

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: 21361 - 21364

APPLICATIONS OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NOS: 21393, 21394

APPLICATION OF ASCENT ENERGY, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NOS: 21489 - 21491

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING AND APPROVAL
OF A HORIZONTAL SPACING UNIT FOR A POTASH
DEVELOPMENT AREA AND PILOT PROJECT,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
FEBRUARY 17, 2021
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 KATHLEEN MURPHY on
Thursday, February 17, 2021, 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 Apache:

EARL DEBRINE
MODRALL SPERLING ROEHL HARRIS & SISK PA
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For Mewbourne:

DANA HARDY
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505-982-4554

For Ascent and Matador:

DARIN SAVAGE
ABADIE & SCHILL
214 McKenzie Street
Santa Fe, New Mexico 87501

I N D E X

CASE CALLED	
STATUS CONFERENCE	03
REPORTER CERTIFICATE	09

1 HEARING EXAMINER BRANCARD: And with that, I
2 believe we can start our docket for today. We have a number
3 of cases that because there were late filings, they are
4 still on the docket, so we can deal with them probably
5 pretty quickly. So I will call -- Mr. Bruce, are you ready?

6 (No audible response.)

7 HEARING EXAMINER BRANCARD: Is Mr. Bruce on?

8 MS. SALVIDREZ: There is a call-in that should be
9 him.

10 HEARING EXAMINER BRANCARD: I just saw an e-mail
11 from him, so he must be awake. Mr. Bruce, are you there?

12 (No audible response.)

13 HEARING EXAMINER BRANCARD: All right. Well,
14 hearing crickets from Mr. Bruce, we will skip then to Item
15 14 on the agenda and this is status conferences. And this
16 is a whole series of cases, and I will list them. Case
17 Number 21489, 21490, 21491, 21393, 21394, 2139 -- sorry --
18 21361, 21362, 21363, 21364. Let's start with Apache
19 Corporation.

20 MR. DEBRINE: Good morning, Mr. Examiner. Earl
21 Debrine with Modrall Sperling for Apache.

22 HEARING EXAMINER BRANCARD: Thank you. Good
23 morning. And then we have Ascent Energy.

24 MR. SAVAGE: Good morning, Darin Savage with
25 Abadie and Schill with Matador Production Company and Ascent

1 Energy LLC.

2 HEARING EXAMINER BRANCARD: That's right, Matador
3 is the successor to Ascent in these cases. Is that correct,
4 Mr. Savage?

5 MR. SAVAGE: That's correct, Mr. Hearing Officer.

6 HEARING EXAMINER BRANCARD: Thank you. Mewbourne
7 Oil Company?

8 MS. HARDY: Good morning, Mr. Examiner. Dana
9 Hardy with the Santa Fe office of Hinkle Shanor on behalf of
10 Mewbourne.

11 HEARING EXAMINER BRANCARD: Thank you. I have
12 other entries here. Jalapeno Corporation?

13 (No audible response.)

14 HEARING EXAMINER BRANCARD: Going once. Colgate
15 Operating?

16 (No audible response.)

17 HEARING EXAMINER BRANCARD: I hope people realize
18 that the two-hour delay for state employees coming to work
19 does not apply to the --

20 MS. SHAHEEN: Good morning, Mr. Examiner. Sharon
21 Shaheen on behalf of Colgate Operating.

22 HEARING EXAMINER BRANCARD: Thank you. And then
23 EOG Resources?

24 MR. PADILLA: Mr. Examiner, Ernest L. Padilla for
25 EOG Resources, and we are just here for the ride.

1 HEARING EXAMINER BRANCARD: Thank you. I think
2 that's all the entries that I have. Are there any other
3 entries of appearance for these cases that I have just
4 listed, 21489, 490, 491, 393, 394, 361, 362, 363, 364?

5 (No audible response.)

6 HEARING EXAMINER BRANCARD: Hearing none, these
7 cases, I believe, were a sort of kind of remand from the
8 Commission that we're having to try to sort out here.

