

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:

ORIGINAL

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

CASE NO. 15226

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

October 30, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
KEITH HERMANN, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Keith Hermann, Legal Examiner, on
Thursday, October 30, 2014, 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

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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

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EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 4	6
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1 (8:31 a.m.)

2 EXAMINER GOETZE: Continuing with this
3 trend, Case 15226, application of Mewbourne Oil Company
4 for a nonstandard oil spacing and proration unit and
5 compulsory pooling, Eddy County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of
8 Santa Fe representing the Applicant.

9 EXAMINER GOETZE: Any other appearances?
10 Thank you.

11 MR. BRUCE: Mr. Examiner, in this case and
12 in the third Mewbourne case, we are only seeking to
13 force pool the record title owner on a federal lease so
14 that the BLM will approve a communitization agreement.
15 The record title owner owns no working interest.
16 Mewbourne is seeking to force pool the south half-north
17 half of Section 27, 18 South, 30 East for its Ursa 27
18 B2EH Fed Com Well No. 1.

19 I'm giving you, again, the C-102 for the
20 well. The Santo Nino-Bone Spring pool is spaced on
21 statewide rules. I think at one point it had special
22 rules.

23 EXAMINER GOETZE: We'll clarify. Yes. It
24 did have -- still does have a special pool rule, but
25 Mewbourne had foresight enough to change it to

1 statewide.

2 MR. BRUCE: That's correct.

3 EXAMINER GOETZE: So the 330 is the correct
4 setback.

5 MR. BRUCE: Attached to the affidavit is a
6 Midland Map Company plat showing the well and its
7 location. Attachment B is simply a Serial Register Page
8 from the BLM records showing that the record title owner
9 is a defunct partnership, LaRue & Muncy, and obviously
10 the party being force pooled is the estate of -- B.N.
11 Muncy, Jr. is the former partner -- deceased partner in
12 that deceased partnership.

13 Attachment C is the letter to Nelson Muncy,
14 B.N. Muncy's son. And in previous cases, other acreage
15 in this section has been force pooled. Mr. Haden has
16 testified that Nelson Muncy just doesn't want to sign
17 any document on behalf of the estate because the
18 estate -- there has been no probate in the case. So
19 that's why we're force pooling him. We can't get a
20 signature.

21 And Attachment D to Mr. Haden's affidavit
22 shows the offset operators. Because this is record
23 title owner, they're not requesting a risk charge or
24 overhead rates.

25 And Attachment -- or Exhibit 2 [sic] is the

1 affidavit of David Rawlins, the geologist for Mewbourne.
2 And, again, Attachments A, B, C and D are a structure.
3 isopach map, cross section, production data from wells
4 in the area and a well locating the horizontal drilling
5 plan. This is on the 2nd Bone Spring lower sand test.
6 The Applicant -- or the geologist states that each
7 quarter-quarter section will contribute more or less
8 equally to production. If you look at the structure
9 isopach map, you can see that most wells in this area
10 are drilled east-west, and that trend also does continue
11 over into 18 South, 31 East, where most Bone Spring
12 wells are drilled as lay-down units.

13 Again, Attachment C is the production data
14 from wells in the area. Again, there are some very good
15 wells. You'll see some of them. And they're fairly new
16 wells and have quite substantial production to them.

17 And Exhibit 3 is simply the Affidavit of
18 Notice to Mr. Muncy. And he may not have signed the
19 comm. agreement, but he did sign the green card.

20 And then Exhibit 4 is the notice letter to
21 the offsets, and they received actual notice.

22 And with that, I would move the admission
23 of Exhibits 1 through 4 into the record.

24 EXAMINER GOETZE: Exhibits 1 through 4 are
25 entered in record.

1 (Mewbourne Oil Company Exhibit Numbers 1
2 through 4 were offered and admitted into
3 evidence.)

4 EXAMINER GOETZE: Any additional comments?

5 MR. BRUCE: Nothing further.

6 EXAMINER GOETZE: Very good. Then I will
7 go through the process. Other than the notification,
8 the contents of your previous exhibit to me is the same
9 as what's been entered?

10 MR. BRUCE: That is correct.

11 EXAMINER GOETZE: And, again, we have
12 Mr. Haden. He is qualified?

13 MR. BRUCE: Yes, he is, and so is
14 Mr. Rawlins. He's been qualified as an expert.

15 EXAMINER GOETZE: For Mr. Rawlins, you put
16 in the statement that he has been previously qualified.
17 For Mr. Haden, you didn't.

18 Again, this is under ^{be}existing an order,
19 R-8546, and that would ^{be} spacing. So we'll recognize
20 that in the application, as well as in the final order.

21 With that said, Case 15226 is taken under
22 advisement.

23 (Case Number 15226 concludes, 8:37 a.m.)

24 I do hereby certify that the foregoing is
25 a complete record of the proceedings in
the Examiner hearing of Case No. 15226
heard by me on October 23 2014.

 Examiner
Oil Conservation Division

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.

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MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2014

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