

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DIVISION
OIL CONSERVATION DIVISION**

**APPLICATIONS OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

**Case Nos. 16470, 16471,
16472, 16473, 16474 and
16475**

PRE-HEARING STATEMENT

Jalapeno Corporation (“Jalapeno”) provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

Matador Production Co.

ATTORNEY

Michael H. Feldewert
Jordan L. Kessler
Adam G. Rankin
Julia Broggi
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208
Phone (505) 954-3671

OPPONENT

Jalapeno Corp.

ATTORNEY

J.E. Gallegos
Michael J. Condon
Gallegos Law Firm, P.C.
460 St. Michael’s Drive, Bldg. 300
Santa Fe, NM 87505
jeg@gallegoslawfirm.net
mjc@gallegoslawfirm.net

STATEMENT OF THE CASE

Matador has filed six force pooling applications in connection with horizontal oil wells it seeks to drill in the Bone Spring and Wolfcamp formations in Sections 29 and 30, Township 20 South, Range 29 East, Eddy County, New Mexico. Jalapeno owns interests in Section 30 which allow it to participate in the proposed wells. The applications were filed on October 2, 2018. The applications were filed under the new horizontal well rules adopted by the Oil Conservation Commission by Order R-14689.

Jalapeno objects to the applications on the following grounds:

(a) Jalapeno has a deal in place to sell its working interests at issue in these applications to another company. Thus, Jalapeno will shortly own no interest subject to Matador's force pooling applications.

(b) Even if the sale were to fall through, Jalapeno should not be force pooled because in that event it would be willing to participate in the Leatherneck wells and pay its proportionate share of the costs.

(c) Matador did not provide AFEs to Jalapeno until February 4, 2019, less than 30 days prior to the hearing scheduled for February 21, 2019.

PROPOSED EVIDENCE

Jalapeno has no plans to present any witness testimony or exhibits based on the points set forth above.

PROCEDURAL MATTERS

None.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By /s/ Michael J. Condon

J.E. GALLEGOS

MICHAEL J. CONDON

460 St. Michael's Drive, Bldg. 300

Santa Fe, New Mexico 87505

(505) 983-6686

ieg@gallegoslafirm.net

mjc@gallegoslafirm.net

Attorneys for Yates Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail this 14th day of February, 2019.

Michael H. Feldewert
Jordan L. Kessler
Adam G. Rankin
Julia Broggi
Holland & Hart LLP

mfeldewert@hollandhart.com
jlkessler@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com

/s/ Michael J. Condon

Michael J. Condon