

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:

ORIGINAL

APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

CASE NO. 16390

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 6, 2018

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, on Thursday, September 6, 2018, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR  
New Mexico CCR #20  
Paul Baca Professional Court Reporters  
500 4th Street, Northwest, Suite 105  
Albuquerque, New Mexico 87102  
(505) 843-9241

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# APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
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# EXHIBITS OFFERED AND/OR ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 4	5
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1 (11:26 a.m.)

2 EXAMINER McMILLAN: I'd like at this point  
3 to call Case Number 16390, application of Mewbourne Oil  
4 Company for compulsory pooling, Lea County, New Mexico.  
5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of  
7 Santa Fe representing the Applicant. I'm submitting  
8 this case by affidavit also.

9 EXAMINER McMILLAN: Any other appearances?  
10 Please proceed.

11 MR. BRUCE: Mr. Examiner, this case is  
12 pretty much a companion case to the first one. Attached  
13 as Exhibit 1 is the affidavit of the landman. The last  
14 case was the west half-west half of Section 10. This  
15 case is for the west half-east half of Section 10, 23  
16 South, 34 East for the Ibex 10 B30B Fed Com Well #1.  
17 It's also a 3rd Bone Spring test. The land plat is  
18 attached. This well will also have a surface location  
19 in Section 15, and then the first and last take points  
20 are, of course, in Section 10.

21 As part of the land plat, Attachment A to  
22 this exhibit, there is the C-102 giving the API number,  
23 the pool name and the pool code. This well is currently  
24 drilling.

25 Attachment B shows the parties being pooled

1 and their interest ownership.

2 Attachment C shows the contacts with the  
3 parties, including the proposal letters for everyone.

4 And finally, Attachment D is the --  
5 somewhere in here, there should be -- yeah. Attachment  
6 D, the final page of Exhibit 1, is the AFE for the well.  
7 It's about a \$7.19 million well, which is fair and  
8 reasonable. Again, they request 800 and 8,000 overhead  
9 rates, which should be adjusted as provided by COPAS.  
10 Mewbourne requests the cost plus 200 percent risk  
11 charge, and they have the right to pool any overriding  
12 royalty owners.

13 All of the owners were locatable, but, of  
14 course, Exhibit 2 is my Affidavit of Notice saying I did  
15 not get back a couple of green cards. And one was  
16 returned for reasons unknown. One envelope was  
17 returned. That's shown in Exhibit 2.

18 Exhibit 3 is the Affidavit of Publication.  
19 So those parties for whom I do not have green card  
20 return receipt received constructive notice, so everyone  
21 received notice.

22 And then Exhibit 4 is the affidavit of the  
23 geologist, Jordan Carrell. The testimony, other than  
24 showing the different well location, is virtually the  
25 same for both the wells. The 3rd Bone Spring Sand is

1 continuous across this area, and each quarter-quarter  
2 section will contribute more or less equally with  
3 production.

4 The only difference between the exhibits  
5 here is just Attachment E, which is the drilling plan or  
6 survey calculation for this well. Again, the original  
7 APD had 330-foot setbacks of the north and south, and  
8 that will be changed -- that has been changed. And it's  
9 not on this one. It has been changed to 100 feet and  
10 100 feet.

11 And so I would request that this matter --  
12 that Exhibits 1 through 4 be admitted to the record and  
13 that this matter be taken under advisement.

14 (Mewbourne Oil Company Exhibit Numbers 1  
15 through 4 are offered into evidence.)

16 EXAMINER McMILLAN: Are there any depth  
17 severances?

18 MR. BRUCE: No.

19 EXAMINER McMILLAN: Okay. Now, did you say  
20 in the previous case that all quarter-quarter sections  
21 would be --

22 MR. BRUCE: No. But if I didn't, it is in  
23 the landman's -- I mean the geologist's affidavit.

24 EXAMINER McMILLAN: Okay. So then in Case  
25 16389, the geologist did say that all quarter-quarter

1 sections will equally contribute to production?

2 MR. BRUCE: Correct.

3 EXAMINER McMILLAN: Okay. And then for  
4 both cases, you will email -- email me a black-and-white  
5 C-102 of the amended locations.

6 MR. BRUCE: Okay.

7 EXAMINER McMILLAN: And you said, in this  
8 16390 case, the well is drilling. It's spud but not  
9 completed.

10 MR. BRUCE: It has not been completed.

11 EXAMINER McMILLAN: All right. Case 16390  
12 shall be taken under advisement with the supplemental  
13 information.

14 MR. BRUCE: Correct.

15 (Case Number 16390 concludes, 11:31 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
7 and Registered Professional Reporter, do hereby certify  
8 that I reported the foregoing proceedings in  
9 stenographic shorthand and that the foregoing pages are  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

13 I FURTHER CERTIFY that the Reporter's  
14 Record of the proceedings truly and accurately reflects  
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither  
17 employed by nor related to any of the parties or  
18 attorneys in this case and that I have no interest in  
19 the final disposition of this case.

20 DATED THIS 28th day of September 2018.

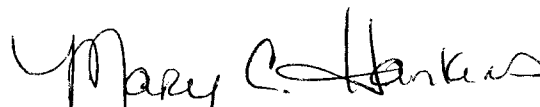
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MARY C. HANKINS, CCR, RPR  
Certified Court Reporter  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2018  
Paul Baca Professional Court Reporters