

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. 14465

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Presiding Examiner  
WILLIAM V. JONES, Technical Examiner

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April 29, 2010

Santa Fe, New Mexico

This matter came on for hearing before the  
New Mexico Oil Conservation Division, DAVID K. BROOKS,  
Presiding Examiner, and WILLIAM V. JONES, Technical  
Examiner, on Thursday, April 29, 2010, at the New Mexico  
Energy, Minerals and Natural Resources Department, 1220  
South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91  
Paul Baca Professional Court Reporters  
500 Fourth Street, N.W., Suite 105  
Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

WILLIAM F. CARR, ESQ.  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501  
(505) 988-4421

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1 EXAMINER BROOKS: At this time we'll call  
2 Case Number 14465, application of Mewbourne Oil Company  
3 for compulsory pooling, Eddy County, New Mexico. Call  
4 for appearances.

5 MR. CARR: May it please the Examiners?  
6 William F. Carr with the Santa Fe office of Holland &  
7 Hart. We represent Mewbourne Oil Company in this matter  
8 and desire to present the case under the alternative  
9 procedure authorized by rules of the Division.

10 EXAMINER BROOKS: You may proceed.

11 MR. CARR: In this case Mewbourne seeks an  
12 order approving a 40-acre oil unit comprised of the  
13 Northwest quarter of the Northeast quarter of Section 20,  
14 Township 20 South, Range 25 East, in Eddy County, New  
15 Mexico.

16 We are pooling to drill a wildcat Yeso oil  
17 well. Mewbourne's Exhibit 1 is an affidavit of Corey  
18 Mitchell, who is a landman who is familiar with the  
19 status of the lands in this acreage and is the person  
20 responsible for pulling these lands together for the  
21 drilling of the subject well.

22 They are seeking an order pooling from the  
23 surface to the base of the Yeso formation. This will be  
24 a wildcat oil well to be drilled at the standard location  
25 330 feet from the North line and 650 feet from the East

1 line in Unit B of Section 7. Attached as Exhibit A is a  
2 plat showing the spacing unit and the well location.

3 Exhibit B is a list of the interest owners in  
4 this particular property, and the only interest that  
5 Mewbourne is seeking to pool are the interests indicated  
6 with an asterisk. Phillip E. Albertson and Mona L.  
7 Albertson, the W.K. Stephan Family Trust, and Carl S.  
8 Werner, M.D. Together these owners own nine-tenths of 1  
9 percent of the interest in the well.

10 Mewbourne, in their affidavit, states they  
11 attempted to locate all the interest owners and, in fact,  
12 they have been able to do that. All interests except  
13 these three have voluntarily committed their interest to  
14 the well. And attached as Attachment C is a copy of the  
15 well proposal letter and relevant correspondence and a  
16 summary of the contacts with each of these individuals.

17 Mewbourne proposes an overhead rate and  
18 combined fixed rate of \$4,000 per month while drilling  
19 and \$400 a month while producing. They request that  
20 these costs be adjusted in accordance with COPAS  
21 procedures.

22 Attached as Exhibit D is an AFE, which  
23 estimates the cost of casing point to be \$342,100 and  
24 completed well cost of \$752,500. Mewbourne plans to  
25 drill the West Draw "7" B Well No. 1 by June 1st.

1           Attachment E consists of copies of letter sent  
2   to those interest owners Mewbourne seeks to pool, and my  
3   affidavit of notice. Mewbourne requests that this  
4   application be approved and that the Northwest Quarter of  
5   the Northeast Quarter of Section 7 be pooled; that they  
6   be designated the operator; that overhead charges of \$400  
7   a month while producing and \$4,000 a month while drilling  
8   be approved; that the AFE rates also be approved and that  
9   the order be expedited so they can commence the well, and  
10   the rig is available on or about the first of June.

11           I move the admission of Mewbourne Exhibit  
12   Number 1.

13                   EXAMINER BROOKS: Exhibit Number 1 is  
14   admitted. Your notice affidavit is attached as part of  
15   Exhibit 1?

16                   (Exhibit 1 was admitted.)

17           MR. CARR: Yes. It's Attachment E.

18                   EXAMINER BROOKS: And you got green cards  
19   from all of the unknown participants?

20                   MR. CARR: All except Mona Albertson. We  
21   were able to reach her at this address, and we talked to  
22   her by telephone on February 25th. She is quite elderly.  
23   She said her husband used to manage and handle these  
24   properties; that she has four-tenths of 1 percent  
25   interest in the well; that she was going to confer with

1 her daughter, but unless we heard from her, she was not  
2 objecting to the pooling. They have tried to call her  
3 since. We've been unable to locate her since those  
4 initial contacts. But we did send the letter to her at  
5 the address at which she initially received --

6 EXAMINER BROOKS: Advising her of the date  
7 and time of the hearing?

8 MR. CARR: Yes, we did.

9 EXAMINER BROOKS: That's part of  
10 Attachment E?

11 MR. CARR: Correct.

12 EXAMINER BROOKS: Okay. If there's  
13 nothing further, then Case Number 14465 will be taken  
14 under advisement.

15 \* \* \*

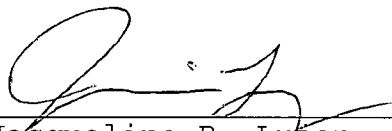
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20 I do hereby certify that the foregoing is  
21 a true and correct copy of the proceedings in  
22 the Examiner hearing of Case No. 14465  
23 heard by me on Apr 29 2010  
24 David K. Reed Examiner  
25 Oil Conservation Division

## REPORTER'S CERTIFICATE

I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  
HEREBY CERTIFY that on April 29, 2010, proceedings in the  
above captioned case were taken before me and that I did  
report in stenographic shorthand the proceedings set  
forth herein, and the foregoing pages are a true and  
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by  
nor related to nor contracted with 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 11th day of May, 2010.

  
\_\_\_\_\_  
Jacqueline R. Lujan, CCR #91  
Expires: 12/31/2010