

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:

APPLICATION OF MEWBOURNE OIL COMPANY CASE NO. 14465
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

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April 29, 2010

Santa Fe, New Mexico

This matter came on for hearing before the
New Mexico Oil Conservation Division, DAVID K. BROOKS,
Presiding Examiner, and WILLIAM V. JONES, Technical
Examiner, on Thursday, April 29, 2010, 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:

WILLIAM F. CARR, ESQ.
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421

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1 EXAMINER BROOKS: At this time we'll call
2 Case Number 14465, application of Mewbourne Oil Company
3 for compulsory pooling, Eddy County, New Mexico. Call
4 for appearances.

5 MR. CARR: May it please the Examiners?
6 William F. Carr with the Santa Fe office of Holland &
7 Hart. We represent Mewbourne Oil Company in this matter
8 and desire to present the case under the alternative
9 procedure authorized by rules of the Division.

10 EXAMINER BROOKS: You may proceed.

11 MR. CARR: In this case Mewbourne seeks an
12 order approving a 40-acre oil unit comprised of the
13 Northwest quarter of the Northeast quarter of Section 20,
14 Township 20 South, Range 25 East, in Eddy County, New
15 Mexico.

16 We are pooling to drill a wildcat Yeso oil
17 well. Mewbourne's Exhibit 1 is an affidavit of Corey
18 Mitchell, who is a landman who is familiar with the
19 status of the lands in this acreage and is the person
20 responsible for pulling these lands together for the
21 drilling of the subject well.

22 They are seeking an order pooling from the
23 surface to the base of the Yeso formation. This will be
24 a wildcat oil well to be drilled at the standard location
25 330 feet from the North line and 650 feet from the East

1 line in Unit B of Section 7. Attached as Exhibit A is a
2 plat showing the spacing unit and the well location.

3 Exhibit B is a list of the interest owners in
4 this particular property, and the only interest that
5 Mewbourne is seeking to pool are the interests indicated
6 with an asterisk. Phillip E. Albertson and Mona L.
7 Albertson, the W.K. Stephan Family Trust, and Carl S.
8 Werner, M.D. Together these owners own nine-tenths of 1
9 percent of the interest in the well.

10 Mewbourne, in their affidavit, states they
11 attempted to locate all the interest owners and, in fact,
12 they have been able to do that. All interests except
13 these three have voluntarily committed their interest to
14 the well. And attached as Attachment C is a copy of the
15 well proposal letter and relevant correspondence and a
16 summary of the contacts with each of these individuals.

17 Mewbourne proposes an overhead rate and
18 combined fixed rate of \$4,000 per month while drilling
19 and \$400 a month while producing. They request that
20 these costs be adjusted in accordance with COPAS
21 procedures.

22 Attached as Exhibit D is an AFE, which
23 estimates the cost of casing point to be \$342,100 and
24 completed well cost of \$752,500. Mewbourne plans to
25 drill the West Draw "7" B Well No. 1 by June 1st.

1 Attachment E consists of copies of letter sent
2 to those interest owners Mewbourne seeks to pool, and my
3 affidavit of notice. Mewbourne requests that this
4 application be approved and that the Northwest Quarter of
5 the Northeast Quarter of Section 7 be pooled; that they
6 be designated the operator; that overhead charges of \$400
7 a month while producing and \$4,000 a month while drilling
8 be approved; that the AFE rates also be approved and that
9 the order be expedited so they can commence the well, and
10 the rig is available on or about the first of June.

11 I move the admission of Mewbourne Exhibit
12 Number 1.

13 EXAMINER BROOKS: Exhibit Number 1 is
14 admitted. Your notice affidavit is attached as part of
15 Exhibit 1?

16 (Exhibit 1 was admitted.)

17 MR. CARR: Yes. It's Attachment E.

18 EXAMINER BROOKS: And you got green cards
19 from all of the unknown participants?

20 MR. CARR: All except Mona Albertson. We
21 were able to reach her at this address, and we talked to
22 her by telephone on February 25th. She is quite elderly.
23 She said her husband used to manage and handle these
24 properties; that she has four-tenths of 1 percent
25 interest in the well; that she was going to confer with

1 her daughter, but unless we heard from her, she was not
2 objecting to the pooling. They have tried to call her
3 since. We've been unable to locate her since those
4 initial contacts. But we did send the letter to her at
5 the address at which she initially received --

6 EXAMINER BROOKS: Advising her of the date
7 and time of the hearing?

8 MR. CARR: Yes, we did.

9 EXAMINER BROOKS: That's part of
10 Attachment E?

11 MR. CARR: Correct.

12 EXAMINER BROOKS: Okay. If there's
13 nothing further, then Case Number 14465 will be taken
14 under advisement.

15 * * *

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I do hereby certify that the foregoing is
a true and correct copy of the proceedings in
the Examiner hearing of Case No. 14465
heard by me on Apr 29 2010
David K. Reed Examiner
Oil Conservation Division

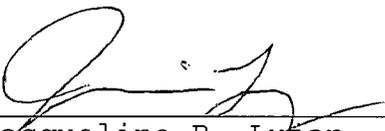
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on April 29, 2010, 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 11th day of May, 2010.



Jacqueline R. Lujan, CCR #91
Expires: 12/31/2010