

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. 20505
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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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

GARY W. LARSON, ESQ.
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INDEX

PAGE

Case Number 20505 Called	3
Case Presented by Affidavit	3
Proceedings Conclude	5
Certificate of Court Reporter	6

EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 and 2	5
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1 (8:43 a.m.)

2 EXAMINER DAWSON: The next case we will
3 hear is Case Number 20505, Mewbourne Oil Company for
4 compulsory pooling.

5 MR. LARSON: Good morning, Mr. Examiner.
6 Gary Larson, of the Santa Fe office of Hinkle Shanor,
7 for the Applicant, Mewbourne Oil Company.

8 EXAMINER DAWSON: Any other appearances?
9 When you're ready, Mr. Larson.

10 MR. LARSON: Thank you.

11 Mr. Brooks, this is another Glock well.

12 EXAMINER BROOKS: Okay. Well, I won't say
13 anything.

14 EXAMINER DAWSON: When you're ready,
15 Mr. Larson.

16 MR. LARSON: Mewbourne's application in
17 this case seeks the pooling of all uncommitted interests
18 in the Wolfcamp and a standard 640-acre horizontal
19 spacing unit comprised of the north half of Section 16
20 and the north half of Section 17, Township 20 South,
21 Range 29 East. The spacing unit will be dedicated to
22 the Glock 17/16 W0DA Fed Com #3H well.

23 I have two exhibits, the first of which is
24 a self-affirmed statement of Mewbourne landman Lee
25 Scarborough. Attached to his affidavit are documents

1 identifying the horizontal spacing unit, a table of
2 tract ownership, documents addressing Mr. Scarborough's
3 well proposals, proof of certified mail and publication
4 notice of today's hearing and the AFE for the proposed
5 well. As Mr. Scarborough notes in his affidavit, there
6 are no depth severances in the Wolfcamp. Mewbourne is
7 requesting administrative and overhead rates of \$8,000 a
8 month and \$800 a month, which are the same as the rates
9 set out in the JOA for the proposed well, and Mewbourne
10 requests a 200 percent risk penalty.

11 The second exhibit is a self-affirmed
12 statement of Mewbourne geologist Charles Crosby.
13 Attached to his affidavit are a structure map on top of
14 the Wolfcamp, a gross sand isopach map, a west-to-east
15 cross section, a table containing data from other
16 Wolfcamp wells drilled in the vicinity and a
17 well-planning report for the proposed well. As
18 Mr. Crosby states in his affidavit, the horizontal
19 spacing unit is well justified from a geologic
20 standpoint. Lay-down wells are the preferred
21 orientation in his area. There is no faulting or other
22 geologic impediment that might adversely affect the
23 drilling of the proposed well, and each quarter section
24 in the proposed unit will contribute more or less
25 equally to production.

1 And with that, I would move the admission
2 of Exhibits 1 and 2.

3 EXAMINER DAWSON: At this point the
4 admission of Exhibits 1 and 2 will be -- they will be
5 admitted to the record.

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

9 MR. LARSON: Thank you. And I have nothing
10 further.

11 EXAMINER DAWSON: Okay. I have no
12 questions.

13 So at this point, Case Number 20505 will be
14 taken under advisement.

15 MR. LARSON: Thank you.

16 EXAMINER DAWSON: Thank you, Mr. Larson.

17 (Case Number 20505 concludes, 8:46 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 day of June 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