

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: 22513 - 22516

APPLICATIONS OF MATADOR PRODUCTION
COMPANY TO AMEND ORDERS,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
February 3, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on
Thursday, February 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant:

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For Marathon Oil Permian:

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1 HEARING EXAMINER BRANCARD: All right. So we
2 have several amendment cases here.

3 MR. BRUCE: Yes.

4 HEARING EXAMINER BRANCARD: So Cases 22513,
5 22514, 22515, 22516, Matador Production Company.

6 MR. BRUCE: Mr. Examiner, Jim Bruce representing
7 Matador.

8 HEARING EXAMINER BRANCARD: Okay. And Marathon
9 Oil Permian?

10 MS. BENNETT: Good morning, Mr. Examiner. Deana
11 Bennett on behalf of Marathon Oil Permian LLC, and Marathon
12 does not object to these cases being presented by affidavit.
13 We have entered an appearance on behalf of Marathon to
14 preserve their rights.

15 HEARING EXAMINER BRANCARD: Thank you. All
16 right. Well, Mr. Bruce, let's start by clarifying the first
17 two cases here.

18 MR. BRUCE: Okay.

19 HEARING EXAMINER BRANCARD: There appears to be
20 another application for an amendment already filed for this
21 order; is that correct.

22 MR. BRUCE: Yeah. I was going to start out with
23 a little explanation. These wells, the pooling orders
24 issued in this matter were originally issued to Ascent
25 Energy, and on behalf of Ascent, in November I filed

1 applications to extend the drill, drilling commencement
2 deadlines.

3 The basic reasons were the usual ones, the slow-
4 down which caused people to lay down rigs and things were
5 weren't being -- in this particular instance, the first
6 couple of cases -- or actually all of them, they did not
7 file for APDs with BLM until after they got the pooling
8 orders, and I forget exactly how long, but it -- it took
9 like nine months to get the pooling orders, maybe even
10 longer, issued with all that's been going on.

11 And so they didn't have time to adequately then
12 prepare to drill the wells, so I filed those other
13 applications, which I don't have in front of me right now.
14 And then MRC Permian, and Matador is the operator for MRC
15 Permian, purchased Ascent's interest in these wells. I
16 think that deal closed toward late December, which was just
17 shortly before the early January hearing where the original
18 Ascent cases were set for.

19 And since you can't really file to amend an
20 existing application without it being considered a new
21 application, what I did was I continued the Ascent
22 applications, I believe, to February 17 because I still
23 wanted those living. And I filed new applications, these
24 applications on behalf of Matador and asked that the filing
25 date of the Matador applications relate back to the filing

1 date of the Ascent applications.

2 The reason for that is if it's not granted, then
3 the pooling orders are dead and we would have to refile.

4 HEARING EXAMINER BRANCARD: Okay. Now this
5 relates to the first two cases, 513 and 514. I have Ascent
6 applications 22363 and 22364.

7 MR. BRUCE: I think that's correct. Yeah, that
8 is correct.

9 HEARING EXAMINER BRANCARD: I also note that for
10 the cases you have filed, 22513 and 22514, there's an error
11 in the notice as it relates to when -- or what term you are
12 asking for an extension to. It says you are asking for an
13 extension to November 13, 2021.

14 MR. BRUCE: Is that what it says?

15 HEARING EXAMINER BRANCARD: That won't help you
16 very much.

17 MR. BRUCE: Huh-uh, no that won't.

18 HEARING EXAMINER BRANCARD: So here is what I
19 suggest. I understand what you are trying to do here, Mr.
20 Bruce. So why don't we continue the first two cases to the
21 next docket, and then maybe you can file a brief motion to
22 consolidate them with the Ascent cases.

23 MR. BRUCE: Okay.

24 HEARING EXAMINER BRANCARD: If we hear them all
25 together, maybe we can grant the relief that you are looking

1 for.

2 MR. BRUCE: Okay.

3 HEARING EXAMINER BRANCARD: I can start with
4 approving these applications because they were filed well
5 after the expiration of the one year.

6 MR. BRUCE: That is correct.

7 HEARING EXAMINER BRANCARD: And so -- time
8 machine, it's hard for us to relate things back.

9 MR. BRUCE: Sure.

10 HEARING EXAMINER BRANCARD: So that's why I'm
11 hesitant to approve those two applications right now. But
12 the Ascent applications were timely filed, barely, but they
13 were timely filed. And so we can approve, if we hear all
14 four cases together, I think we can come up with an order
15 that gets you, gets Matador now what it wants.

16 MR. BRUCE: Thank you.

17 HEARING EXAMINER BRANCARD: So therefore, we are
18 continuing Cases 22513 and 22514 to February 17 to hopefully
19 be merged with 22363 and 22364 at that hearing.

