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

ORIGINAL

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

CASE NO. 14197

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

RECEIVED
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REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner
RICHARD EZEANYIM, Technical Examiner
TERRY G. WARNELL, Technical Examiner

October 16, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
RICHARD EZEANYIM, Technical Examiner, and TERRY G. WARNELL,
Technical Examiner, on Thursday, October 16, 2008, at the
New Mexico Energy, Minerals and Natural Resources Department,
1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

FOR THE APPLICANT:

James G. Bruce, Esq.
ATTORNEY AT LAW
P.O. Box 1056
Santa Fe, New Mexico 87504

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1 MR. BROOKS: At this time, we will call Case
2 No. 14197, the Application of Mewbourne Oil Company for
3 Compulsory Pooling, Lea County, New Mexico.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
6 representing the applicant. I am submitting this by affidavit.

7 MR. BROOKS: Okay. You may proceed.

8 MR. BRUCE: Mr. Examiner, I've submitted to you two
9 exhibits. Exhibit 1 is the affidavit of the landman.
10 Exhibit 2 is the Notice of Affidavit.

11 In this case, Mewbourne Oil Company seeks to
12 force-pool the N/2 equivalent of Section 19, Township 19 South,
13 Range 33 East to form a 320-acre -- actually 322.7-acre gas
14 well unit. It also seeks to force-pool the SE/NE 40-acre wells
15 and the NE/4 for 160-acre wells.

16 If you turn back a few pages, there is a land plat,
17 and you'll see that the N/2 of Section 19 is comprised of three
18 separate federal tracks. The well location is noted in the SE
19 of the NE.

20 The party being pooled --

21 MR. BROOKS: I forgot to ask you in the last one,
22 14196, that was for a Morrow well. Is that a 320 only?

23 MR. BRUCE: 320 only.

24 MR. BROOKS: Surface to the base of the Morrow?

25 MR. BRUCE: That is correct. Yes, in the prior

1 matter, the well is being drilled on the applicant's lease, and
2 therefore, we do not need to force-pool any other zones than
3 320.

4 MR. BROOKS: Okay. Then back to Case No. 14197, go
5 ahead.

6 MR. BRUCE: In this matter, the party being pooled,
7 which is the Hudson Trust No. 4 owns an interest in the federal
8 lease noted covering the E/2 of the NE/4 of the section and
9 therefore, a 40-acre, 160-acre, and 320-acre pooling is
10 requested.

11 MR. BROOKS: So they're asking for the N/2, 320?

12 MR. BRUCE: Correct.

13 MR. BROOKS: And NE/4?

14 MR. BRUCE: Correct.

15 MR. BROOKS: NE/4, 160.

16 MR. BRUCE: And the SE/NE?

17 MR. BROOKS: SE/NE 40.

18 MR. BRUCE: 40.

19 MR. BROOKS: Okay. Go ahead.

20 MR. BRUCE: The party being pooled is the Edward R.
21 Hudson Trust No. 4. A proposal letter was sent to the Trust,
22 and they have never responded. They -- I think the first
23 proposal letter was in August of 2008, and then a follow-up
24 letter and some phone calls were made in September.

25 Mewbourne has had to force-pool this party several

1 times. They simply do not join in the wells either by signing
2 a JOA and going non-consent, or doing anything else.

3 Overhead rates of 7,700 are requested. And then an
4 AFE is attached. This is about a \$3.6 million well.

5 Exhibit 2 is the Affidavit of Notice, and actual
6 notice was received by the party being pooled. Title to this
7 interest is in the Edward Hudson Trust No. 4. Ard Oil Limited
8 and Ard Energy Group Limited are the same people, and we simply
9 notified them all because Edward -- the Trust No. 4 has, for
10 the most part, assigned its interest out to those other two
11 entities, but not of record in this matter. But all of the
12 parties did receive notice.

13 MR. BROOKS: I've seen some cases in which they've
14 been difficult to deal with.

15 MR. BRUCE: They simply do not respond to these
16 notices. I request that Exhibits 1 and 2 be admitted into
17 evidence.

18 MR. BROOKS: Okay. Exhibits 1 and 2 will be
19 admitted.

20 [Applicant's Exhibits 1 and 2 admitted into
21 evidence.]

22 MR. BROOKS: Once again, there are no unlocated
23 parties?

24 MR. BRUCE: No unlocatables.

25 MR. BROOKS: Is this a Morrow?

1 MR. BRUCE: This is a Morrow test.

2 MR. WARNELL: Pretty deep well, 13,000 feet?

3 MR. BRUCE: Over 13,000 feet vertical.

4 MR. BROOKS: And it's a vertical well?

5 MR. BRUCE: Yes.

6 MR. BROOKS: I can't think of anything else. Mr.

7 Ezeanyim?

8 MR. EZEANYIM: No questions.

9 MR. BROOKS: Mr. Warnell?

10 MR. WARNELL: I don't believe so. I like their AFE.

11 MR. BRUCE: It's relatively low these days.

12 MR. WARNELL: Yes, it is.

13 MR. BROOKS: \$3.6 million? Yeah.

14 MR. BRUCE: Mewbourne always seem to drill these
15 wells cheaper than most people.

16 MR. BROOKS: Well, I've had pretty good experience
17 with Mewbourne. Okay.

18 Well, Case No. 14197 will be taken under advisement.

19 And let's see, you dismissed 14198, so you may be
20 excused, Mr. Bruce.

21 MR. BRUCE: Thank you for taking me out of order. It
22 makes my day, Mr. Examiner.

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

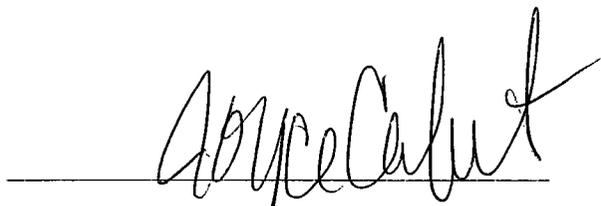
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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, 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 in the final disposition of this proceeding.

DATED this 16th of October, 2008.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/09

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STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

I, JOYCE D. CALVERT, a New Mexico Provisional Reporter, working under the direction and direct supervision of Paul Baca, New Mexico CCR License Number 112, hereby certify that I reported the attached proceedings; that pages numbered 1-6 inclusive, are a true and correct transcript of my stenographic notes. On the date I reported these proceedings, I was the holder of Provisional License Number P-03.

Dated at Albuquerque, New Mexico, 16th day of October, 2008.



Joyce D. Calvert
Provisional License #P-03
License Expires: 7/31/09



Paul Baca, RPR
Certified Court Reporter #112
License Expires: 12/31/08

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