

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: 22417 - 22420

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
MAY 19, 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 LEONARD LOWE on  
Thursday, May 19, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS  
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A P P E A R A N C E S

For the Applicant:

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

For Danglade/Speight Family Oil & Gas:

SCOTT S. MORGAN  
CAVIN & INGRAM  
P.O. Box 1216  
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I N D E X

CASE CALLED	
SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	14
REPORTER CERTIFICATE	15

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

	Admitted
Exhibits and Attachments	14

1 HEARING EXAMINER BRANCARD: All right. We are  
2 going to call the next four cases, Items 52 through 55.  
3 These will be Case Numbers 22417, 22418, 22419, 22420,  
4 Matador Production Company.

5 MS. VANCE: Good morning, Mr. Hearing Examiner,  
6 Paula Vance of the Santa Fe office of Holland & Hart on  
7 behalf of the applicant Matador Production Company.

8 HEARING EXAMINER BRANCARD: Thank you. We have  
9 the -- apologize in advance -- Danglade/Speight Family Oil &  
10 Gas.

11 MR. MORGAN: Scott Morgan with Cavin & Ingram on  
12 behalf of Danglade/Speight Family Oil & Gas, and just at  
13 outset, we do not object to these moving forward by  
14 affidavit. The parties were able to reach an agreement and  
15 my understanding is that Matador is not seeking to pool the  
16 Danglade/Speight Family interests.

17 HEARING EXAMINER BRANCARD: Thank you. That  
18 answered the main question that I had today. Any other  
19 interested persons for Case 22417, 418, 419, 420?

20 (No audible response.)

21 HEARING EXAMINER BRANCARD: Hearing none, with  
22 Mr. Morgan's statement, then, Ms. Vance, you may proceed.

23 MS. VANCE: Thank you, Mr. Examiner. In Case  
24 22417, Matador seeks to pool uncommitted mineral interests  
25 within the Bone Spring Formation, Pool Code 97088,

1 underlying a standard 320 acre horizontal spacing unit  
2 comprised of the W/2 of the SW/4 of Section 18, the W/2 W/2  
3 of Section 19, and the W/2 of the NW/4 of Section 30,  
4 Township 24 South, Range 36 East of Lea County, New Mexico.  
5 Matador seeks to dedicate the spacing unit to the proposed  
6 Lonnie King Fed Com 135H well.

7 In Case 22418, Matador seeks to pool uncommitted  
8 mineral interests within the Bone Spring Formation, Pool  
9 Code 97088, underlying a standard 320 acre horizontal  
10 spacing unit comprised of the E/2 of the SW/4 of Section 18,  
11 the E/2 of the W/2 of Section 19, and the E/2 of NW/4 of  
12 Section 30, Township 24, Range 36 East, Lea County, New  
13 Mexico. Matador seeks to dedicate the spacing unit to the  
14 proposed Lonnie King Fed Com 1 through 6H well.

15 In Case 22419, Matador seeks to pool uncommitted  
16 mineral interests within the Wolfcamp formation, Pool Code  
17 33813, underlying a standard 320 acre horizontal spacing  
18 unit comprised of the W/2 of the SW/4 of Section 18, the W/2  
19 of the W/2 of Section 19 and the W/2 of the NW/4 of Section  
20 30, Township 24, Range 36 East, Lea County, New Mexico.  
21 Matador seeks to dedicate the spacing unit to the proposed  
22 Lonnie King Fed Com 211H well.

23 And in the last case, Case 22420, Matador seeks  
24 to pool uncommitted mineral interests within the Wolfcamp  
25 formation, Pool Code 33813, underlying a standard 320 acre

1 horizontal spacing unit comprised of the E/2 of the SW/4 of  
2 Section 18, the E/2 of the W/2 of Section 19, and the E/2 of  
3 the NW/4 of Section 30, Township 24, Range 36 East, Lea  
4 County, New Mexico. And Matador seeks to dedicate the  
5 spacing unit to the proposed Lonnie King Fed Com 212.

