

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)
FOR COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)

CASE NO. 13,410

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

March 3rd, 2005

Santa Fe, New Mexico

2005 MAR 17 AM 8 45

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, March 3rd, 2005, 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.

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I N D E X

March 3rd, 2005
Examiner Hearing
CASE NO. 13,410

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	4
Exhibit 2	4	4
Exhibit 3	5	-

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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

* * *

1 WHEREUPON, the following proceedings were had at
2 8:25 a.m.:

3 EXAMINER EZEANYIM: At this time I will call Case
4 13,410, and this is the Application of Mewbourne Oil
5 Company for compulsory pooling, Eddy County, New Mexico.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
7 representing the Applicant. I have no witnesses.

8 EXAMINER EZEANYIM: Any other appearances for
9 this case?

10 Okay, you may proceed.

11 MR. BRUCE: Mr. Examiner, this case was already
12 heard, I believe by Examiner Catanach, and a witness
13 presented testimony. After the hearing -- This well is on
14 federal land, and the BLM required that the well be moved
15 for topographical and I think partly potash reasons. And
16 so the well location was moved from a standard location to
17 a location 510 feet from the south line and 2130 feet from
18 the east line, which is an unorthodox location under the
19 special Bone Spring pool rules in this area.

20 The matter was continued.

21 And simply submitted as Exhibit 1 is an affidavit
22 from the landman at Mewbourne Oil Company notifying the
23 nonconsenting working interest owners of the new well
24 location.

25 Secondly, the notice of the advertisement for the

1 case was changed, and notice of the change in location was
2 given to all of the interest owners by the affidavit marked
3 as Exhibit 2, notice of the hearing with respect to the
4 changed location is given by Exhibit 2.

5 And so if nothing is changed other than the well
6 location, the well location is unorthodox under 80-acre
7 pool rules for the Bone Spring formation. An
8 administrative application has been filed with the Division
9 for the unorthodox location, so we're not seeking that
10 relief here today.

11 And I'd just move the admission of Exhibits 1 and
12 2, which are simply giving notice of the new location to
13 the working interest owner.

14 EXAMINER EZEANYIM: Exhibits 1 and 2 will be
15 taken into evidence.

16 What is the location of this well? Because there
17 is confusion in the docket. The docket says 510 from the
18 south line and 1830 from the east line.

19 MR. BRUCE: That's correct.

20 EXAMINER EZEANYIM: Is that the correct location?

21 MR. BRUCE: That is the correct new location.

22 EXAMINER EZEANYIM: Right now.

23 MR. BRUCE: The original location was 510 feet
24 from the south line and 2130 feet from the east line.

25 The pool rules require a well to be within 150

1 feet of the center of a quarter-quarter section, and the
2 new location makes it unorthodox.

3 EXAMINER EZEANYIM: So you have your Application
4 with us now to grant the unorthodox location?

5 MR. BRUCE: We have filed an administrative
6 application for the unorthodox location, so this
7 Application here today just seeks force pooling.

8 EXAMINER EZEANYIM: Okay, this case has been
9 heard. I'm not hearing this case again, but I'm trying to
10 collect data and information that I'm required to get.

11 You've done notice to the LWJ Partnership?

12 MR. BRUCE: Yes.

13 EXAMINER EZEANYIM: And you got --

14 MR. BRUCE: Yes, that's --

15 EXAMINER EZEANYIM: And did you get all the green
16 cards?

17 MR. BRUCE: Yes, if you look at Exhibit 2 --

18 EXAMINER EZEANYIM: Okay.

19 MR. BRUCE: -- the final page of Exhibit 2,
20 notice was given to them. They refused to pick up the
21 green card.

22 EXAMINER EZEANYIM: Okay.

23 MR. BRUCE: And oh, I forgot, Mr. Examiner, also
24 the notice was published in a newspaper, and that's Exhibit
25 3. And I'd ask that Exhibit 3 be admitted.

1 EXAMINER EZEANYIM: That was my last question,
2 okay. And we have all the correct information here? Let's
3 see.

4 MR. BRUCE: Yes, sir.

5 EXAMINER EZEANYIM: Okay. Do you have any API
6 number for this well?

7 MR. BRUCE: Excuse me, sir?

8 EXAMINER EZEANYIM: Any API number for this well
9 yet?

10 MR. BRUCE: I think so. I do not. The APD has
11 been approved by the BLM, but the APD doesn't have the API
12 number. I will get that for you later today.

13 EXAMINER EZEANYIM: And your overhead rates may
14 have been in the transcript. What are you asking for
15 overhead rates for drilling and production? Do you know
16 what the overhead rates you're asking for --

17 MR. BRUCE: They are in the record from the first
18 hearing. I can't remember. I think they're --

19 EXAMINER EZEANYIM: Okay, that's fine.

20 MR. BRUCE: -- I think they're \$6000, \$600, but I
21 don't remember.

22 EXAMINER EZEANYIM: That's fine, I think I can
23 get it from the transcript.

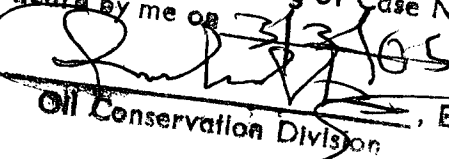
24 Anything further?

25 MR. BRUCE: No, sir.

1 EXAMINER EZEANYIM: If there is nothing further,
2 then Case Number 13,410 will be taken under advisement at
3 this time.

4 (Thereupon, these proceedings were concluded at
5 8:37 a.m.)

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12 I do hereby certify that the foregoing is
13 a complete record of the proceedings in
14 the Examiner hearing of Case No. 13410
15 heard by me on 3/3/05
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17 Oil Conservation Division, Examiner
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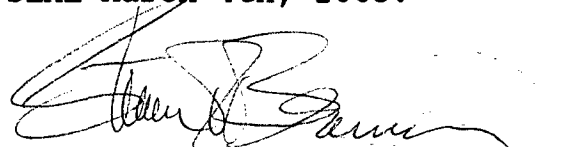
CERTIFICATE OF REPORTER

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 March 4th, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006