

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

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

CASE NO. 20324

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

CASE NO. 20492

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20450

**APPLICATION OF WPX ENERGY
PERMIAN, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20451

**MATADOR PRODUCTION COMPANY'S AND MRC PERMIAN COMPANY'S
CONSOLIDATED PRE-HEARING STATEMENT
AND MOTION FOR CONTINUANCE**

Matador Production Company ("Matador"), the applicant in Case Nos. 20324 and 20492, and MRC Permian Company ("MRC"), a working interest owner that WPX Energy Permian, LLC seeks to pool in its competing Case Nos. 20450 and 20451, submit this Pre-Hearing Statement and Motion for Continuance pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT in CASE NOS. 20321 and 20492

Matador Production Company
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043 (phone)
(505) 982-2151 (fax)
jamesbruc@aol.com

WORKING INTEREST OWNER in CASE NOS. 20450 and 20451

MRC Permian Company
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043 (phone)
(505) 982-2151 (fax)
jamesbruc@aol.com

APPLICANT in CASE NOS. 20450 and 20451

Sharon Shaheen

MATADOR'S STATEMENT OF THE CASE

Matador's and WPX's applications both involve 2-mile development plans, which are competing in that they both include the Wolfcamp formation in all of Section 35, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Matador's applications cover Sections 35 and 36; WPX's applications cover Sections 34 and 35. Specifically:

- In Case No. 20324, Matador, the operating affiliate of MRC (together, "Matador") seeks to pool all mineral interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool) underlying a 640 acre spacing unit comprised of the N/2 of Sections 35 and 36, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.
- In Case No. 20492, Matador seeks to pool all mineral interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool) underlying a 640 acre spacing unit comprised of the S/2 of Sections 35 and 36, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.
- In Case No. 20451, WPX seeks to pool all mineral interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool) underlying a 640 acre spacing

unit comprised of the N/2 of Sections 34 and 35, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

- In Case No. 20450 (amended), WPX Energy Permian, LLC seeks to pool all mineral interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool) underlying a 640 acre spacing unit comprised of the S/2 of Sections 34 and 35, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

A map showing the competing development plans is attached as Exhibit 1.

Matador has the majority working interest in both units that are the subject of its applications. Although Matador understands that WPX likewise has a similar majority working interest in both units that are the subject of its applications, Matador was the first to propose any of the subject wells and was also the first to file for force pooling (both in Case No. 20324). Matador later proposed a well and filed for force pooling in its Case No. 20492 after WPX's actions at the initial hearing in Case No. 20324 (described below) indicated to Matador that WPX was not interested in considering Matador's proposed solutions that would equally benefit both Matador's and WPX's development plans.

In particular, Matador believes these cases are ripe to be resolved by agreement between the parties. Because Matador and WPX both have a majority working interest in their respective proposed spacing units, Matador made two separate offers to WPX to essentially split operatorship of the subject acreage:

- i) Matador would operate 2-mile laydown laterals in the N/2 of Sections 35 and 36, while WPX would operate 2-mile laydown laterals in the S/2 of Sections 34 and 35; or
- ii) Matador would operate 1.5-mile laydown laterals in Section 36 and the E/2 of Section 35, while WPX would operate 1.5-mile laydown laterals in Section 34 and the W/2 of Section 35.

WPX has thus far rejected both offers.

Matador has continued to try discussing these (or other) mutually-beneficial proposals with WPX, but if a hearing of these cases is necessary then the Division should grant Matador's applications and deny WPX's applications. In addition to being the first mover in any of these cases, Matador believes it has more experience drilling in the immediate vicinity and that it has more preexisting infrastructure that would enable more efficient development with less of a surface impact. Accordingly, for these and other reasons, the granting of Matador's applications and denial of WPX's applications would be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WPX'S STATEMENT OF THE CASE

MATADOR'S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME (for Direct Examination) | EXHIBITS |
|---------------------------------------|--|-----------------|
| Trey Goodwin, Landman | Approx. 45 minutes | Approx. 11 |
| Andrew Parker, Geologist | Approx. 30 minutes | Approx. 7 |

MATADOR'S PROPOSED EVIDENCE

PROCEDURAL MATTERS

Motion for Continuance

Matador respectfully requests that Case Nos. 20492, 20324, 20451, and 20450 all be continued until the June 27, 2019 docket or to a mutually-agreeable special setting. The Division has advised that these cases will be set as the last cases on the June 13 docket. Given the size of the June 13 docket, and the time that it will take the Division to hear testimony and argument in these cases, it is unlikely these cases will be heard in their entirety on June 13 and perhaps even June 14. Accordingly, as a practical matter, Matador's request for a continuance should be granted because it would lead to a more efficient hearing at a time when the cases can actually be heard.

In addition, Matador's request for a continuance should be granted to allow the parties more time to engage in discussions to see if these cases can be resolved by agreement. As set forth above, Matador has proposed a number of solutions to WPX that Matador believes make sense for both sides, and Matador hopes to continue those discussions. Matador does not believe that this situation that should require Division intervention given the multiple options for mutually-beneficial resolution.

These cases are all still recently filed. WPX previously requested and obtained a continuance of Matador's Case No. 20492 by requesting one for the first time at the hearing of that case on April 4, 2019, *after* Matador had presented its case by affidavit without objection by WPX. As grounds for its continuance, WPX relied on its competing applications that it had filed only two days before the hearing, on April 2, 2019, which it had not provided Matador notice of. This last-minute continuance by WPX resulted in unnecessary costs and expenses for Matador, and Matador believes a continuance of these cases would prevent the possibly of additional increased, avoidable costs. As a result of WPX's requested continuance, Matador's Case No. 20492 was continued for nearly two months until May 30. After learning about WPX's applications, Matador then filed its application in Case No. 20492 for the next available hearing date of June 13, so that everything could be heard at the same time.

WPX does NOT agree to the requested continuance.

For these reasons, Matador respectfully requests that these cases be continued until June 27, 2019 or to a mutually-agreeable special setting.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Matador Production
Company and MRC Permian Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 6th day of June, 2019 by e-mail:

Sharon Shaheen
sshaheen@montand.com



James Bruce

