

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: 21482, 21483,
21485

APPLICATION OF CATENA RESOURCES OPERATING LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NOS: 21578, 21579

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

CASE NOS: 21460, 21462

APPLICATION OF CATENA RESOURCES OPERATING LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JANUARY 21, 2021

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
BILL BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on
Thursday, January 21, 2021, through the Webex Platform.

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8 For Marathon Oil Permian:

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12 For COG:

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16 For Mewbourne:

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20 I N D E X

21 CASE CALLED

22 STATUS CONFERENCE 03

23 REPORTER CERTIFICATE 17

24

25

1 HEARING OFFICER BRANCARD: Excellent. So I will
2 call -- and I'm working off the spreadsheet that is on our
3 website. There are 40 cases listed. The first case is
4 21578, Matador. And is Mr. Bruce on the line?

5 MR. BRUCE: Can you hear me?

6 HEARING OFFICER BRANCARD: We can, barely, but we
7 can.

8 MR. BRUCE: That should be -- I didn't see the
9 new spreadsheet on the website, so I'm kind of flailing
10 around with a long sheet. There's two Matador cases, but
11 they are connected to some Catena cases that are -- should
12 be on a, status conference.

13 HEARING OFFICER BRANCARD: Okay. So cases 21578,
14 21579, Mr. Bruce, you are saying should be part of the
15 status conference?

16 MR. BRUCE: Yes.

17 HEARING OFFICER BRANCARD: 21482, et cetera.

18 MR. BRUCE: Yes.

19 HEARING OFFICER BRANCARD: So you are not going
20 by affidavit this morning; is that correct?

21 MR. BRUCE: That is correct.

22 HEARING OFFICER BRANCARD: Okay. So we will move
23 cases 21578 and 21579 down to Numbers 14, et cetera. That's
24 Mr. Padilla. Is that correct, Mr. Padilla?

25 MR. PADILLA: (Inaudible.)

1 HEARING OFFICER BRANCARD: Mr. Padilla, can you
2 hear me?

3 MR. PADILLA: Yes, I can. Can you hear me?

4 HEARING OFFICER BRANCARD: Now I can hear you,
5 yes.

6 MR. PADILLA: Let me speak louder then. My
7 understanding was that these cases were all going to be
8 combined for a status conference.

9 HEARING OFFICER BRANCARD: Okay. So that we will
10 do, we will skip over 21578 and 21579 and we will move on to
11 Number 3 on the spreadsheet.

12 (Break to hear other docket items.)

13 HEARING OFFICER BRANCARD: So now that we have
14 gotten through the Chicago Cubs here, I will talk to the
15 Court Reporter for a second. Would it be a good time to
16 take a break?

17 (Discussion with court reporter.)

18 HEARING OFFICER BRANCARD: We are about to go
19 into status conferences, so why don't we take about a
20 ten-minute break here until 9:50.

21 (Recess taken.)

22 HEARING OFFICER BRANCARD: It is 9:51, and we are
23 back on the record on the Oil Conservation Division hearing
24 on January 21, 2021. So we are moving on to status
25 conferences, and it looks like we may have several of them

1 all at once here.

2 Number 14 on our list is Catena -- hope I'm
3 pronouncing that correctly -- Resources. Mr. Padilla?

4 MR. PADILLA: (No audible response.)

5 HEARING OFFICER BRANCARD: Mr. Padilla?

6 MR. PADILLA: (No audible response.)

7 HEARING OFFICER BRANCARD: Calling Case 21482,
8 Catena Resources, status conference.

9 MR. PADILLA: Can you hear me now?

10 HEARING OFFICER BRANCARD: I can hear you loud
11 and clear.

12 MR. PADILLA: Thank you. Good. I'm entering an
13 appearance for Catena Resources in Cases 21482, 21483,
14 21485. They are all in the same area and can probably be
15 heard in conjunction with the first two cases, 21578, 21579.

16 And I believe we can also jump down to the bottom
17 of the page to Cases 22 and 23. You will notice that the
18 cases down there are Rambo and Rope, and the 21483 and the
19 21485 are also Rambo and Rope cases, so I think they can all
20 be combined. I'm sure Mr. Bruce will concur in that.

21 MR. BRUCE: Yes.

22 HEARING OFFICER BRANCARD: Okay. Mr. Bruce, you
23 are representing Matador, I believe.

24 MR. BRUCE: In Case 21482, I'm entering an
25 appearance for Mewbourne Oil Company, and in all of the rest

1 of them, but only as to that particular case. As to all the
2 rest of them, I am entering an appearance for Matador, plus
3 MRC Permian Company.

