

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 NOS: 21069 21070

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

May 28, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KATHLEEN MURPHY, DYLAN COSS, SCOTT COX and BAYLEN LAMKIN on Thursday, May 28, 2020, through 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
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

JAMES BRUCE
P.O. Box 1056
Santa Fe, NM 87504-1056
505-982-2151
jamesbruce@aol.com

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	06
REPORTER CERTIFICATE	07

E X H I B I T I N D E X

	Admitted
All Exhibits and Attachments	06

1 HEARING EXAMINER ORTH: Moving then to matters 8
2 and 9, Case Numbers 21069 and 21070, applicant Matador
3 Production, application for compulsory pooling, well named
4 Biggers Fed.

5 Mr. Bruce, are you on?

6 MR. BRUCE: Yes.

7 HEARING EXAMINER ORTH: All right. Let me pause
8 for a moment to see if anyone else is entering an appearance
9 this morning?

10 (No audible response.)

11 HEARING EXAMINER ORTH: No? Please go ahead, Mr.
12 Bruce.

13 MR. BRUCE: In this case -- well, take a step
14 back. These three wells were force pooled originally in
15 Cases 16178, 16179, and 16180 and orders were issued force
16 pooling the W/2 E/2 of -- of Section 18, and also the E/2
17 E/2 of Section 18 for the Wolfcamp formation. The lands are
18 in 25 South, 35 East, in Lea County.

19 Matador went ahead and drilled the wells, and --
20 two of them -- I do not actually know how it happened, but
21 also tested the Lower Third Bone Spring, so they got
22 together with Paul Coutz, and the remedy was to create a
23 Wolfbone pool which contains the Third Bone Spring plus the
24 upper portion of the Wolfcamp formation.

25 And since they had not force pooled the Bone

1 Spring formation, Matador asked me to refile to pool just
2 the new pool, the Wolfbone pool, which would omit -- which
3 would add in the Third Bone Spring pool or formation and
4 omit the Lower Wolfcamp, so that's what we did.

5 The testimony includes landman's and geologist's
6 affidavits, but also includes the testimony of the landman,
7 the same landman and the same geologist from the original
8 hearing which occurred almost two years ago.

9 Number one, there is no depth severance in either
10 the Bone Spring or the Wolfcamp formations. The entire Bone
11 Spring and the entire Wolfcamp formation and ownership is
12 uniform in the Bone Spring and Wolfcamp formations, so
13 nobody is adversely affected or has their interests altered
14 by pooling the Wolfbone formation.

15 The wells were drilled some time ago. And if you
16 are going through the landman's original testimony from a
17 couple of years ago, there are AFEs -- I mean, excuse me,
18 C-102s for the well, the original prior to drilling, but I
19 have also included in this package the as-drilled C-102s,
20 which I simply took off the OCD's website. I did that
21 because whoever is going to look at this, these cases, will
22 have to look at the as-drilled C-102s so they don't think I
23 was hallucinating when you are looking at the pooling check
24 list because I used the as-drilled for the various
25 locations.

1 And notice was given to everyone. There was of
2 course certified mail and notice was published as against
3 all parties. But if I recall, everyone did receive
4 certified mail notice, so the publication is superfluous.
5 But with that I would move the admission of Exhibits 1
6 through 7-B and ask that the matter be taken under
7 advisement.

8 HEARING EXAMINER ORTH: Okay, thank you, Mr.
9 Bruce. Ms. Murphy, do you have questions?

10 EXAMINER MURPHY: Just a quick question, Mr.
11 Bruce. So these were from quite some time ago, being the
12 case numbers are in the 16s, and you're pooling a different
13 stratigraphic section. Would those operators or individuals
14 not have signed another -- signed on during that time?

15 MR. BRUCE: No, I did verify that. And in the
16 original landman's testimony, there is a list of interest
17 owners, and they are uniform interests not only vertically
18 through the Bone Spring and the Wolfcamp, but they are also
19 the same in each well unit, the E/2 E/2 of the W/2 E/2 of
20 the section, and either Matador or its JOA partners own or
21 control about 90 percent of the working interest.

22 And so far as I know, there were no subsequent
23 joinders. People may have elected under the pooling orders,
24 I'm not aware of that, but they could have. But
25 nonetheless, I know of no change in ownership percentages

1 over the last two years.

2 EXAMINER MURPHY: So you are still trying to pool
3 generally the same parties that you were trying to pool a
4 couple of years ago if they have already drilled the wells?

5 MR. BRUCE: Correct.

6 EXAMINER MURPHY: Okay.

7 MR. BRUCE: Just because we are adding in the
8 third -- we already pooled the Bone Spring -- I mean the
9 Wolfcamp, but now we are adding in the Third Bone Spring,
10 so --

11 EXAMINER MURPHY: Thank you. I have no more
12 questions.

13 HEARING EXAMINER ORTH: Thank you, Ms. Murphy.
14 Let me pause for a moment in the event another technical
15 hearing examiner has a question.

16 (No verbal response.)

17 HEARING EXAMINER ORTH: No? Thank you very much,
18 Mr. Bruce. Exhibits 1 through 7-B are accepted and matters
19 taken under advisement.

20 MR. BRUCE: Thank you.

21 (Exhibits admitted.)

22 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

4 I, IRENE DELGADO, New Mexico Certified Court
5 Reporter, CCR 253, do hereby certify that I reported the
6 foregoing virtual proceedings in stenographic shorthand and
7 that the foregoing pages are a true and correct transcript
8 of those proceedings and were reduced to printed form by me
9 to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties of attorneys in this case
12 and that I have no interest in the final disposition of this
13 case.

14 I FURTHER CERTIFY that the virtual proceeding was
15 of varying quality.

16 Dated this 28th day of May 2020.

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/s/ Irene Delgado

Irene Delgado, NMCCR 253
License Expires: 12-31-20