

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 NO. 16391  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 6, 2018

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Michael McMillan,  
Chief Examiner, on Thursday, September 6, 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  
Albuquerque, New Mexico 87102  
(505) 843-9241

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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
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Mewbourne Oil Company Exhibit Numbers 1 through 3	6
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1 (11:33 a.m.)

2 EXAMINER McMILLAN: Call Case Number 16391,  
3 application of Mewbourne Oil Company for compulsory  
4 pooling, Lea County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of  
7 Santa Fe representing the Applicant. Again, I'm  
8 submitting the case by affidavit since it is  
9 uncontested.

10 EXAMINER McMILLAN: Any other appearances?  
11 Please proceed.

12 MR. BRUCE: Mr. Examiner, I've handed you  
13 Exhibits 1 through 3. Exhibit 1 is the verified  
14 statement of Cy Shook, the landman for Mewbourne in this  
15 case. Turn back a few pages to the land plat.  
16 Mewbourne seeks to force pool the west half-east half of  
17 Section 4 and the west half-northeast quarter of Section  
18 9 for purposes of a 240-horizontal spacing unit for a  
19 2nd Bone Spring well, which is the Sand Chute 9/4 B2GB  
20 Fed Com well, with a surface location in Section 9 and  
21 the first take point in Unit G of Section 9 and a final  
22 take point in Unit B of Section 4.

23 They did not send me a C-102. I will ask  
24 for one.

25 EXAMINER McMILLAN: That's not very good.

1 (Laughter.)

2 MR. BRUCE: I actually asked for it  
3 yesterday, and I didn't get it.

4 EXAMINER McMILLAN: Okay. It's kind of  
5 hard to write the order.

6 MR. BRUCE: I will get it for you.

7 Attachment B is just the listing of  
8 interest owners and their interests.

9 Attachment C is contacts with the interest  
10 owner, including the proposal letter.

11 And Attachment D is the AFE for the well.  
12 It's approximately \$9.4 million.

13 Mewbourne requests, again, 8,000, 800 a  
14 month for drilling and producing wells to be adjusted  
15 under the COPAS accounting procedure and a maximum risk  
16 charge at 200 percent. They have the right to pool the  
17 overriding royalty owners in the well unit.

18 Exhibit 2 is my Affidavit of Notice. The  
19 parties being pooled did receive actual notice.

20 And Exhibit 3 is the affidavit of the  
21 geologist going through the usual: Structure map,  
22 isopach, cross section. The horizontal target is the  
23 Lower 2nd Bone Spring Sand, even though they also  
24 highlighted on here the Upper 2nd Bone Spring Sand. The  
25 test zone is unified across the well unit, and each

1 quarter-quarter section in the well unit will contribute  
2 more or less equally to production.

3 Exhibit D, as in dog, or Attachment D,  
4 contains production from offsetting wells. There has  
5 been one east-west well in this area. All the rest are  
6 north-south. And I think if you look at the production  
7 data, including the most recent wells, it appears that  
8 north-south is the better way to drill.

9 EXAMINER McMILLAN: You need an updated  
10 Attachment E, right?

11 MR. BRUCE: Yes. Attachment E does show  
12 the horizontal drilling plan --

13 EXAMINER McMILLAN: But the question I'm  
14 getting out of this -- when I look at E, it says 330  
15 from the north and 1,980 from the east.

16 MR. BRUCE: I know. I think 1,980 from the  
17 east is correct. This was done May 3rd, 2018. I will  
18 update.

19 EXAMINER McMILLAN: Yeah. We probably need  
20 to update for all the cases. Check that information and  
21 send it to me.

22 MR. BRUCE: Okay.

23 EXAMINER McMILLAN: Okay. Are there --

24 Mr. BRUCE: So anyway, both witnesses -- or  
25 both affiants testified that this is in the interest of

1 conservation and the prevention of waste. And this is a  
2 proposed well.

3 EXAMINER McMILLAN: No API, correct?

4 MR. BRUCE: I don't have an API. I will  
5 double-check.

6 EXAMINER McMILLAN: Any depth severances?

7 MR. BRUCE: No depth severances.

8 And that's it. I'd simply request Exhibits  
9 1 through 3 be admitted into the record.

10 (Mewbourne Oil Company Exhibit Numbers 1  
11 through 3 are offered into evidence.)

12 EXAMINER McMILLAN: Don't come here without  
13 a C-102.

14 MR. BRUCE: I'm sorry, Mr. Examiner. I  
15 only noticed that about -- about --

16 EXAMINER McMILLAN: If you do it again, I'm  
17 going to continue the case.

18 MR. BRUCE: Okay. I understand.

19 MR. FELDEWERT: You better wear a tie, too.  
20 (Laughter.)

21 EXAMINER McMILLAN: The other question I  
22 have was I thought ConocoPhillips had an entry of  
23 appearance.

24 MR. BRUCE: I don't recall one. I don't  
25 recall seeing one.

1 EXAMINER McMILLAN: Okay. That's fine.

2 Okay. Well, then -- as I was going through  
3 my notes, I saw one of my mistakes. Not the end of the  
4 world.

5 Okay. Case Number 16391 shall be taken  
6 under advisement.

7 MR. BRUCE: Subject to filings.

8 EXAMINER McMILLAN: Yeah, subject to the  
9 correct information that I'm expecting.

10 (Case Number 16391 concludes, 11:40 a.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 28th day of September 2018.

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