

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. 20244
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
 KATHLEEN MURPHY, TECHNICAL EXAMINER
 TERRY WARNELL, TECHNICAL EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner; Kathleen Murphy and Terry Warnell,
Technical Examiners; and David K. Brooks, Legal
Examiner, on Thursday, February 7, 2019, 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
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APPEARANCES

FOR APPLICANT MATADOR PRODUCTION COMPANY:

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(1:22 p.m.)

EXAMINER DAWSON: Call Case Number 20244.

This is an application of Matador Production Company for compulsory pooling, Lea County, New Mexico in regards to Bruce Keplinger 13 State Com Well #123H.

When you're ready, Mr. Bruce.

MR. BRUCE: Mr. Examiner, I am submitting this case by affidavit, and I brought the correct number of exhibits for a change.

EXAMINER WARNELL: All right.

MR. BRUCE: Mr. Examiner, I've submitted to you four exhibits. The first exhibit is the affidavit of Nicholas Weeks, Matador's landman. In this case it seeks the forced pooling of the west half-east half of Section 13, 21 South, 34 East, for the Bruce Keplinger 13 State Com Well #123H, which is a Bone Spring well. The affidavit contains the usual information. There is the Midland Map Company. All of the acreage in the well unit is state land. The C-102 for the well, which I mistakenly included in the other case, but this is in the North Wilson; Bone Spring Pool, code 97704, and the well is permitted.

Attachment C1 shows the working interest owners who Matador seeks to pool, which total almost 20 percent of the well.

1 They also seek to force pool, per
2 Attachment C2, the record title owner, which is Hal
3 Rasmussen Operating, Inc. That's for the purpose of
4 communitization. And they are also seeking to force
5 pool four overriding royalty owners into the well.

6 The proposal -- a typical proposal letter
7 is attached, as is the AFE. This is about a 6. -- I
8 believe it's 8.2 million. The AFE is stated to be fair
9 and reasonable. Several of the notice letters were
10 returned, and the landman goes into the efforts made to
11 locate the various parties. And so Matador believes
12 that it has made a good-faith effort either to obtain
13 the voluntary joinder or to locate the interest of the
14 parties. The overhead charges are 7,500 a month and 750
15 a month. And Matador requests the maximum cost plus 200
16 percent risk charge.

17 Exhibit 2 is my Affidavit of Notice.
18 You'll see that a couple of letters were returned, and
19 there are some mailings I did that I never got either
20 the letter back or the green card back.

21 But Exhibit 3 is the Affidavit of
22 Publication in the "Hobbs News-Sun," and between
23 Exhibits 2 and 3, all of the parties either received
24 actual or constructive notice.

25 Exhibit 4 is the affidavit of Andy Juett,

1 the geologist for Matador. It contains a locator map, a
2 locator plat as Attachment A. If you look in the
3 southwest corner of that plat, you can see there are
4 very few horizontal Bone Spring wells in this area. It
5 looks to be about maybe half a dozen. There is a
6 structure map showing the structure dipping to the east,
7 and there is also a stratigraphic cross section, which
8 shows the Bone Spring, mainly the 2nd and 3rd Bone
9 Spring. It also contains -- shows the landing spot for
10 the lateral, so you can see where that is located.

11 The geologist concludes that the well unit
12 is justified from a geologic standpoint. Each
13 quarter-quarter section in the well unit will be
14 contribute more or less equally to production, and there
15 is no faulting or other problem which would impair the
16 drilling of this well.

17 Because there are not many Bone Spring
18 wells in this area, you could go either way, stand-up or
19 lay-down. They chose stand-up units because the other
20 wells in the area, even though they're not nearby, are
21 stand-up units.

22 And both the geologist and the landman
23 state that this application is in the interest of
24 conservation and the prevention of waste.

25 And with that, I would move the

1 introduction of Exhibits 1 through 4 and ask that this
2 matter be taken under advisement.

3 EXAMINER DAWSON: Okay. Exhibits 1 through
4 4 will be admitted to the record at this time.

5 (Matador Production Company Exhibit Numbers
6 1 through 4 are offered and admitted into
7 evidence.)

8 EXAMINER DAWSON: And there are no other
9 opposing parties in this case?

10 MR. BRUCE: No. Nobody showed up.

11 EXAMINER DAWSON: Do you have any
12 questions?

13 EXAMINER WARNELL: No questions.

14 EXAMINER DAWSON: Ms. Murphy?

15 EXAMINER MURPHY: No questions.

16 EXAMINER DAWSON: At this time Case Number
17 20244 will be taken under advisement.

18 (Case Number 20244 concludes, 1:28 p.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.

20 DATED THIS 7th of March 2019.
21

22
23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters