

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 15274
FOR COMPULSORY POOLING AND AN UNORTHODOX
WELL LOCATION, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 30, 2015

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze
Chief Examiner, and Gabriel Wade, Legal Examiner, on
Thursday, April 30, 2015, at the New Mexico Energy,
Minerals, and Natural Resources Department, Wendell
Chino Building, 1220 South St. Francis Drive, Porter
Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: ELLEN H. ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
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 APPLICANT:

JAMES G. BRUCE, ESQ.
P.O. Box 1056
Santa Fe, New Mexico 87504
(505)982-2043
jamesbruc@aol.com

I N D E X

CASE NUMBER 15274 CALLED
MEWBOURNE OIL COMPANY CASE-IN-CHIEF:

E X H I B I T I N D E X

PAGE

Exhibits Offered and Admitted

Mewbourne Oil Company Exhibit 1	5
Mewbourne Oil Company Exhibit 2	5
Mewbourne Oil Company Exhibit 3	5
Mewbourne Oil Company Exhibit 4	5

Reporter's Certificate

PAGE
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1 (Time noted 8:19 a.m.)

2 EXAMINER GOETZE: Next case, case 15274,
3 Application of Mewbourne Oil Company for compulsory
4 pooling and an unorthodox well location, Eddy County,
5 New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa
8 Fe, representing the applicant. I'm submitting this.
9 Mr. Examiner, I submitted four exhibits. The first one
10 is the verified statement of Clayton Pearson, landman
11 for Mewbourne Oil Company.

12 As you can see, there's a lot of documents.
13 What they seek is to force pool the west half,
14 equivalent, from section 3, 24 South, 28 East for a
15 Wolfcamp well. It is the Yardbirds' 3 W2DM Fee Well
16 No. 1.

17 Attachment A is the land plat showing the
18 well unit. Attachment B is the document showing the
19 voluminous working interest on this well.

20 And given their percentage interest, there
21 are a lot of title issues in this case, as shown in the
22 affidavit of Mr. Pearson.

23 Attachment C is the correspondence to the
24 parties. And attachment D is the AFE for the well,
25 which is about \$7.4 million. And then attachment E is

1 the list of the offset owners.

2 This is a standard unit. An unorthodox
3 location is requested, because the bottom hole location
4 of the well is unorthodox, but not the initial
5 penetration point.

6 And it contains the usual data requested by
7 the Division. Overhead charges of \$7,500 a month for a
8 drilling well and \$750 a month for a producing well are
9 requested.

10 Applicant requests that it be designated or
11 operator of the well and that a 200 percent risk charge
12 be assessed against non-consenting interest owners.

13 Exhibit 2 is the verified statement of Jason
14 Lodge, geologist for Mewbourne, which contains the
15 normal statements and the normal exhibits.

16 There is no faulting or other geologic
17 impediment which would adversely affect the drilling of
18 a horizontal well. He states, on the horizontal well
19 report, that the unorthodox location is requested
20 because the Wolfcamp Formation is tight and the
21 additional producing interval will make the well more
22 economic.

23 And there is data on other Wolfcamp wells in
24 the area and justification for the horizontal well.

25 And Exhibit 3 is an affidavit of notice to

1 the multitude of interest owners.

2 And Exhibit 4 is the affidavit of notice to
3 the offsets.

4 And I move the admission of Exhibits 1, 2,
5 3, and 4.

6 EXAMINER GOETZE: Exhibits 1 through 4 are
7 so entered.

8 (Mewbourne Oil Company Exhibits 1 through 4
9 offered and admitted into evidence.)

10 EXAMINER GOETZE: A few questions off the
11 top, your landman, Mr. Pearson, he has been here before
12 and been qualified as a landman before the Division?

13 MR. BRUCE: Yes. Thank you.

14 EXAMINER GOETZE: We did not have any
15 unlocateable interests?

16 MR. BRUCE: There are unlocateable
17 interests.

18 EXAMINER GOETZE: Did we --

19 MR. BRUCE: I published notice and I
20 haven't -- I had to publish notice late because I kept
21 getting more and more return mails. And I do not have
22 the affidavit of notice today.

23 EXAMINER GOETZE: Okay. So we are looking
24 at continuing this case --

25 MR. BRUCE: Just for two --

1 EXAMINER GOETZE: -- for the exhibits of
2 notification. Very good.

3 And case 15274 is continued. Before you
4 leave, when would you like to continue that to,
5 Mr. Bruce?

6 MR. BRUCE: Two weeks.

7 EXAMINER GOETZE: Two weeks.

8 And we will make it May 14th for the
9 continuance of this case.

10 (Time noted 8:23 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 15274
heard by me on April 30 2015
Phillip L. Schaefer Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO)
) ss.
 2 COUNTY OF BERNALILLO)
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 4
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6 REPORTER'S CERTIFICATE

7 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
 No. 100, DO HEREBY CERTIFY that on Thursday, April 30,
 8 2015, the proceedings in the above-captioned matter were
 taken before me, that I did report in stenographic
 9 shorthand the proceedings set forth herein, and the
 foregoing pages are a true and correct transcription to
 10 the best of my ability and control.

11
 12 I FURTHER CERTIFY that I am neither employed by
 nor related to nor contracted with (unless excepted by
 13 the rules) any of the parties or attorneys in this case,
 and that I have no interest whatsoever in the final
 14 disposition of this case in any court.

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19 ELLEN H. ALLANIC, CSR
 NM Certified Court Reporter No. 100
 20 License Expires: 12/31/15
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