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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 CASE NO. 15637 COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Consolidated with

APPLICATION OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO. CASE NO. 15638

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 30, 2017

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER WILLIAM V. JONES, TECHNICAL EXAMINER MICHAEL McMILLAN, TECHNICAL EXAMINER DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Phillip Goetze, Chief Examiner, William V. Jones and Michael McMillan, Technical Examiners, and David K. Brooks, Legal Examiner, on Thursday, March 30, 2017, 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 C. Hankins, CCR, RPR New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 1 APPEARANCES 2 FOR APPLICANT MEWBOURNE OIL COMPANY: 3 JAMES G. BRUCE, ESQ. Post Office Box 1056 Santa Fe, New Mexico 87504 4 (505) 982-2043 5 jamesbruc@aol.com б 7 INDEX 8 PAGE Case Numbers 15637 and 15638 Called 9 3 10 Exhibits Submitted 3 11 Proceedings Conclude 4 5 Certificate of Court Reporter 12 13 14 15 EXHIBITS OFFERED AND ADMITTED 16 Case Number 15637: 17 Mewbourne Oil Company Exhibit Numbers 15 and 16 4 18 19 Case Number 15638: 20 Mewbourne Oil Company Exhibit Numbers 17 and 18 4 21 22 23 24 25

Page 3 (8:32 a.m.) 1 2 EXAMINER GOETZE: Okay. Case Number 15637, application of Mewbourne Oil Company for compulsory 3 pooling, Eddy County, New Mexico. 4 5 Call for appearances. MR. BRUCE: Jim Bruce of Santa Fe 6 7 representing the Applicant. Again, it was continued 8 only for notice purposes. Exhibit 5 is an Affidavit of Notice to the 9 interest owners being pooled as to Case 15637, two 10 11 interest owners, John Bates and Facowie Energy. I did 12 not receive green cards back. Even as to Facowie Energy, the postal service online service shows it was 13 delivered. So notice was published against those two 14 entities. So those two are Exhibits 15 and 16. 15 16 17 and 18 are the same thing as to Case 17 15638. In this case, John Bates did return a green 18 card, but the other two parties did not even though the 19 postal service shows that one of them did receive 20 notice. So Affidavit of -- Exhibit 18 is an Affidavit 21 of Publication showing publication against J.M. Turney, 22 Steve Turney, and Facowie Energy. So notice should be 23 complete. 24 I'd ask that Cases 15637 and 15638 be taken 25 under advisement.

Page 4 EXAMINER GOETZE: So I'm a little confused 1 here. On Case Number 15637, Exhibit 15 has both 37 and 2 3 38. 4 MR. BRUCE: Yeah, operator error. 5 EXAMINER GOETZE: Oh, okay. Thank you. Very good. In Case Number 15637, Exhibits 6 7 15 and 16 are so entered. 8 And in Case Number 15638, Exhibits 17 and 9 18 are so entered. 10 (Mewbourne Oil Company, Case Number 15637, 11 Exhibit Numbers 15 and 16, and Case Number 15638, Exhibit Numbers 17 and 18 are 12 13 offered and admitted into evidence.) 14 EXAMINER GOETZE: Cases 15637 and 15638 are taken under advisement. 15 16 And that's it for you, Mr. Bruce, in 17 notification? 18 MR. BRUCE: Yup. 19 EXAMINER GOETZE: Thank you very much. 20 (Case Numbers 15637 and 15638 conclude, 8:34 a.m.) 21 22 23 24 25

Page 5 1 STATE OF NEW MEXICO COUNTY OF BERNALILLO 2 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court б Reporter, New Mexico Certified Court Reporter No. 20, 7 and Registered Professional Reporter, do hereby certify 8 that I reported the foregoing proceedings in 9 stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that 10 11 were reduced to printed form by me to the best of my 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 21 MARY C. HANKINS, CCR, RPR 22 Certified Court Reporter New Mexico CCR No. 20 23 Date of CCR Expiration: 12/31/2017 Paul Baca Professional Court Reporters 24 25