

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

RECEIVED

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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 NOS. 13,031

APPLICATION OF MEWBOURNE OIL COMPANY FOR )  
COMPULSORY POOLING AND AN UNORTHODOX OIL )  
WELL LOCATION, EDDY COUNTY, NEW MEXICO )

and 13,032

(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

ORIGINAL

BEFORE: DAVID K. BROOKS, JR., Hearing Examiner

March 27th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, JR., Hearing Examiner, on Thursday, March 27th, 2003, 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.

\* \* \*

## I N D E X

March 27th, 2003  
Examiner Hearing  
CASE NOS. 13,031 and 13,032 (Consolidated)

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\* \* \*

## E X H I B I T

Applicant's	Identified	Admitted
Affidavit	5	-

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

DAVID K. BROOKS, JR.  
Attorney at Law  
Energy, Minerals and Natural Resources Department  
Assistant General Counsel  
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

\* \* \*

## ALSO PRESENT:

WILLIAM V. JONES, JR.  
Petroleum Engineer  
New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2           8:19 a.m.:

3           EXAMINER BROOKS: Okay, I guess we're ready to  
4           proceed then. At this time we will call Case Number  
5           13,031, the Application of Mewbourne Oil Company for  
6           compulsory pooling, Eddy County, New Mexico.

7           Call for appearances.

8           MR. BRUCE: Mr. Examiner, Jim Bruce on behalf of  
9           the Applicant. I just have a brief statement.

10           I would also ask at this time you call the next  
11           case. They involve the same section of land.

12           EXAMINER BROOKS: Very good, at this time we will  
13           call Case Number 13,032, the Application of Mewbourne Oil  
14           Company for compulsory pooling and an unorthodox oil well  
15           location, Eddy County, New Mexico.

16           Call for appearances.

17           MR. BRUCE: Mr. Examiner, again Jim Bruce  
18           representing the Applicant.

19           EXAMINER BROOKS: Okay, any other appearances in  
20           either of these cases?

21           Are you going to make a consolidated presentation  
22           of these two cases, Mr. Bruce?

23           MR. BRUCE: Yes, sir.

24           EXAMINER BROOKS: And are these presented under  
25           Rule 1207.A?

1 MR. BRUCE: A.(1).(b), I believe it is.

2 EXAMINER BROOKS: I haven't gotten as good with  
3 those as I got with the Texas Rules of Civil Procedure.

4 MR. BRUCE: Mr. Examiner, these two cases involve  
5 two wells, one in the east half of Section 11, 21 South, 27  
6 East, the other one in the west half of the section. These  
7 cases have been filed under Rule 1207.A.(1).(b), and  
8 attached to the Application were the land exhibits and  
9 geologic exhibits.

10 I have handed you the notice affidavit regarding  
11 notice given to the interest owners. The interest owners  
12 pooled in each case are the same individuals that  
13 collectively own, I think, less than a half a percent  
14 working interest in the well.

15 I would ask that the affidavit of notice be made  
16 part of the record and that these cases be taken under  
17 advisement.

18 EXAMINER BROOKS: Okay, you've presented the  
19 affidavit of notice to the reporter, I see.

20 MR. BRUCE: Yes, sir.

21 EXAMINER BROOKS: And the affidavit required by  
22 Rule 1207 is attached to the Application?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: Now, in 13,032 it's advertised  
25 as also being for an unorthodox oil well location. Can you

1 tell us about that?

2 MR. BRUCE: Yes, Mr. Examiner. The location was  
3 selected based upon the primary objective, which is the  
4 Morrow formation, and there were some surface obstacles at  
5 a standard location in the southwest quarter of the  
6 southwest quarter, so it was moved somewhat to the north of  
7 a standard location, so it made it unorthodox as to any oil  
8 well location.

9 EXAMINER BROOKS: What are the footages?

10 MR. BRUCE: The footage is 1010 feet from the  
11 south line and 660 feet from the west line.

12 EXAMINER BROOKS: And that's going to be in  
13 the --

14 MR. BRUCE: -- southwest southwest of Section 11.

15 EXAMINER BROOKS: -- southwest southwest. So  
16 that puts it too close to the north line of that southwest  
17 southwest --

18 MR. BRUCE: That is correct.

19 EXAMINER BROOKS: -- for a 40-acre spacing?

20 MR. BRUCE: Yeah.

21 EXAMINER BROOKS: Okay. And that was done by  
22 reason of surface -- for surface reasons?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: Is that explained in the  
25 affidavit?

1 MR. BRUCE: It may not be explained in the  
2 affidavit, Mr. Examiner, but let me give you a little  
3 background --

4 EXAMINER BROOKS: Okay.

5 MR. BRUCE: -- on that particular case.

6 This case was filed twice. It was filed once  
7 last fall, and I'm looking for the case number. And we did  
8 go to hearing at that time on this matter, and the reason  
9 for the unorthodox location was explained in that hearing.

