

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4

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

CASE NO. 14440

8 APPLICATION OF MEWBOURNE OIL
9 COMPANY FOR COMPULSORY POOLING,
10 EDDY COUNTY, NEW MEXICO.

11 REPORTER'S TRANSCRIPT OF PROCEEDINGS

12 EXAMINER HEARING

13
14 March 18, 2010
15 Santa Fe, New Mexico

16 BEFORE: TERRY WARNELL: Hearing Examiner
17 DAVID BROOKS: Legal Adviser

18 This matter came for hearing before the New Mexico
19 Oil Conservation Division, Terry Warnell, Hearing
20 Examiner, on March 18, 2010, at the New Mexico Energy,
21 Minerals and Natural Resources Department, 1220 South
22 St. Francis Drive, Room 102, Santa Fe, New Mexico.

23
24 REPORTED BY: Peggy A. Sedillo, NM CCR No. 88
25 Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

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E X H I B I T S

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APPLICANT'S EXHIBITS:

Exhibit No. 1	6
Court Reporter's Certificate	8

A P P E A R A N C E S

FOR THE MEWBOURNE OIL:	WILLIAM F. CARR, ESQ. Holland and Hart 110 North Guadalupe, Suite 1 Santa Fe, NM 87504
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FOR NEARBURG EXPLORATION:	JAMES BRUCE, ESQ. Attorney at Law P. O. Box 1056 Santa Fe, NM 87504
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1 HEARING EXAMINER: Let's call Case
2 No. 14440, the Application of Mewbourne Oil Company for
3 Compulsory Pooling, Eddy County, New Mexico. Call for
4 appearances.

5 MR. CARR: May it please the Examiners, my name
6 is William F. Carr with the Santa Fe office of Holland and
7 Hart, LLP. We represent Mewbourne Oil Company in this
8 case. And I request permission to present the case by
9 affidavit.

10 HEARING EXAMINER: Any other appearances?

11 MR. BRUCE: Mr. Examiner, although I did not
12 learn about this until last night, I request permission to
13 file an entry of appearance for Nearburg Exploration
14 Company, LLC. They're an interest owner in the well unit
15 and they do not object to these proceedings.

16 HEARING EXAMINER: All right, so noted.
17 Mr. Carr, any witnesses?

18 MR. CARR: No, sir. I would like to present the
19 case by affidavit.

20 HEARING EXAMINER: You may proceed.

21 MR. CARR: May it please the Examiner, Mewbourne
22 is presenting this case by affidavit of Corey Mitchell,
23 who is the landman at Mewbourne responsible for the area
24 that is the subject of this case.

25 This case involves an application to pool a 40

1 acre track in the northeast quarter of the southwest
2 quarter of Section 5, Township 20 South, Range 25 East.

3 And we're seeking to pool all interests from the
4 surface to the base of the Yeso formation. The Yeso is
5 the primary objective in drilling this well.

6 We would like to dedicate the acreage to the
7 West Draw 5 K Well No. 1. Mewbourne proposes to drill the
8 well in a standard location 1,650 feet from the south
9 line, 2,310 from the west line of Unit K of Section 5 to a
10 depth sufficient to test all formations through the Yeso
11 formation.

12 Attached to Mr. Mitchell's affidavit as
13 Attachment A is a plat that gives the general orientation
14 of the location of this 40 acre tract.

15 The second attachment, Attachment B, lists the
16 nature and percentage of ownership of each of the interest
17 owners in the spacing unit.

18 And I would note that we are only seeking an
19 order pooling one interest owner, Louis Berney, and he has
20 .018320 mineral interest in the tract. He has received
21 proposals to assign his interest to participate in the
22 well.

23 And it is, as you can see, a very small
24 interest. And he is aware of the hearing today but does
25 not intend to participate or oppose the pooling.

1 The letters from Mewbourne are attached as
2 Exhibit C. And Mewbourne is asking that the lands be
3 pooled and that Mewbourne be designated operator of the
4 well.

