

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

IN THE MATTTTER 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. 22007

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

JULY 1, 2021

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, and John Garcia, Technical Examiner, on July 1, 2021, via the Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources.

Reported by: Mary Therese Macfarlane  
New Mexico CCR #122  
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A P P E A R A N C E S

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C O N T E N T S

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1 (Time noted 9:34 a.m.)

2 EXAMINER BRANCARD: All right. Case No. 7,  
3 22007, Mewbourne Oil Company, Holland Hart.

4 MR. FELDEWERT: If it please the examiner,  
5 Michael Feldewert with the Santa Fe office of Holland and  
6 Hart appearing on behalf of the Applicant.

7 EXAMINER BRANCARD: Thank you.

8 I have Ascent Energy.

9 MR. SAVAGE: That is correct. Darin Savage for  
10 Ascent Energy, LLC.

11 EXAMINER BRANCARD: Ascent. Thank you.

12 Any other parties interested in Case 22007?

13 (Note: Pause.) Hearing none.

14 So as I understand it, Ascent objects to  
15 this case going forward by affidavit and may file  
16 competing cases in this matter.

17 Mr. Feldewert, what is your understanding?

18 MR. FELDEWERT: My understanding rests solely on  
19 the prehearing statement that they filed. I can tell you  
20 that the parties have had discussions since January of  
21 2019. Mewbourne sent out its Well Proposal Letter last  
22 summer. But if you read Ascent's Prehearing Statement  
23 they now claim that they're going to apply for an Order  
24 pooling competing acreage. We have not seen that. If  
25 they are going to do that, I would ask they be required to

1 do that as soon as possible so that we can have this  
2 matter heard by the Division as soon as possible.

3 EXAMINER BRANCARD: Mr. Savage.

4 MR. SAVAGE: That's correct, Mr. Examiner.

5 Ascent has had a permit in place for quite  
6 a while, including prior to the Well Proposal Letter  
7 provided by Mewbourne, and they have had an interest in  
8 these lands for the same amount of time that Mewbourne  
9 has. We had a Well Proposal drafted and are working up an  
10 AFE, which should be completed by today. We feel like  
11 there is some important issues surrounding the best  
12 Development Plan and we would hope that the Division would  
13 be willing to review the two proposals.

14 EXAMINER BRANCARD: So is it your intent in the  
15 near future to file another case before the Division?

16 MR. SAVAGE: Yes. That would be the intent.

17 EXAMINER BRANCARD: About when do you think that  
18 might happen?

19 MR. SAVAGE: We are hoping to get the Well  
20 Proposal out by tomorrow and we hope to have a fair -- the  
21 prerequisite amount of time for the parties to evaluate  
22 that proposal, and then we would make the application for  
23 the pooling.

24 As I understand it, that can be fast  
25 tracked under certain circumstances, so we would be glad

1 to do that if the parties would not object.

2 MR. FELDEWERT: Who are the parties besides  
3 Mewbourne?

4 MR. SAVAGE: Mewbourne.

5 EXAMINER BRANCARD: So, in other words,  
6 Mr. Feldewert, your client hasn't seen a Well Proposal  
7 yet.

8 MR. FELDEWERT: No.

9 EXAMINER BRANCARD: Okay. All right.

10 MR. FELDEWERT: But, like I said, we want this  
11 fast tracked and get a hearing as soon as possible. I  
12 recognize the Division has constraints there and I am not  
13 faulting those. I am faulting someone, in the sense of a  
14 decision here at the last minute to say: Well, hey, we  
15 want to do some competing development that they haven't  
16 previously proposed.

17 MR. SAVAGE: Mr. Hearing Examiner, if this makes  
18 any difference about the timeline on this, this is on the  
19 outskirts of Carlsbad. That's an area that has  
20 experienced some in-settling, and some sinkhole  
21 phenomenon. Our discussions with the OCD geologist has  
22 informed us that there is actually a moratorium on the  
23 permits in this area; they are putting a hold on that to  
24 evaluate the situation.

25 Ascent inquired about a renewal of a

1 permit, and that was not allowed because of the situation.  
 2 So if any party does prevail on the Development Plan,  
 3 there's still that issue that has to be negotiated that  
 4 plays into the timelines.

5 EXAMINER BRANCARD: Well, thank you for that  
 6 information. Yes. I'm assuming you're talking about the  
 7 south end of Carlsbad and the sinkhole project that's  
 8 ongoing there that hopefully will be resolved in the next  
 9 year or so. But for some reason people are drilling wells  
 10 there right now and fracking underneath a huge sinkhole,  
 11 so that's of concern to the Division.

12 So we will schedule this case for  
 13 October 21st, and I'm hoping that -- so are you planning  
 14 on waiting the 30 days before you file your application?

15 MR. SAVAGE: That would be the prerequisite  
 16 time. As I understand it, that can be truncated under  
 17 appropriate circumstances, and we would be glad to discuss  
 18 that with Mewbourne.

19 EXAMINER BRANCARD: Well, that's Mewbourne's  
 20 option. Mr. Feldewert, do you want 30 days before they  
 21 file their application?

22 MR. FELDEWERT: Nope.

23 EXAMINER BRANCARD: You want their application,  
 24 ASAP.

25 MR. FELDEWERT: If they are going to file, tell

1     them to get it filed.  Let's see what they've got.