4 HEARING OFFICER BRANCARD: Mr. Padilla?

5 MR. PADILLA: Mr. Examiner, I may add, we have
6 another case -- or I should point out that 21485, I have a
7 problem with that, is that we advertised the case as being
8 in Sections 19 and 20 and in fact it should be Section 30.

9 But short of dismissing this case and restarting
10 all over again, and I don't think we pooled anyone here with
11 that typo, it should be Section 30, but I will ask your
12 guidance as to whether or not the Division and Ms. Murphy
13 may be more likely to answer that question as to whether we
14 need to start all over again, dismiss 21485 and we start all
15 over again.

16 HEARING OFFICER BRANCARD: I will defer to Ms.
17 Murphy, but since we are setting a hearing at some point in
18 the future here, there might be an opportunity for
19 additional notice (inaudible).

20 MR. PADILLA: I think if we set it far enough out
21 here we can still hear the 21485 case. I noticed that you
22 were scheduling hearings in April. So that would give us
23 plenty of time.

24 HEARING OFFICER BRANCARD: Yeah, our dockets are
25 starting to get a little crowded here. So first let me just

1 check. Mr. Bruce, I assume you are okay with 21578 and
2 21579 being considered then?

3 MR. BRUCE: Yes.

4 HEARING OFFICER BRANCARD: Okay. So from what I
5 understand, we have cases 21578, 21579, Number 1 and 2 on
6 our spreadsheet, and then we have cases 21482, 21483, 21485,
7 14, 15 and 16 on our spreadsheet. In cases 21460 and 21462,
8 22 and 23 on our spreadsheet. Is that correct, Mr. Padilla?

9 MR. PADILLA: That's correct.

10 HEARING OFFICER BRANCARD: So I will then ask for
11 appearances in all of those cases. And it looks like we
12 have Modrall representing Marathon, is that correct, in some
13 of these cases? Ms. Bennett, you need to hit one of your
14 other mute buttons.

15 MS. BENNETT: Good morning. Deana Bennett on
16 behalf of Marathon Oil Permian. I have entered my
17 appearance on Marathon's behalf in Case Numbers 21482, 21485
18 and 21462. Thank you.

19 HEARING OFFICER BRANCARD: Okay. I also see COG
20 listed here.

21 MR. RODRIGUEZ: Yes. Michael Rodriguez for COG
22 Operating LLC, and COG is entering an appearance in 21482,
23 21483, 21485, 21460 and 21462, so all of the Catena cases.

24 MR. PADILLA: Mr. Examiner, if I may add, I took
25 over the 21460, 21462 yesterday instead of Holland & Hart.

1 HEARING OFFICER BRANCARD: Okay, thank you.

2 Looks like we also have Mewbourne in 21482.

3 MR. BRUCE: That is correct.

4 HEARING OFFICER BRANCARD: Mr. Bruce, I'm sorry,
5 you are representing Mewbourne in that case?

6 MR. BRUCE: Correct.

7 HEARING OFFICER BRANCARD: MRC Permian, are you
8 also representing them?

9 MR. BRUCE: I'm representing MRC Permian and
10 Matador Production Company in all the cases you listed
11 except for 21482. They have no interest in that case.

12 HEARING OFFICER BRANCARD: Okay. And with that I
13 will ask if there are any other appearances in these seven
14 cases, 460, 462, 482, 483, 485, 578, 579. Any other
15 appearances?

16 (No audible response.)

17 HEARING OFFICER BRANCARD: Hearing none, Mr.
18 Padilla, perhaps you would like to start us off on a
19 discussion about what you would like for --

20 MR. PADILLA: Well, I think in all of these
21 cases, since they are in the same general area, have to be
22 combined, obviously the Matador cases at the top of the
23 docket are competing applications, so there's two views on
24 who is going to operate, I guess. I'm not sure. I haven't
25 seen the applications on, on the first two cases, so -- but

1 my understanding is they are competing cases. So I would
2 imagine that this -- it would take at least -- maybe a
3 full day to try all of these cases. At least half a day,
4 so --

5 HEARING OFFICER BRANCARD: So we are looking at
6 this second hearing date in the month, and April 22 is the
7 one that's available. We could go further into May. And I
8 guess I will first ask the other parties if they have an
9 objection with these seven cases being heard all in the same
10 hearing. Mr. Bruce?

