

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. 20502
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 13, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, June 13, 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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23 EXHIBITS OFFERED AND ADMITTED

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1 (8:32 a.m.)

2 EXAMINER DAWSON: Moving on to Case Number
3 20502, application of Mewbourne Oil Company for
4 compulsory pooling, Eddy County, New Mexico.

5 Please call for appearances.

6 MS. HARDY: Dana Hardy for Mewbourne.

7 MR. CARR: William Carr for COG Operating.

8 MR. BRUCE: Jim Bruce for ConocoPhillips
9 Company.

10 EXAMINER DAWSON: When you're ready,
11 Ms. Hardy.

12 MS. HARDY: Thank you.

13 Mewbourne's application seeks the pooling
14 of all uncommitted interests in the Bone Spring
15 Formation in a standard 400-acre horizontal spacing unit
16 comprised of the south half of the north half of Section
17 3, the south half of the north half of Section 4 and the
18 south half of the northeast quarter of Section 5,
19 Township 20 South, Range 30 East in Eddy County. The
20 horizontal spacing unit will be dedicated to the Caballo
21 Loco 5/3 B2GH Fed Com #4H well.

22 Exhibit 1 is a self-affirmed statement of
23 landman Mitch Robb. The attachments to his affidavit
24 include a Midland Map identifying the horizontal spacing
25 unit, a chart of tract ownership, documents addressing

1 Mr. Robb's well proposals, notice of today's hearing and
2 an AFE for the well. As Mr. Robb notes in his
3 affidavit, there are no depth severances in the Bone
4 Spring Formation. Mewbourne is requesting overhead and
5 administrative rates of 800 a month and 8,000 a month,
6 which are the same as the rates in Mewbourne's JOA for
7 the well. And finally, Mewbourne is requesting a 200
8 percent risk penalty.

9 Exhibit Number 2 is a self-affirmed
10 statement of geologist Charles Crosby. Attached to
11 Mr. Crosby's affidavit are a structure map of the base
12 of the Bone Spring Sand, a gross sand isopach map, a
13 west-to-east cross section, a table containing
14 information from other wells drilled in the vicinity and
15 a survey calculation report for the proposed well. As
16 stated in Mr. Crosby's affidavit, the horizontal spacing
17 unit is justified from a geologic standpoint. A
18 west-to-east or east-to-west orientation is preferred.
19 There is no faulting or other geologic impediments that
20 might adversely affect the drilling of the proposed
21 well, and each quarter section of the proposed unit will
22 contribute more or less equally to production.

23 With that, I move the admission of Exhibits
24 1 and 2.

25 MR. CARR: No objection.

1 MR. BRUCE: No objection.

2 EXAMINER DAWSON: No objections?

3 So at this point, Exhibits 1 and 2 will be
4 admitted to the record.

5 (Mewbourne Oil Company Exhibit Numbers 1
6 and 2 are offered and admitted into
7 evidence.)

8 EXAMINER DAWSON: Do you have any
9 questions, Mr. Bruce?

10 MR. BRUCE: No, sir.

11 EXAMINER DAWSON: Mr. Carr?

12 MR. CARR: No.

13 EXAMINER DAWSON: Mr. Brooks?

14 EXAMINER BROOKS: Just a second here.

15 On GPC Oil Company, on your exhibit, you
16 said you mailed the working interest -- mailed a working
17 interest -- a well proposal and JOA to the listed party
18 and received a signed AFE, so that interest is
19 committed, right?

20 MS. HARDY: GPC is committed at this point.
21 That's correct.

22 EXAMINER BROOKS: Okay. So although you
23 attempt -- you were unable to subsequently attempt --
24 attempt -- unable to complete a subsequent attempt to
25 contact the owner, that would seem to be irrelevant

1 since they've already signed the JOA.

2 MS. HARDY: Since that date, that's
3 correct.

4 EXAMINER BROOKS: Okay. Thank you.

5 MS. HARDY: Thank you.

6 EXAMINER DAWSON: That's all, David?

7 EXAMINER BROOKS: That's all.

8 EXAMINER DAWSON: That's all the questions
9 we have.

10 MS. HARDY: Thank you.

11 I'd ask for the case to be taken under
12 advisement.

13 EXAMINER DAWSON: Okay. At this time Case
14 Number 20502 will be taken under advisement.

15 MS. HARDY: Thank you.

16 (Case Number 20502 concludes, 8:37 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 30th of June 2019.

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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