2                     So I'd ask you give them -- I don't want  
3     this extended out unnecessarily, so if we can get some  
4     confirmation that they will file their application on a  
5     date certain, that would be very helpful.

6                     EXAMINER BRANCARD:  Mr. Savage, can you give us  
7     any time frame here in the next week or two?

8                     MR. SAVAGE:  I will consult with Ascent and I'll  
9     be glad to send an email to the Division and copy Mr.  
10    Feldewert, or vice versa, forwarding that information.

11                    EXAMINER BRANCARD:  We are hoping nothing longer  
12    than a week or so.  Okay?

13                    MR. SAVAGE:  I can't anticipate, I would not  
14    anticipate that.

15                    MR. FELDEWERT:  I do have one question, if I  
16    may.  I'm not sure, Mr. Savage.  You talked about a  
17    permit.  What permit are you talking about?

18                    MR. SAVAGE:  I believe there was a drilling  
19    permit for the north half of Section 21 that was in place.

20                    MR. FELDEWERT:  Just the north half of 21?

21                    MR. SAVAGE:  I believe that was, is my  
22    understanding.

23                    MR. FELDEWERT:  Okay.

24                    EXAMINER BRANCARD:  You-all can continue this  
25    conversation offline.

1 MR. SAVAGE: Thank you.

2 EXAMINER BRANCARD: Better inform each other  
3 about what you're doing.

4 MR. FELDEWERT: Yes.

5 EXAMINER BRANCARD: Thank you. We will the set  
6 this case for October 21. I would hold off on a  
7 Prehearing Order in hopes that within the next week or so  
8 we will have a competing application to combine with this  
9 case.

10 And please get it done quickly so Mewbourne  
11 has time to evaluate your proposal.

12 MR. FELDEWERT: Mr. Brancard is there an  
13 opportunity that if cases are dismissed on one of your  
14 crowded dockets that, for example, this case could be  
15 substituted? Is that a possibility?

16 EXAMINER BRANCARD: Well, frankly if cases are  
17 not dismissed from our crowded dockets, these dockets  
18 will go on for weeks. So at this point we have a lot of  
19 competing applications, so what we're doing -- you know,  
20 Ms. Salvidrez made this suggestion -- is add a few  
21 competing cases onto what are normally the first of the  
22 month New Case dockets, just because those cases, those  
23 dockets can go pretty quickly.

24 And so even though that's not normally the  
25 place for competing cases, just so we can start filling



1 in, which is what we did earlier with the first two cases  
2 today, put them on the first of the month dockets.

3 But the Competing Dockets are really  
4 filling up. And we have Special Dockets being scheduled  
5 too, so...

6 It's going to be a fun summer and fall.  
7 That's all I can say.

8 MR. FELDEWERT: Hopefully, since you're in  
9 Porter Hall now, that perhaps we can get back to having  
10 these in person.

11 EXAMINER BRANCARD: You know, that's a very good  
12 question, and I wish I had -- you know, for everyone here,  
13 I wish I had a very clear answer to all that. I have  
14 raised that question. We are -- you will probably hear  
15 that people in our Division will be heading back into the  
16 building starting July 19th.

17 MR. FELDEWERT: Okay.

18 EXAMINER BRANCARD: The building, however,  
19 continues to be under construction, so it's not really  
20 open to the public. So at this point we don't have a  
21 clear date on when Porter Hall will be available,  
22 particularly since the construction has completed on the  
23 third floor, is now on the second floor, and ultimately  
24 will be on the first floor; in other words, Porter Hall.

25 So, you know.

1           As you remember, Mr. Feldewert, you once left a  
2   huge coffee stain on the floor here. It's still there.  
3   They still haven't changed the carpet, so when that gets  
4   done, then we'll know.

5           MR. FELDEWERT: I would be willing to bet that's  
6   not the first coffee stain on that floor.

7           EXAMINER BRANCARD: No. I've walked around.  
8   There's a whole bunch, yeah.

9           So I'm sorry I don't have any better or  
10   more clear definitive news, but you will probably be aware  
11   that, yes, people will be working part-time, maybe two  
12   days a week, in the building here, even though we are  
13   sharing the third floor with our Parks Division because  
14   they have been kicked out of the second floor.

15           So that's the situation right now, the best  
16   I can tell you. So thank you for asking that question. I  
17   should have brought that up earlier.

18           (Time noted 9:40 a.m.)

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25

1     STATE OF NEW MEXICO             )  
2   :   SS  
3     COUNTY OF TAOS                 )

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5   REPORTER'S CERTIFICATE

6                     I, MARY THERESE MACFARLANE, New Mexico Reporter  
7     CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 1,  
8     2021, the proceedings in the above-captioned matter were  
9     taken before me; that I did report in stenographic  
10    shorthand the proceedings set forth herein, and the  
11    foregoing pages are a true and correct transcription to  
12    the best of my ability and control.

13                    I FURTHER CERTIFY that I am neither employed by  
14    nor related to nor contracted with (unless excepted by the  
15    rules) any of the parties or attorneys in this case, and  
16    that I have no interest whatsoever in the final  
17    disposition of this case in any court.

18

                                      /s/ Mary Macfarlane

19

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