

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 COMPANY CASE NO. 15602
TO RE-OPEN CASE NO. 15602 FOR A
NONSTANDARD OIL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 5, 2018

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, April 5th, 2018, 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
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 (505) 843-9241

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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.
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1 (4:47 p.m.)

2 EXAMINER JONES: Let's go back on the
3 record and call Case Number 15602, re-opened,
4 application of Mewbourne Oil Company to re-open Case
5 Number 15602 for a nonstandard oil spacing and proration
6 unit and compulsory pooling, Lea County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce
9 representing the Applicant, and one witness.

10 EXAMINER JONES: Will the witness please
11 stand and the court reporter swear the witness?

12 MITCH ROBB,
13 after having been first duly sworn under oath, was
14 questioned and testified as follows:

15 DIRECT EXAMINATION

16 BY MR. BRUCE:

17 Q. Would you please state your name?

18 A. Mitch Robb.

19 Q. Who do you work for and in what capacity?

20 A. Mewbourne Oil Company as a landman.

21 Q. Have you previously testified before the
22 Division?

23 A. Yes, I have.

24 Q. And were your credentials as an expert
25 petroleum landman accepted as a matter of record?

1 A. Yes, they were.

2 Q. And are you familiar with the land matters
3 involved in this application?

4 A. Yes, I am.

5 MR. BRUCE: Mr. Examiner, I'd tender
6 Mr. Robb as an expert petroleum engineer -- I mean
7 petroleum landman.

8 EXAMINER JONES: He is so qualified.

9 Q. (BY MR. BRUCE) Mr. Robb, could you identify
10 Exhibit 1 and describe what Mewbourne seeks in this
11 case?

12 A. Yes. Exhibit 1 is a Midland Map of the east
13 half -- highlighted as the east half of the west half of
14 Section 15 of Township 23 South, Range 34 East, Lea
15 County, New Mexico. It also shows the wellbore of the
16 Pronghorn 15 B3CN Fed Com #1H. It's in the Antelope
17 Ridge; Bone Spring --- Antelope Ridge, West; Bone Spring
18 Pool.

19 Q. And there was a prior order in this case,
20 correct?

21 A. Yes.

22 Q. And that established the nonstandard unit?

23 A. Yes.

24 Q. And it also force pooled a number of people, I
25 believe?

1 A. Yes, that's true.

2 **Q. Are you back to force pooling some people who**
3 **were omitted by -- just mistakenly omitted from the**
4 **pooling list?**

5 A. Yes. That's what we're doing.

6 **Q. Could you identify Exhibit 2?**

7 A. Exhibit 2 is our revised tract ownership for
8 the Pronghorn well. And the companies with the
9 asterisks next to them are the parties we seek to pool,
10 being Landis Drilling Company, Black & Gold Resources,
11 LLC, Charles C. Albright III, Trustee, and the
12 Rutherford Family 1970 Trust.

13 **Q. What is Exhibit 3?**

14 A. Exhibit 3 is our summary of communications with
15 all of the parties we seek to pool.

16 **Q. I notice on this list that with respect to**
17 **Landis Drilling and Mr. Albright, as trustee, you**
18 **weren't able to get in touch with them, correct?**

19 A. That's correct.

20 **Q. What did you -- what did Mewbourne do to try to**
21 **locate these two entities?**

22 A. We searched our internal records. We searched
23 LexisNexis, the most recent addresses in the courthouse,
24 in the county records, and just the white pages and
25 general Internet searches.

1 Q. And then with respect to Black & Gold
2 Resources, LLC and the Rutherford Family Trust, you were
3 able to get in contact with them?

4 A. That's correct.

5 Q. And does Exhibit 3 contain a summary of your
6 contacts, plus the various letters sent to them?

7 A. Yes.

8 Q. Have they indicated an interest in joining in
9 the well or --

10 A. Black & Gold has. We've been discussing the
11 JOA with them, but we just haven't received a signed --

12 Q. In your opinion, has Mewbourne made a
13 good-faith effort to obtain the voluntary joinder of the
14 interest owners in the well?

15 A. Yes, we have.

16 Q. What is Exhibit 4?

17 A. Exhibit 4 is the AFE for Pronghorn 15 B3CN Fed
18 Com #1H -- all the parties.

19 Q. And what is its cost?

20 A. Dry-hole cost is \$3,009,600. Total well cost
21 is \$6,496,000.

22 Q. And are these costs in line with the cost of
23 other wells of this type in this area of New Mexico?

24 A. Yes.

25 Q. Do you request that Mewbourne be appointed

1 operator of the well?

