

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: 21545 - 21548

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on
Thursday, December 3, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

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REPORTER CERTIFICATE 09

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

Admitted

Exhibits and Attachments 08

1 HEARING EXAMINER ORTH: Let's move then to --
2 well there is several cases related here to one well. Let
3 me call them all at once, 21545, 21546, 21547 and 21548,
4 Matador Production is the applicant in each case. These are
5 compulsory pooling applications. The well name is Nina
6 Cortell. Who is here from Holland & Hart for the applicant?

7 MS. LUCK: Good morning, Madam Examiner. Kaitlyn
8 Luck with the Santa Fe office of Holland & Hart on behalf of
9 Matador Production Company, and all four of these cases
10 Matador has requested be consolidated for hearing.

11 HEARING EXAMINER ORTH: Thank you. I do not see
12 other entries of appearance filed. Let me pause to ask if
13 there are any other entries this morning.

14 (No audible response.)

15 HEARING EXAMINER ORTH: I hear nothing. If you
16 would proceed, Ms. Luck.

17 MS. LUCK: Thank you, in these four cases Matador
18 understood that there would not be any opposition to the
19 cases proceeding by affidavit today, so Matador did file a
20 packet of exhibits that had been consolidated on Tuesday.

21 In the exhibit packet starting off are the
22 checklists which are included as Matador's Exhibit A, so
23 there are checklists for each of these four cases. And then
24 as Matador Exhibit B, we have copies of the applications in
25 each of these four cases.

1 Next, Matador's Exhibit C is the affidavit of
2 Robert Helbing. He is the landman for these cases, and he
3 has previously testified before the OCD and his credentials
4 have been accepted and made a matter of record. His
5 affidavit explains that Matador is seeking orders pooling
6 four standard 320 acre spacing units underlying Sections 3
7 and 10 in Township 22 South, Range 32 East, in Lea County,
8 New Mexico.

9 So starting with case 21545, that case involves
10 the W/2 of the E/2 of Sections 3 and 10. And Matador seeks
11 to create a Bone Spring spacing unit in the Bilbrey Bone
12 Spring pool. Pool code is 5695. And the spacing unit be
13 will be dedicated to the Nina Cortell Fed Com 127H.

14 In Case 21546 Matador is again pooling the Bone
15 Spring formation, that pool code is 5695, but that spacing
16 unit relates to the E/2 E/2 of Sections 3 and 10 and will be
17 dedicated to the Nina Cortell 128H well.

18 And then in Case 21547 Matador is seeking to pool
19 the Wolfcamp Formation in the W/2 E/2 of Sections 3 and 10
20 and dedicating that spacing unit to the Nina Cortell Fed Com
21 203H well. The pool code in this case is 98166.

22 And then in case 21548, Matador is again seeking
23 to pool the Wolfcamp formation with the same pool code,
24 98166, but this time Matador is seeking to pool the E/2 E/2
25 and is dedicating this proposed spacing unit to the Nina

1 Cortell 204H well.

2 Matador has provided copies of the C-102s for
3 each of these four wells. And then as Matador Exhibits C-2
4 and C-3 Matador identifies the tracts of land comprising the
5 spacing units in each of these cases and also identifies the
6 working interest owners Matador seeks to pool in these
7 cases.

8 I do want to note that since we filed our
9 exhibits on Tuesday, Matador has been working through an
10 agreement with one of the interest owners that --

11 (Audio disruption.)

12 HEARING EXAMINER ORTH: Ms. Luck? Ms. Luck?
13 We've lost your sound. Ms. Luck?

14 MS. LUCK: (No response.)

15 HEARING EXAMINER ORTH: Ms. Luck, we've lost your
16 sound.

17 MS. LUCK: (No response.)

18 HEARING EXAMINER ORTH: Ms. Luck, we lost your
19 sound there for several minutes.

20 (Reporter reorients Ms. Luck.)

21 HEARING EXAMINER ORTH: Ms. Luck, were you able
22 to hear that?

23 MS. LUCK: Yes.

24 HEARING EXAMINER ORTH: Do you know where to pick
25 up?

1 MS. LUCK: Yes. Thank you for clarifying. Sorry
2 about the sound issue.

3 So Matador did reach an agreement or is working
4 through an agreement with one of the interest owners, so
5 Matador would like to file an amended Exhibit C-3 removing
6 the interest owner that Matador is no longer seeking to pool
7 in these cases. So after the hearing today, Matador will
8 submit an amended Exhibit C-3 removing the party that
9 Matador is no longer seeking to pool.

10 So moving on to Matador Exhibit C-4, that is the
11 overriding royalty interest owners that Matador is seeking
12 to pool in Case Numbers 21546 and 21548. In each of these
13 four cases Matador sent well proposals letters and AFE's to
14 the working interest owners and have attempted to reach
15 voluntary agreement with each of the uncommitted working
16 interest owners. And Matador provides as Exhibit C-6 a
17 summary chronology of many of the contacts that Matador made
18 with each of the uncommitted interest owners.

19 Next is Matador's Exhibit E which is the
20 affidavit of Andrew Parker. He is the geologist in this
21 case to -- is employed by Matador and his credentials have
22 been accepted by the Division and made a matter of record.

23 He provides first a locator map outlining the
24 four spacing units, and then he provides separately his
25 analysis of both the Bone Spring and the Wolfcamp Formation

1 by including the standard geology exhibits and his opinion
2 that both the Bone Spring and the Wolfcamp underlying these
3 four spacing units is suitable for horizontal well
4 development.

5 Finally Exhibits E and F we provide the notice
6 information, so that's reflecting that our office
7 provided -- mailed notice of this hearing to each of the
8 interest owners that Matador is seeking to pool. And then
9 out of an abundance of caution we also published notice of
10 the hearing in the county where the wells are to be located
11 and directed the publication to each of the interest owners
12 by name.

13 So with that I would move the admission of
14 Matador A through F, with the note that we will be
15 submitting an amended Exhibit C-3 to remove ConocoPhillips,
16 and I would request that the cases be taken under advisement
17 after that supplemental exhibit is received.

18 HEARING EXAMINER ORTH: Thank you, Ms. Luck.

19 Mr. Lamkin, do you have questions of Ms. Luck in
20 these cases?

21 TECHNICAL EXAMINER LAMKIN: No, I don't. Thanks.

22 HEARING EXAMINER ORTH: All right. Thank you.
23 Ms. Luck, Exhibits A through F are admitted subject to the
24 submission of amended Exhibit C-3, and the matters will be
25 taken under advisement.

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MS. LUCK: Thank you for that.
(Exhibits admitted with caveat.)
(Taken under advisement.)

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties or 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 poor to good quality.

16 Dated this 3rd day of December 2020.

17

/s/ Irene Delgado

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

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