter also include an AFE?
- 22 A. Yes. The well-proposal letter did include an
- 23 AFE, and it also included a proposed operating
- 24 agreement.
- Q. Okay. And are the costs reflected in the AFE

1 consistent with what operators and Matador have incurred

- 2 for drilling similar wells in the area?
- 3 A. Yes.
- 4 O. And were those overhead rates identified in the
- 5 well-proposal letters that were sent to the working
- 6 interest owners?
- 7 A. They were.
- 8 Q. And what were those costs?
- A. 7,000 while drilling and 700 while producing.
- 10 Q. And are these costs similar to what other
- 11 operators have incurred for overhead and operating costs
- 12 in the area?
- 13 A. They are.
- 14 Q. And do you ask that these costs and overhead --
- 15 administrative costs and overhead costs be incorporated
- into any order that is issued from this application?
- 17 A. Yes.
- 18 Q. And do you ask as well that those costs be
- 19 adjusted in accordance with the COPAS accounting
- 20 procedures?
- 21 A. Yes.
- 22 Q. And with respect to the uncommitted interest
- owners, do you also request that the Division impose a
- 24 200 percent risk penalty?
- 25 A. Yes.

1 Q. And has -- have you been able to identify

- 2 all -- all the parties that you seek to pool?
- 3 A. Yes. We have identified all the parties we
- 4 seek to pool. A few of them have been unlocatable and
- 5 their letters have come back undeliverable.
- 6 Q. Looking at -- flip back just for reference to
- 7 Exhibit 4, the summary of interest owners. Which are
- 8 the interests or related interests that you have, in
- 9 some cases, been unable to locate?
- 10 A. The last entry here, the possible claimants to
- 11 the mineral owned by Joe H. Beeman. You'll see a detail
- 12 on the following page. Some of these letters have come
- 13 back undeliverable, and we've tried more than one
- 14 address. So --
- 15 Q. What efforts have you undertaken to identify --
- 16 to try to identify a correct address for these parties?
- 17 A. We've used our in-field brokers and online
- 18 database such as Accurint.
- 19 Q. Have you, in your opinion, undertaken a
- 20 good-faith effort to identify all the correct addresses
- 21 for all these parties?
- 22 A. Yes.
- Q. Following the submission of the well-proposal
- 24 letters to the working interest owners, what other
- 25 efforts did you undertake to try to reach agreement with

- 1 those entities?
- 2 A. We received some emails in discussion of
- 3 reaching a lease agreement with the unleased mineral
- 4 owners, and we're still undergoing those efforts.
- And with regards to COG, we're very close
- 6 to an agreement with them. We're negotiating an
- 7 operating agreement with them. And I understand they're
- 8 not making an appearance today, and it seems likely they
- 9 will participate in this project.
- 10 Q. Okay. And if you are able to reach agreement
- 11 with COG or any of the other parties, will you notify
- 12 the Division at that time that you've reached an
- 13 agreement and you are no longer seeking to pool them?
- 14 A. Yes.
- 15 Q. Now, there were some -- also identified some
- 16 unleased mineral interest owners in the spacing unit; is
- 17 that correct?
- 18 A. Yes.
- 19 Q. And did you also make an offer to them to lease
- 20 their interest?
- 21 A. Yes, we did.
- Q. And is that -- you sent a letter to those
- parties, and is that identified as Exhibit Number 6?
- A. Yes, it is.
- 25 Q. And were you able to receive any -- make any

- lease agreements with any of those parties?
- 2 A. We received one lease agreement back, and I'm
- 3 actively negotiating quite a few others.
- 4 Q. Okay. So if you're able to reach agreement
- 5 with those parties, will you notify the Division that
- 6 you're no longer seeking to pool them?
- 7 A. Correct.
- 8 Because the lease expiration is large from
- 9 Section 11, we're doing this simultaneously. So --
- 10 Q. Now, did you also identify all the offset
- 11 working interest owners surrounding the proposed spacing
- 12 unit?
- 13 A. Yes.
- 14 Q. Did you also provide notice to them of the
- 15 application for the proposed spacing unit?
- 16 A. Yes.
- 17 Q. In your opinion, did you undertake a good-faith
- 18 effort to identify the correct addresses for each of the
- 19 parties that received notice of this hearing?
- 20 A. Yes.
- Q. Is Exhibit Number 7 a copy of the affidavit
- 22 prepared by me and my office indicating -- along with
- 23 the attached letters providing notice of this
- 24 application and hearing to the pool parties, to the
- 25 offsetting interest owners, to all the offsetting tracts