6 In all four cases we have provided a compulsory  
7 pooling checklist, as well as self-affirmed statement and  
8 testimony of landman David John and geologist Andrew Parker,  
9 both of whom have previously testified before the Division  
10 and their credentials have been accepted as a matter of  
11 record.

12 Mr. John's affidavit is Exhibit C, which includes  
13 sub exhibits C-1 which are the C-102s. C-2 is the land  
14 tract map. C-3 three is the list of uncommitted owners, c-4  
15 a sample well proposal letter with AFEs, and C-5 a  
16 chronology of contacts.

17 In all four cases Mr. John testifies that the  
18 drilling of these wells is in the best interest of  
19 Conservation, the prevention of waste and protection of  
20 correlative rights.

21 This is followed by Mr. Parker's affidavit, which  
22 is Exhibit D and includes sub exhibits D-1, the locator map,  
23 D-2, the Bone Spring subsea structure and cross section map,  
24 and D-3, the Bone Spring stratigraphic cross section, and  
25 these relate to Case Numbers 22417 and 22418.

1           Those are followed by D-4, which is the Wolfcamp  
2 subsea structure and cross section map, and D-5, the  
3 Wolfcamp stratigraphic cross section, and those relate to  
4 22419 and 22420.

5           In all four cases, Mr. Parker did not observe any  
6 faulting, pinchouts or other geographic or geologic  
7 impediments to horizontal drilling of these wells.

8           Lastly are Exhibit E, the affidavit of notice,  
9 the sample letters that were timely mailed. And Exhibit F,  
10 the affidavit of notice by publication which was also timely  
11 published.

12           And with that, unless there are any questions, I  
13 would ask that all exhibits and sub exhibits be admitted  
14 into the record and that all four cases, Cases 22417, 22418,  
15 22419 and 22420 all be taken under advisement by the  
16 Division. Thank you.

17           HEARING EXAMINER BRANCARD: Mr. Morgan, any  
18 questions?

19           MR. MORGAN: No questions, Mr. Examiner. Thank  
20 you.

21           HEARING EXAMINER BRANCARD: Mr. Lowe?

22           TECHNICAL EXAMINER LOWE: Good morning. I have a  
23 question. Looking at your affidavit of publication attached  
24 in your exhibits here, and with the schematic it references  
25 a case from Thursday, January 6, 2022 on the notice. Was

1 this case previously presented in a hearing before -- on  
2 that date, I should say. I just can't -- I don't know why  
3 this is in there. Did you do a public notice for this case  
4 today as well in the paper?

5 MS. VANCE: No. I believe that these were  
6 previously on the docket, and then that date may relate to  
7 when these cases were previously on the docket.

8 TECHNICAL EXAMINER LOWE: But for this case  
9 today, you didn't provide public notice in the newspaper,  
10 did you, or did you.

11 MS. VANCE: Yes. Public notice was previously  
12 completed on December 22, 2021, in the exhibit packet.

13 TECHNICAL EXAMINER LOWE: But for today's  
14 hearing?

15 MS. VANCE: No. For today's hearing, you mean if  
16 there was publication notice republished --

17 TECHNICAL EXAMINER LOWE: Yes.

18 MS. VANCE: -- for today, no, Mr. Lowe. What I  
19 would say is that publication notice was completed on  
20 December 22, 2021, and I believe the original hearing for  
21 these were for some time in February, or they were continued  
22 and were supposed to be heard in February, and since  
23 notification by publication was completed and the parties  
24 have had sufficient time to -- or had sufficient time to  
25 reach out to the Division or to -- I'm sorry -- reach out

1 to the Division or to Matador, they have had sufficient time  
2 to do so.

3 TECHNICAL EXAMINER LOWE: Okay.

4 MS. VANCE: I don't believe we need to do  
5 notification published -- or, I'm sorry -- notification by  
6 publication more than once since the cases were just  
7 continued.