10 Subsequently, all of the parties who were being  
11 force-pooled in that case voluntarily joined in the well.  
12 Then a subsequent title examination showed up a few  
13 interest owners. It was a few limited partners of one of  
14 the Coquina limited partnerships.

15 EXAMINER BROOKS: Right.

16 MR. BRUCE: And they showed up after the fact,  
17 and that's who -- Those are the four or five people being  
18 force-pooled today.

19 That case number -- I can't find right now. It's  
20 12,928.

21 EXAMINER BROOKS: Was an order entered in that  
22 case?

23 MR. BRUCE: There was -- I believe before an  
24 order was entered, the case was dismissed.

25 EXAMINER BROOKS: So the unorthodox --

1 MR. BRUCE: The reason for the --

2 EXAMINER BROOKS: -- location has never been  
3 proved then?

4 MR. BRUCE: That's correct.

5 EXAMINER BROOKS: Either at hearing or  
6 administratively?

7 MR. BRUCE: That's correct.

8 EXAMINER BROOKS: And is there -- It seems to me  
9 we have to have some kind of evidence to grant an order.

10 MR. BRUCE: If I could, Mr. Examiner, ask that  
11 the -- There was testimony presented in 12,928. If we  
12 could incorporate that in the record of this case --

13 EXAMINER BROOKS: Oh, okay.

14 MR. BRUCE: -- and the reason for the unorthodox  
15 location was explained there.

16 EXAMINER BROOKS: Very good, we will take  
17 administrative notice of the record in Case Number 12,928.  
18 Is that the correct number, 12,928?

19 MR. BRUCE: Yes, sir.

20 EXAMINER BROOKS: Very good. We will take  
21 administrative notice of the record in Case Number 12,928  
22 in connection with Case Number 13,032.

23 Anything further, Mr. Bruce?

24 MR. BRUCE: No, sir.

25 EXAMINER BROOKS: Mr. Jones?

1 EXAMINER JONES: I noticed, Mr. Bruce, the well  
2 location is based on the best location for the well in the  
3 Morrow, which is the primary zone of interest. That's why  
4 the oil turns out to be a little bit too far north?

5 MR. BRUCE: Yes, sir.

6 EXAMINER JONES: And any affected parties to the  
7 north have been noticed?

8 MR. BRUCE: They are all voluntary participants  
9 in the well --

10 EXAMINER JONES: Okay.

11 MR. BRUCE: -- so they know what the location is.  
12 And as far as the royalty owner goes, it's all state land.  
13 So the royalty owner is not affected either.

14 EXAMINER BROOKS: Are the pools identified in  
15 the --

16 MR. BRUCE: They are identified in the  
17 Application.

18 EXAMINER BROOKS: Okay, very good.

19 If there's nothing further, then Cases Numbers  
20 13,031 and 13,032 at this time will be taken under  
21 advisement.

22 (Thereupon, these proceedings were concluded at  
23 8:29 a.m.)

24 I do hereby certify that the foregoing is  
\* \* \* a complete record of the proceedings in  
the Examiner hearing of Case No. 13031  
25 heard by me on March 27, 2003.

*David K. Bush*  
Oil Conservation Division  
STEVEN T. BRENNER, CER  
(505) 989-9317

## 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 April 1st, 2003.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 13031

APPLICATION OF MEWBOURNE OIL  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 13032

AFFIDAVIT REGARDING NOTICE

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

James Bruce, being duly sworn upon his oath, deposes and states:

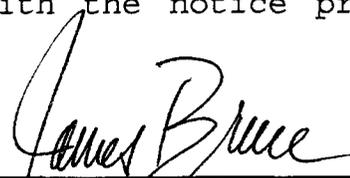
1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

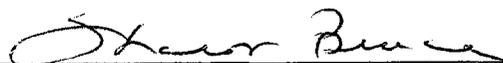
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

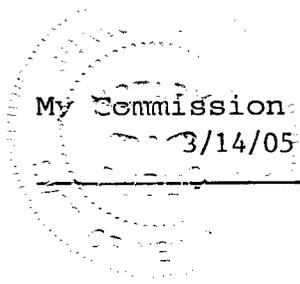
5. Applicant has complied with the notice provisions of Division Rule 1207.

  
\_\_\_\_\_  
James Bruce

SUBSCRIBED AND SWORN TO before me this 24th day of March, 2003, by James Bruce.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
3/14/05



**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)

jamesbruc@aol.com

March 4, 2003

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

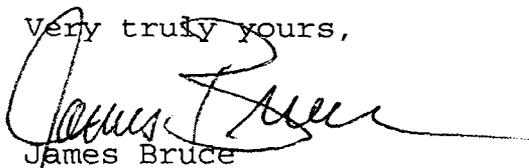
To: Persons on Exhibit A

Ladies and Gentlemen:

Enclosed are copies applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding (1) the W½ of Section 11, and (2) the E½ of Section 11, both in Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The applications are scheduled to be heard at 8:15 a.m. on Thursday, March 27, 2003 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are requested to notify the Division, and the undersigned, by Friday, March 21, 2003, if you intend to enter an appearance and participate in the case.

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company



EXHIBIT A

J.W. Gendron  
1280 Encino Drive  
San Marino, California 91108

Sanford J. Hodge III, individually  
and as Trustee of the E.G. Holden  
Testamentary Trust  
3600 St. John Drive  
Dallas, Texas 75205

Charles Cline Moore  
138 Harvard Avenue  
Mill Valley, California 94941

Joseph R. Hodge  
P.O. Box 5238  
Austin, Texas 78763

Isaac A. Kawasaki and  
Ruby F. Kawasaki  
734 Kalanipuer Street  
Honolulu, Hawaii 96825

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Postage \$ 2.6244  
 Certified Fee 2.7230  
 Return Receipt Fee (Endorsement Required) 1.7175  
 Restricted Delivery Fee (Endorsement Required) 6.72  
 Total Postage & Fees \$ 13.8319

Sent To  
 J.W. Gendron  
 1280 Encino Drive  
 San Marino, California 91108

UNIT ID: 0500  
 Postmark Here  
 MAR 4 2003  
 CLERK: KRUMHAX  
 03/04/03

PS Form 3800, June 2002 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
 Print your name and address on the reverse so that we can return the card to you.  
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Isaac A. Kawasaki and  
 Ruby F. Kawasaki  
 734 Kalamipuer Street  
 Honolulu, Hawaii 96825

2. Article Number  
 (Transfer from service label)  
 7002 2030 0004 5187 9943

PS Form 3811, August 2001

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X *Isaac A. Kawasaki*  Agent  Addressee

B. Received by (Printed Name)  
 C. Date of Delivery  
 3/8/03

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:  Yes  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Domestic Return Receipt 102595-01-M-0381

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Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
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1. Article Addressed to:  
 J.W. Gendron  
 1280 Encino Drive  
 San Marino, California 91108

2. Article Number  
 (Transfer from service label)  
 7002 2030 0004 5187 9967

PS Form 3811, August 2001

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X *[Signature]*  Agent  Addressee

B. Received by (Printed Name)  
 C. Date of Delivery  
 MAR 8 2003

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:  Yes  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Domestic Return Receipt 102595-01-M-0381

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 Restricted Delivery Fee (Endorsement Required) 6.72  
 Total Postage & Fees \$ 13.8319

Sent To  
 Isaac A. Kawasaki and  
 Ruby F. Kawasaki  
 734 Kalamipuer Street  
 Honolulu, Hawaii 96825

UNIT ID: 0500  
 Postmark Here  
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 03/04/03

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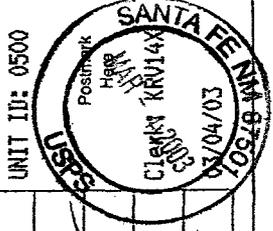
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Postage	\$ 2.6267
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.7275
Restricted Delivery Fee (Endorsement Required)	6.72
Total Postage & Fees	\$ 13.38

Sent To  
 Street, Apt. No., or PO Box No.  
 City, State, Zip+4  
 Joseph R. Hodge  
 P.O. Box 5238  
 Austin, Texas 78763

PS Form 3800, June 2002 See Reverse for Instructions



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sanford J. Hodge III, individually  
 and as Trustee of the E.G. Holden  
 Testamentary Trust  
 3600 St. John Drive  
 Dallas, Texas 75205

2. Article Number  
 (Transfer from service label)

PS Form 3811, August 2001

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Domestic Return Receipt

*MOC-11*

102595-01-M-0381

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee

B. Received by (Printed Name) \_\_\_\_\_  
 C. Date of Delivery 3-8-03

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

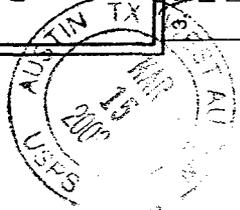
4. Restricted Delivery? (Extra Fee)  Yes

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- Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Joseph R. Hodge  
 P.O. Box 5238  
 Austin, Texas 78763



A. Signature  Agent  
 Addressee

B. Received by (Printed Name) J. Hodge III  
 C. Date of Delivery \_\_\_\_\_

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
 (Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

*MOC-11*

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Certified Fee	2.3075
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	6.72
Total Postage & Fees	\$ 13.45



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 Street, Apt. No., or PO Box No.  
 City, State, Zip+4  
 Sanford J. Hodge III, individually  
 and as Trustee of the E.G. Holden  
 Testamentary Trust  
 3600 St. John Drive  
 Dallas, Texas 75205

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Restricted Delivery Fee (Endorsement Required)	6.79
<b>Total Postage &amp; Fees</b>	<b>\$ 6.49</b>

UNIT ID: 0500  
 000601mail Here  
 SANTA FE  
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 Street, Apt. No.,  
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 138 Harvard Avenue  
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