

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 FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 20252

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
KATHLEEN MURPHY, TECHNICAL EXAMINER
TERRY WARNELL, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Scott Dawson, Chief Examiner; Kathleen Murphy and Terry Warnell, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, February 7, 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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FOR INTERESTED PARTY DEVON ENERGY COMPANY:

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EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers A through D	5
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1 (8:26 a.m.)

2 EXAMINER DAWSON: Okay. With that, we'll
3 go ahead and start with the first case on the list,
4 which is Case Number 20252. The Applicant is Mewbourne
5 Oil Company, and this is for compulsory pooling. This
6 is Steelhead 17/20 B2JO State Com #1H.

7 Mr. Bruce, when you're ready, we can go
8 ahead and start on this case.

9 MR. McMILLAN: Also, Mr. Examiner, Seth
10 McMillan on behalf of Devon Energy Company. I'm just
11 sitting in.

12 EXAMINER DAWSON: Okay.

13 This regards the application of Mewbourne
14 for compulsory pooling, Lea County, New Mexico.

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

18 Exhibit A is the affidavit of the landman,
19 Adriana Salgado, and it contains the usual land plat
20 showing the mile-and-a-half-well unit. It contains a
21 C-102 for the well. The well's name is the Steelhead
22 17/20 B2JO State Com Well #1H. If you look at the
23 C-102, it contains the old well name, the Osudo well,
24 but it has been changed.

25 Exhibit 2 shows the four interest owners

1 being force pooled, total of about 19 percent.

2 Exhibit 3 contains a summary of contacts of
3 the interest owners.

4 And Exhibit 4 is the AFE for the well.
5 It's \$8.8 million, which is stated to be fair and
6 reasonable. The overhead rates requested are 8,000 and
7 800 a month, and Mewbourne has the right to pool the
8 overriding royalty interest owners rights in the well.

9 Exhibit B is my Affidavit of Notice showing
10 parties being force pooled.

11 Three of the parties returned green cards.
12 Wilson Oil Company did not. Actually, I haven't gotten
13 the green card or the envelope back. But I did publish
14 notice, which is shown in Exhibit C against all the
15 parties, so all parties received actual or constructive
16 notice.

17 Exhibit D is an affidavit of Jordan
18 Carrell, the geologist, who discusses the Bone Spring
19 geology. The target is the 2nd Bone Spring, and you'll
20 see there is a structure map and isopach and a cross
21 section which gives the target zone in the Lower 2nd
22 Bone Spring Sand.

23 There is also attached to the geologist's
24 affidavit -- this is not -- this is not an area that has
25 a lot of production, but there are some recent 2nd Bone

1 Spring wells in the area, which show that some of them
2 are very productive. And both the landman and the
3 geologist state that the granting of this application is
4 in the interest of conservation and the prevention of
5 waste.

6 And I would move the admission of Exhibits
7 A through D and ask that the matter be taken under
8 advisement.

9 EXAMINER DAWSON: Any objection?

10 MR. McMILLAN: No.

11 EXAMINER DAWSON: Okay. At this point
12 Exhibits A through D will be admitted to the record.

13 (Mewbourne Oil Company Exhibit Letters A
14 through D are offered and admitted into
15 evidence.)

16 EXAMINER DAWSON: Do you have any
17 questions, David?

18 EXAMINER BROOKS: No. I can't think of
19 any. I guess I'll ask my usual one because I don't
20 remember you commenting. Are there any overrides?

21 MR. BRUCE: There are. Mewbourne has the
22 right to force pool them -- or pool them voluntarily.

23 EXAMINER BROOKS: Okay. Thank you.

24 EXAMINER DAWSON: Do you have any
25 questions?

1 EXAMINER WARNELL: No, sir.

2 EXAMINER MURPHY: No, sir.

3 EXAMINER DAWSON: There were no unlocatable
4 owners?

5 MR. BRUCE: No, no unlocatable. We just
6 didn't get a green card back from Wilson Oil Company.
7 And the address on the affidavit, I've mailed letters to
8 that address before and I've gotten back green cards.
9 Wilson Oil Company actually started in Santa Fe decades
10 ago, so I know they're locatable.

11 EXAMINER DAWSON: Okay.

12 Mr. McMillan, do you have any questions?

13 MR. McMILLAN: I do not.

14 EXAMINER DAWSON: Okay. That's all the
15 questions I have.

16 MR. BRUCE: I'd ask that the case be taken
17 under advisement.

18 EXAMINER DAWSON: Okay. At this time Case
19 Number 20252, number one of the list, will be taken
20 under advisement.

21 (Case Numbers 20252 concludes, 8:32 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 7th day of March 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