

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 COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO. 20580

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 13, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

JUL 03 2019 PM02:07

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, June 13, 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
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(505) 843-9241

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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.
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EXHIBITS OFFERED AND ADMITTED

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1 (4:40 p.m.)

2 EXAMINER JONES: Call Case 20580,
3 application of Mewbourne Oil Company for compulsory
4 following in Lea County, New Mexico.

5 Call for appearances.

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

9 In this case, Mr. Examiner, Mewbourne seeks
10 to force pool the Bone Spring Formation underlying the
11 east half-east half of Section 10 and the east half-east
12 half of Section 15, 23 South, 34 East for two Bone
13 Spring wells, which are identified in the landman's
14 affidavit marked Exhibit 1, the parties being pooled and
15 their interests. The landman's affidavit contains a
16 Midland Map plat showing the well unit and the C-102s
17 for the well -- for the two wells. The wells have not
18 been commenced yet.

19 Attachment B shows the interest ownership
20 and lists the parties being force pooled. Insofar as
21 overrides, the working interest owners have the right to
22 force pool the overrides. And attached is also the
23 correspondence with the various parties.

24 And Attachment D is the AFEs for the two
25 wells. They're both about \$9.5 or \$9.6 million wells.



1 The AFEs are stated to be fair and reasonable, and
2 Mewbourne requests 8,000 a month for a drilling well and
3 800 a month for a producing well, which are fair and
4 reasonable. And these are the costs also set forth in
5 the JOA, which a large number of parties are committed.
6 And Mewbourne requests the maximum risk charge -- 200
7 percent risk charge and that it be appointed operator of
8 the well.

9 Exhibit 2 is my notice letter to all the
10 parties showing the white cards and the green cards. I
11 did not receive all the green cards back. Now, Exhibit
12 3, when I made up the exhibits yesterday, I did not have
13 the Affidavit of Publication, so I attached the
14 advertising invoice and the legal notice from the
15 newspaper. And I went to the post office today, and I
16 actually received the Affidavit of Publication. So
17 that's kind of a replacement Exhibit 3.

18 One thing I would note is although I got
19 this Affidavit of Publication to the newspaper in time,
20 according to their rules, they didn't publish it in
21 time. So I would simply ask at the end of this hearing
22 that the case be continued two weeks just so -- not to
23 present any more evidence but simply to allow the
24 publication period to lapse.

25 EXAMINER BROOKS: It's going to be three

1 weeks in this instance even if you get the first
2 hearing.

3 MR. BRUCE: That's fine. They apologized,
4 but they said they were overwhelmed with work, which I
5 wouldn't be surprised at.

6 EXAMINER JONES: Well, just to pick up the
7 notice --

8 EXAMINER BROOKS: Yeah, I understand. But
9 it's still going to be three weeks because -- let's see.

10 EXAMINER JONES: Two weeks from now. The
11 27th is two weeks.

12 EXAMINER BROOKS: Yeah. I had forgotten
13 about the 27th.

14 MR. BRUCE: The one other land matter I
15 must mention is that one of the parties listed as being
16 pooled was a company called Polanco Holdings I, Limited,
17 but they have just signed the JOA, so they should not be
18 force pooled.

19 And then finally attached -- or submitted
20 as Exhibit 4 is the geologist's affidavit by Jordan
21 Carrell, one of the Mewbourne's geologist. It contains
22 the usual. There is a little more -- one of the
23 wells -- I should probably mention this. One of the
24 wells is a 1st Bone Spring target. The other well is a
25 3rd Bone Spring target, same well unit. So there is a

1 structure map on top of the Wolfcamp, Attachment A to
2 the geologist's affidavit. And you can see that except
3 for in once instance, virtually all of the wells in this
4 area -- immediate area are stand-up units.

5 Attachment B is the 3rd Bone Spring gross
6 isopach.

7 Exhibit C is the 3rd Bone Spring cross
8 section showing where the target zone is located, and it
9 shows that the 3rd Bone Spring Sand is continuous across
10 the well unit.

11 And then Exhibit D is the 1st Bone Spring
12 isopach.

13 And Exhibit E is the 1st Bone Spring cross
14 section, again showing the horizontal target zone and
15 showing that the zone is continuous across the well
16 unit.

17 Attachment F is a listing of other
18 horizontal well production from this area. I note it to
19 you simply for one reason. If you look about six up
20 from the bottom of Exhibit F, you'll see that Mewbourne
21 has one well out here that to date, after a little over
22 two years, has produced 600,000 barrels of oil.

23 EXAMINER JONES: In two years?

24 MR. BRUCE: In two years.

25 EXAMINER JONES: Wow.



1 MR. BRUCE: It's pretty nice.

2 EXAMINER JONES: Man.

3 MR. BRUCE: And then Exhibits G and H are
4 the standard planning reports for the wells. The well
5 locations are orthodox.

6 Be nice to know -- have an interest in that
7 well and know it before it came in.

8 EXAMINER JONES: Yeah.

9 MR. BRUCE: (Laughter.)

10 EXAMINER JONES: You've got interests in
11 wells like that, don't you, David?

12 (Discussion off the record.)

13 MR. BRUCE: So I'd move the admission of
14 Exhibits 1 through 4.

15 EXAMINER JONES: Exhibits 1 through 4 with
16 the replacement Exhibit Number 3 in Case 20580 are
17 admitted.

18 (Mewbourne Oil Company Exhibit Numbers 1
19 through 4 and replacement Exhibit Number
20 3 are offered and admitted into evidence.)

21 MR. BRUCE: And ask it be taken under
22 advisement.

23 EXAMINER JONES: That Case 20580 be
24 continued?

25 MR. BRUCE: Yeah, just for two weeks.



(Case Number 20580 concludes, 4:50 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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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 June 2019.

21



22

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

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