

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:

CASE NO. 20796
CASE NO. 20797
CASE NO. 20798

Application of Mewbourne Oil Company
for compulsory pooling, Eddy County,
New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, OCTOBER 3, 2018

SANTA FE, NEW MEXICO

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetz,
Examiner, Dylan Rose-Coss, Examiner, and David Ames,
Legal Examiner, on Thursday, October 3, 2019, 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: Mary Therese Macfarlane
New Mexico CCR 122
PAUL BACA COURT REPORTERS
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 9 I N D E X

10 CASE NOS: 20796, 20797, 20798 CALLED

11	APPLICANT WITNESSES:	PAGE
12	ADRIANA SALGADO (Landman) (By affidavit)	5
13	CHARLES CROSBY (Geologist) (By affidavit)	6
14		
15	Taken under Advisement	8

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

17 MEWBOURNE OIL COMPANY CASE NOS. 20796, 20797, 20798

18	EXHIBIT	ADMITTED
19	1	8
20	1-1 through 1-4	8
21	2	8
22	2-1 through 2-5	8
23	C	8
24	D	8
25	E	8

1 (Time noted 3:13 p.m.)

2 EXAMINER GOETZ: I'm going to see -- I hate
3 going to Holland and & Hart all the time, so let's break
4 this up. Let's go to 20796, Mewbourne Oil Company.

5 MR. MOELLENBERG: Mr. Hearing Examiner, Daval
6 Moellenberg for Mewbourne, and we would ask that these
7 cases -- this case be heard together with 20797 and 20798.

8 EXAMINER GOETZ: Very good. We call case 20796
9 and 20798, and it's the application of Mewbourne Oil
10 Company for compulsory pooling, Eddy County, New Mexico.

11 Call for appearances.

12 MR. PADILLA: Mr. Examiner, Ernest L. Padilla
13 for EOG Resources, Inc.

14 EXAMINER GOETZ: And you have no problem with
15 this being presented --

16 MR. PADILLA: No, we don't. The only request is
17 the same as the prior cases where we would ask that the
18 30-day period for submittal of money after a Schedule of
19 Well Costs is presented, to extend that from 30 to 90
20 days.

21 MR. MOELLENBERG: Mr. Hearing Examiner, I know
22 there's couple of forms of order that address the issue
23 that Mr. Padilla is raising. If I recall, generally the
24 process is 30 days to elect and then there's a period of
25 time for payment after that.

1 But you're asking for 90 days after the
2 AFEs come in?

3 MR. PADILLA: Yes.

4 MR. MOELLENBERG: Not after the election period,
5 right?

6 I don't have a position yet for my client
7 on that, but we can advise you when I get one.

8 EXAMINER GOETZ: That will be good.

9 But, yes, it is presented by them as they
10 have made an appearance. Also, if you could get back to
11 us with it, that opens up -- if it does turn out that we
12 can't have a settlement on it, we may be back here. So
13 realize that we are doing this by affidavit and we will
14 see what happens. Okay?

15 MR. MOELLENBERG: Okay. Very good.

16 So thank you, Mr. Examiner. We are putting
17 on these three cases by affidavit without objection.

18 The affidavits for the cases all cover
19 proposed horizontal spacing units and wells to be located
20 in the south half of Sections 31 and 32, and this is in
21 Township 20 South, Range 29 East in Eddy County.

22 The first application 20796 is for a
23 640-acre Bone Spring unit dedicated to one well, the
24 Normandy 31/32 B3LI Fed Com 1H well.

25 Cases 20797 and 20798 deal with the same

1 acreage but in Wolfcamp, in the Wolfcamp Formation.

2 20797 asks for a 320-acre unit in the north
3 half of the south half of Sections 31 and 32 to be
4 dedicated to the Normandy 31/32 WOLI Fed Com 1H well, and
5 20798 covers the south half of the south half of Sections
6 31 and 32 to be dedicated to the Normandy 31/32 WOMP Fed
7 Com 1H well.

