

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:

Application of MATADOR PRODUCTION
COMPANY for Compulsory Pooling,
Eddy County, New Mexico

Case No. 22500

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, APRIL 7, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard Esq. Hearing Examiner, John Garcia Technical Examiner, on Thursday, April 7, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

A P P E A R A N C E S

FOR MATADOR PRODUCTION COMPANY:

Adam G. Rankin, Esq.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
agrarkin@hollandhart.com.

FOR DAVID PETROLEUM:

Jacklyn McLean, Esq.
Hinkle Shanor, LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4544.
jmclean@hinklelawfirm.com

C O N T E N T S

CASE NO. 22500	PAGE
CASE CALLED:	4
TAKEN UNDER ADVISEMENT:	

1	I N D E X O F E X H I B I T S		
2	MATADOR PRODUCTION COMPANY EXHIBITS		PAGE
3	A Checklist		9
4	B Application		9
5	C Affidavit of Nicholas Weeks, (Landman)		9
6	C-1 C-102		9
7	C-2 Interest Ownership		9
8	C-3 Sample Well Proposal Letters		9
9	C-4 Chronology of Contacts		9
10	F Affidavit of Andrew Carter (Geologist)		9
11	F-1 Locator Map		9
12	F-2 Structure Map		9
13	F-3 Structura Cross-Section A-A'		9
14			
15			
16			
17			
18			
19			
20			
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22			
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1 (Time noted 9:02 a.m.)

2 EXAMINER BRANCARD: All right. With that, we
3 can maybe start the hearings.

4 Let's try for Case 22500, Matador
5 Production Company.

6 MR. RANKIN: Good morning, Mr. Examiner. Adam
7 Rankin with Holland and Hart appearing on behalf of the
8 applicant.

9 EXAMINER BRANCARD: We have an Entry of
10 Appearance for David Petroleum.

11 MS. McLEAN: Good morning, Hearing Examiner,
12 Jacquie McLean for David Petroleum.

13 EXAMINER BRANCARD: Thank you. Ms. McLean, you
14 may need to speak a little louder or get a little closer.

15 MS. McLEAN: Thank you.

16 MR. BRANCARD: South Fifth Energy, LLC.

17 Mr. Stuart Carter here today? (Note: No
18 response.)

19 EXAMINER BRANCARD: Any other interested persons
20 for Case 22500? (Note: Pause.)

21 Hearing none, I believe, Mr. Rankin, we
22 badgered you about geologic evidence, and I believe you
23 provided geologic evidence. Please let us know what you
24 have done.

25 MR. RANKIN: Mr. Examiner, we've prepared and

1 submitted on Tuesday the affidavit of Andrew Carter. He's
2 a geologist with the company who has previously testified
3 and has had his credentials as an expert witness accepted
4 as a matter of record in the area of petroleum geology.

5 In his affidavit he reviews three exhibits
6 that he attached with his affidavit. The first one is a
7 Locator Map identifying the general location of the
8 proposed vertical well in the 80-acre spacing unit in
9 Section 14 within Lea County, in Township 17 South, Range
10 37 East.

11 Exhibit F-2 to his affidavit is a Subsea
12 Structure Map that he prepared off the top of the Strawn
13 Formation, which is the target interval here. The contour
14 interval of this structure map is 50 feet, and the
15 proposed bottom hole location on the map is identified
16 with a red dot.

17 The structure map in Mr. Parker's affidavit
18 shows that the formation is relatively flat across the
19 area of the spacing unit but regionally dips gently to the
20 east. And in his opinion the structure is consistent
21 across the spacing unit, does not appear to have any
22 faulting, pinchouts or impediments.

23 Exhibit F-3 is a Structural Cross Section
24 that he prepared showing the logs, four wells, A to A
25 prime across the area of the spacing unit. In his opinion

1 those wells are representative of the geology of the area.
2 He also identifies on that map, you'll see right around
3 that cross section, the approximate location of the Monika
4 well, the proposed well that they're going to drill, and
5 identifies the expected perforation intervals across the
6 Strawn.

7 Mr. Parker states that depending on what
8 they find as they drill, they may limit -- they may
9 selectively complete only a portion of the vertical
10 interval within that area.