5 The proposed overhead charges are a combined
6 fixed rate of 4,000 a month while drilling, and 400 a
7 month while producing the well. These are the amounts
8 that will be charged against other operators who are
9 participating in the well. We also would like to be able
10 to adjust these rates in accordance with accounting
11 procedures.

12 A copy of the AFE, which was provided to
13 Mr. Berney, is attached as Exhibit D. It shows the
14 estimated cost of the casing of \$342,100, with a completed
15 well cost of \$752,500.

16 Mewbourne plans to drill this well by May 1,
17 2010. Attachment E are letters that were sent to interest
18 owners advising them of today's hearing.

19 You should note that although we've sent it to
20 the correct address and it was mailed on the 15th of last
21 month, we do not have the return receipt from Mr. Berney,
22 but we have been in contact with him and I will be able to
23 provide that whenever it is received if the Examiner
24 desires.

25 Mewbourne request that the lands be pooled, a

1 200 percent risk charge be assessed against this interest,
2 and they be designated the operator of this well.

3 And I move the admission of Mewbourne Oil
4 Company Exhibit 1.

5 HEARING EXAMINER: Exhibit 1 is admitted.

6 MR. CARR: That concludes my presentation of
7 this case.

8 HEARING EXAMINER: Okay. Thank you. Is this
9 state or federal land?

10 MR. CARR: I think it's fee, but I'm not --

11 HEARING EXAMINER: Fee?

12 MR. CARR: Yes, I think it is.

13 HEARING EXAMINER: And do we have an API number?

14 MR. CARR: I do not.

15 HEARING EXAMINER: Oil well?

16 MR. CARR: Yes, sir, 40 acre well.

17 HEARING EXAMINER: Mr. Brooks?

18 MR. BROOKS: Yeso, did you say?

19 MR. CARR: Yes, sir.

20 MR. BROOKS: And are you pooling surface to the
21 base of the Yeso?

22 MR. CARR: Yes sir, that's what we request.

23 MR. BROOKS: And there's no difference in title
24 between -- within that interval?

25 MR. CARR: No, there isn't.

1 MR. BROOKS: Wouldn't likely be, but you never
2 know.

3 MR. CARR: There is not. I don't see that they
4 have yet received the API number for the well, but I can
5 provide that, too.

6 MR. BROOKS: And you said you've been in
7 communication with this gentleman?

8 MR. CARR: I have not, but Mr. Mitchell says he
9 has.

10 MR. BROOKS: You haven't --

11 MR. CARR: I have not personally talked to him
12 but I've written him and Mewbourne has.

13 MR. BROOKS: And you have the return receipt
14 for --

15 MR. CARR: We have two return receipts on the
16 offer letters and the AFE.

17 MR. BROOKS: Very good.

18 MR. CARR: Minus one that's missing, but the
19 letter was mailed and we received that receipt.

20 MR. BROOKS: Very good.

21 HEARING EXAMINER: All right, with that then,
22 we'll take Case No. 14440 under advisement.

23 (Whereupon, the proceedings concluded.)

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 _____

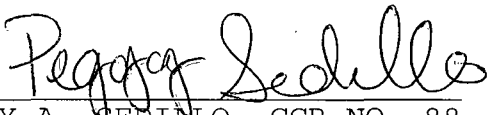
_____, Examiner

1 STATE OF NEW MEXICO)
) ss.
2 COUNTY OF BERNALILLO)
3
4

5 REPORTER'S CERTIFICATE
6

7 I, PEGGY A. SEDILLO, Certified Court
8 Reporter of the firm Paul Baca Professional
9 Court Reporters do hereby certify that the
10 foregoing transcript is a complete and accurate
11 record of said proceedings as the same were
12 recorded by me or under my supervision.

13 Dated at Albuquerque, New Mexico this
14 23rd day of March, 2010.
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18 
19 _____
20 PEGGY A. SEDILLO, CCR NO. 88
License Expires 12/31/10
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