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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF MEWBOURNE OIL COMPANY      CASE NO. 14286  
FOR COMPULSORY POOLING, LEA COUNTY, NEW  
MEXICO

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REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE:      DAVID K. BROOKS, Legal Examiner  
              RICHARD EZEANYIM, Technical Examiner  
              TERRY G. WARNELL, Technical Examiner

March 19, 2009

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico  
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,  
RICHARD EZEANYIM, Technical Examiner, and TERRY G. WARNELL,  
Technical Examiner, on Thursday, March 19, 2009, at the  
New Mexico Energy, Minerals and Natural Resources Department,  
1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY:      JOYCE D. CALVERT, P-03  
                      Paul Baca Court Reporters  
                      500 Fourth Street, NW, Suite 105  
                      Albuquerque, New Mexico 87102

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A P P E A R A N C E S

FOR THE APPLICANT:

James G. Bruce, Esq.  
ATTORNEY AT LAW  
P.O. Box 1056  
Santa Fe, New Mexico 87504

	PAGE
APPLICANT'S EXHIBITS 1 AND 2 ADMITTED	4

1 MR. EZEANYIM: On page 2, Case No. 14286, the  
2 Application of Mewbourne Oil Company for Compulsory Pooling,  
3 Lea County, New Mexico.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
6 representing the applicant. Again, I'm submitting this by  
7 affidavit.

8 MR. EZEANYIM: Any other appearance, please?

9 You may proceed.

10 MR. BRUCE: Mr. Examiner, maybe if you'd turn to  
11 Attachment A to Exhibit 1, you can see the well unit. In this  
12 case, Mewbourne seeks to force-pool the -- it's actually lots 1  
13 through 8 of irregular Section 3, Township 21 South, Range 35  
14 East. It's actually the north one-third of Section 3.

15 Mewbourne owns -- as is shown on the second page of  
16 Attachment A, Mewbourne owns the lease on what is, in effect,  
17 the NE/4 of this section 100 percent. The NW/4 is owned by  
18 Kaiser-Francis Oil Company and Wilson Oil Company, Limited.

19 And Mewbourne seeks to force-pool both Kaiser-Francis  
20 and Wilson Oil into the well unit. The well will be located on  
21 the Kaiser-Francis and Wilson Oil lease; and, therefore,  
22 although the application is force-pooling from the surface to  
23 the base of the Morrow Formation, essentially, they'd be  
24 force-pooling interests, 320-acre interests, only from top of  
25 the Wolfcamp to the base of Morrow.

1 Exhibit B contains copies of the proposal letters  
2 sent to the uncommitted working interest owners. These were  
3 sent out about four months ago, and although there have been  
4 discussions, they have never gotten any response from the  
5 parties.

6 Exhibit C is the AFE for the well. It's about a \$3.6  
7 million Morrow test, and applicant requests overhead rates of  
8 7,000 a month for a drilling well and 700 a month for a  
9 producing well.

10 And, again, Exhibit 2 is my Affidavit of Notice.  
11 Notice was sent to both Kaiser-Francis and Wilson Oil, and they  
12 both received actual notice. There are no unlocatable owners,  
13 so an escrow account need not be established for these interest  
14 owners.

15 And I move the admission of Exhibits 1 and 2 into the  
16 record.

17 MR. EZEANYIM: Exhibits 1 and 2 will be admitted.

18 [Applicant's Exhibits 1 and 2 admitted into  
19 evidence.]

20 MR. BRUCE: And, again, Mr. Examiner, this well has  
21 not been drilled. It is being permitted. I don't think an API  
22 number has been issued yet, but I will check on that for you.

23 MR. EZEANYIM: Okay. Any questions?

24 MR. BROOKS: Yeah. I forgot to ask this on the last  
25 one. We talked about we should get this on the record.

1           This is surface to the base of the Morrow. Are the  
2 interests all uniform for all depths?

3           MR. BRUCE: Well, they would be uniform -- they would  
4 be uniform from the top of the Wolfcamp down, any 320-acre  
5 gas-bearing formation.

6           MR. BROOKS: Okay. So it's only for 320?

7           MR. BRUCE: Only for 320. And with respect to the  
8 prior case, it is a single-fee tract with uniform interests.

9           MR. BROOKS: Okay. Very good.

10          MR. WARNELL: So we're going to write it up from the  
11 surface to the base of the Wolfcamp?

12          MR. BRUCE: From top of the Wolfcamp down would be  
13 fine, Mr. Examiner.

14          MR. EZEANYIM: You are not interested in the surface  
15 of the base of the Wolfcamp?

16          MR. BRUCE: As far as I can tell, all of those were  
17 spaced on less than 320 acres. And since the well location is  
18 660 feet from the north and west lines, and Mewbourne owns no  
19 interest in those shallows depths, I don't think that's  
20 necessary, Mr. Examiner.

21          MR. EZEANYIM: So you want to change it from the top  
22 of the Wolfcamp to the base of the Wolfcamp?

23          MR. BRUCE: That would be fine.

24          MR. WARNELL: From the base of the Morrow.

25          MR. EZEANYIM: From the base of the Morrow. I'm

1       sorry.

2               MR. BRUCE:  Yeah.

3               MR. EZEANYIM:  Okay.  Both cases, we're going to give  
4       you at least one year to drill the well.  Is that a problem?

5               MR. BRUCE:  No, no.  That's more than sufficient time  
6       for Mewbourne.

7               MR. EZEANYIM:  Okay.  Very good.  Case No. 14286 will  
8       be taken under advisement.

9               At this point, let's take about ten minutes for them  
10       to set up the projector.

11                               \* \* \*

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18                               I do hereby certify that the foregoing is  
19                               a complete record of the proceedings in  
20                               the examiner hearing of Case No. 14286  
21                               heard by me on 3/19/09.  
22                               [Signature], Examiner  
23                               Oil Conservation Division  
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**REPORTER'S CERTIFICATE**

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.

DATED this 19th day of March, 2009.

  
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JOYCE D. CALVERT  
New Mexico P-03  
License Expires: 7/31/09

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STATE OF NEW MEXICO            )  
  )  
COUNTY OF BERNALILLO        )

I, JOYCE D. CALVERT, a New Mexico Provisional Reporter, working under the direction and direct supervision of Paul Baca, New Mexico CCR License Number 112, hereby certify that I reported the attached proceedings; that pages numbered 1-6 inclusive, are a true and correct transcript of my stenographic notes. On the date I reported these proceedings, I was the holder of Provisional License Number P-03.

Dated at Albuquerque, New Mexico, 19th day of March, 2009.

  
\_\_\_\_\_  
Joyce D. Calvert  
Provisional License #P-03  
License Expires: 7/31/09

  
\_\_\_\_\_  
Paul Baca, RPR  
Certified Court Reporter #112  
License Expires: 12/31/09