

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 NO. 13,604

APPLICATION OF MATRIX NEW MEXICO )  
HOLDINGS, LLC, TO AMEND ORDER NUMBER )  
R-12,291 TO MODIFY THE PROPOSED WELL )  
LOCATION FOR THE TOWNSEND WELL NUMBER 2 )  
TO A NONSTANDARD LOCATION, LEA COUNTY, )  
NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

December 15th, 2005

Santa Fe, New Mexico

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This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, December 15th, 2005, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

## I N D E X

December 15th, 2005  
 Examiner Hearing  
 CASE NO. 13,604

## PAGE

REPORTER'S CERTIFICATE

8

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## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	7
Exhibit 2	4	7
Exhibit 3	4	7

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

GAIL MacQUESTEN  
 Deputy General Counsel  
 Energy, Minerals and Natural Resources Department  
 1220 South St. Francis Drive  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
 110 N. Guadalupe, Suite 1  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: OCEAN MUNDS-DRY

\* \* \*

1 WHEREUPON, the following proceedings were had at  
2 8:24 a.m.:

3 EXAMINER JONES: And on page 2 of the docket,  
4 let's call Case 13,604, Application of Matrix New Mexico  
5 Holdings, LLC, to amend Order Number R-12,291 to modify the  
6 proposed well location for the Townsend Well Number 2 to a  
7 nonstandard location, Lea County, New Mexico.

8 Call for appearances.

9 MS. MUNDS-DRY: Good morning, Mr. Hearing  
10 Examiner. My name is Ocean Munds-Dry with the law firm of  
11 Holland and Hart. I'm here on behalf of Matrix New Mexico  
12 Holdings, LLC, this morning.

13 EXAMINER JONES: Any other appearances?

14 MS. MUNDS-DRY: Okay, Mr. Hearing Examiner,  
15 Matrix seeks amendment of Order Number R-12,291 to modify  
16 the proposed well location for the Townsend Well Number 2  
17 to a nonstandard location.

18 If you look at Exhibit Number 1, that's in fact a  
19 copy of Order Number R-1229 [sic], which pooled all  
20 uncommitted mineral interests from the surface to the  
21 Wolfcamp formation underlying the southeast quarter of the  
22 northeast quarter of Section 10, Township 13 South, Range  
23 38 East, to form a standard 40-acre spacing unit, and the  
24 Townsend Well Number 2 was to be drilled at a standard  
25 location.

1           Subsequently, Matrix determined that there was a  
2 better location within the spacing unit that would result  
3 in greater potential relative amplitude, so on the advice  
4 of Hearing Examiner Catanach we filed this Application in  
5 order to amend the original compulsory pooling order to  
6 reflect a nonstandard location, and that's what you see as  
7 Exhibit Number 2, which is the administrative order NSL-  
8 5300, which approves the nonstandard location for the  
9 Townsend Number 2 well. The location was approved at 1475  
10 from the north line and 780 from the east line in Section  
11 10.

12           And then finally, Exhibit 3 is the notice packet  
13 which you'll see is my affidavit showing that proper notice  
14 was given, the affidavit of publication, the notice letter  
15 that was re-sent to all of those uncommitted interests, as  
16 well as the green cards. And the reason I included the  
17 green cards -- I know it seems a little overdone, but the  
18 notice letter for some reason had the incorrect date of  
19 notice. So this does just reflect that notice was sent, I  
20 believe, on November 16th, to all those interest owners.

21           I did want to point out, Mr. Hearing Examiner, on  
22 that notice list three of the interest owners have now  
23 voluntarily agreed to join the unit, so we do not seek  
24 their interests being pooled. And those interests are  
25 Sunlight --

1 EXAMINER JONES: Sunlight?

2 MS. MUNDS-DRY: It's Sunlight Exploration, Inc.;  
3 Apollo Exploration, LLC; and Eric Fox.

4 EXAMINER JONES: Eric?

5 MS. MUNDS-DRY: Fox, like the animal.

6 And I think Mr. Catanach was just wanting to give  
7 an opportunity for these interest owners to have notice of  
8 the changed location. Other than that, I don't think there  
9 was any other concerns, that I'm aware of.

10 EXAMINER JONES: So the nonstandard location has  
11 already been approved by NSL-5300?

12 MS. MUNDS-DRY: Yes, sir.

13 EXAMINER JONES: Okay, and the new notice that  
14 you gave was just to the owners in Unit H?

15 MS. MUNDS-DRY: Just to give them an opportunity  
16 so that they were aware of the changed location.

17 EXAMINER JONES: Okay.

18 MS. MacQUESTEN: Ms. Munds-Dry, you were not able  
19 to get a green card back on at least one of the individuals  
20 you tried to notify?

21 MS. MUNDS-DRY: If you could direct me, Ms.  
22 MacQuesten?

23 MS. MacQUESTEN: Well, looking at page -- it  
24 appears that there's a receipt for Mr. Leroy Townsend but  
25 no green card.

1 MS. MUNDS-DRY: Yes, and I'm not sure why, Ms.  
2 MacQuesten. I have to follow up and see why we didn't get  
3 a green card back for him.

4 MS. MacQUESTEN: I'm just wondering, that's why  
5 you went ahead and did a newspaper publication?

6 MS. MUNDS-DRY: And we did the newspaper  
7 publication as well.

8 MS. MacQUESTEN: On my copy, at least, the --

9 MS. MUNDS-DRY: Oh, it flipped over.

10 MS. MacQUESTEN: It flipped over so it doesn't  
11 show what the advertisement actually says, so could we get  
12 a copy of that too?

13 MS. MUNDS-DRY: Yes, I will recopy that for  
14 you --

15 MS. MacQUESTEN: Okay, thank you.

16 MS. MUNDS-DRY: -- give you a copy you can  
17 actually read.

18 EXAMINER JONES: Okay, I have nothing further.  
19 Do you have anything further?

20 MS. MUNDS-DRY: That's all I have. I would just  
21 ask that these exhibits be admitted, Exhibits A through C,  
22 and I will send an exhibit that you can actually read right  
23 after this hearing, Ms. MacQuesten.

24 EXAMINER JONES: Okay, this is Exhibit 1, 2 and  
25 3; is that right?

1 MS. MUNDS-DRY: Exhibits 1, 2 and 3; I think I  
2 said A through C before.

3 EXAMINER JONES: Okay, Exhibits 1, 2 and 3 will  
4 be admitted to evidence.

5 And nothing further on this case, we'll take Case  
6 13,604 under advisement.

7 Thank you very much.

8 MS. MUNDS-DRY: Thank you.

9 (Thereupon, these proceedings were concluded at  
10 8:29 a.m.)

11 \* \* \*

12  
13  
14  
15 I do hereby certify that the foregoing is  
16 a complete record of the proceedings in  
17 the Examiner hearing of Case No. \_\_\_\_\_  
18 heard by me on \_\_\_\_\_  
19 \_\_\_\_\_, Examiner  
20 Oil Conservation Division  
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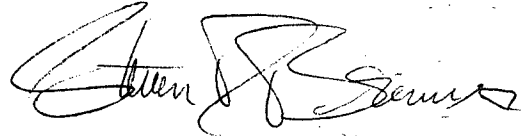
## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                              )    ss.  
COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL December 15th, 2005.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006