11 He goes on to explain that Matador has
12 identified a discrete reservoir within the spacing unit
13 that he expects to be prospective, and has identified that
14 the take points are located in an area within that spacing
15 unit where they believe the vertical well can most
16 effectively and efficiently drain that discrete reservoir.

17 In his opinion the proposed location is
18 necessary to prevent waste, protect correlative rights of
19 the owners, and that the proposed vertical well is the
20 most efficient way to develop this acreage and to prevent
21 the drilling of unnecessary wells, and would result in the
22 greatest ultimate recovery.

23 He goes on to opine the approval of the
24 application is in the best interests of conservation, the
25 prevention of waste, and the protection of correlative

1 rights.

2 Mr. Examiner, in addition, since our last
3 meeting here the Division has approved Matador's
4 nonstandard location application for this well, which was
5 administratively filed, so I believe at this point the
6 only thing remaining is for the pooling of the interests
7 within this standard 80-acre vertical spacing unit.

8 So with that we would ask that Exhibits F
9 and the attachments F-1 through F-3 be admitted on the
10 record, if there are no objections.

11 EXAMINER BRANCARD: Okay. Mr. Garcia, any
12 questions?

13 EXAMINER GARCIA: On your Exhibit C-2, not old
14 but last hearing, has every name on here been compulsory
15 pooled? Because normally you guys highlight who is being
16 compulsory pooled.

17 MR. RANKIN: Give me one moment.

18 I believe, Mr. Garcia, that -- and I don't
19 have it in front of me. Let me see if I can pull it up
20 real quickly.

21 I know that -- I believe that Matador has
22 reached agreement with David Petroleum, and Ms. McLean can
23 confirm that. And I'm not sure whether this exhibit, you
24 know, identifies that or not. So give me one moment.

25 EXAMINER GARCIA: Yeah, it just says compulsory

1 pool 41 percent, and a list of names. I can't add up that
2 quick to add up all those.

3 MS. McLEAN: They have reached an agreement with
4 David Petroleum, I can confirm what Mr. Rankin said.

5 MR. RANKIN: Mr. Garcia, I believe the answer to
6 your question is yes, they are seeking to pool those
7 owners, with the exception, I believe, of David Petroleum,
8 who has reached agreement with Matador since these
9 exhibits were filed. So with the exception of David
10 Petroleum, all the other, I believe, interestS have been
11 force pooled.

12 And Mr. Examiner, to confirm that I will
13 commit to filing, which I need to do anyway, an updated
14 sheet of interests that they're pooling, because David
15 Petroleum will be off that list.

16 EXAMINER GARCIA: Thank you.

17 EXAMINER BRANCARD: Looking at that exhibit, Mr.
18 Rankin, the people who are listed are on that, or within
19 that compulsory pooled 41.19 percent. Would that be your
20 guess? And that there's this above 16.5 anticipated
21 voluntary joinder that's not listed there.

22 MR. RANKIN: Right. There are some additional
23 parties that have been -- that Matador has reached
24 agreement with.

25 So I will file a supplemental exhibit

1 identifying the parties that Matador is seeking to pool.
2 Since the last hearing they have reached agreement with
3 additional parties.

4 EXAMINER BRANCARD: Okay. Ms. McLean, I forgot
5 to ask whether you had any questions.

6 MR. McMILLAN: No. No questions, your Honor.

7 EXAMINER BRANCARD: Thank you. Are there any
8 other interested persons then -- I'm sorry. Mr. Garcia
9 did you have other questions?

10 EXAMINER GARCIA: I do not.

11 MR. BRANCARD: Thank you. Are there any other
12 interested persons in Case 22500? (Note: Pause.)

13 Hearing none, we will accept the exhibits
14 offered today by Matador and take this case under
15 advisement but leave the record open for an amended
16 exhibit on the current status of interest ownership.

17 Thank you.

18 (Time noted 9:10 a.m.)

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1 STATE OF NEW MEXICO).

2 : ss

3 COUNTY OF TAOS)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, April 7,
8 2022, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18

19 /S/CCR/Mary Therese Macfarlane

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2022

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