

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. 20245
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
 500 4th Street, Northwest, Suite 105
 Albuquerque, New Mexico 87102
 (505) 843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

FOR APPLICANT MATADOR PRODUCTION COMPANY:

JAMES G. BRUCE, ESQ.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

INDEX

	PAGE
Case Number 20245 Called	3
Case Presented by Affidavit	3
Proceedings Conclude	8
Certificate of Court Reporter	9

EXHIBITS OFFERED AND ADMITTED

Matador Production Company Exhibit Numbers 1 through 4	7
---	---

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(11:12 a.m.)

EXAMINER DAWSON: At this time we will hear Case 20245, which is an application of Matador Production Company for compulsory pooling, Lea County, New Mexico.

Mr. Bruce, when you're ready.

MR. BRUCE: Yes, sir.

Mr. Examiner, this is the application of Matador Production Company for the pooling of the west half-west half of Section 17, 25 South, 35 East, for its Leslie Fed Com Well #021H, which is a Delaware test, Lower Brushy Canyon well.

Submitted to you is Exhibit 1, the affidavit of Cassie Hahn, the landman, with the usual attachments.

Attachment A, which is a little bit out of order, shows the well unit and shows the well unit is comprised of federal and fee acreage, two federal leases plus a 40-acre fee tract.

Attachment B is the C-102 for the well. The well is in the North Wilson; Bone Spring Pool. The C-102 contains the pool code, and it also contains the API number for the well.

Attachment C shows the parties, the working interest owners being force pooled. I would note that

1 on that list is Diamondback Energy, Inc. Diamondback
2 has signed a JOA, and we no longer seek to force pool
3 them. So the other four parties listed are being force
4 pooled, and that's about 4 percent of the well unit.

5 There is an overriding royalty interest
6 owner being pooled, Santo Petroleum, LLC, which is shown
7 on Exhibit C1.

8 A typical proposal letter sent to the
9 parties is shown as Attachment D.

10 And the AFE for the well is Attachment E.
11 It's about an \$8-and-a-quarter million well. The
12 affidavit contains the usual statements regarding the
13 efforts to obtain voluntary joinder. The overhead rates
14 being charged are 7,000 and 700 per month, and they
15 request the maximum risk charge cost plus 200 percent.

16 Exhibit 2 is the Affidavit of Notice. I'm
17 showing my notice letter. And the additional parties
18 were notified by this letter, but several of them have
19 come to terms with Matador.

20 All the parties being pooled did receive
21 actual notice, but under an excess of caution, I also
22 published notice in the newspaper, and that is Exhibit
23 3. So all parties received notice -- actual notice and
24 constructive notice.

25 Exhibit 4 is the affidavit -- affidavit of

1 the geologist, Andrew Parker, containing a locator map,
2 a structure map -- the structure dips gently to the
3 east -- a cross section of the Lower Brushy Canyon -- or
4 of the Brushy Canyon interval of the Delaware Mountain
5 Group, and it also shows the landing point in the Lower
6 Brushy Canyon. It also contains a schematic well plat.
7 The well is in the Dogie Draw, Pool Code 97779. The
8 geologist states that the well is justified from a
9 geologic standpoint, and each quarter-quarter section in
10 the well unit will contribute more or less equally to
11 production. There is no faulting or other geologic
12 impediment in the area which would adversely affect the
13 drilling of this well.

14 There are very few wells in the Brushy
15 Canyon in this area, and so there is really no
16 preference for north-south or east-west. This section
17 is also being developed for Bone Spring and Wolfcamp
18 wells, which are all stand-up wells. So Matador chose a
19 stand-up well for the Brushy Canyon as well.

20 The landman and the geologist state that
21 the granting of this application is in the interest of
22 conservation and the prevention of waste.

23 And with that, I would move the admission
24 Exhibits 1 through 4 and ask that the matter be taken
25 under advisement.

1 EXAMINER DAWSON: Okay. Do you have any
2 questions, Mr. Brooks?

3 EXAMINER BROOKS: No questions.

4 EXAMINER DAWSON: Mr. Warnell?

5 EXAMINER WARNELL: No questions.

6 EXAMINER DAWSON: Ms. Murphy?

7 EXAMINER MURPHY: No.

8 EXAMINER DAWSON: So this is the Leslie
9 well? It looks like on Attachment B, the C-102 plat
10 says "Bruce Keplinger."

11 MR. BRUCE: Oh. When I come back, I will
12 provide --

13 EXAMINER DAWSON: A corrected?

14 MR. BRUCE: -- a corrected.

15 EXAMINER DAWSON: All right. That's all I
16 have.

17 MR. BRUCE: Okay. Thank you.

18 EXAMINER DAWSON: And you requested
19 Exhibits 1 through 4 --

20 MR. BRUCE: Be admitted.

21 EXAMINER DAWSON: -- and the appropriate
22 attachments to be admitted to the record?

23 MR. BRUCE: Yes.

24 EXAMINER DAWSON: They will be admitted to
25 the record.

1 (Matador Production Company Exhibit Numbers
2 1 through 4 are offered and admitted into
3 evidence.)

4 EXAMINER DAWSON: And you're requesting
5 this case to be taken under advisement?

6 MR. BRUCE: Correct.

7 EXAMINER DAWSON: At this point Case 20245
8 will be taken under advisement.

9 (Recess, 11:20 a.m.)

10 (1:28 p.m.)

11 MR. BRUCE: And, Mr. Examiner, if you would
12 re-open Case 20245, where I had the improper C-102 for
13 the well.

14 EXAMINER DAWSON: That would be fantastic.
15 At this point we will re-open Case 20245, which is --
16 let me get to it here -- Matador Production Company for
17 compulsory pooling, Lea County, New Mexico. It's the
18 Leslie Fed Com #21H. We're opening the record for
19 admission of the corrected C-102.

20 MR. BRUCE: That is correct, Mr. Examiner.
21 I'd mark this exhibit with the case number and
22 Attachment B to Exhibit 1, which is the landman's
23 affidavit.

24 EXAMINER DAWSON: Okay. We will insert
25 this into the case file and correct the -- and remove

1 the former incorrect C-102 from this file.

2 And with that, we will take -- further take
3 20245 under advisement, and we will get this C-102 in
4 the file. So that concludes 20245.

5 (Case Number 20245 concludes, 1:29 p.m.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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 7th day of March 2019.

21

22

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

25