20 MR. BRUCE: I will take care of that.

21 HEARING EXAMINER BRANCARD: So with that, you may
22 proceed then with Cases 22515 and 22516.

23 MR. BRUCE: Get the right page numbers here.
24 Yes, 22515 and 22516, collectively, pool -- pooled, or in
25 those cases the orders are 21591 or 21592 collectively

1 pooled the W/2 of Section 4 and the W/2 of Section 9, 20
2 South, 23 East in Lea County for certain -- or one -- or
3 certain wells, Silver Fed Com wells.

4 And that order was -- the orders on those cases
5 were not issued until February, so these applications were
6 timely filed. There is no question there. And there were
7 no pending Ascent cases because Ascent didn't ask me to file
8 on these cases because the hearing deadline still hadn't
9 arisen like it did on the other cases you mentioned.

10 And so in this case Matador seeks orders
11 extending the well commencement deadline -- deadlines to
12 February 2, 2023. Again, the reasons are the market
13 conditions which altered drilling schedules and the APD
14 issues again, and that is the basic reason. They fully
15 intend -- and plus the changeover of ownership and
16 operatorship that affect things, too, and so they requested
17 a one-year extension of drilling deadlines.

18 The affidavits of land -- of the landman are
19 attached and Matador does intend to commence and drill all
20 of these wells, and the reasons, again, for the request is
21 set forth in the landman's affidavit, and I have also
22 included in the exhibit package for each case the pooling
23 order, the application and proposed notice, and the
24 landman's affidavit, and they are all pretty similar.

25 And then Exhibit 14 in this package is the

1 affidavit of notice, which, when I -- there is a notice
2 issue here which is, I did not receive, I didn't receive two
3 of the green cards back, but there were only two people
4 being -- two entities being pooled -- or not pooled, two
5 entities who were pooled in the original cases, Cantera
6 Resources Partners for whom I had two different addresses,
7 so I mailed them both and I did receive one green card back.
8 And then Marathon Oil Permian, which I never got a green
9 card back and I went online at the postal service and all I
10 see is an entry sometime in early last week saying that it's
11 up for delivery.

12 Obviously Ms. Bennett is here, Marathon must have
13 received notice somehow, and I don't know how -- if that
14 causes an issue for the Division, or if the entry of
15 appearance waives the lack of a green card.

16 But in both cases, the applications were timely
17 filed. They are asking for an extension to February 2,
18 2023. Notice was, I believe, properly given, even though I
19 haven't received the green card back from Mewbourne. And I
20 would move at this point admission of this combined exhibit
21 packet, Exhibits 7, 8, 9, 10, 11, 12 and 14 and ask that the
22 cases be taken under advisement pending your ruling on the
23 notice issue.

24 HEARING EXAMINER BRANCARD: Ms. Bennett, do you
25 have questions, any thoughts on the notice?

1 MS. BENNETT: Thank you very much. No questions.
2 I don't know if Marathon received notice through the mail.
3 I alerted Marathon that these cases were on the docket based
4 on my review of the docket and our entry of appearance in
5 the prior Ascent cases, but I have entered my appearance in
6 these cases.

7 Marathon does object to the cases going forward
8 by affidavit, so I don't -- while I can't say for sure that
9 Marathon received the notice letter, what I can say is I
10 have been authorized by Marathon to say they do not object
11 to the cases proceeding by affidavit.

12 HEARING EXAMINER BRANCARD: Mr. Rose-Coss, any
13 questions?

14 TECHNICAL EXAMINER ROSE-COSS: No questions for
15 me, thank you.

16 HEARING EXAMINER BRANCARD: So in this case we
17 will -- are there any other interested persons for Cases
18 22515, 22516, Matador Production Company?

19 (No audible response.)

20 HEARING EXAMINER BRANCARD: Hearing none, the
21 exhibits in this case will be admitted into the records.
22 This case will be taken under advisement. We will have --
23 take Matador's -- I'm sorry -- Marathon's appearance in this
24 case as a fact that they have received notice, actual
25 notice, and so with that we will go forward with this case.

1 HEARING EXAMINER BRANCARD: Also, Mr. Bruce, for
2 Cases 22513, 514, the Division will continue them. You
3 don't need to file a continuance.

4 MR. BRUCE: Thank you.

5 MS. BENNETT: Mr. Examiner, this is Deana Bennett
6 again on behalf of Marathon Oil Permian LLC, in the
7 competing -- or the companion cases, 22363 and 22364, I will
8 be entering an appearance on behalf of Marathon in those two
9 cases as well just so we have our entry of appearance in the
10 combined cases. So I will get that on file as soon as
11 possible.

12 HEARING EXAMINER BRANCARD: Thank you, that would
13 be helpful. I'm hoping that we will take all four cases at
14 once to resolve this.

15 MS. BENNETT: Thank you.

16 MR. BRUCE: Thank you, Mr. Examiner.

17 (Cases 22513 and 22514 continued.)

18 (Exhibits admitted in Cases 22515 and 22516.)

19 (Cases 22515 and 22516 taken under advisement.)

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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 3rd day of February 2022.

/s/ Irene Delgado

Irene Delgado, NMCCR 253
License Expires: 12-31-22