8 TECHNICAL EXAMINER LOWE: Okay. That is the only  
9 question I got so far. Thank you.

10 MS. VANCE: Thank you, Mr. Lowe.

11 HEARING EXAMINER BRANCARD: Thank you. Can we  
12 look at your exhibits then? I'm looking at your interest  
13 owner list here.

14 MS. VANCE: Exhibit C-3, Mr. Examiner?

15 HEARING EXAMINER BRANCARD: I believe that's  
16 correct.

17 MS. VANCE: Yes. And I may preemptively address  
18 that. We -- Exhibit C-3 was updated from the original  
19 filing of the hearing packet, and that just reflects the  
20 current interest owners being pooled. However, per the  
21 Division rules, Matador is seeking only to pool or is  
22 seeking to pool the interest owners that were of record at  
23 the time.

24 However, just for transparency for the Division,  
25 Matador provided this updated C-3 exhibit. And

1 specifically, with -- I think maybe you have a question  
2 about ZPZ Delaware, they are actually an affiliate of  
3 Apache, and Matador and Apache have been in discussion. And  
4 from what I understand, they -- Apache understands that  
5 they are the ones being pooled.

6 HEARING EXAMINER BRANCARD: Well, there is also  
7 FAE where your exhibit says it appears that this interest  
8 has been conveyed numerous times.

9 MS. VANCE: Right. And again, Matador's only  
10 seeking to pool the parties who are of record at the time  
11 the application was filed, and that party was FAE II LLC,  
12 but again, this C-3 was provided just for the Division --  
13 the Division's knowledge and to provide transparency on the  
14 work Matador has done working with the other interest  
15 owners.

16 HEARING EXAMINER BRANCARD: I guess my other  
17 points have to do with math on the summary of interests for  
18 418 and 420.

19 MS. VANCE: Let me just get there. Okay.

20 HEARING EXAMINER BRANCARD: The numbers on the  
21 right don't add up. I think the problem is that it  
22 shouldn't be, the bottom, the 2.81, et cetera --

23 MS. VANCE: Yes.

24 HEARING EXAMINER BRANCARD: -- the last number,  
25 the 15, I think they have too many 5s in there. I think

1 that should be 15.625. If you look at the numbers below,  
2 that's what they add up to.

3 MS. VANCE: Well, I will admit, I'm a little slow  
4 at math, and I may need to take a minute to look at this, if  
5 you give me just a second, Mr. Examiner.

6 HEARING EXAMINER BRANCARD: Well, if you go to  
7 the next page, the continued page, the numbers are way off  
8 on that one. I think you are pooling about 120 percent, so  
9 I think we would need to have you resubmit these exhibits.

10 MS. VANCE: Which is fine, we would be happy  
11 to -- okay. I can double check with our client and then  
12 update if necessary and file an updated C-3 to the Division.  
13 With that being said, I would ask that all exhibits and sub  
14 exhibits in the cases be taken under advisement.

15 HEARING EXAMINER BRANCARD: So with these numbers  
16 adding up, you know, they are supposed to add up to 100  
17 percent, but if I understand it, you're not pooling the  
18 interest of Danglade/Speights.

19 MS. VANCE: That's correct.

20 HEARING EXAMINER BRANCARD: That's what  
21 Mr. Morgan stated.

22 MR. MORGAN: That's my understanding. I mean the  
23 agreement was reached some time ago.

24 HEARING EXAMINER BRANCARD: So whatever  
25 percentage interest that Danglade/Speight has is not in any

1 way indicated in this list of summary of interests; is that  
2 correct.

3 MS. VANCE: No, I don't believe so. That is  
4 correct.

5 HEARING EXAMINER BRANCARD: It's just out there  
6 somewhere else?

7 MS. VANCE: Well, I can certainly discuss with  
8 our client and -- I can get an answer for you on that, Mr.  
9 Hearing Examiner.