9 And I guess I will start with you, Mr. Savage.
10 Where are we?

11 MR. SAVAGE: Thank you, Mr. Hearing Officer, yes,
12 it is a remand of the application.

13 HEARING EXAMINER BRANCARD: You are a little
14 quiet.

15 MR. SAVAGE: Okay, I'm sorry. I believe it was a
16 remand from a de novo application with the OCC, and I will
17 give you an update of the current status. The closing with
18 Ascent, Matador's closing with Ascent was finalized and
19 successful. All of Ascent's ownership and interest in these
20 cases have been assigned now to Matador.

21 Ascent Energy is an entity that has no assets at
22 this point. Matador has promptly reached out to Mewbourne
23 and Apache. I have been informed that Matador's land team
24 is scheduled to meet with Apache's land team next week.
25 Communication appears to have been productive -- are

1 productive, and negotiations are productive, and there may
2 be an opportunity to resolve these matters.

3 We will be filing a motion to make the transfer
4 of these proceedings from Ascent to Matador, and will be
5 withdrawing representation from Ascent. Because of these
6 developments, Matador is requesting a subsequent status
7 conference to see if such opportunity might come to
8 fruition, and the other parties can speak to this request as
9 it's being considered.

10 That's about, that's the update that I have on
11 the status of these cases from Matador's perspective.

12 HEARING EXAMINER BRANCARD: Thank you. Any sense
13 of when you would like to get back to us about this? In
14 other words, when do we schedule a status conference?

15 MR. SAVAGE: Matador was thinking about a month
16 from now, but that was depending on the availability of the
17 parties.

18 HEARING EXAMINER BRANCARD: Thank you. Okay. I
19 will turn to Mr. Debrine.

20 MR. DEBRINE: Good morning, Mr. Examiner. We're
21 okay with Ascent's request for a status conference. I think
22 it makes sense to set one in April, on the April docket and
23 see where we are there.

24 There are some questions with regard to whether
25 an operator can take over cases. This case -- the cases

1 were presented and evidence was submitted in advance of an
2 anticipated hearing with the idea that Ascent was going to
3 be operating the units, and all the parties' evidence was
4 directed to Ascent and the operatorship of course is a key
5 issue for the Division when considering competing cases.

6 So I don't know if you can just transfer it or if
7 new cases need to be filed, but we may be looking into that
8 and filing a motion, but we will save that for another day.

9 HEARING EXAMINER BRANCARD: All right. Are you
10 okay with coming back in a month?

11 MR. DEBRINE: Yes. I think it makes sense to
12 come back in April and see where we are. Hopefully the
13 parties can resolve their differences and we won't have to
14 trouble the Division, but we will see how the negotiations
15 go.

16 HEARING EXAMINER BRANCARD: Thank you. I will
17 turn to Ms. Hardy.

18 MS. HARDY: Thank you, Mr. Examiner. I agree
19 that a status conference in a month or so is appropriate to
20 give the parties additional time to negotiate. I think
21 March or April would be fine with Mewbourne.

22 HEARING EXAMINER BRANCARD: Ms. Shaheen, any
23 position on this, your client? You are muted, I think.

24 MS. SHAHEEN: Colgate was expecting this would
25 get pushed out by about a month, I don't know if they would

1 have an objection to it getting pushed out two months as
2 Mr. Debrine suggests, but they are not the applicant here,
3 so obviously we are taking a back seat.

4 HEARING EXAMINER BRANCARD: Thank you.

5 Mr. Padilla, you said EOG has no concerns?

6 MR. PADILLA: No, we are just monitoring this
7 case.

8 HEARING EXAMINER BRANCARD: And I will try again,
9 is Jalapeno Corporation here?

10 (No audible response.)

11 HEARING EXAMINER BRANCARD: All right. Why don't
12 we look for April 7 for a status conference?

13 (No audible response.)

14 HEARING EXAMINER BRANCARD: Are you okay with
15 that, Mr. Savage?

16 MR. SAVAGE: That should be fine.

17 HEARING EXAMINER BRANCARD: Mr. Debrine?

18 MR. DEBRINE: Yes, that works.

19 HEARING EXAMINER BRANCARD: Ms. Hardy?

20 MS. HARDY: Yes, that's fine, thank you.

21 HEARING EXAMINER BRANCARD: Good luck with all of
22 that, and we will see you back here on April 7.

23 MS. HARDY: Thank you.

24 (Concluded.)

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

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

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

17 Dated this 17th day of February 2022.

18

/s/ Irene Delgado

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

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