11 MR. BRUCE: No objection.

12 HEARING OFFICER BRANCARD: Ms. Bennett?

13 MS. BENNETT: No objection.

14 HEARING OFFICER BRANCARD: Mr. Rodriguez?

15 MR. RODRIGUEZ: No objection.

16 HEARING OFFICER BRANCARD: Good. We got past
17 that.

18 HEARING OFFICER BRANCARD: April 22?

19 MR. PADILLA: That will be fine, Mr. Examiner.

20 HEARING OFFICER BRANCARD: Mr. Bruce?

21 MR. BRUCE: That's fine.

22 HEARING OFFICER BRANCARD: Ms. Bennett?

23 MS. BENNETT: No objection.

24 HEARING OFFICER BRANCARD: Okay, Mr. Rodriguez?

25 MR. RODRIGUEZ: Sounds good.

1 HEARING OFFICER BRANCARD: Okay. So we have a
2 date, we have a consolidation. Are there any other issues
3 in this status conference?

4 MR. PADILLA: Mr. Examiner, I can submit a, a
5 prehearing order and circulate it.

6 HEARING OFFICER BRANCARD: Okay. I -- can I
7 count on you to do that?

8 MR. PADILLA: I've offered, yes.

9 HEARING OFFICER BRANCARD: You don't want to get
10 Marlene mad and come after you --

11 MR. PADILLA: No, I don't.

12 HEARING OFFICER BRANCARD: -- if you fall behind
13 on that. So that would be great. You know, we have a form
14 that we are using, so I just fill in the form with the
15 dates, that would be great. And hopefully you can get that
16 to us within a week. Is that possible?

17 MR. PADILLA: That's fine.

18 HEARING OFFICER BRANCARD: All right. If there
19 are no other issues, then these seven cases are consolidated
20 for hearing on April 22.

21 MR. PADILLA: Mr. Examiner, if I can correct the
22 error on the 21485, and I think that would give me enough
23 time and include that case for another case number in that
24 pretrial order or to be heard at the same time.

25 HEARING OFFICER BRANCARD: Sure. Would you like

1 to just publish new notice?

2 MR. PADILLA: I will do whatever, whatever I need
3 to do, including filing and submit. We are not allowed to
4 file an amended application at this point, I don't think,
5 but we may have to start all over again. I don't know what
6 we have to do.

7 HEARING OFFICER BRANCARD: Ms. Murphy, can you
8 give me guidance?

9 TECHNICAL EXAMINER MURPHY: I would think that
10 publishing the wrong section would be an issue.

11 HEARING OFFICER BRANCARD: Yes, we have to
12 correct that somehow. So do we need a new application?

13 TECHNICAL EXAMINER MURPHY: I would say you need
14 a new application.

15 HEARING OFFICER BRANCARD: Okay. Mr. Padilla, is
16 that workable?

17 MR. PADILLA: That's workable. I mean, I have
18 plenty of time for notice for this, and so we will file
19 that.

20 HEARING OFFICER BRANCARD: Okay. Okay. So that
21 would be Case 21485 which would get dismissed upon a new
22 application for that particular well.

23 MR. PADILLA: The well proposals are going to be
24 the same for that case. I will file an application with
25 this case number or at least reference the case number that

1 is the same case as previously filed.

2 HEARING OFFICER BRANCARD: That would be good,
3 then we can dismiss that case and deal with the new case.

4 MR. PADILLA: Okay.

5 HEARING OFFICER BRANCARD: Any other issues, Ms.
6 Murphy?

7 TECHNICAL EXAMINER MURPHY: So is this generally
8 cases 22140 and 21462 against all the other cases?

9 MR. PADILLA: No. That -- we have to go to case
10 14, 15, 16, and there's also a 21484 that has been continued
11 by COG to the February 18 hearing date. And of course the
12 first two cases on the docket would be competing cases.

13 TECHNICAL EXAMINER MURPHY: So my question is,
14 who is competing against whom?

15 MR. PADILLA: Let me, let me turn to Mr. Bruce
16 there. I know he's got -- he is more informed as to at
17 least 21461 and 21462. I think they compete against those,
18 but he can correct me.

19 MR. BRUCE: I think the two Matador cases are --
20 directly compete against -- there is so many of them. The
21 Matador cases are directly against 21483 and 21462. I think
22 that is correct. Check on the acreage. Yeah, 21460 is the
23 other case, yeah, so that's correct.

24 TECHNICAL EXAMINER MURPHY: So 21460, 21462 are
25 against the Catena cases?

1 MR. BRUCE: No. No. No. I'm representing
2 Matador.

3 TECHNICAL EXAMINER MURPHY: I understand that.

4 MR. BRUCE: My two cases for Matador are directly
5 against 21483 and 21460.

6 TECHNICAL EXAMINER MURPHY: I thought you were
7 representing 21460.

8 MR. BRUCE: No, no, no.

9 TECHNICAL EXAMINER MURPHY: Okay.

10 MR. BRUCE: No, those are all Catena matters,
11 other than the two Matador cases, and I'm opposing them.

12 TECHNICAL EXAMINER MURPHY: Okay. Thank you.

13 HEARING OFFICER BRANCARD: Ms. Murphy, would it
14 be helpful for the parties to stipulate to a map that shows
15 the overlap of their projects? Or their units, sorry --
16 scribbling on pieces of paper trying to figure this out.