8 And the producing intervals are orthodox.

9 We have to present in this case three
10 affidavits. The first is the verified statement of
11 Adriana Salgado, Mewbourne's landman, and that's
12 identified as Exhibit 1. There are four attachments to
13 that exhibit. Attachment 1 is the tract map along with
14 the C-102 for the proposed well.

15 Attachment 2 goes over ownership within the
16 tract and identifies the parties to be pooled and their
17 percentage interest.

18 Attachment 3 is a Summary of Communications
19 along with some copies of correspondence with the parties
20 to be pooled.

21 And Attachment 4 is a copy of the AFE.

22 And those -- Exhibit 1 is essentially the
23 same, other than the C-102s, for the three cases. The
24 attachments, of course, have different AFEs with them.

25 The second affidavit is in Exhibit 2. It's

1 the Verified Statement of Charles Crosby. He is the
2 geologist for the case.

3 There are five attachments to that exhibit.

4 Attachment A, the structure map.

5 Attachment B, the Gross Sand Isopach of the
6 Wolfcamp Sands -- and I guess in the 20796 that should be
7 the Bone Spring.

8 Attachment C are cross sections of logs.

9 Attachment D is some information on other
10 wells.

11 And Attachment E is a Survey Calculation
12 Report.

13 I do need to note that Ms. Salgado has not
14 previously testified before the Division. There's a
15 summary of her experience and qualifications in her
16 affidavit, which I can read, if you like, but we would
17 need to qualify her as an expert since she's not
18 previously testified before the Division.

19 And I would ask for her to be so qualified.

20 EXAMINER AMES: I think you want to review it,
21 take it under advisement

22 EXAMINER GOETZ: We will take that -- if she
23 could send a resume.

24 EXAMINER AMES: The CV is in here?

25 MR. MOELLENBERG: There's no CV, just a summary

1 in the text of each of her affidavits.

2 EXAMINER AMES: In the first paragraph, I
3 assume.

4 EXAMINER GOETZ: Just go ahead and have her
5 admit a CV.

6 MR. MOELLENBERG: Okay. Fair enough. Will do
7 that.

8 There is a third exhibit, Exhibit 3, which
9 is the Affidavit of Notice that contains the copies of the
10 Notice Letters and the return receipts, and a copy of the
11 Publication of Notice in the Carlsbad newspaper.

12 Unless you need anything, I probably won't
13 summarize anything else.

14 EXAMINER AMES: Appreciate that. Thank you.

15 You said the Notice, the affidavit is in
16 Exhibit 3?

17 MR. MOELLENBERG: Yeah. That's not on the cover
18 sheet. It should be at the back.

19 EXAMINER AMES: But it is attached.

20 MR. MOELLENBERG: It is attached.

21 EXAMINER AMES: All right. I didn't see it at
22 first.

23 EXAMINER GOETZ: It's in the back.

24 MR. MOELLENBERG: Sorry. They are not tabbed.

25 EXAMINER GOETZ: So in the case of 20796 you

1 wish to enter Exhibits 1 through 3?

2 MR. MOELLENBERG: I wish to introduce Exhibits 1
3 through 3, along with their respective attachments, in
4 each of the three cases.

5 EXAMINER GOETZ: Okay. Very good. Then we will
6 accept Exhibits 1 through 3 in the case of 20796 and
7 supplement Ms. Salgado's qualifications with her resume.

8 MR. MOELLENBERG: Very good.

9 EXAMINER GOETZ: With that we will take Case No.
10 20795 under advisement.

11 EXAMINER AMES: And the other two, as well.

12 EXAMINER GOETZ: So in case 20797 Exhibit 1
13 through 3 are also entered, and Case 20797 is taken under
14 advisement.

15 And in Case 20798 Exhibits 1 through 3 are
16 also entered into the record, and Case 20798 is taken
17 under advisement.

18 Thank you.

19 MR. MOELLENBERG: Thank you very much.

20 (Time noted 3:22 p.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,
8 October 3, 2018, the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 transcription to 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.

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MARY THERESE MACFARLANE, CCR
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