

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 NOS. 20671,
FOR COMPULSORY POOLING, EDDY COUNTY, 20672, 20674
NEW MEXICO.

APPLICATION OF MEWBOURNE OIL COMPANY CASE NO. 20673
FOR A NONSTANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 8, 2019

Santa Fe, New Mexico

BEFORE: LEONARD LOWE, CHIEF EXAMINER
 MICHAEL McMILLAN, TECHNICAL EXAMINER
 DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Leonard Lowe,
Chief Examiner; Michael McMillan, Technical Examiner;
and Dana Z. David, Legal Examiner, on Thursday, August
8, 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
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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

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1 (4:08 p.m.)

2 MR. BRUCE: Next up, I ask these be
3 consolidated, cases 18 through 21, 20671 through 20674.

4 EXAMINER LOWE: Okay. We'll call Case
5 Numbers 20671, application of Mewbourne Oil Company for
6 compulsory pooling, Eddy County, New Mexico.

7 MR. BRUCE: Jim Bruce of Santa Fe
8 representing the Applicant.

9 I'm submitting the case by affidavit.

10 EXAMINER LOWE: In consolidation with Case
11 Numbers 20672, 20673 and 20674.

12 MR. BRUCE: I'll start out with the first
13 case, make it simpler.

14 Mr. Examiner, I've handed you four exhibits
15 for Case 20671. All four cases involve Section 12, 19
16 South, 28 East. The first case involves pooling the
17 Bone Spring Formation in the north half-north half of
18 Section 11 and the north half-north half of Section 12
19 for the Bourbon Red 11/12 B3DA State Com Well #1H. The
20 landman's affidavit marked Exhibit 1 contains a land
21 plat which covers all the wells. The C-102, it's in the
22 southwest Palmillo; Bone Spring Pool. It's got the pool
23 code and the API number on the C-102.

24 Exhibit B shows the parties being pooled
25 and their interests.

1 Exhibit C contains a summary of contacts
2 with these parties -- this has been going on now for
3 close to 11 months -- together with the proposal letter
4 and AFE for the well. It's about a \$10-1/4 million
5 well.

6 May I answer any questions, Mr. McMillan?

7 EXAMINER McMILLAN: Do you have questions?

8 He's (indicating) the hearing examiner.

9 MR. BRUCE: Well, it looked like you were
10 mulling over asking me something.

11 And in all of these, Mewbourne is
12 requesting 8,000 a month and 800 a month for overhead
13 rates.

14 EXAMINER LOWE: And this statement by Mitch
15 Robb is going to be for all the cases, too?

16 MR. BRUCE: He made separate ones for each
17 one, but they're -- there is slightly different interest
18 ownership in each well unit. There is no depth
19 severance, but there is slightly different interest
20 ownership. So if you look at Attachment B to this
21 affidavit, you'll see there are four people being force
22 pooled with varying interests. But I will be pretty
23 summary in my presentation of the other exhibits.

24 EXAMINER LOWE: Okay. But I have no
25 questions.

1 Do you have any questions, sir?

2 EXAMINER DAVID: No questions.

3 EXAMINER McMILLAN: Okay. So I'm looking
4 at 671 --

5 MR. BRUCE: Yes.

6 EXAMINER McMILLAN: -- the C-102 doesn't --

7 MR. BRUCE: You would like the first and
8 last take points?

9 EXAMINER McMILLAN: Well, the C-102 doesn't
10 match the letter that was sent to Anadarko Petroleum,
11 because the C-102 you have is for a 2nd Bone Spring, and
12 the letter to Anadarko is a 3rd Bone Spring.

13 MR. BRUCE: The C-102?

14 EXAMINER McMILLAN: Yeah. I'm looking at
15 the Bourbon Red 11 B2DA.

16 MR. BRUCE: Oh, I see what you're saying.
17 I see what you're saying. All I know is that they are
18 3rd Bone Spring tests, but I will correct that.

19 EXAMINER McMILLAN: Yeah. That's going to
20 have to be fixed.

21 Do you understand?

22 EXAMINER LOWE: The letter or the --

23 EXAMINER McMILLAN: Okay. The letter to
24 Anadarko is the "Bourbon Red 11/12 B3DA State Com 1H,"
25 and the C-102 is the "Bourbon 11/12 B2DA State Com." So

1 that issue is going to have to be resolved.

2 MR. BRUCE: I will do that.

3 EXAMINER McMILLAN: I think they have the
4 wrong C-102, and it's got to be corrected when it's
5 placed into the system.

6 EXAMINER LOWE: Okay.

7 MR. BRUCE: And I'm guessing what happened
8 here is that in the last year, they changed from a 2nd
9 Bone Spring to a 3rd Bone Spring test, but I will --

10 EXAMINER McMILLAN: Yeah. Let's make sure
11 that's right.

12 MR. BRUCE: I will verify that. It will
13 probably show up on the other ones, too.

14 EXAMINER McMILLAN: It has to be resolved.

15 MR. BRUCE: But anyway, there are no
16 overrides to be force pooled.

17 And Exhibit 2 is the geologic statement.

18 EXAMINER McMILLAN: Okay. Are there any
19 unlocatable interests?

20 MR. BRUCE: No.

21 EXAMINER McMILLAN: Will the completed
22 interval be orthodox?

23 MR. BRUCE: Yes. The well location will be
24 orthodox, the producing interval.

25 EXAMINER McMILLAN: Okay.

1 MR. BRUCE: And Exhibit 2 is the affidavit
2 of the geologist; structure map, isopach, cross section,
3 which does show the target formation. Again, I can get
4 you color copies of the cross section.

