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

COPY

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

CASE NOS. 15057 and 15061

APPLICATION OF DEVON ENERGY COMPANY, LP,
FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT,
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

DOCKET NO. 40-13

BEFORE: PHILLIP O. GOETZE, Hearing Officer
DAVID K. BROOKS, Legal Examiner
MICHAEL McMILLAN, Hearing Officer

DECEMBER 5, 2013

Santa Fe, New Mexico

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This matter came on for hearing before the
New Mexico Oil Conservation Division, PHILLIP GOETZE,
Hearing Examiner, DAVID K. BROOKS, Legal Examiner, and
MICHAEL McMILLAN on THURSDAY, December 5, 2013, at the
New Mexico Energy, Minerals and Natural Resources
Department, 1220 South Street Francis Drive, Room 102,
Santa Fe, New Mexico.

REPORTED BY: Lisa Reinicke
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

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A P P E A R A N C E S

For Mewbourne Oil Company:

JAMES GARRETT BRUCE, ATTORNEY AT LAW
P.O. Box 1056
Santa Fe, NM 87504-1056
(505) 982-2043

I N D E X

PAGE

EXHIBITS

MARKED/IDENTIFIED

1. Verified Statement of Cari Allen	6
2. Affidavit of John Green	6
3A. Affidavit of Notice	6
3B. Affidavit of Notice	6
4A. Affidavit of Notice	6
4B. Affidavit of Notice	6

1 MR. EXAMINER: Very well. Then we will go
2 to the first case, case 15061, application of Devon
3 Energy Production Company, LP, for a non-standard oil
4 spacing and proration unit and compulsory pooling, Lea
5 County, New Mexico.

6 And you have wished this to be consolidated with
7 case 15057?

8 MR. BRUCE: Yes, sir.

9 MR. EXAMINER: Okay. We will also hear at
10 this time case 15057, which is application of Devon
11 Energy Production Company, LP, for a non-standard oil
12 spacing and proration unit and compulsory pooling, Lea
13 County, New Mexico.

14 Call for appearances.

15 MR. BRUCE: Mr. Examiner, Jim Bruce of
16 Santa Fe representing the applicant. I am submitting
17 this matter by affidavit, and I thank the division for
18 allowing me to do that. My clients were afraid they
19 wouldn't be able to get back to Oklahoma City today. I
20 do have them available by phone if you have any
21 questions, but I have submitted some documents to you.
22 And with that, if I could just run through them?

23 MR. EXAMINER: Proceed.

24 MR. BRUCE: Mr. Examiner, the first
25 Exhibit Number 1 is the verified statement of the

1 landman for Devon. If you turn back a few pages you'll
2 come to attachment A to the exhibit.

3 And both of these cases involve the south half
4 south half of section 14 of 17 south, 32 east. The next
5 couple of pages are the C102s for the well. One of
6 them, the number 8 well, is -- I want to make sure --
7 they're both in the Maljamar, west Maljamar-Yeso pool.
8 The first well, number 8, will test the Blinebry
9 formation or Blinebry member of the Yeso. And the
10 second well, the number BAE 14, fed com number 7 well
11 will test the Paddock member of the Yeso group. You can
12 see that the APDs were approved because they do have API
13 numbers on the C102s.

14 If you go back to Exhibit 1, page 2, it lists the
15 parties being pooled. And they're primarily small
16 unleased mineral interest owners. Devon does expect
17 some of these interest owners to sign oil and gas
18 leases, but at this point they have not. So Devon at
19 this point seeks the pooling of all these listed mineral
20 interest owners.

21 The well proposal letters are contained as
22 Exhibits B1 and B2. Exhibits C1 and C2 are the AFEs for
23 the wells. They are approximately 5.6 or \$5.8 million.
24 Devon requests that 200 percent risk charge. The
25 overhead rates requested are 7500 a month for a drilling

1 well and 750 a month for a producing well.

2 The normal exhibits used in the force pooling are
3 attached to Exhibit 1. Exhibit 2 is the affidavit of
4 John Green, who is the geologist. Attached to his
5 affidavit is the usual structure plat. The isopach and
6 cross section, showing that the Yeso zones, both the
7 Blinebry and the Paddock, are continuous across the well
8 unit, and they more or less equally contribute to
9 production.

10 The Devon has a number of lay down wells actually
11 already permitted and planned in section 14. The Yeso
12 is one of the zones where it really doesn't matter with
13 respect to unit orientation as to which type of well is
14 more productive. As a matter of fact, COG is drilling
15 stand-up well units to the north in section 11, which
16 actually extend down into the north half north half of
17 section 14. That was a subject of a hearing at the
18 division about a month or two ago.

19 As I said, the affidavit of the geologist gives
20 the thickness of the Blinebry and the Paddock zones, the
21 approximate depths of the horizontal wellbores, and
22 there is no faulting or any other type of issue that
23 would prevent horizontal drilling in these quarter
24 quarter sections.

25 Also attached are the drilling prognoses for each

1 of the wells. Whoever did these, for a change, did
2 something smart putting the -- actually measuring out
3 the end of the curve so you can actually tell
4 approximately where the productive interval of the
5 wellbore will begin. And even though the surface
6 location is unorthodox both of the wells will be
7 orthodox for the entire productive interval of the
8 wellbores.

9 The geologist's affidavit also indicates that the
10 wells will have eight completion stages and sets forth
11 the approximate amounts of the sand and the gallons of
12 water, which will be used in these wells in the
13 fractured treatment.

14 The landman's affidavit does set forth the offset
15 working interest owners or operators to these two wells.
16 Exhibits 3A and 3B are simply the affidavits of notice
17 regarding notice to the parties being pooled in each
18 case. And Exhibits 4A and 4B are the affidavits of
19 notice to the offset interest owners in each of these
20 two cases.

21 And with that, I think these affidavits contain
22 all of the information normally set forth in the pooling
23 hearing, and I would move the admission of Exhibits 1
24 through 4B.

25 [Exhibits 1 through 4B admitted into evidence.]

1 MR. EXAMINER: Exhibits 1 through 4B are so
2 accepted.

3 Mr. Brooks, do you have any questions?

4 MR. BROOKS: I have no questions.

5 MR. EXAMINER: Mr. McMillan, do you have any
6 questions?

7 MR. McMILLAN: No questions.

8 MR. EXAMINER: Just one question. Halcon
9 Resources, they have not been responsive? Are they --

10 MR. BRUCE: They have not been responsive.
11 I talked with the landman yesterday. They expected all
12 of the people -- if you'll look at the landman's
13 affidavit, the five people listed after Halcon
14 Resources, they still expect them to sign a lease. And
15 Halcon has not been responsive, and they don't know if
16 they're going to lease or not.

17 MR. EXAMINER: Okay. So they have not come
18 back with any kind of an offer or anything like that?

19 MR. BRUCE: No.

20 MR. EXAMINER: Okay. Very good. And you
21 will inform us if we do have changes?

22 MR. BRUCE: I will.

23 MR. EXAMINER: Well, with that we will say,
24 we will take case 15061 and case 15057 under advisement.

25 And with that we wish Mr. Brooks a successful

1 career as we end this docket hearing.

2 [The hearing concluded at 10:36 AM.]

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

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_____, Examiner
Oil Conservation Division

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REPORTER'S CERTIFICATE

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I, Lisa Reinicke, certified stenographer, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

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



Lisa R. Reinicke,
Certified Stenographer

Ex count: