

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:

CASE NO: 20299

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, MARCH 7, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, Examiners Leonard Lowe and William Jones, and Legal Examiner David Brooks, on Thursday, March 7, 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: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant: James Bruce
P.O. BOX 1056
Santa Fe, NM 87504

I N D E X

CASE NO. 20299 CALLED	
TYLER JOLLY (By Affidavit)	03
JORDAN CARRELL (By Affidavit)	05
TAKEN UNDER ADVISEMENT:	07

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

Admitted

Exhibit 1, Attachments A-D (Identified)	03
Exhibit 2, Attachment A (Identified)	04
Exhibit 3 (Identified)	05
Exhibit 4, Attachments A-G (Admitted)	06

1 HEARING EXAMINER: We will now hear Case Number
2 20299, Mewborne Oil Company for compulsory pooling, Lea
3 County.

4 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
5 representing the applicant, and again I'm submitting this
6 case by affidavit.

7 First handing you the land exhibits. First one
8 is the affidavit of Tyler Jolly. He's one of Mewborne's
9 landmen. In this case we are seeking to force pool the E/2
10 W/2 of Section 22, 33 South, 34 East, for it's Gazelle 22
11 B3NC, Well Number 1H, which is a Third Bone Spring test, and
12 Gazelle 22 B2NC, Well Number 2H, which is a Second Bone
13 Spring test.

14 The wells are in the Antelope Ridge, the West
15 Antelope Ridge Bone Spring, Pool Code 2209. There is a land
16 plat attached showing you the general location of the well,
17 the AFEs for the wells. These wells are permitted and the
18 numbers are on the C-102s.

19 The parties being pooled are Tom Ragsdale, Siana
20 Oil & Gas -- they had the same address. I think
21 Mr. Ragsdale is the principal of Siana Oil & Gas. And then
22 Landis Drilling Company, which I force pooled probably ten
23 times in the last couple of years, and they are unlocatable.
24 They disappeared, I think, a couple of decades ago.

25 MR. BROOKS: I'm sure Tom Ragsdale and Siana

1 disappeared more recently.

2 MR. JONES: He still has the interest. Siana
3 disappeared; right?

4 MR. BROOKS: Mr. Ragsdale may not have
5 disappeared.

6 MR. JONES: I didn't mean he disappeared
7 personally.

8 MR. BROOKS: He disappeared, but he has not
9 appeared.

10 MR. BRUCE: Attachment C is summary of the
11 contacts with Mr. Ragsdale and Siana with the proposal
12 letter. And then attached is the AFE for the well -- for
13 the wells, which are roughly \$6.5 million wells.

14 The landman describes the records they have
15 searched trying to locate the unlocatable party. They
16 believe they've made a good-faith effort to either reach
17 agreement with the locatable interest owners or to locate
18 the interest owners. The AFEs are fair and reasonable and
19 again they request \$8000 a month for a drilling and \$800 a
20 month for a producing well.

21 Exhibit 2 is my affidavit of notice.
22 Mr. Ragsdale and Siana did receive actual notice, and again,
23 I have received no green card back from Landis. I would
24 expect eventually to receive the envelope back, but I have
25 not gotten that back.

1 And I did publish notice as against Landis and
2 that is shown on Exhibit 3. Again, the Hobbs Newspaper
3 didn't give me the affidavit of publication.

4 Exhibit 4, which is the affidavit of Jordan
5 Carrell, Mewbourne's geologist, and the affidavit contains
6 the usual -- there's a structure map on -- somewhere in
7 there, which also shows the various wells in this area, all
8 of the -- all of the Bone Spring wells out here, and there
9 are quite a few are stand-ups, except for one lay-down
10 immediately to the west in Section 21.

11 The geologist testifies that the well unit is
12 justified from a geologic standpoint. There are gross
13 isopach maps for the Second and Third Bone Spring, and you
14 can see that the thickness of those two zones is fairly --
15 that they are continuous across the well again and have
16 fairly uniform thicknesses.

17 Attachment D is a cross-section -- well, that's
18 a readable cross-section.

19 MR. JONES: Yeah.

20 MR. BRUCE: Bigger than a post card. Showing
21 where the, where the Second Bone Spring and Third Bone
22 Spring targets are located. The Second Bone Spring is near
23 the top of the Second Bone Spring Sand, and the Third Bone
24 Spring is at the bottom of the Third Bone Spring sand.

25 And there is a map showing production data from

1 this area, and there is some pretty good wells out there.
2 And this shows both Second and Third Bone Spring wells.
3 Looks like the early ones date back about six, six plus
4 years at this point, so there is good well control in this
5 area.

6 And then Exhibit F and G are simply the
7 horizontal drilling plans for these wells, and they will
8 comply with the setback requirements. The geologist states
9 that each quarter-quarter section will contribute
10 more-or-less equally to production, and there is no faulting
11 or any other problem which would impair the drilling of a
12 horizontal well in this area.

13 With that, I would move the admission of Exhibit
14 Number 4.

15 HEARING EXAMINER: Exhibit 4 is accepted.

16 MR. BRUCE: And ask that the matter be taken
17 under advisement.

18 HEARING EXAMINER: Any questions?

19 MR. JONES: Jim, did your client's server start
20 sending you PDFs for these?

21 MR. BRUCE: I got them together last week, and
22 then the applications and hearings intervened, but I will be
23 e-mailing those.

24 MR. JONES: I'm sure they will be asking when I
25 go back upstairs.

1 MR. BRUCE: I promised her that. I don't want
2 another tongue lashing.

3 MR. JONES: I didn't either, that's why I'm
4 asking.

5 MR. BRUCE: I told her I deserved it. I've got a
6 bunch of them that I input and haven't had a chance to send
7 them.

8 HEARING EXAMINER: Okay. Okay. Case 20299 will
9 be taken under advisement.

10 MR. BRUCE: With that, I'm done. See you guys
11 later.

12 (Adjourned.)

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STATE OF NEW MEXICO)
)SS
COUNTY OF SANTA FE)

I, IRENE DELGADO, certify that I reported the
proceedings in the above-transcribed pages, that pages
numbered 1 through 7 are a true and correct transcript of my
stenographic notes and were reduced to typewritten
transcript through Computer-Aided Transcription, and that on
the date I reported these proceedings I was a New Mexico
Certified Court Reporter.

Dated at Santa Fe, New Mexico, this 7th day of
March 2019.

Irene Delgado, NMCCR 253
Expires: 12-31-19