

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. 16314

Application of MEWBOURNE OIL COMPANY
for a non-standard oil spacing and
proration unit and compulsory pooling,
Lea County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, JULY 26, 2018

SANTA FE, NEW MEXICO

This matter came on for hearing before the
New Mexico Oil Conservation Division, William B. Jones,
Examiner, and David Brooks, Legal Examiner, on Thursday,
July 26, 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 Therese Macfarlane
New Mexico CCR 122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102

1 A P P E A R A N C E S.

2 For the Applicant: James Bruce, Esq.
 3 Post Office Box 1056
 4 Santa Fe, NM 87504
 (505) 982-2043
 jamesbruc@aol.com

5

I N D E X

6

CASE NUMBER 16134 CALLED PAGE

7

8 CASE SUBMITTED BY AFFIDAVIT 3

9

10

E X H I B I T I N D E X

11 APPLICANT MEWBOURNE OIL COMPANY, LLC EXHIBITS: PAGE

12

CORY MITCHELL

13

MEWBOURNE OIL COMPANY, LLC, EXHIBIT 1 3

14

MEWBOURNE OIL COMPANY, LLC, EXHIBIT 2 4

15

MEWBOURNE OIL COMPANY, LLC, EXHIBIT 3 4

16

JORDAN CARRELL

17

MEWBOURNE OIL COMPANY, LLC, EXHIBIT 4 4

18

19

20

21

22

23

24

25

1 (Time noted: 8:45 a.m.)

2 Let's call 16314, Application of Mewbourne Oil
3 Company for a nonstandard well spacing and proration unit,
4 located in Lea County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
7 representing the Applicant. I am again submitting this by
8 affidavit.

9 Submitted as Exhibit 1 is the affidavit of
10 Cory Mitchell, landsman for Mewbourne, again setting forth
11 the basic information. This well, basically it's an
12 elongated section partially comprised of lots, but is
13 essentially the west half/west half of Section 6, 21
14 South, 35 East, and Mewbourne is proposing Pheasant
15 Ridge 6 1BDU State Com Well No. 1H as its first well in
16 the Bone Springs Sand.

17 And it has the usual attachments: The land
18 plat, the C-102.

19 Attachment B is the interest owners in the
20 well. The only party they are seeking to pool at this
21 time is Chisholm Energy Operating. They have come to
22 terms with Conoco Phillips, the other party who was
23 notified.

24 Attachment C is the summary of the contacts
25 with the parties over the last several months, together

1 with supporting paperwork, the well proposals and emails.

2 And Attachment D is the AFE for the well.

3 Again just over \$9 million.

4 Exhibit 2 is my Affidavit of Notice.

5 Notice was given to the parties being pooled and they all
6 received actual notice. Again the only party sought to be
7 pooled at this point is Chisholm Energy Operating.

8 There is an Affidavit of Publication out of
9 an excess of caution.

10 Exhibit 4 is the affidavit of Jordan
11 Carrell, one of Mewbourne's geologists. The usual
12 structure maps: Isopachs which show the well. The
13 thickness of the Bone Spring Sand is about 60 feet
14 throughout the well unit. Cross sections showing the
15 target zone.

16 And, Mr. Examiner, something you might find
17 interesting, the Affidavit D attachment, and there's only
18 four existing wells within about 10 miles.

19 MR. JONES: So are you asking for a risk
20 penalty?

21 MR. BRUCE: Yeah. And none of the producing
22 wells is closer than six miles.

23 So it's a little different than the norm.

24 And his affidavit also contains how the
25 quarter sections should contribute to production.

1 With that I move the admission of Exhibits
2 1 through 4 and ask the case be taken under advisement.

3 MR. JONES: Exhibits 1 through 4 are admitted.

4 So it's a stretch section and you have six
5 lots involved?

6 MR. BROOKS: What did you tell us about Notice?

7 MR. BRUCE: The parties being pooled received
8 actual notice.

9 MR. BROOKS: Okay. Okay. Parties being pooled
10 are all uncommitted parties, all uncommitted mineral
11 interest owners?

12 MR. BRUCE: That's correct. It is state land so
13 they are working interest owners

14 MR. BROOKS: Not operating rights owners.

15 MR. BRUCE: Not unleased mineral owners.

16 MR. BROOKS: Okay. There are no unleased
17 mineral interests.

18 MR. BRUCE: No unleased mineral interests.

19 MR. BROOKS: What about overrides?

20 MR. BRUCE: In the landman's affidavit he
21 explained that there are some but they have the authority
22 to join them.

23 MR. BROOKS: Okay. We will accept the landman's
24 affidavit.

25 MR. JONES: Mr. Bruce, the surface and bottom

1 hole location, I didn't understand the bottom hole
2 location. Is it in the southwest/southwest?

3 MR. BRUCE: It is what would be -- yeah, the
4 southwest/southwest. It's Lot 18.

5 MR. JONES: Lot 18. Got you. Okay. Thank you.
6 16314 is taken under advisement.

7 (Time noted: 8:51 a.m.)

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF TAOS)

4

5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 26,
8 2018, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18

19

20 _____
21 MARY THERESE MACFARLANE, CCR
22 NM Certified Court Reporter No. 122
23 License Expires: 12/31/2018
24
25