- 1 that are at issue in today's hearing?
- 2 A. Yes.
- 3 Q. Just for clarification, did Matador also
- 4 provide notice to all the overriding interest owners
- 5 within the proposed spacing unit?
- 6 A. We did.
- 7 Q. Okay. And to the best of your knowledge, those
- 8 notices were sent to the correct addresses as well?
- 9 A. Correct.
- 10 Q. Ms. Hartsfield, were Exhibits 1 through 7
- 11 prepared by you or under your supervision?
- 12 A. Yes.
- MR. RANKIN: Mr. Examiner, I'd move to
- 14 admit Exhibits 1 through 7.
- 15 EXAMINER JONES: Exhibits 1 through 7 are
- 16 admitted.
- 17 (Matador Production Company Exhibit Numbers
- 18 1 through 7 are offered and admitted into
- 19 evidence.)
- 20 EXAMINER JONES: Mr. Brooks?
- 21 CROSS-EXAMINATION
- 22 BY EXAMINER BROOKS:
- Q. Yeah. Are there any overriding royalty
- interests in this -- in this -- in this unit?
- 25 A. Yes.

- 1 Q. And you didn't notify those people?
- 2 A. No. We did.
- 3 Q. You did?
- 4 A. Yes, we did. We notified the entire mineral
- 5 estate.
- 6 Q. Okay.
- 7 A. In this unit and the south half of the south
- 8 half of 11 and 12 --
- 9 Q. That was going to be my next question.
- 10 A. Okay.
- 11 Q. You noticed the overrides in the south
- 12 half-south half as well?
- 13 A. Yes, sir.
- 14 Q. Okay. Very good.
- 15 EXAMINER JONES: May I ask a couple of
- 16 questions before you take off?
- 17 EXAMINER BROOKS: You may.
- 18 CROSS-EXAMINATION
- 19 BY EXAMINER JONES:
- 20 Q. So COG is the only working interest owner
- 21 that's not leased?
- 22 A. Yes.
- 23 Q. Okay. So there are many unleased owners, but
- there are possible heirs of some of those also?
- 25 A. There are -- there are -- there are some

- 1 possible claimants of -- it appears to be through a
- 2 quiet title suit tied to the Joe H. Beeman interest.
- 3 And the other parties identified, we are negotiating
- 4 with. So --
- 5 Q. Okay. So all the fee owners in the mineral
- 6 estate would have received -- or you attempted to
- 7 provide notice. So any of the fee owners that are
- 8 signed leases, they don't -- they have leases but no
- 9 pooling clauses in the leases?
- 10 A. There are pooling clauses in the leases that we
- 11 have.
- 12 Q. Okay.
- MR. RANKIN: Mr. Examiner, I neglected to
- 14 cover one exhibit and if I might just re-engage
- 15 Ms. Hartsfield to --
- 16 EXAMINER BROOKS: That's fine.
- 17 EXAMINER JONES: Sure. Okay.
- 18 REDIRECT EXAMINATION
- 19 BY MR. RANKIN:
- Q. Exhibit Number 8, is that a copy of the
- 21 publication that was published in the "Carlsbad
- 22 Current-Argus identifying each of the parties you're
- 23 seeking to pool by name, including the identified
- 24 potential claimants to the Beeman estate?
- 25 A. Yes.

1 Q. Okay. So you identified all those in a Notice

- of Publication that was published in advance of today's
- 3 hearing?
- 4 A. Yes.
- 5 MR. RANKIN: Just wanted to make sure that
- 6 was --
- 7 RECROSS EXAMINATION
- 8 BY EXAMINER JONES:
- 9 Q. In Section 11, is that a 320-acre unit that's
- 10 already in existence?
- 11 A. No, it is not. It's a 160-acre unit. Yes.
- 12 RECROSS EXAMINATION
- 13 BY EXAMINER BROOKS:
- 14 Q. But you noticed everybody -- all interest
- owners in both the north half and -- both the north
- 16 half-south half of the south half of each section,
- 17 right?
- 18 A. Correct.
- 19 Q. That's what I understood.
- 20 EXAMINER BROOKS: Okay. You passed the
- 21 witness?
- 22 MR. RANKIN: I passed the witness. Just
- 23 make sure Exhibit Number 8 is admitted into the record.
- 24 EXAMINER JONES: Exhibit Number 8 is
- 25 admitted.

1 (Matador Production Company Exhibit Number

- 2 8 is offered and admitted into evidence.)
- 3 EXAMINER BROOKS: I believe the time
- 4 constraint is mine, so with that understanding, I'm
- 5 going to leave the geologist to the engineers.
- 6 EXAMINER JONES: Thank you.
- 7 (Examiner Brooks exits the room.)
- 8 MR. RANKIN: Call our second witness,
- 9 Mr. Clark Collier.
- 10 MR. COLLIER: Thank you for taking the
- 11 time, gentlemen.
- 12 EXAMINER JONES: Oh, no problem.
- MR. COLLIER: My wife really appreciates
- 14 it.
- 15 CLARK COLLIER,
- 16 after having been previously sworn under oath, was
- 17 questioned and testified as follows:
- 18 DIRECT EXAMINATION
- 19 BY MR. RANKIN:
- Q. Mr. Collier, will you please state your full
- 21 name for the record?
- 22 A. Clark Collier.
- Q. Please let the Examiners know by whom you're
- 24 employed.
- 25 A. Matador Resources Company.

