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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 CASE NO. 15931 COMPANY FOR A NONSTANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 8, 2018

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Phillip Goetze, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 8, 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 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 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 INDEX PAGE Case Number 15931 Called Exhibit Presented Proceedings Conclude Certificate of Court Reporter EXHIBITS OFFERED AND ADMITTED Matador Production Co. Exhibit Number 14

Page 3 (8:22 a.m.) 1 EXAMINER GOETZE: Well, the first order of 2 business today will be to take care of the continued 3 cases and get them out of the way. 4 5 The first one will be Case Number 15931, application of Matador Production Company for a 6 7 nonstandard spacing and proration unit and compulsory 8 pooling, Eddy County, New Mexico. 9 Call for appearances. 10 MS. KESSLER: Mr. Examiner, Jordan Kessler, 11 from Holland & Hart of the Santa Fe office, on behalf of 12 the Applicant. 13 No witnesses today, Mr. Examiner. This is simply a notice case. And before you, I am putting an 14 exhibit marked Exhibit 14. At the prior hearing, there 15 16 had been a request that Matador provide notice to overriding royalty interest owners whose interests were 17 18 not otherwise committed by virtue of the conveyance 19 documents to the spacing unit. There was also a working 20 interest owner who had a new address. So we have 21 provided that information to you as Exhibit 14. 22 EXAMINER GOETZE: Are these all the items 23 that the previous Hearing Examiner had requested? 24 MS. KESSLER: That's correct. And you'll 25 see that the last page is an Affidavit of Notification

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Page 4 providing notice by publication to the overriding 1 royalty interest owners and that we did not receive a 2 3 green card back. So, Mr. Examiners, I would ask that Exhibit 4 14 be admitted as part of the record and that this case 5 б be taken under advisement. 7 And I believe that it is being -- these two 8 wells are being spud in March, so the Applicant had 9 asked for an expedited order on these two cases -- on 10 this one case. I'm sorry. This is just one case. 11 EXAMINER GOETZE: Exhibit Number 14 is so 12 entered into the record. 13 (Matador Production Co. Exhibit Number 14 is offered and admitted into evidence.) 14 15 EXAMINER GOETZE: Any questions, 16 Mr. Brooks? EXAMINER BROOKS: No questions. 17 18 EXAMINER GOETZE: I have no questions. 19 Case Number 15931 is taken under 20 advisement. 21 Thank you. MS. KESSLER: Thank you. 22 23 (Case Number 15931 concludes, 8:25 a.m.) 24 25

Page 5 1 STATE OF NEW MEXICO 2 COUNTY OF BERNALILLO 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court Reporter, New Mexico Certified Court Reporter No. 20, 6 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 a true and correct transcript of those proceedings that 10 were reduced to printed form by me to the best of my 11 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 DATED THIS 1st day of March 2018. 21 22 MARY C. HANKINS, CCR, RPR 23 Certified Court Reporter New Mexico CCR No. 20 Date of CCR Expiration: 12/31/2018 24 Paul Baca Professional Court Reporters 25