

ORIGINAL

3 IN THE MATTER OF THE HEARING CALLED
4 BY THE OIL CONSERVATION DIVISION FOR
5 THE PURPOSE OF CONSIDERING:

5 APPLICATION OF MEWBOURNE OIL
6 COMPANY FOR A NONSTANDARD OIL
7 SPACING AND PRORATION UNIT AND
8 COMPULSORY POOLING, EDDY COUNTY,
9 NEW MEXICO.

CASE NO. 15042

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 19, 2013

Santa Fe, New Mexico

BEFORE: DAVID K. BROOKS, CHIEF EXAMINER
RICHARD EZEANYIM, TECHNICAL EXAMINER

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18 This matter came on for hearing before the
19 New Mexico Oil Conservation Division, David K. Brooks,
20 Chief Examiner, and Richard Ezeanyim, Technical
21 Examiner, on Thursday, September 19, 2013, at the New
22 Mexico Energy, Minerals and Natural Resources
23 Department, 1220 South St. Francis Drive, Porter Hall,
24 Room 102, Santa Fe, New Mexico.

23 REPORTED BY: Mary C. Hankins, CCR, RPR
24 New Mexico CCR #20
25 Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102

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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.
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EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 4	6
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1 (2:04 p.m.)

2 EXAMINER BROOKS: Call Case Number 15042,
3 application of Mewbourne Oil Company for a nonstandard
4 oil spacing and proration unit and compulsory pooling,
5 Eddy County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Jim Bruce of Santa Fe
8 representing the Applicant. I'm submitting this case by
9 affidavit.

10 EXAMINER BROOKS: You may proceed.

11 MR. BRUCE: Mr. Examiner, this application
12 is to force pool record title owners in a federal lease
13 who own no operating rights. All of the operating
14 rights owners have voluntarily committed their interest
15 to this well.

16 So if you go to Exhibit 1, Attachment A, a
17 land plat, Mewbourne seeks approval of a 160-acre
18 nonstandard oil spacing and proration unit in the Yeso
19 Formation. The well unit is the north half-south half
20 of Section 7, Township 18 South, Range 27 East. The
21 well is to be dedicated to the Peterson 7 IL Fed Com
22 Well No. 1, which is being drilled from a surface
23 location of 1,790 feet from the south line and 150 feet
24 from the west line.

25 EXAMINER BROOKS: Okay. It says 1,795 feet

1 in the pre-hearing statement.

2 MR. BRUCE: 1,795?

3 EXAMINER BROOKS: That's what it says in
4 the pre-hearing statement. Let's see what it says in
5 the affidavit.

6 MR. BRUCE: That's what it says in the
7 affidavit.

8 EXAMINER BROOKS: Oh, okay.

9 MR. BRUCE: 1,795 feet from the south line
10 and 150 feet from the west line of adjoining Section 8,
11 and then drilling westward to a terminus of 1,795 feet
12 from the south line and 330 feet from the west line of
13 Section 7. The entire well -- the productive interval
14 of the wellbore will be in the north half-south half of
15 Section 7, and it will be at an unorthodox location.

16 The only parties being pooled are
17 identified on page 2 of the exhibit, and Attachment B to
18 the affidavit is the Serial Register Page from the BLM's
19 records showing the lease and the record title owners.
20 As I said, they own bare record title and no operating
21 rights.

22 Attachment C is simply the proposal letter
23 to these record title owners who all have a common
24 address in Dallas. Mr. Mitchell, the landman, has
25 stated in his affidavit that he has talked to these

1 people. They claim they've sold the interest, but there
2 is nothing in the BLM's or the County's records
3 evidencing that sale, but they refuse to sign a comm
4 agreement. And that's why we're here today.

5 And Attachment D to the affidavit is simply
6 a listing of the offset owners or operators.

7 Exhibit 2 is my Affidavit of Notice to the
8 record title owners. I do not have the green card. I
9 will submit it when we get it. But, obviously, it was
10 mailed to the parties, and I guess it's waiting to be
11 picked up by the record title owners.

12 Exhibit 3 is the Affidavit of Notice to the
13 offset operators or working interest owners, and they
14 all received actual notice of the hearing.

15 And then Exhibit 4 is the affidavit of
16 Jason Lodge, the geologist, who -- I only have one full
17 set of exhibits. That's all they FedEx'd for me. I'm
18 getting more for the court reporter and the Division,
19 but you have those exhibits there. He's attached the
20 usual structure map, isopach and east-west cross
21 section. He's described each quarter-quarter section,
22 that in his opinion it will contribute to production.
23 He describes why he is doing a lay-down unit. And then
24 he's got an attachment, and those are all Attachment A,
25 the geologic maps, and Attachment B is the horizontal

1 well plan, and he describes the completion, 20 stages,
2 and the amounts of fluids being used.

3 But, again, as I said, this is -- all of
4 the cost-bearing interest owners have joined in the
5 well, and so there is -- we're not -- we're not dealing
6 with anybody who might protest on a correlative-rights
7 basis.

8 And I would move the admission of Exhibits
9 1 through 4 and ask that the matter be taken under
10 advisement.

11 EXAMINER BROOKS: Okay. Exhibits 1 through
12 4 are admitted.

13 (Mewbourne Exhibit Numbers 1 through 4
14 were offered and admitted into evidence.)

15 EXAMINER BROOKS: This is Yeso, it says
16 here?

17 MR. BRUCE: Yes, and I will get you the
18 pool. I completely forgot.

19 EXAMINER BROOKS: That was the next
20 question. I was going to ask what pool it is.

21 MR. BRUCE: I will get that for you.

22 EXAMINER BROOKS: Statewide spacing?

23 MR. BRUCE: It is statewide spacing.

24 EXAMINER BROOKS: And the entire completed
25 interval was within the setbacks?

1 MR. BRUCE: Within the setbacks.

2 EXAMINER BROOKS: I see you have this
3 diagram.

4 MR. BRUCE: Yeah.

5 EXAMINER BROOKS: Do you have an API
6 number?

7 MR. BRUCE: I will recheck. As of a few
8 days ago, I did not find one.

9 EXAMINER BROOKS: Okay.

10 MR. BRUCE: I'll e-mail you that
11 information.

12 EXAMINER BROOKS: And Mewbourne operates
13 their own -- Mewbourne's just Mewbourne?

14 MR. BRUCE: Yeah. They do not have an
15 operating subsidiary.

16 EXAMINER BROOKS: Operating entity.

17 Okay. I think that's all I need to go on.
18 I made up this cheat sheet, so I know what I have to get
19 on the uncontested compulsory pooling.

20 Okay. Case Number 15042 will be taken
21 under advisement.

22 (Case Number 15042 concludes, 2:10 p.m.)

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____.

25

Oil Conservation Division, Examiner

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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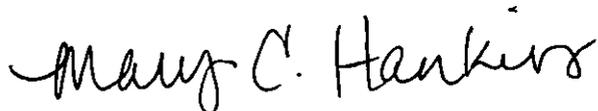
4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

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

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

19



20

MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2013

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