

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. 20330
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 16, 2019

Santa Fe, New Mexico

BEFORE: LEONARD LOWE, CHIEF EXAMINER
 MICHAEL McMILLAN, TECHNICAL EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Leonard Lowe, Chief Examiner; Michael McMillan, Technical Examiner; and David K. Brooks, Legal Examiner, on Thursday, May 16, 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 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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

FOR INTERESTED PARTY EOG RESOURCES, INC.:

MICHAEL H. FELDEWERT, ESQ.
HOLLAND & HART, LLP
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
mfeldewert@hollandhart.com

INDEX

PAGE

Case Number 20330 Called	3
Case Presented by Affidavit	3
Proceedings Conclude	7
Certificate of Court Reporter	8

EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 4	6
---	---

1 (10:35 a.m.)

2 EXAMINER LOWE: We will call Case Number
3 20330, Mewbourne Oil Company for compulsory pooling,
4 Eddy County.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the Applicant. I have no
8 witnesses. I'll be presenting the case by affidavit.

9 MR. FELDEWERT: Mr. Examiner, Michael
10 Feldewert, with the Santa Fe office of Holland & Hart,
11 appearing on behalf of EOG Resources, Inc. We do not
12 object to this case moving forward by way of affidavit.

13 MR. BRUCE: Mr. Examiner, I've handed you
14 several exhibits. The first one is the affidavit of
15 Tyler Jolly, a landman for Mewbourne in this case. They
16 are seeking to force pool the north half-southeast
17 quarter of Section 29 and the north half-south half of
18 Section 28 of 18-29 to drill a 2nd Bone Spring well, the
19 Pavo Frio 29/28 B2JI Federal Com Well #1H. There
20 attachments to the affidavit.

21 Attachment A is simply a Midland Map
22 Company plat showing the well unit and the well pathway.
23 Part of Attachment A is the C-102 for the wells. An APD
24 has not been issued yet, so the API number is still
25 pending.

1 Attachment B shows the interest ownership
2 the parties being pooled. The parties being pooled are
3 EOG Resources Assets, LLC -- and Mewbourne has been in
4 discussions with them. They expect them to eventually
5 be dismissed from the case because they probably will
6 reach terms, but they haven't as of yet -- and then
7 Patricia Ann Conley and Donna Bliven. The total
8 interest being pooled is about .7 percent.

9 Attachment C contains a summary of
10 communications between Mewbourne and the parties being
11 pooled, as well as proposal letters.

12 And then Attachment D is the estimated well
13 costs, which in this case is a little over \$7 million.
14 The well costs are stated to be fair and reasonable.
15 Mewbourne is seeking 8,000 and 800 -- 8,000 a month for
16 a drilling well and 800 a month for a producing well,
17 and those are typical rates that Mewbourne uses for
18 these wells in these cases. Mewbourne has the right to
19 pool any overriding royalty owners in the well unit.

20 The affidavit does contain some stuff about
21 what they did to locate the people. Originally,
22 Mewbourne had trouble contacting Donna Bliven, but as
23 you'll see by Exhibit 2, my Affidavit of Notice, all the
24 parties being pooled did receive actual notice, even
25 Ms. Bliven. There were originally more parties being

1 pooled, but Mewbourne has worked out deals with five of
2 the parties who were initially pooled.

3 Exhibit 3 is an Affidavit of Publication.
4 Notice was published in the Carlsbad newspaper just in
5 case there were green cards not returned, which turned
6 out to be unnecessary.

7 And Exhibit 4 is the affidavit of Charles
8 Crosby, the geologist. It contains the usual maps, the
9 structure map, which also shows other Bone Spring
10 development in this area. Most of the Bone Spring wells
11 in this particular area are drilled in lay-down units.

12 Attachment B is an isopach showing the
13 various thicknesses. The thickness is pretty uniform
14 across the well unit.

15 Attachment C is a cross section. It is
16 pretty small. It's kind of hard to read, but it does
17 indicate down at the bottom the target zone. If you
18 would like me to email you a copy of this cross section
19 that you can manipulate and look at bigger, I'll do so.

20 EXAMINER LOWE: Yeah.

21 MR. BRUCE: And then Attachment D is a
22 listing of wells and production from 2nd Bone Spring --
23 Lower 2nd Bone Spring wells in the area. And you can
24 see that virtually -- there are two older wells that are
25 stand-ups. The rest are all lay-downs and have some

1 pretty decent production even for the newer wells.

2 And Exhibit E is the Well Planning Report
3 showing the wellbore path, and the well location is
4 orthodox.

5 And with that, I move the admission of
6 Exhibits 1 through 4 and ask that the case be taken
7 under advisement.

8 EXAMINER LOWE: Any objection?

9 MR. FELDEWERT: No objection.

10 EXAMINER LOWE: Exhibits 1 through 4 will
11 be accepted in this case.

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

15 EXAMINER LOWE: Mr. Brooks, do you have any
16 questions?

17 EXAMINER BROOKS: No. I just looked at
18 this C-102. And I overlooked this bottom-hole location
19 is sneaking in there along the east line, and I thought,
20 well, don't mean to tell me we're having a vertical
21 well, but I found I was wrong.

22 Thank you.

23 (Cell phone ringing.)

24 EXAMINER LOWE: I don't have any questions.

25 Thank you.

1 EXAMINER McMILLAN: Is the pool statewide?

2 MR. BRUCE: Yes. Yes. Yeah. The east
3 Palmilla is on statewide rules.

4 EXAMINER McMILLAN: Hey, and, you know,
5 apparently Mewbourne actually listened (indicating).

6 MR. BRUCE: That's the first thing I looked
7 for when I got that.

8 EXAMINER McMILLAN: So you'll have to tell
9 them. They didn't use monotone.

10 (Laughter.)

11 MR. BRUCE: I was worried about that when I
12 was clicking on it, whether it was going to pull up a
13 multicolored exhibit.

14 (Laughter.)

15 EXAMINER McMILLAN: I'm fine.

16 EXAMINER LOWE: Okay.

17 MR. BRUCE: Thank you, Mr. Examiner.

18 EXAMINER LOWE: Case Number 20330 will be
19 taken under advisement.

20 It appears that concludes our hearing for
21 today, unless there was anything else I forgot.

22 (Case Number 20330 concludes, 10:41 a.m.)

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

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 30th day of May 2019.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

25