

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
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

CASE NO. 14346

TRANSCRIPT OF PROCEEDINGS

Hearing

July 23, 2009

9:33 a.m.

1220 South St. Francis Drive, Room 102
Santa Fe, New Mexico 87504

2009 AUG 14 P 2:28

RECEIVED OGD

BEFORE: TERRY G. WARNELL, HEARING EXAMINER
RICHARD EZEANYIM, TECHNICAL ADVISOR
BRYAN JAMES, LEGAL ADVISOR

REPORTED BY: CONNIE JURADO, RPR, NM CCR #254
Paul Baca Professional Court Reporters
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

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For the Applicant:

JAMES G. BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504-1056

EXHIBITS

ADMITTED

1. Verified Statement of Corey Mitchell	6
2. Affidavit of Notice	6
3. Affidavit of Publication	6

1 MR. WARNELL: We call Case 14346, application
2 of Mewbourne Oil Company for compulsory pooling, Eddy
3 County, New Mexico. Call for appearances.

4 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa
5 Fe representing the applicant. I have no witnesses. I am
6 presenting this case by affidavit if I can find the exhibit
7 attached.

8 MR. WARNELL: I thought your prehearing
9 statement said you had a witness.

10 MR. BRUCE: I think I said I would do it by
11 affidavit.

12 MR. WARNELL: Oh, okay. Any other
13 appearances? You may proceed, Mr. Bruce.

14 MR. BRUCE: Mr. Examiner, I apologize for the
15 confusion regarding the dismissal. In this case, Mewbourne
16 is seeking to force pool a number of interest owners, two of
17 whom were originally Marbob Energy Corporation and Chase Oil
18 Corporation. However, Mewbourne came to terms with those
19 two companies, and they asked that I write a letter to the
20 division dismissing them from the case, so that they didn't
21 have to waste money hiring Mr. Carr to come over here today.

22 MR. CARR: It would have been money well
23 spent.

24 MR. BRUCE: And we know the division is
25 supposed to prevent waste, which is why I sent that letter.

1 Mr. Examiner, I have handed you three exhibits. Exhibit 1
2 is the affidavit of Corey Michelle, landman. Mewbourne
3 seeks to force pool the south half of Section 29, 19 South,
4 26 East from the surface to the base of the Morrow
5 formation. They are only seeking to force pool 320 acre
6 well units. No other zones.

7 Although I do list some pools, potential pools
8 that are probably a little bit more than a mile away, there
9 is no immediate production in this area, so it is
10 essentially a wildcat. The well name is the Wyatt Draw "29"
11 State Com #1 to be located in the Southeast Southeast of
12 Section 29.

13 The party lists -- the affidavit lists the parties
14 to be pooled. You will see that there is one locateable
15 owner and a number of unlocateable interests owners.

16 Attached as Exhibit A is a land plat showing where
17 this is located, where the well is located. Attached as
18 Exhibit B is the summary of communications with the one
19 interest owner, who was locateable. The others, as I said,
20 were all unlocateable, and Mewbourne did the normal course
21 of events, checking the county records, Internet, telephone
22 directories, et cetera. They have also -- you will notice
23 most of them have the same name.

24 They have asked the one locateable owner, Paul
25 Priebe, where these other relatives might be, and he has

1 given them no information, or he didn't know any information
2 as to where they were.

3 Exhibit C is the AFE for the well. It's about a
4 9800 foot Morrow test. This was the only significant thing
5 here is this is, I think, the first Morrow well I have seen
6 under \$2 million in quite some time.

7 Exhibit 2 is my affidavit of notice. Notice was
8 only mailed to ~~Mr. Paul Priebe~~, and he did receive actual
9 notice. The other parties were notified by publication.

10 I have submitted as Exhibit 3 the notice that I
11 submitted to the Carlsbad newspaper. It was published a
12 couple of weeks ago. I have not received the affidavit of
13 publication from the Carlsbad Current-Argus.

14 At this point, I would ask that Exhibits 1 through
15 3 be admitted to the evidence, and that this matter be taken
16 under advisement with the proviso that I will -- when I
17 receive it, I will submit to the division and to the court
18 reporter the affidavit of publication from the newspaper.

19 MR. WARNELL: Okay. So you don't know when
20 that was actually -- which day that was run in the
21 newspaper?

22 MR. BRUCE: It was -- what is today? The
23 23rd? It was published like the 11th of --

24 MR. WARNELL: More or less?

25 MR. BRUCE: Yeah. In one of my files, I did

1 receive an e-mail stating what date it was published. It
2 was more than ten days before the hearing.

3 MR. WARNELL: Okay. All right. Exhibits 1
4 through 3 are admitted.

5 (Exhibits 1 through 3 admitted.)

6 MR. WARNELL: Mr. Ezeanyim?

7 MR. EZEANYIM: Should we set an escrow in
8 this case?

9 MR. BRUCE: Yes, sir.

10 MR. WARNELL: Let's go back to the plat map
11 there. Where was that? Exhibit A.

12 MR. BRUCE: Uh-huh.

13 MR. WARNELL: Where is the closest producing
14 well? It is pretty near wildcat country, isn't it?

15 MR. BRUCE: Yes. I -- those pools I
16 mentioned were more further to the west.

17 MR. WARNELL: Okay.

18 MR. BRUCE: Insofar -- and I mean, those are
19 not ancient pools, but they're older pools, and I don't know
20 exactly where the nearest production is. I think if you
21 look to the northeast, you will see some gas well symbols.

22 MR. WARNELL: Looks like Yates and Marbob
23 have some activity out there.

24 MR. BRUCE: Yes.

25 MR. WARNELL: Okay.

1 MR. BRUCE: And you will see a lot of the
2 leases have expiration dates, 2009 to 2012, so obviously
3 there has been no production for a while because they
4 were -- over the last five to six years, they have been
5 leasing in this area.

6 MR. WARNELL: I don't believe I have any
7 further questions other than when can you get that notice to
8 me you think?

9 MR. BRUCE: I will e-mail them today. I
10 meant to yesterday, but I have had this complaint, the
11 Carlsbad paper is fairly slow in getting the affidavits of
12 publication, but I should have it I would think by Monday,
13 and I will deliver it over here.

14 MR. WARNELL: So there is no need to
15 continue? We can take this under advisement?

16 MR. BRUCE: I ~~would request that it be taken~~
17 ~~under advisement.~~

18 MR. WARNELL: Okay. Then Case Number 14346
19 will be taken under advisement.

20

21

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____.

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_____, Examiner
Oil Conservation Division

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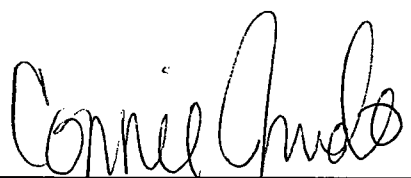
REPORTER'S CERTIFICATE

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I, CONNIE JURADO, do hereby certify that I reported the foregoing case in stenographic shorthand and transcribed, or had the same transcribed under my supervision and direction, the foregoing matter and that the same is a true and correct record of the proceedings had at the time and place.

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 whatsoever in the final disposition of this case in any court.

WITNESS MY HAND this 23rd day of July, 2009.



Connie Jurado, CCR, RPR
New Mexico CCR No. 254
Expires: December 31, 2009