5 And then Attachment D shows other wells in
6 the area. The data is fairly thin in this area, but
7 most of the wells around here are east-west in
8 orientation, just like these wells are.

9 Exhibit 3 is my Affidavit of Notice. This
10 is an affidavit which covers all of the wells. And
11 there are several notice letters, but all of the
12 parties -- all of the working interest owners in each
13 specific well unit did receive actual notice of
14 applications.

15 But Exhibit 4 is an Affidavit of
16 Publication, so whether by getting the green card or by
17 publication, everybody received notice.

18 I'd move the admission of Exhibits 1
19 through 4 and ask that the case be taken under
20 advisement.

21 EXAMINER LOWE: Exhibits 1 through 4 will
22 be accepted for this case, and Case 20671 will be taken
23 under advisement.

24 EXAMINER McMILLAN: And you'll supply the
25 color map?

1 MR. BRUCE: I will supply the color map and
2 the corrected C-102s.

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

6 MR. BRUCE: Now, in Case 20672 and the
7 remaining cases -- Exhibits 3 and 4 submitted in Case
8 20671, the first case, pertain to all of the cases. So
9 I'm not --

10 EXAMINER McMILLAN: You're incorporating
11 that --

12 MR. BRUCE: I'm incorporating them in the
13 next three cases.

14 EXAMINER McMILLAN: -- in the next cases?

15 MR. BRUCE: I'm trying to minimize the
16 paper shuffling here.

17 Exhibit 1 is the affidavit of the landman.
18 This is the south half-north half of Section 11 and the
19 south half-north half of Section 12 for the well name
20 therein. Virtually everything else is identical. Well
21 proposals were sent out. Slightly different interest
22 ownership in this 320-acre well unit, which is shown on
23 Attachment B. Again, summary of contacts. And you are
24 right, Mr. Examiner. The proposal letters sent out do
25 reference "3rd Bone Spring" as to all of these wells.

1 So I will have to correct the C-102 again. And, again,
2 this is about a \$10-1/4 million well.

3 The verified statement of the geologist as
4 to this well, I did not include all of the paperwork,
5 all of the attachments, because it is identical to
6 20671.

7 And so what I'd ask is that Exhibits 1 and
8 2 be admitted into the record and then incorporate
9 Exhibits 3 and 4 from the prior case.

10 EXAMINER LOWE: Okay. Exhibits 1 and 2
11 from 20671 will be admitted to 20672, and Exhibits 3 and
12 4 will be accepted to 20672.

13 (Mewbourne Oil Company Exhibit Numbers 1
14 through 4 are offered and admitted into
15 evidence.)

16 EXAMINER LOWE: And what do you wish to do
17 with this one?

18 MR. BRUCE: Ask that it be taken under
19 advisement.

20 EXAMINER LOWE: Case 20672 will be taken
21 under advisement.

22 MR. BRUCE: And Case 20673, this well
23 involves the north half-south half of Sections 11 and
24 12. The landman's affidavit is virtually identical,
25 same overhead rates. There are no overrides to be force

1 pooled.

2 If you look at Exhibit B, there is slightly
3 different ownership in this well unit again, and other
4 than that, all the other exhibits are virtually
5 identical.

6 And, again, the geologist, I've included
7 the affidavit, but I've omitted the exhibits -- the
8 attachments to the landman's geologist [sic] because
9 they are identical to the first case presented.

10 And with that, I'd move the admission of
11 Exhibits 1 and 2 and ask that Exhibits 3 and 4 from the
12 prior case be admitted into the record and that the case
13 be taken under advisement.

14 EXAMINER LOWE: Okay. Exhibits 1 and 2 and
15 3 and 4 will be accepted for this case.

16 Case Number 20673 will be taken under
17 advisement.

18 (Mewbourne Oil Company Exhibit Numbers 1
19 through 4 are offered and admitted into
20 evidence.)

21 EXAMINER McMILLAN: For 20672, what's the
22 status of the well?

23 MR. BRUCE: They are permitted, and that's
24 it.

25 EXAMINER McMILLAN: Okay.

1 MR. BRUCE: Same for all of them.

2 EXAMINER McMILLAN: Okay.

3 MR. BRUCE: And finally in 20674, this is
4 for pooling of the Bone Spring in the south half-south
5 half of Sections 11 and 12. The landman's affidavit is
6 submitted as Exhibit 1. It's, again, virtually
7 identical. Again, the working interest varies a little
8 bit in this well from the other wells, and the same
9 information is contained, the same overhead rates. The
10 AFE is almost identical.

11 And then I've submitted as Exhibit 2 the
12 affidavit of Charles Crosby, the geologist, who
13 discusses the geology, which is identical to all the
14 other three wells.

15 And I would move the admission of Exhibits
16 1 and 2 and the incorporation of Exhibits 3 and 4 from
17 the prior case and ask that the matter be taken under
18 advisement.

19 EXAMINER LOWE: Exhibits 1 and 2 and
20 Exhibits 3 and 4 will be all consolidated with this
21 case, 20674, and 20674 will be taken under advisement.

22 (Mewbourne Oil Company Exhibit Numbers 1
23 through 4 are offered and admitted into
24 evidence.)

25 (Case Numbers 20671 through 20674 conclude,

4:23 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 19th day of August 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