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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:

CASE NO. 15965

APPLICATION OF MEWBOURNE OIL COMPANY FOR A NONSTANDARD GAS SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 8, 2018

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER GABRIEL WADE, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, and Gabriel Wade, Legal Examiner, on Thursday, March 8, 2018, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 1 APPEARANCES 2 FOR APPLICANT MEWBOURNE OIL COMPANY: 3 JAMES G. BRUCE, ESQ. Post Office Box 1056 Santa Fe, New Mexico 87504 4 (505) 982-2043 5 jamesbruc@aol.com б 7 EOG RESOURCES, INC. AND EOG Y RESOURCES, INC. 8 MICHAEL H. FELDEWERT, ESQ. HOLLAND & HART, LLP 9 110 North Guadalupe, Suite 1 Santa Fe, New Mexico 87501 (505) 988-4421 10 mfeldewert@hollandhart.com 11 12 13 INDEX 14 PAGE Case Number 15965 Called 3 15 16 Exhibits Offered 3 17 Proceedings Conclude 4 Certificate of Court Reporter 5 18 19 20 21 EXHIBITS OFFERED AND ADMITTED 22 Mewbourne Oil Company Exhibit Numbers 5 and 7 4 23 24 25

Page 3 (8:20 a.m.) 1 2 EXAMINER McMILLAN: The next case I'd like to call is Case Number 15965, re-advertised, application 3 of Mewbourne Oil Company for a nonstandard gas spacing 4 5 and proration unit and compulsory pooling, Eddy County, б New Mexico. 7 Call for appearances. 8 MR. BRUCE: Mr. Examiner, Jim Bruce of 9 Santa Fe representing the Applicant. I have no witnesses. 10 11 EXAMINER McMILLAN: Any other appearances? 12 MR. FELDEWERT: Michael Feldewert, from the Santa Fe office of Holland & Hart, appearing on behalf 13 of EOG Resources, Inc. and EOG Y Resources, Inc. And I 14 also do not have any witnesses. 15 16 EXAMINER McMILLAN: Please proceed. 17 MR. BRUCE: Mr. Examiner, this case was 18 heard two weeks ago and was continued, again, for notice 19 purposes. 20 I submit Exhibit 5, the Affidavit of Notice, as to the parties being pooled, showing that all 21 22 of the parties did receive actual notice. And then Exhibit 7, the Affidavit of Notice, to the offsets, and, 23 24 again, all of the offsets did receive actual notice. So I'd move admission of Exhibits 5 and 7 25

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Page 4 and ask that the matter be taken under advisement. EXAMINER McMILLAN: Any objections? MR. FELDEWERT: No objection. EXAMINER McMILLAN: Okay. Exhibits 5 through [sic] 7 may now be accepted as part of the record. (Mewbourne Oil Company Exhibit Numbers 5 and 7 are offered and admitted into evidence.) EXAMINER McMILLAN: And Case Number 15965 shall be taken under advisement. (Case Number 15965 concludes, 8:21 a.m.)

Page 5 1 STATE OF NEW MEXICO 2 COUNTY OF BERNALILLO 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court Reporter, New Mexico Certified Court Reporter No. 20, 6 7 and Registered Professional Reporter, do hereby certify 8 that I reported the foregoing proceedings in 9 stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that 10 were reduced to printed form by me to the best of my 11 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 DATED THIS 26th day of March 2018. 21 22 MARY C. HANKINS, CCR, RPR 23 Certified Court Reporter New Mexico CCR No. 20 Date of CCR Expiration: 12/31/2018 24 Paul Baca Professional Court Reporters 25