

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,  
EDDY COUNTY, NEW MEXICO

CASE NO. 14386

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Presiding Examiner

October 1, 2009

Santa Fe, New Mexico

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, DAVID K. BROOKS,  
Presiding Examiner, on Thursday, October 1, 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

A P P E A R A N C E S

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FOR THE APPLICANT:

OCEAN MUNDS-DRY  
HOLLAND & HART, LLC  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501

INDEX

PAGE

EXHIBIT 1 WAS ADMITTED

6

REPORTER'S CERTIFICATE

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1 MR. BROOKS: We'll call Case Number 14386,  
2 application of Mewbourne Oil Company for compulsory  
3 pooling, Eddy County, New Mexico.

4 MS. MUNDS-DRY: Good morning, Mr.  
5 Examiner. Ocean Munds-Dry with the law firm of Holland &  
6 Hart, LLC, here representing Mewbourne Oil Company this  
7 morning. I am presenting this case by affidavit.

8 Mr. Examiner, I've handed you a packet  
9 containing Exhibit 1 and its attachments. Exhibit 1 is  
10 the affidavit of Mr. Haden, who is the landman  
11 responsible for this acreage. And Mewbourne seeks an  
12 order pooling all mineral interests from a depth of 3,350  
13 feet subsurface to the base of the Morrow Formation in  
14 the south half of Section 29, Township 18 South, Range 30  
15 East in Eddy County, New Mexico.

16 Mewbourne owns working interest in the south  
17 half of Section 29 and has dedicated the proposed spacing  
18 unit to its Bradley "29" Federal Com Well No. 1, to be  
19 drilled at a location 660 feet from the south line and  
20 1,980 feet from the east line to a depth of approximately  
21 11,800 feet.

22 Attachment A to Exhibit 1 is the plat showing  
23 the location of the proposed spacing unit and the  
24 location of the well. Attachment B shows the nature and  
25 percentage of ownership interests in the subject spacing

1 units, and you can see that they've broken it down by the  
2 various lease interests.

3 MR. BROOKS: Now, you gave me the footages  
4 a minute ago, and I don't see that those are on the AFE,  
5 so can you give me that again?

6 MS. MUNDS-DRY: Yes, sir. It is 650 feet  
7 from the south line and 1,980 feet from the east line.

8 MR. BROOKS: Okay. Go ahead.

9 MS. MUNDS-DRY: Thank you. This  
10 application has been instituted solely to pool the  
11 interests of certain working interest owners who do not  
12 oppose this application. And in Attachment C, you will  
13 also see that we've included the relevant correspondence  
14 and the well proposal letter that went out to these  
15 working interest owners.

16 Also, at the back of this packet is the  
17 summary of communications. It's a three-page document  
18 that lists all of the efforts -- all of the good-faith  
19 efforts that Mewbourne undertook to gain the voluntary  
20 participation of those working interest owners.

21 MR. BROOKS: Where is the list of the  
22 working interest owners being pooled?

23 MS. MUNDS-DRY: That is -- I think that's  
24 probably in our last attachment, Attachment E. It shows  
25 you Exhibit A to the application, which is the notice

1 list, and gives you all of the interest owners being  
2 pooled, which is Edge Petroleum; Marilyn J. Cone,  
3 Trustee; Kenneth G. Cone, Individually and as Trustee;  
4 Tom R. Cone; Randy Lee Cone; Kathy Cone-McCown -- if I'm  
5 saying that correctly -- Clifford Cone; and Robert J.  
6 Leonard and Marian M. Leonard, Trustees of the Leonard  
7 Trust.

8 MR. BROOKS: Okay.

9 MS. MUNDS-DRY: Attachment D, Mr.  
10 Examiner, as I think you already found, is the copy of  
11 the AFE that was sent to those interest owners.  
12 Mewbourne estimates the cost of the casing point to be  
13 \$1,235,500, and a completed well cost of \$1,958,000.

14 Mewbourne plans to drill this well by December  
15 1st, 2009, and as I previously mentioned, Attachment E is  
16 a copy of the notice letter sent to those interest  
17 owners, as well as my affidavit indicating that notice  
18 was given, and, of course, finally, the affidavit of  
19 publication that was issued pursuant to Division rules,  
20 and then lastly, the copy of the green cards.

21 MR. BROOKS: You have an affidavit of  
22 publication. Did you get notice to all of the persons,  
23 or was there some people that had to be served up by  
24 publication?

25 MS. MUNDS-DRY: Yeah. As I understand it,

1 we were able to get it to most of them, but because we  
2 were not sure about some of these addresses, we went  
3 ahead and published in the newspaper.

4 MR. BROOKS: Okay. And the green cards  
5 you have are attached?

6 MS. MUNDS-DRY: The green cards we have  
7 are attached. I believe there was only one that did not  
8 come back, from Robert Leonard and Marian Leonard. The  
9 rest we received green cards back.

10 MR. BROOKS: Very good.

11 MS. MUNDS-DRY: With that we ask that this  
12 application be granted to prevent waste and to protect  
13 correlative rights, and allow Mewbourne and the other  
14 interest owners in the south half of Section 29 the  
15 opportunity to obtain their just and fair share of the  
16 oil and gas on their lands. And with that, we ask that  
17 Exhibit 1 and Attachments A through E be admitted into  
18 evidence.

19 MR. BROOKS: Exhibit 1 and attachments are  
20 admitted. If there's nothing further, Case Number 14386  
21 will be taken under advisement.

22 (Exhibit 1 was admitted.)

23 MS. MUNDS-DRY: Thank you, Mr. Examiner.

24 \* \* \*  
25 I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14386  
heard by me on 10-1-09

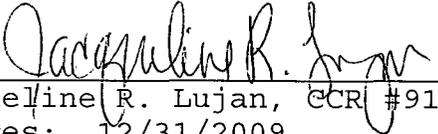
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  
HEREBY CERTIFY that on October 1, 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 12th day of October, 2009.

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