1 Q. And what is your job description or title with

- 2 Matador?
- 3 A. I'm a senior geologist.
- 4 Q. Have you had a chance to testify before the
- 5 Division?
- 6 A. Yes.
- 7 Q. And have you had your credentials as an expert
- 8 in petroleum geology made a matter of record?
- 9 A. Yes.
- 10 Q. Are you familiar with the application filed in
- 11 the case?
- 12 A. Yes.
- 13 Q. Have you also conducted a study of the lands
- 14 underlying the application?
- 15 A. I have.
- 16 MR. RANKIN: Mr. Examiner, I would tender
- 17 Mr. Collier as an expert in petroleum geology.
- 18 EXAMINER JONES: He is so qualified.
- 19 Q. (BY MR. RANKIN) Mr. Collier, please turn to
- 20 Exhibit Number 9 and review for the Examiners what this
- 21 overview shows?
- 22 A. This is a locator map of the northern Delaware
- 23 Basin in Eddy and Lea Counties, New Mexico. You can see
- 24 our David Edelstein project area, the yellow box there,
- 25 outlined with the red square, and that's in Sections 11

- 1 and 12 of 24 South, 27 East.
- Q. And did you prepare some geological exhibits?
- 3 A. I did.
- 4 O. Will you look at Exhibit Number 10 and tell the
- 5 Examiners what this is?
- 6 A. Exhibit Number 10 is a structure map on the top
- 7 of the Wolfcamp. It also includes a cross-section line
- 8 from A to A prime through the Spanish Cedar State Com
- 9 #1, West Loving 11 Fed Com #1 and the Rwanda Fee Com #1.
- 10 There is also a bunch of wellbores shown on this map.
- 11 The Wolfcamp producers are lighted with the orange
- 12 sticks. You can see their surface holes with the green
- 13 box there. The dip is gently dipping to the east at
- 14 about 1 to 2 degrees.
- 15 Q. And did you prepare an exhibit reviewing the
- 16 cross section?
- 17 A. I did. So that's the next exhibit, Number 11.
- 18 This is the cross section as seen on Exhibit 10, and you
- 19 can see all three of those wells that I listed. It's a
- 20 stratigraphic cross-section datum on the top of the
- 21 Wolfcamp. You can see the base of the Wolfcamp
- 22 indicated there with the base of the cross section.
- 23 Then we have a little cartoon of the David Edelstein Com
- 24 #203 going through the upper portion of the Wolfcamp.
- 25 Q. And in your analysis and review, have you

- identified any faulting or pinchouts or geologic
- 2 impediments that would impair development of a two-mile
- 3 lateral across the proposed area -- spacing unit?
- 4 A. No. No. You can see it's relatively
- 5 continuous and uniformly thick across the project area.
- 6 Q. In your view, is the cross section
- 7 representative of the geology of the well in the area?
- 8 A. Yes, sir.
- 9 Q. Did you also prepare an isopach map of the
- 10 proposed geology in the area?
- 11 A. Yes, sir. That's the next exhibit. Exhibit
- 12 Number 12 is an isopach map of the Wolfcamp as seen on
- 13 the previous exhibit from the cross section. So this is
- 14 the thickness -- general thickness OF the Wolfcamp. And
- our project area, it's about -- it's between 2,100 and
- 16 2,050 or -- I said that backwards -- 2,050 and 2,100
- 17 thick across our project area.
- 18 Q. In your analysis of the isopach and the cross
- 19 section in the area, can this spacing unit be
- 20 efficiently and economically developed by a two-mile
- 21 lateral?
- 22 A. Yes.
- Q. And in your opinion, will each of the
- 24 spacing -- will the entire spacing unit east of the
- 25 40-acre quarter-quarter sections contribute roughly

- 1 equally to the production in the well?
- 2 A. Yes, sir.
- Q. Okay. Now, Ms. Hartsfield testified previously
- 4 that the well in the lateral -- entire 330-foot setbacks
- of the spacing unit of the general statewide rules for
- 6 spacing oil wells?
- 7 A. Right.
- 8 Q. Is that your next exhibit, and will you review
- 9 that?
- 10 A. Sure. On this next exhibit, Exhibit 13, you'll
- 11 see a cartoon of the wellbore. So our -- our
- 12 setbacks -- so we generally drill past that 330 line and
- 13 then plug it back, so we won't produce past the 330 line
- on either side. So we'll back-build near the heel just
- 15 to increase our lateral length across the project area
- 16 so we can produce as much as we possibly can within the
- 17 330-foot setbacks.
- 18 Q. And, Mr. Collier, in your opinion, would
- 19 granting the application here be in the best interest of
- 20 conservation, the prevention of waste and the protection
- 21 of correlative rights?
- 22 A. Yes.
- MR. RANKIN: With that, Mr. Examiner, I
- 24 would seek to admit Exhibits 9 through 13 into the
- 25 record.

