

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, EDDY COUNTY, )  
NEW MEXICO )

CASE NO. 13,731

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

June 22nd, 2006

Santa Fe, New Mexico

2006 JUL 6 AM 8 06

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, June 22nd, 2006, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

June 22nd, 2006  
Examiner Hearing  
CASE NO. 13,731

PAGE

REPORTER'S CERTIFICATE

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\* \* \*

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	4
Exhibit 1A	3	4
Exhibit 1B	4	4
Exhibit 1C	4	4
Exhibit 2	4	4

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A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

JAMES G. BRUCE  
Attorney at Law  
P.O. Box 1056  
Santa Fe, New Mexico 87504

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 8:17 a.m.:

3           EXAMINER CATANACH: I understand we have  
4 witnesses that are not here yet, so we'll skip over the two  
5 OXY cases for now and proceed to Case Number 13,731, which  
6 is the Application of Mewbourne Oil Company for compulsory  
7 pooling, Eddy County, New Mexico.

8           Call for appearances.

9           MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
10 representing the Applicant. I just have a brief statement.

11           EXAMINER CATANACH: Any additional appearances?  
12 Okay, you may proceed, Mr. Bruce.

13           MR. BRUCE: Mr. Examiner, this case was  
14 advertised so that in the absence of objection it would be  
15 taken under advisement.

16           Submitted as Exhibit 1 pursuant to Rule 1207 is a  
17 verified statement of a landman, Paul Haden, from Mewbourne  
18 Oil Company, setting forth what the Applicant seeks.

19           Applicant seeks to force pool the west half of  
20 Section 10, Township 20 South, Range 25 East, for all pools  
21 or formations spaced on 320 acres only, no other zones.  
22 The well is to be located in the northwest quarter,  
23 southwest quarter of the section, and a land plat is  
24 attached as Exhibit A.

25           There are three working interest owners being

1 force pooled. They all own very small interests, combined  
2 about a percent and a half working interest in the well.  
3 There are about two dozen interest owners in this well  
4 overall, and they have made deals with everybody except  
5 these three parties.

6 The proposal letters to these parties are  
7 attached as Exhibit B to this exhibit, along with other  
8 notations about phone calls, et cetera.

9 Attached as Exhibit C is the AFE for the well,  
10 which shows a completed well cost of \$1.62 million, which  
11 Applicant believes is fair and reasonable, and Applicant  
12 requests a 200-percent risk charge on the well, and finally  
13 the overhead rates are \$6500 per month for a drilling well  
14 and \$650 per month for a producing well.

15 Submitted as Exhibit 2 is my affidavit of notice,  
16 whereby the three parties being pooled were notified of  
17 this hearing by certified mail. They all received their  
18 notice. There was one additional party notified, an entity  
19 called Hideaway Partnership, but they have since joined in  
20 the well and therefore they are not subject to the pooling.

21 And with that I'd move the admission of Exhibits  
22 1 and 2 and ask that the matter be taken under advisement.

23 EXAMINER CATANACH: Exhibits 1 and 2 will be  
24 admitted as evidence, and Case Number 13,731 will be taken  
25 under advisement.

STEVEN T. BRENNER, CCR  
(505) 989-9317

1 (Off the record at 8:20 a.m.)

2 (The following proceedings had at 10:00 a.m.)

3 EXAMINER CATANACH: At the request of Mr. Bruce,  
4 I'm going to re-call Case 13,731, the Application of  
5 Mewbourne Oil Company for compulsory pooling, Eddy County,  
6 New Mexico.

7 MR. BRUCE: Mr. Examiner, in the advertisement,  
8 when the client originally wrote to me, they called it the  
9 Long Draw 10 Fed Com 1 Number 1. It's actually the Fee Com  
10 Well Number 1. There are no federal -- The well is on fee  
11 lands. And I suppose to be accurate I'd better re-publish  
12 that notice and ask that it be continued for four weeks.  
13 Would that be the appropriate time frame?

14 EXAMINER CATANACH: Yeah, I believe so.

15 MR. BRUCE: Okay. The affidavits and the other  
16 information I gave you, the exhibits today, have the  
17 correct name and everything on them, but I think I'd better  
18 correct that minor error.

19 EXAMINER CATANACH: Okay, was that one where we  
20 just had unlocatable interest?

21 MR. BRUCE: They were locatable, but they just  
22 never responded. So I will notify -- I will send a  
23 corrected application with the proper well name, and I'll  
24 notify everyone again.

25 EXAMINER CATANACH: Okay. So instead of taking

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that case under advisement, we'll continue Case 13,731 to July 20th.

(Thereupon, these proceedings were concluded at 10:03 a.m.)

\* \* \*

I do hereby certify that the foregoing is a complete record of the proceedings to the Examiner hearing of Case No. 13731, heard by me on June 22, 2006.  
David R. Catant, Examiner  
Oil Conservation Division

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO )  
 ) ss.  
 COUNTY OF SANTA FE )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL June 25th, 2006.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006