17 TECHNICAL EXAMINER MURPHY: It would, and it
18 would also be helpful if they continued to negotiate.

19 HEARING OFFICER BRANCARD: Well, I'm sure they
20 will do that, but assuming the worst, then we have to take
21 this to hearing.

22 TECHNICAL EXAMINER MURPHY: Right. And I guess
23 when they submit their exhibits, then we'll -- we'll see
24 what the competition is.

25 HEARING OFFICER BRANCARD: Okay. Just to put

1 folks on notice, it's helpful to us if there is a map
2 showing all of these proposed units so we can see what the
3 overlaps are.

4 MR. PADILLA: Mr. Examiner, we can get a map and
5 we can -- I know I have had to draw a map on some of these
6 things myself because they're not on the same proration unit
7 necessarily, and I wasn't aware of the Matador cases until
8 yesterday, and I took over the 21460 and 21462 yesterday, so
9 I'm not up to speed on what acreage those cases involve and
10 how they affect the Catena applications that we filed.

11 HEARING OFFICER BRANCARD: I believe you
12 mentioned another case that's not listed today, 21484?

13 MR. PADILLA: Yes, and that is combined with
14 another 21352, the Catena cases, and those are set for
15 February 28 or continued. I think COG is the only opposing
16 party to those. Mr. Rodriguez can speak to that.

17 HEARING OFFICER BRANCARD: Just so I'm clear, are
18 you saying there is an overlap with those case with the
19 seven ones we are looking at today?

20 MR. PADILLA: I don't think there is an overlap.
21 I think those are separate applications, but I know we filed
22 them -- they are all in the same general area of Lea County.

23 HEARING OFFICER BRANCARD: Okay. I just want to
24 make sure there were no more overlaps here. Is that
25 correct, Mr. Rodriguez, are you aware of this situation?

1 MR. RODRIGUEZ: That's my understanding.

2 HEARING OFFICER BRANCARD: Thank you.

3 TECHNICAL EXAMINER MURPHY: We should make sure
4 of that because --

5 MS. BENNETT: I'm on one of those cases.

6 HEARING OFFICER BRANCARD: I'm sorry, Ms.
7 Bennett.

8 MS. BENNETT: I was saying, just for the record,
9 if we are talking about the cases that have been continued
10 to the February docket, Marathon is in those cases as well.
11 Just to clarify.

12 HEARING OFFICER BRANCARD: Right, okay. Ms.
13 Murphy?

14 TECHNICAL EXAMINER MURPHY: We should make sure
15 there is not overlap because those cases in February, if the
16 examiner is unaware, those could be taken under advisement
17 and written before they realize that this -- these other
18 eight cases are going on in April.

19 HEARING OFFICER BRANCARD:

20 MR. PADILLA: I don't think that there is overlap
21 in terms of spacing units, for example, when there is a --
22 you have Bone Springs in Wolfcamp wells, I think that all of
23 these are distinct for spacing units, but I can check on
24 that and make sure that I'm speaking correctly.

25 HEARING OFFICER BRANCARD: Yes, please do, so if

1 we need to modify what's happening in February, that would
2 be helpful.

3 MS. BENNETT: Yes, Mr. Examiner. This is Deana
4 Bennett. I was going to suggest that the parties take this
5 discussion off line and we can figure out exactly which
6 cases overlap with which cases, and if there is an overlap,
7 we will make sure that the cases are handled appropriately.
8 Thank you.

9 HEARING OFFICER BRANCARD: Thank you. Are there
10 any more issues on these seven cases that I have in front of
11 me right now?

12 (No audible response.)

13 HEARING OFFICER BRANCARD: Hearing none,
14 Mr. Padilla is to prepare a prehearing order for cases
15 21460, 21462, 21482, 21483, 21485, or its successor, 21578
16 and 21579. And hearing examiner will designate a date of
17 April 22 for hearing on these cases.

18 MR. PADILLA: Okay. Thank you, Mr. Examiner.

19 (Concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

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

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

I FURTHER CERTIFY that the Virtual Proceeding was of poor to good quality.

Dated this 21st day of January 2021.

/s/ Irene Delgado

Irene Delgado, NMCCR 253
License Expires: 12-31-21