1 EXAMINER JONES: Exhibits 9 through 13 are

- 2 admitted.
- 3 (Matador Production Company Exhibit Numbers
- 4 9 through 13 are offered and admitted into
- 5 evidence.)
- 6 MR. RANKIN: And I would pass the witness.
- 7 CROSS-EXAMINATION
- 8 BY EXAMINER JONES:
- 9 Q. Okay. Did you talk with COG's geologist?
- 10 A. I have not spoken to them about this project
- 11 yet. We usually hear from them when they get the
- 12 proposal, and they call and ask us a bunch of questions.
- 13 But I am acquainted with the geologist in talking about
- 14 other projects, so I expect to get a call.
- Q. Okay. The log is -- anyway, I won't digress.
- 16 But I was just -- it may be apparent to you
- 17 that it's a target interval, but I appreciate you
- drawing the cartoon of the wellbore through it.
- 19 A. Okay.
- 20 Q. It's hard for me to see the pay in the
- 21 Wolfcamp. I guess you guys have a big log. Do you look
- 22 for a certain characteristic in the logs?
- 23 A. So the pay interval we're going after here,
- 24 it's kind of a mixed lithology of sandstone and shale.
- 25 Typically, we are looking for a porosity of 10 percent

- 1 or greater than --
- Q. On the density log?
- 3 A. On the density log.
- 4 Q. Wow.
- 5 A. And you can see the density timeline is
- 6 highlighted in red on the far right track there.
- 7 Anything above 10 percent there is highlighted in red.
- 8 But yes, it doesn't necessarily stand out like a -- like
- 9 a sore thumb on the logs.
- 10 Q. Okay. 10 percent. So does that explain why
- 11 this Wolfcamp is like the hottest play in the United
- 12 States right now (laughter)?
- 13 A. There's a pretty big reservoir here. There's a
- 14 lot down there.
- 15 Q. It's 2,000 feet thick; is that right?
- 16 A. Right.
- Q. So is there going to be other potential
- 18 targets?
- 19 A. Oh, sure. The wells that Sara mentioned in her
- 20 testimony, in the south half-south half of Section 12,
- 21 one of them is drilled in this correlative interval, and
- 22 the other one is drilled about -- where is that --
- 23 probably 1,000 feet below it within -- within the
- 24 Wolfcamp Formation. So there's -- you can go to our
- 25 investor Web site and see how many dots we're putting on

1 the Wolfcamp. So we're seeing a lot of potential beyond

- 2 this one Upper Wolfcamp location.
- 3 Q. So you don't have a lot of trouble convincing
- 4 your management to drill these wells? I guess we need
- 5 an engineer doing that.
- 6 A. Yeah. We're all a team.
- 7 Q. You're all hooked together?
- 8 A. Yeah. We -- this particular well, this target,
- 9 we've had a lot of success in proposing to our
- 10 management.
- 11 Q. Okay. Thanks.
- 12 A. Thank you.
- 13 EXAMINER JONES: Mr. Lowe?
- 14 EXAMINER LOWE: No. I'm fine with the
- 15 questions.
- I want to compliment you on your Exhibit
- 17 13.
- 18 THE WITNESS: Thank you.
- 19 EXAMINER JONES: He didn't say anything
- about the newspaper.
- 21 THE WITNESS: Again, thank you for making
- 22 the time for us.
- 23 EXAMINER JONES: Appreciate it.
- Is that it?
- MR. RANKIN: With that, Mr. Examiner, no

Page 26 further questions, no further witnesses. I'd ask that you take this case under advisement. EXAMINER JONES: This is a rush case? MR. RANKIN: So as long as we -- yeah. Preferably we have an order in a timely fashion so Matador can get things scheduled and make sure there are not going to be any delays. EXAMINER JONES: Okay. We will take Case Number 15954 under advisement. Thank you-all, and see you next time. (Recess, 11:57 a.m. to 1:35.) 

- 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.
- 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.
- 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 13th day of February 2018.

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- MARY C. HANKINS, CCR, RPR
  Certified Court Reporter
  New Mexico CCR No. 20
- Date of CCR Expiration: 12/31/2018
  Paul Baca Professional Court Reporters

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