2 A. Yes, we do.

3 Q. And what do you request as the overhead and
4 supervision rates?

5 A. 7,500 a month for drilling and 750 for
6 producing.

7 Q. And are these amounts equivalent to those
8 normally charged by Mewbourne and other operators in
9 this area for wells of this type?

10 A. Yes.

11 Q. Do you request that the rates be periodically
12 adjusted as provided by the COPAS accounting procedure?

13 A. Yes, we do.

14 Q. And do you request the maximum cost plus risk
15 charge for any interest owner who goes nonconsent in the
16 well?

17 A. Yes, we do.

18 MR. BRUCE: Mr. Examiner, I did send out
19 notice, and I did get a couple of green cards back.
20 Obviously, there were a couple of unlocatable owners.
21 Just like Mr. Feldewert earlier, I submitted an
22 affidavit -- or a Notice of Publication timely to the
23 newspaper, but they didn't get it out until too late.
24 So I would request that this matter be continued to the
25 May 3rd hearing to complete the notice requirements.

1 EXAMINER JONES: Okay.

2 Q. (BY MR. BRUCE) Were Exhibits 1 through 4
3 prepared by you or under your supervision or compiled
4 from company business records?

5 A. Yes, they were.

6 Q. In your opinion, is the granting of this
7 application in the interest of conservation and the
8 prevention of waste?

9 A. Yes, it is.

10 MR. BRUCE: Mr. Examiner, I move the
11 admission of Exhibits 1 through 4.

12 EXAMINER JONES: Exhibits 1 through 4 are
13 admitted.

14 (Mewbourne Oil Company Exhibit Numbers 1
15 through 4 are offered and admitted into
16 evidence.)

17 MR. BRUCE: I have no further questions of
18 the witness.

19 CROSS-EXAMINATION

20 BY EXAMINER BROOKS:

21 Q. You probably already answered these questions,
22 but I'll ask them again just because -- just because of
23 old age. Mine, not yours, obviously.

24 Who are you pooling -- who are you trying
25 to pool in this second proceeding?

1 A. So on Exhibit 2, the companies have an asterisk
2 next to their name on the left side.

3 **Q. Landis Drilling --**

4 A. Yeah, Landis.

5 **Q. -- Black & Gold Resources, LLC, Charles C.**

6 **Albright III, Trustee, and Lillian and Kenneth**

7 **Rutherford, Trustees of the Rutherford Family Trust,**
8 **right?**

9 A. That's correct.

10 **Q. Okay. Did you locate all those people or were**
11 **some -- you talked about publication. Are there some of**
12 **them that only get notice by publication?**

13 A. Yeah. We couldn't locate Landis Drilling or
14 Charles C. Albright III, Trustee.

15 **Q. Okay. So they were included in the publication**
16 **that didn't happen -- didn't happen in time?**

17 MR. BRUCE: They were included. Yeah.

18 EXAMINER BROOKS: And they will be
19 included.

20 MR. BRUCE: I will submit that at the next
21 hearing.

22 EXAMINER BROOKS: I think that's all.

23 CROSS-EXAMINATION

24 BY EXAMINER JONES:

25 **Q. Are these parties working interest owners, all**

1 of them?

2 A. Yes. They're all federal leases.

3 CONTINUED CROSS-EXAMINATION

4 BY EXAMINER BROOKS:

5 Q. I'm sorry. I forgot to ask about diligence to
6 locate. You probably already testified to that. Tell
7 us again.

8 A. Yeah. So we used the internal company records,
9 just searched our -- like, Mewbourne records. I used
10 LexisNexis to try to locate them, county records, just
11 general Googled their names, white pages, just anything
12 we could to find them.

13 Q. Okay.

14 CONTINUED CROSS-EXAMINATION

15 BY EXAMINER JONES:

16 Q. And these locations -- well locations --
17 nothing else has changed, because it's a federal well?
18 I just wondered if it changed from your last compulsory
19 pooling order, or -- I should just look it up in the OCD
20 records. Actually, there's nothing changed from before?

21 A. Correct.

22 Q. Thank you very much.

23 A. Yup.

24 EXAMINER JONES: Okay. We'll continue this
25 case, 15602, until May the 3rd.

(Case Number 15602 concludes, 4:57 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 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
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 22nd day of April 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

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