

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 NOS. 13,031
FOR COMPULSORY POOLING, EDDY COUNTY,)	
NEW MEXICO)	
)	
APPLICATION OF MEWBOURNE OIL COMPANY FOR)	and 13,032
COMPULSORY POOLING AND AN UNORTHODOX OIL)	
WELL LOCATION, EDDY COUNTY, NEW MEXICO)	
)	(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, JR., Hearing Examiner

March 27th, 2003

Santa Fe, New Mexico

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Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, JR., Hearing Examiner, on Thursday, March 27th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

March 27th, 2003
Examiner Hearing
CASE NOS. 13,031 and 13,032 (Consolidated)

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Applicant's	Identified	Admitted
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A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Attorney at Law
Energy, Minerals and Natural Resources Department
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

ALSO PRESENT:

WILLIAM V. JONES, JR.
Petroleum Engineer
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 8:19 a.m.:

3 EXAMINER BROOKS: Okay, I guess we're ready to
4 proceed then. At this time we will call Case Number
5 13,031, the Application of Mewbourne Oil Company for
6 compulsory pooling, Eddy County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce on behalf of
9 the Applicant. I just have a brief statement.

10 I would also ask at this time you call the next
11 case. They involve the same section of land.

12 EXAMINER BROOKS: Very good, at this time we will
13 call Case Number 13,032, the Application of Mewbourne Oil
14 Company for compulsory pooling and an unorthodox oil well
15 location, Eddy County, New Mexico.

16 Call for appearances.

17 MR. BRUCE: Mr. Examiner, again Jim Bruce
18 representing the Applicant.

19 EXAMINER BROOKS: Okay, any other appearances in
20 either of these cases?

21 Are you going to make a consolidated presentation
22 of these two cases, Mr. Bruce?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: And are these presented under
25 Rule 1207.A?

1 MR. BRUCE: A.(1).(b), I believe it is.

2 EXAMINER BROOKS: I haven't gotten as good with
3 those as I got with the Texas Rules of Civil Procedure.

4 MR. BRUCE: Mr. Examiner, these two cases involve
5 two wells, one in the east half of Section 11, 21 South, 27
6 East, the other one in the west half of the section. These
7 cases have been filed under Rule 1207.A.(1).(b), and
8 attached to the Application were the land exhibits and
9 geologic exhibits.

10 I have handed you the notice affidavit regarding
11 notice given to the interest owners. The interest owners
12 pooled in each case are the same individuals that
13 collectively own, I think, less than a half a percent
14 working interest in the well.

15 I would ask that the affidavit of notice be made
16 part of the record and that these cases be taken under
17 advisement.

18 EXAMINER BROOKS: Okay, you've presented the
19 affidavit of notice to the reporter, I see.

20 MR. BRUCE: Yes, sir.

21 EXAMINER BROOKS: And the affidavit required by
22 Rule 1207 is attached to the Application?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: Now, in 13,032 it's advertised
25 as also being for an unorthodox oil well location. Can you

1 tell us about that?

2 MR. BRUCE: Yes, Mr. Examiner. The location was
3 selected based upon the primary objective, which is the
4 Morrow formation, and there were some surface obstacles at
5 a standard location in the southwest quarter of the
6 southwest quarter, so it was moved somewhat to the north of
7 a standard location, so it made it unorthodox as to any oil
8 well location.

9 EXAMINER BROOKS: What are the footages?

10 MR. BRUCE: The footage is 1010 feet from the
11 south line and 660 feet from the west line.

12 EXAMINER BROOKS: And that's going to be in
13 the --

14 MR. BRUCE: -- southwest southwest of Section 11.

15 EXAMINER BROOKS: -- southwest southwest. So
16 that puts it too close to the north line of that southwest
17 southwest --

18 MR. BRUCE: That is correct.

19 EXAMINER BROOKS: -- for a 40-acre spacing?

20 MR. BRUCE: Yeah.

21 EXAMINER BROOKS: Okay. And that was done by
22 reason of surface -- for surface reasons?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: Is that explained in the
25 affidavit?

1 MR. BRUCE: It may not be explained in the
2 affidavit, Mr. Examiner, but let me give you a little
3 background --

4 EXAMINER BROOKS: Okay.

5 MR. BRUCE: -- on that particular case.

6 This case was filed twice. It was filed once
7 last fall, and I'm looking for the case number. And we did
8 go to hearing at that time on this matter, and the reason
9 for the unorthodox location was explained in that hearing.

10 Subsequently, all of the parties who were being
11 force-pooled in that case voluntarily joined in the well.
12 Then a subsequent title examination showed up a few
13 interest owners. It was a few limited partners of one of
14 the Coquina limited partnerships.

15 EXAMINER BROOKS: Right.

16 MR. BRUCE: And they showed up after the fact,
17 and that's who -- Those are the four or five people being
18 force-pooled today.

19 That case number -- I can't find right now. It's
20 12,928.

21 EXAMINER BROOKS: Was an order entered in that
22 case?

23 MR. BRUCE: There was -- I believe before an
24 order was entered, the case was dismissed.

25 EXAMINER BROOKS: So the unorthodox --

1 MR. BRUCE: The reason for the --

2 EXAMINER BROOKS: -- location has never been
3 proved then?

4 MR. BRUCE: That's correct.

5 EXAMINER BROOKS: Either at hearing or
6 administratively?

7 MR. BRUCE: That's correct.

8 EXAMINER BROOKS: And is there -- It seems to me
9 we have to have some kind of evidence to grant an order.

10 MR. BRUCE: If I could, Mr. Examiner, ask that
11 the -- There was testimony presented in 12,928. If we
12 could incorporate that in the record of this case --

13 EXAMINER BROOKS: Oh, okay.

14 MR. BRUCE: -- and the reason for the unorthodox
15 location was explained there.

16 EXAMINER BROOKS: Very good, we will take
17 administrative notice of the record in Case Number 12,928.
18 Is that the correct number, 12,928?

19 MR. BRUCE: Yes, sir.

20 EXAMINER BROOKS: Very good. We will take
21 administrative notice of the record in Case Number 12,928
22 in connection with Case Number 13,032.

23 Anything further, Mr. Bruce?

24 MR. BRUCE: No, sir.

25 EXAMINER BROOKS: Mr. Jones?

1 EXAMINER JONES: I noticed, Mr. Bruce, the well
2 location is based on the best location for the well in the
3 Morrow, which is the primary zone of interest. That's why
4 the oil turns out to be a little bit too far north?

5 MR. BRUCE: Yes, sir.

6 EXAMINER JONES: And any affected parties to the
7 north have been noticed?

8 MR. BRUCE: They are all voluntary participants
9 in the well --

10 EXAMINER JONES: Okay.

11 MR. BRUCE: -- so they know what the location is.
12 And as far as the royalty owner goes, it's all state land.
13 So the royalty owner is not affected either.

14 EXAMINER BROOKS: Are the pools identified in
15 the --

16 MR. BRUCE: They are identified in the
17 Application.

18 EXAMINER BROOKS: Okay, very good.

19 If there's nothing further, then Cases Numbers
20 13,031 and 13,032 at this time will be taken under
21 advisement.

22 (Thereupon, these proceedings were concluded at
23 8:29 a.m.)

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13031.
* * * heard by me on March 27, 2003

24 David K. Brooks Examiner
25 Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL April 1st, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006