

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of MEWBOURNE OIL	Case No. 22191
COMPANY for Compulsory Pooling,	Case No. 22192
Eddy County, New Mexico	Case No. 22193

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 7, 2021

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, Dylan Rose-Coss, Technical Examiner, on Thursday, October 7, 2021, via Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
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Albuquerque, New Mexico 87102
(505) 843-9241

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A P P E A R A N C E S

FOR MEWBOURNE OIL COMPANY, LLC:

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C O N T E N T S.

MEWBOURNE OIL COMPANY, APPLICANT: PAGE

CASES CALLED:

TAKEN UNDER ADVISEMENT - LEFT OPEN:

1 I N D E X O F E X H I B I T S

2 CASE 22191

3 1 Application and Proposed Notice

4 2 Landman's Affidavit

5 3-A Geologist's Affidavit (1st Bone Spring)

6 3-B Geologist's Affidavit (2nd Bone Spring)

7 4 Notice Affidavit

8 5 Pooling Checklist.

9 CASE 22192

10 1 Application and Proposed Notice.

11 2 Landman's Affidavit

12 3 Geologist's Affidavit .

13 4 Notice Affidavit

14 5 Pooling Checklist

15 CASE 22193

16 1 Application and Proposed Notice.

17 2 Landman's Affidavit

18 3 Geologist's Affidavit .

19 4 Notice Affidavit

20 5 Pooling Checklist

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1 (Time noted 10:25 a.m.)

2 EXAMINER BRANCARD: All right. With that I will
3 call Items Nos. 41 through 43 on today's agenda, and that
4 would be Cases 22191, 22192, 22193, Mewbourne Oil Company.

5 MR. BRUCE: Mr. Examiner, Jim Bruce representing
6 Mewbourne Oil Company.

7 EXAMINER BRANCARD: Any other interested person
8 for Cases 22191, -192, -193? (Note: Pause.)

9 Hearing none, you may proceed, Mr. Bruce.

10 MR. BRUCE: Mr. Examiner, these three cases, the
11 first one involves the first pooling of the north
12 half/south half of Sections 11 and 12, 24 South, 28 East.

13 The second one involves the pooling -- as
14 to the Bone Spring Formation the second one involves the
15 pooling of the Bone Spring Formation, south half/south
16 half of Sections 11 and 12.

17 And finally, the third case involves the
18 pooling of the Wolfcamp Formation underlying the entire
19 south half of Sections 11 and 12.

20 I have submitted affidavits for each case
21 separately but they are very similar.

22 There are two parties being pooled. The
23 interest ownerships throughout the south half of these
24 sections is uniform: Mewbourne Oil Company, MRC Permian,
25 and OXY USA own interests. MRC Permian has 6.25 percent

1 in each well and OXY USA, Inc. has 5.912 percent interest
2 in each well. Those are the only two parties being
3 pooled. I'll go through the first affidavit and then the
4 second and third I'll be very brief

5 In the first one the Application and
6 Proposed Notice are marked Exhibit 1.

7 Exhibit 2 is the land affidavit by Carson
8 Cullen, who has been previously qualified before the
9 Divison. It contains the usual exhibits. One thing I
10 would note -- I will note a couple of things at the end of
11 the presentation where I need to simply supplement the
12 record.

13 But it contains the usual information:
14 AFEs, the overhead rates which are \$8,000/\$800 a month.

15 And again, virtually all of these land
16 affidavits are identical, other than the identity of the
17 wells involved in each case.

18 In this case we have two geologist
19 affidavits simply because in this case there is a First
20 Bone Spring well being drilled, as well as a Second Bone
21 Spring well being drilled. So Exhibit 3-A pertains to the
22 Journey 11-12 B1LI Fed Com Well No. 1H, and it contains
23 the usual Structure Map, Isopach Map, Cross Section, plus
24 production from other First Bone -- First and Second Bone
25 Spring wells in the area. And it discusses the necessity

1 for horizontal drilling, and it also states that in this
2 instance the orientation, the preferred orientation is
3 for a laydown unit in this area.

4 Exhibit 3 is a similar affidavit for the
5 Second Bone Spring Formation for the Journey 11-12 B2LI
6 Fed Com Well No. 1H. It contains similar information but
7 simply focused on the Second Bone Spring Formation.

8 And again, as the affidavit states that
9 this area is suitable for horizontal development and that
10 laydowns are the preferred orientation, and that each
11 quarter/quarter section in the well unit will contribute
12 to production.

13 Exhibit 4 is my Notice Affidavit. Both
14 parties, MRC Permian and OXY received actual Certified
15 Notice so there was no need to publish Notice.

16 And then Exhibit 5 is the Pooling Checklist
17 for this particular Case 22191.

18 I would notice two things which I noticed
19 yesterday, and I received additional information from my
20 client. I did not have a C-102 for the B2LI well until
21 late yesterday, and similarly this matter was filed
22 without the usual Sample Proposal Letter. I now have
23 those copies and I ask permission to submit a supplemental
24 Notice of Filing those exhibits, which I will do early
25 this afternoon, if permitted to do so.

1 In the second case, again the Application
2 Proposed Notice is Exhibit 1.

3 Exhibit 2 is the landman's affidavit which
4 is virtually identical to the prior case.

5 Exhibit 3 is the geologist's affidavit
6 which focuses on the -- which is for the First Bone Spring
7 zone in the south half/south half, and it is the identical
8 affidavit to Exhibit 3-A in the prior hearing.

9 Again the Notice Affidavit. There was only
10 one Notice Letter sent out for all three cases, and both
11 parties received proper Notice.

12 And again Exhibit 5 is the Pooling
13 Checklist.

14 And, finally, Case 22193, very similar:
15 Application, Proposed Notice. Exhibit 1, the landman's
16 affidavit. His Exhibit 2, it's identical except for the
17 formation involved. All the other information, overhead
18 rates, et cetera, is similar. And it contains all the
19 same basic information.

20 And the geologist's affidavit of course
21 Exhibit 3. This time focuses on the Wolfcamp Formation, a
22 structure map. Shows other areas within a nine -- other
23 wells within a nine-section area; a Cross Section;
24 information, production information on other Wolfcamp,
25 basically Upper Wolfcamp wells within this area. Makes

1 for interesting viewing.

2 Exhibit 4 again is my Notice Affidavit, and
3 Exhibit 5 is the Pooling Checklist.

4 In both the latter two cases -192 and -193,
5 again the Notice -- excuse me, the Proposal Letter was
6 not in there, and I did receive those late yesterday and I
7 would ask permission to refile, I believe it's Exhibit 2-C
8 in each of those Applications identifying -- submitting
9 the Proposal Letter, and I will describe why that is being
10 submitted.

11 But with that I would move the admission of
12 Exhibits 1 through 5 in each case for admission.

13 EXAMINER BRANCARD: Thank you. Mr. Rose-Coss,
14 questions?

15 EXAMINER ROSE-COSS: No questions. We will just
16 be on the lookout for those exhibits. Thank you.

17 EXAMINER BRANCARD: Mr. Bruce, I noticed that
18 the C-102s don't have acreage numbers on them either.

19 MR. BRUCE: Okay. I will verify that. I believe
20 this is standard acreage, 320 acres for the Bone Spring
21 wells, 640 acres.

22 EXAMINER BRANCARD: Right. I didn't see any
23 description anywhere else about that, so...

24 MR. BRUCE: Yeah, this is not an area -- well,
25 it's not one of those areas where the edge of the section

1 peters out and you got lots on the north and west side.

2 EXAMINER BRANCARD: Thank you.

3 Are there any other comments on Cases
4 22191, 22192 and 22193? (Note: Pause.)

5 Hearing none. So what were you going to
6 get us, Mr. Bruce? We need Proposal Letters?

7 MR. BRUCE: Proposal Letters in each case and the
8 C-102 for the 2LI wells in the first case. And you will
9 get those early this afternoon.

10 EXAMINER BRANCARD: Okay. These cases, 22191,
11 22192, 22193 will be taken under advisement, the record
12 left open for submittal of further documentary information
13 as indicated, the Proposal Letters and the C-102. Thank
14 you.

15 MR. BRUCE: Thank you.

16 (Time noted 10:36 a.m.)

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1 STATE OF NEW MEXICO)
2 : ss
3 COUNTY OF TAOS)
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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
8 October 7, 2021, the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 transcription to the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18 /s/ Mary Macfarlane
19 _____

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2021

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