10 HEARING EXAMINER BRANCARD: Either clarify that,  
11 you know, in whatever you submit, or you can put the  
12 Danglade/Speight number in there and just say, "Not being  
13 pooled."

14 MS. VANCE: (Inaudible) Mr. Hearing Examiner.

15 HEARING EXAMINER BRANCARD: Mr. Lowe, is  
16 there --

17 MS. VANCE: Is there --

18 HEARING EXAMINER BRANCARD: I'm sorry, Ms. Vance.

19 MS. VANCE: No, I was just going to ask if there  
20 are any other questions.

21 TECHNICAL EXAMINER LOWE: You have a request?

22 HEARING EXAMINER BRANCARD: I'm requesting a new  
23 exhibit or amended exhibit, I believe it's --

24 MS. VANCE: C-3.

25 HEARING EXAMINER BRANCARD: Okay. Get the

1 numbers to add up to 100 percent, maybe have a notation that  
2 doesn't include Danglade/Speight or includes  
3 Danglade/Speight and indicate they are not being pooled.

4 MS. VANCE: I will do that, Mr. Hearing Examiner.  
5 Are there any other questions?

6 TECHNICAL EXAMINER LOWE: I have a question.

7 HEARING EXAMINER BRANCARD: Mr. Lowe?

8 TECHNICAL EXAMINER LOWE: It appears that what  
9 was two -- it looks like the same exhibit into this case  
10 file. I don't know if there is a way to distinguish them  
11 and why there is two of them. They look the same, but I'm  
12 asking, are they different or are you aware of that?

13 MS. VANCE: Which exhibit are you talking about?  
14 I'm sorry, you didn't --

15 TECHNICAL EXAMINER LOWE: The same exhibit --  
16 well, all the exhibits for all of these cases -- look at  
17 Case 22417, and it appears that there is two of the same  
18 item that was submitted on the 17th. And going through, it  
19 seems to be -- seems to be similar. I don't know if it's  
20 just error, double submitting.

21 MS. VANCE: Seeing that there is, on the OCD  
22 images web page where it has 517 and 517, I believe it was  
23 just we updated again with our -- we updated the exhibits,  
24 and specifically I believe it was just the C-3.

25 TECHNICAL EXAMINER LOWE: So that right now with

1 this correction that's going to happen, is it going to be in  
2 addition to these two?

3 MS. VANCE: I believe we will just be submitting  
4 an updated C-3, if that's okay with the Division.

5 HEARING EXAMINER BRANCARD: That would be fine.

6 TECHNICAL EXAMINER LOWE: Okay. That was my  
7 question. Thank you.

8 HEARING EXAMINER BRANCARD: As always, you know,  
9 cover letters, affidavits, whatever, just saying, this is  
10 what we are submitting. Not just the exhibit, but some sort  
11 of cover letter. We get confused easily here going through  
12 our case files.

13 MS. VANCE: I will make it as easy as possible  
14 for you, Mr. Hearing Examiner.

15 HEARING EXAMINER BRANCARD: Thank you. All  
16 right. With that, are there any other questions or concerns  
17 or comments on Cases 22417, 418, 419, 420?

18 (No audible response.)

19 HEARING EXAMINER BRANCARD: Hearing none, the  
20 exhibits will be admitted into the record. This case --  
21 these cases will be taken under advisement and the record  
22 left open for the submittal of a revised Exhibit C-3 with  
23 corrected numbers.

24 MS. VANCE: Thank you Mr. Hearing examiner.  
25 Thank you, Mr. Lowe.

1 (Exhibits admitted.)

2 (Taken under advisement.)

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REPORTER'S CERTIFICATE

I 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 19th day of May 2022.

/s/ Irene Delgado  
\_\_\_\_\_  
Irene Delgado  
License Expires: 12-31-22