

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:

CASE NO: 20326

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

MAY 30, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, Examiners Michael McMillan and Leonard Lowe, and Legal Examiner David Brooks, on Thursday, May 30, 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: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
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APPEARANCES

For the Applicant: JAMES BRUCE  
P.O. Box 1056  
Santa Fe, NM 87504

For ConocoPhillips: ADAM RANKIN  
110 N Guadalupe Street  
Santa Fe, NM 87501

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CASE NO. 20326 CALLED 03

TAKEN UNDER ADVISEMENT: 07

EXHIBIT INDEX

Exhibits 4 through 6 Admitted 07

1 EXAMINER McMILLAN: So the next case is 20326.

2 I'd like to call Case Number 20326, Application  
3 of Matador Production Company for Compulsory Pooling, Eddy  
4 County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
7 representing the applicant and presenting this case by  
8 affidavit.

9 MR. ADAM RANKIN: Mr. Examiner, Adam Rankin with  
10 the law firm of Holland & Hart on behalf of ConocoPhillips  
11 Company. No witnesses and no objections to this case being  
12 presented by affidavit.

13 EXAMINER McMILLAN: Okay.

14 MR. BRUCE: Mr. Examiner, this case was  
15 previously presented as to working interest owners, but  
16 notice to overrides was not complete. So we are here today  
17 mainly for overrides.

18 MR. BROOKS: These are overrides that are not  
19 subject to pooling?

20 MR. BRUCE: That is correct. So I've handed you  
21 Exhibits 4, 5 and 6 in this case. In the prior hearing we  
22 did submit a -- geology plats, a geology affidavit, and I  
23 can give you that if need be.

24 So what Matador in this case is seeking is the  
25 pooling of the W/2 of Section 19, 24 South, 28 East for the

1 Noel Hensley Fed Com Well Numbers 202 and 222H.

2 I've handed you Exhibit 4. One thing, even  
3 though it is primarily as you will see in a minute, for  
4 overrides, in the intervening time period, a one unleased  
5 mineral interest owner who owns about a .8 percent interest  
6 in the well unit was discovered, but as you will go through  
7 the landman's affidavit which pretty much parrots the  
8 original affidavit including the drilling rates of 8,000 and  
9 800, there is a land plat, there's the C-102s. Purple  
10 Sage-Wolfcamp Pool Code 98220.

11 If you go to Attachment C, to the landman's  
12 affidavit, you will see there are 20 overrides being force  
13 pooled and then one mineral -- well, two mineral owners,  
14 Richard -- I'm not sure how to pronounce his last name --  
15 Richard Gaule and wife Carly Gaule.

16 And the landman's affidavit contains the usual  
17 information and includes the proposal letters to that one  
18 previously unknown unleased mineral owner, and the AFEs --  
19 the AFEs are the same as were previously presented.

20 There are about \$8 million wells. These wells  
21 are not drilled. They are pending wells -- pending, but  
22 they have not been commenced, let's put it that way.

23 And then Exhibit 2 is my affidavit of notice.  
24 Gave notice to all of interest owners. There were some  
25 where I haven't gotten the green cards back or a couple

1 where the envelopes came back, and so as a result, notice  
2 was published.

3 And Mr. Examiner, before Mr. Brooks got here, you  
4 asked about legal issues, but I think we have been through  
5 this before. I published notice. I did not receive an  
6 affidavit of publication from the newspaper, but Exhibit 6  
7 is my -- my bill from the Carlsbad newspaper showing that  
8 notice was published, and it contains a copy of the notice,  
9 I just don't have the official affidavit of notice.

10 MR. BROOKS: I was just looking at that early  
11 this morning, and the rule does specifically require  
12 something in that regard. At least the rule prior to last  
13 year did, and I'm not able to find in our notebook the  
14 updated rule, if there is one, which I think there must be.

15 And this is today -- this is 4. -- 19.4 -- 19.4  
16 -- 15.4 -- thinking about 15.4 A -- no -- 19.15.4.12 C  
17 and -- well, 12 C. Now then 19.15.4.12 C --

18 MR. BRUCE: I'm glad somebody reads the rules,  
19 Mr. Examiner.

20 MR. BROOKS: Well, it always helps some. My  
21 father used to say, "You should get curious about the books  
22 now and then." 15.12.4.12 -- I'm in 19.15.12, that's not  
23 going to help me very much. It's 19.15.4.12.

24 MR. BRUCE: 4.12, yeah.

25 MR. BROOKS: And it's 19.15.12.4 C, I believe --

1 no, it's not -- yeah, it is. It's 19.15.4.12 C.

2 "At the hearing the applicant shall make a record  
3 either by testimony or affidavit that, that the applicant or  
4 its authorized representative has signed that the applicant  
5 has complied with the notice provisions of 19.15.4.9  
6 conducted a good faith diligent effort to find the correct  
7 address of persons entitled to notice; and, two, given  
8 notice to that correct address as 19.15.4.9 requires. In  
9 addition the record shall contain the name and address of  
10 each person to whom notice was sent and where proof of  
11 receipt is available, a copy thereof."

12 Now we go back to something specific, though, on  
13 newspaper filing, and it's probably 19.15.4.9. Let's go  
14 back to that because --

15 MR. BRUCE: Exhibit 5 is my affidavit of notice  
16 which does state that, and we did have addresses for  
17 everyone, but some of them came back. And my only issue is  
18 I can always go back and ask the Carlsbad Newspaper for an  
19 affidavit of publication, I just did not -- I went through  
20 my everything --

21 MR. BROOKS: Such proof shall consist -- this is  
22 19.15.4 -- 19.15.4.12 B, "Such proof shall consist of a copy  
23 of a legal advertisement that was published at least ten  
24 days before the hearing in a newspaper of general  
25 circulation in the county or counties in which the property

1 is located or in the applicant state" -- so it doesn't  
2 require -- it requires a copy of the notice, but does not  
3 say it has to be attested by the newspaper.

4 MR. BRUCE: Submitted as Exhibit 6 is, is the  
5 notice which shows May 14 as the date together with my  
6 invoice from the newspaper.

7 MR. BROOKS: Well, I think that would probably be  
8 acceptable to the Examiner.

9 MR. BRUCE: So I believe notice has been given  
10 either actually or constructively to everyone, to the  
11 override, to everyone who was pooled in this matter, and I  
12 would ask that Exhibits 4, 5 and 6 be admitted into  
13 evidence.

14 And, Mr. Examiner, just so you have them from the  
15 prior hearing's exhibits, I'm submitting to you Exhibits 1  
16 through 3.

17 EXAMINER McMILLAN: That's fine. So Exhibits 4,  
18 5, and 6 may now be accepted as part of the record, and the  
19 case will be taken under advisement.

20 (Exhibits 4 through 6 admitted.)

21 MR. BRUCE: Okay, thank you very much.

22 EXAMINER McMILLAN: I think that's it.

23 MR. BRUCE: That's it.

24 (Concluded.)

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STATE OF NEW MEXICO )  
 )SS  
COUNTY OF SANTA FE )

I, IRENE DELGADO, certify that I reported the proceedings in the above-transcribed pages, that pages numbered 1 through 7 are a true and correct transcript of my stenographic notes and were reduced to typewritten transcript through Computer-Aided Transcription, and that on the date I reported these proceedings I was a New Mexico Certified Court Reporter.

Dated at Santa Fe, New Mexico, this 30th day of May 2019.

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Irene Delgado, NMCCR 253  
Expires: 12-31-19