

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. 16498
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
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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

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1 (2:39 p.m.)

2 EXAMINER JONES: Okay. Next is Mewbourne,
3 16498; is that correct?

4 MR. BRUCE: That is correct.

5 EXAMINER JONES: Is that one combined with
6 any of the others?

7 MR. BRUCE: No.

8 EXAMINER JONES: Okay. Let's call Case
9 Number 16498, application of Mewbourne Oil Company.
10 Call for appearances.

11 MR. BRUCE: Mr. Examiner, Jim Bruce of
12 Santa Fe for the Applicant. Again, I'm submitting this
13 case by affidavit.

14 EXAMINER JONES: Any other appearances?

15 MR. BRUCE: I don't think so.

16 Okay. Mr. Examiner, there are three
17 exhibits. The first one is the affidavit of Mitch Robb,
18 the landman. In this case, Mewbourne is seeking to
19 force pool, roughly, a 480-acre Wolfcamp; Purple Sage
20 Gas Pool unit. There are two wells involved, both
21 located in the same well unit. The affidavit contains
22 the usual efforts to either obtain voluntary joinder or
23 locate the interest owners in the well. The overhead
24 rates are 8,000, 800, and there is a land plat, C-102s.

25 Attachment B shows the interests again by

1 asterisk being force pooled. The only party being force
2 pooled is Marathon. It shows the efforts to obtain the
3 voluntary joinder of Marathon, and it contains the AFEs
4 for the wells, which are -- geez, these are cheap --
5 \$6 million.

6 EXAMINER JONES: Upper Wolfcamp, I guess,
7 huh? Not putting that extra string of pipe in.

8 EXAMINER BROOKS: Are all these working
9 interest owners other than Marathon committed to the
10 well?

11 MR. BRUCE: Correct.

12 EXAMINER WARNELL: Got everything but 7
13 percent.

14 MR. BRUCE: Yeah, just Marathon; 7.3
15 percent interest is being force pooled.

16 EXAMINER JONES: And no overrides?

17 MR. BRUCE: They have the right to force
18 pool, or there either are none in the various tracts.
19 Actually, it's a single state lease.

20 EXAMINER BROOKS: These plats -- and no
21 overrides?

22 EXAMINER JONES: Single state.

23 MR. BRUCE: They have the right to pool any
24 overriding royalties.

25 EXAMINER BROOKS: Okay. And that, of

1 course -- is that -- I didn't know there was such a
2 provision in state leases.

3 MR. BRUCE: Well, no. But I think
4 Mewbourne has this either under term assignment or
5 assignment.

6 EXAMINER BROOKS: Okay. Well, it doesn't
7 really matter. If it's one lease and the override
8 applies to the whole lease, they don't need to pool it.

9 MR. BRUCE: Correct. That's true. Yeah.

10 EXAMINER BROOKS: Except maybe it could be
11 split out.

12 MR. BRUCE: Fee 6408, a relatively new
13 lease.

14 EXAMINER BROOKS: Plats that show the
15 bottom-hole location and the surface-hole location and
16 don't show the intended course of the well don't make me
17 terribly happy, but I note that we're responsible for
18 that because that's the way you do it with OCD online.

19 MR. BRUCE: So because this is a Wolfcamp
20 gas well, the setbacks are 330.

21 EXAMINER JONES: Eddy County, yeah.

22 MR. BRUCE: And then Exhibit 2 is my
23 Affidavit of Notice, received actual notice.

24 And Exhibit 3 is the affidavit of Charlie
25 Crosby, the landman, who shows the various Wolfcamp Sand

1 and Wolfcamp Shale wells in this area. People are
2 drilling both north-south and east-west, and there is --
3 there's been substantial drilling in this area. About
4 half the wells on Attachment C to his affidavit show
5 that there are a lot of really new wells where there is
6 no public data yet.

7 With that, I'd move the admission of
8 Exhibits 1 through 3 and ask that the matter be taken
9 under advisement.

10 EXAMINER JONES: Exhibits 1 through 3 in
11 Case Number 16498 are admitted, and the case is taken
12 under advisement.

13 (Mewbourne Oil Company Exhibit Numbers 1
14 through 3 are offered and admitted into
15 evidence.)

16 (Case Number 16498 concludes, 2:43 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