

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 MEWBOURNE OIL COMPANY                      CASE NO. 16497  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 11, 2019

Santa Fe, New Mexico

BEFORE:    WILLIAM V. JONES, CHIEF EXAMINER  
              TERRY WARNELL, TECHNICAL EXAMINER  
              DAVID K. BROOKS, LEGAL EXAMINER

              This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner, Terry Warnell, Technical Examiner, and  
David K. Brooks, Legal Examiner, on Friday, January 11,  
2019, 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:

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Santa Fe, New Mexico 87504  
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FOR INTERESTED PARTY MARATHON OIL PERMIAN, LLC:

DEANA M. BENNETT, ESQ.  
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# INDEX

PAGE

Case Number 16497 Called	3
Case Presented by Affidavit	3
Proceedings Conclude	7
Certificate of Court Reporter	8

# EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 4	7
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REPORTER'S NOTE: These exhibits were not supplied to  
the court reporter and are not  
attached to this record.

1 (2:23 p.m.)

2 MR. BRUCE: Next would be the Mewbourne  
3 case, 16497.

4 EXAMINER JONES: Let's call Case --

5 MR. BRUCE: It's on the last page, I  
6 believe.

7 EXAMINER JONES: -- 16497.

8 MS. BENNETT: It's number 43 in the hearing  
9 order.

10 EXAMINER JONES: Okay. And that's a  
11 stand-alone case?

12 MR. BRUCE: Yes.

13 EXAMINER JONES: Call Case 16497.

14 Any other appearances?

15 MS. BENNETT: Yes.

16 MR. BRUCE: Mr. Examiner, Jim Bruce of  
17 Santa Fe representing the Applicant. I'm submitting  
18 this case by affidavit.

19 MS. BENNETT: Deana Bennett, of Modrall,  
20 Sperling in Albuquerque, on behalf of Marathon Oil  
21 Permian, LLC.

22 MR. BRUCE: Mr. Examiner, in this case  
23 Mewbourne seeks to force pool the Bone Spring Formation  
24 underlying the north half-north half of 24 and the north  
25 half-north half of 23, 19 South, 28 East. There are two

1 wells that -- B2AD 1H, which is a 2nd Bone Spring under  
2 Mewbourne's terminology, and the B3AD 2H, which is a 3rd  
3 Bone Spring.

4           This case was going to be presented some  
5 time ago, but I don't know if it was just land work or a  
6 negligent attorney did not determine that Marathon owned  
7 an interest. They were relying on a term assignment  
8 that I looked at, and I said, "This thing is dead." And  
9 Marathon did indeed own an interest, so we had to  
10 renotify to make sure Marathon had notice. And Marathon  
11 was polite enough to call up Mewbourne and say, "Hey, we  
12 own this crap."

13           EXAMINER JONES: Okay.

14           MR. BRUCE: And Marathon has about a  
15 6 percent interest in the well unit.

16           Exhibit 1 is the affidavit of the landman,  
17 Josh Anderson, describing the usual -- the efforts to  
18 obtain the voluntary joinder of the interest owners.

19           You can see Attachment A is a land plat.

20           Attachment B is the tract ownership list  
21 which shows the parties and their interest and which  
22 parties are being force pooled. There are still quite a  
23 few parties being force pooled. There's a lot of  
24 paperwork here.

25           EXAMINER BROOKS: The parties you do not

1 show as being force pooled are committed to the well?

2 MR. BRUCE: Yeah. If you look at  
3 Attachment B, there is an asterisk of each party who has  
4 not yet joined in the well. I know they're talking with  
5 parties, including Marathon, OXY Y-1, and the EOG  
6 companies and OXY USA itself.

7 EXAMINER BROOKS: But the people without an  
8 asterisk have already joined?

9 MR. BRUCE: Correct.

10 EXAMINER BROOKS: I like to clarify that  
11 because sometimes people say we're not pooling somebody  
12 because we're sure they're going to join, and that  
13 doesn't always happen.

14 EXAMINER JONES: Or sometimes they're  
15 color-coded and it's only on the record how the colors  
16 mean, but it's not in the thing.

17 MR. BRUCE: And thank God my client copied  
18 all the correspondence, or I'd still be over at Kinko's  
19 copying.

20 EXAMINER JONES: That's a lot.

21 MR. BRUCE: And as I complained to Deana,  
22 I've been at Office Depot twice in the last two days,  
23 including this morning, getting more paper, getting more  
24 exhibit labels and getting toner for my printer. I ran  
25 out at about 6:00 a.m. this morning.

1                   And then the AFEs are there. There are two  
2 wells. Each well is about 9.3, \$9.4 million.

3                   My Affidavit of Notice submitted as Exhibit  
4 2. There are two notice letters. And the first one,  
5 Nightingale Petroleum, never returned a green card. The  
6 second letter is strictly to Marathon. You can see it  
7 was dated later than the other one, but we did publish  
8 notice against Nightingale, and that's marked Exhibit 3.  
9 So they had constructive notice.

10                  Exhibit 4 is the affidavit of Charles  
11 Crosby, the geologist, and he has the usual, structure  
12 map, cross section, isopach. And he has it, in this  
13 case, for each of the different Bone Spring zones, and  
14 he also lists -- has a list of -- it's mainly 2nd Bone  
15 Spring wells, some 3rd Bone Spring wells, showing the  
16 production from these wells. At least there is some  
17 production in the area. A lot of these wells -- the new  
18 ones look good, although they haven't been on production  
19 that long. And let me see. That's about it.

20                  EXAMINER JONES: Okay.

21                  MR. BRUCE: With that, I'd move the  
22 admission of Exhibits 1 through 4.

23                  EXAMINER JONES: 1 through 4.

24                  Any objection?

25                  MS. BENNETT: None.

1 EXAMINER JONES: Exhibits 1 through 4 are  
2 admitted in Case 16497.

3 (Mewbourne Oil Company Exhibit Numbers 1  
4 through 4 are offered and admitted into  
5 evidence.)

6 EXAMINER JONES: Case 16497 is taken under  
7 advisement.

8 (Case Number 16497 concludes, 2:29 p.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 29th day of January 2019.  
21

22  
23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
25 New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters