

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 CASE NO. 14359
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

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BEFORE: DAVID K. BROOKS, Presiding Examiner
TERRY G. WARNELL, Technical Examiner
WILLIAM V. JONES, Technical Examiner

August 20, 2009

Santa Fe, New Mexico

This matter came on for hearing before the
New Mexico Oil Conservation Division, DAVID K. BROOKS,
Presiding Examiner, WILLIAM V. JONES, Technical Examiner,
and TERRY G. WARNELL, Technical Examiner, on Thursday,
August 20, 2009, at the New Mexico Energy, Minerals and
Natural Resources Department, 1220 South St. Francis
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91
Paul Baca Professional Court Reporters
500 Fourth Street, N.W., Suite 105
Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE, ATTORNEY AT LAW
P.O. Box 1056
Santa Fe, New Mexico 87504-1056

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1 MR. BROOKS: Call Case Number 14359,
2 application of Mewbourne Oil Corporation for compulsory
3 pooling, Eddy County, New Mexico.

4 Call for appearances. That's Mr. Bruce's case
5 and he's not in the room at moment.

6 Okay. At this time we will, again, call case
7 14359, application of Mewbourne Oil Company for
8 compulsory pooling, Eddy County, New Mexico. Call for
9 appearances.

10 MR. BRUCE: Mr. Examiner, Jim Bruce of
11 Santa Fe representing the applicant, and I'm presenting
12 this case by affidavit.

13 MR. BROOKS: Very good.

14 MR. BRUCE: Mr. Examiner, I've submitted
15 to you Exhibits 1 and 2. Exhibit 1 is the affidavit of
16 Paul Haden, the landman for Mewbourne Oil Company.
17 Mewbourne seeks to force pool all mineral interests from
18 the surface to the base of the Yeso formation under the
19 northeast quarter, northwest quarter of Section 10,
20 Township 20 South, Range 25 East for well, the Long Draw
21 "10" D Well No. 1, which will be drilled at an orthodox
22 location. The location is 810 feet from the north line
23 and 790 feet from the west line.

24 I did check the Division's records and there
25 is no API number for the well yet. The affidavit lists

1 the parties being pooled. There's three individuals or
2 companies. These are all unleased mineral interest
3 owners. They simply have refused to respond to any
4 offers to lease or to well proposals. I think these same
5 entities have been force pooled in four or five other
6 wells in this section, and they simply haven't responded.

7 MR. BROOKS: Now, you said three.
8 Elizabeth F. Ferguson Blanek and Elizabeth F. Ferguson,
9 care of Stringer Oil and Gas, I presume, are the same
10 person?

11 MR. BRUCE: Yeah. I'm not quite sure.
12 According to my wife, who knows her, it is, but I think
13 it shows up differently in the county records.

14 MR. BROOKS: Okay.

15 MR. BRUCE: There's a land plat attached,
16 the proposal letter that was sent out about two and a
17 half months ago to these people. And, like I said, they
18 have simply never responded. Applicant requests a 200
19 percent risk charge and requests overhead rates of \$4,000
20 a month for a drilling well and \$400 a month for a
21 producing well, adjusted under the COPAS procedure.

22 And attached as Exhibit C is an AFE for the
23 well that has a completed well cost of approximately
24 \$712,000, which is down about 30 percent from earlier
25 this year. And Exhibit 2 is my affidavit of notice, and

1 all of the pool parties did receive actual notice.

2 MR. BROOKS: Do you have green cards from
3 everyone?

4 MR. BRUCE: Yes, sir.

5 MR. WARNELL: The affidavit of notice has
6 "Case No. 14349" on it. Should it be 359?

7 MR. BRUCE: My dyslexia hit me again.
8 Yes.

9 MR. BROOKS: We only have two green cards
10 attached. Is there a page missing or something?

11 MR. BRUCE: No. The Ferguson and Stringer
12 all have the same address.

13 MR. BROOKS: Okay. Stringer Family
14 Interest, Limited Partnership. Yeah. I see it's on the
15 same notice. Okay.

16 MR. BRUCE: That's all I have. I would
17 move the admission of Exhibits 1 and 2.

18 MR. BROOKS: Exhibits 1 and 2 are
19 admitted.

20 This is Eddy County. Is this Morrow?

21 (Exhibits 1 and 2 were admitted.)

22 MR. BRUCE: Yeso. It's the shallow well.

23 MR. BROOKS: Okay. Are you pooling from
24 surface to the base?

25 MR. BRUCE: Yes, sir.

1 MR. BROOKS: And 40 acres?

2 MR. BRUCE: Forty acres, and all those
3 mineral interests are uniform as to well depths.

4 MR. BROOKS: And everybody had notice.
5 The only people that aren't committed are these people,
6 Milton Kent and Stringer?

7 MR. BRUCE: That's correct.

8 MR. BROOKS: Okay. I believe that takes
9 care of everything I need to ask you. I did say Exhibits
10 1 and 2 are admitted, I believe, and they are. At this
11 time we'll take Case Number 14359 under advisement.

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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. 14359
heard by me on 8-20-09.
David K. [Signature] Examiner
Oil Conservation Division

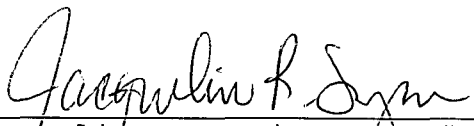
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on August 20, 2009, proceedings in
the above captioned case were taken before me and that I
did report in stenographic shorthand the proceedings set
forth herein, and the foregoing pages are a true and
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by
nor related to nor contracted with 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.

WITNESS MY HAND this 4th day of September,
2009.


Jacqueline R. Lujan, CCR #91
Expires: 12/31/2009