

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. 15601  
TO RE-OPEN CASE NO. 15601 FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 20, 2018

Santa Fe, New Mexico

BEFORE:    WILLIAM V. JONES, CHIEF EXAMINER  
              DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner, and David K. Brooks, Legal Examiner, on  
Thursday, September 20, 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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

# APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
jamesbruc@aol.com

# INDEX

PAGE

Case Number 15601 Called	3
Case Presented by Affidavit	3
Proceedings Conclude	9
Certificate of Court Reporter	10

# EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 3	6
---	---

1 (10:19 a.m.)

2 EXAMINER JONES: Call Case 15601,  
3 re-opened, application of Mewbourne Oil Company to  
4 re-open Case 15601 for compulsory pooling in Lea County,  
5 New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of  
8 Santa Fe representing the Applicant. I am going to  
9 submit this case by affidavit.

10 EXAMINER JONES: Mr. McMillan, any  
11 appearance?

12 (Laughter.)

13 MR. McMILLAN: Very much appreciate you  
14 checking in, but no, not on this one.

15 EXAMINER JONES: Okay.

16 MR. BRUCE: Mr. Examiner, I've handed you  
17 some exhibits. This case was originally heard last  
18 spring -- I should say the spring of 2017, and Order  
19 Number R-14525 was issued in this matter.

20 The well, I believe, at least has been  
21 commenced. I don't know if it's been drilled and  
22 completed yet. But I've handed -- what happened was a  
23 couple of extra names popped up, at least one of whom is  
24 unlocatable, and we're seeking to include those in the  
25 pooling evidence regarding the nonstandard unit

1 necessary at that time. It was previously submitted and  
2 by live testimony, so we're not seeking to replicate  
3 that testimony.

4 Exhibit 1 is an affidavit of the landman,  
5 Mitch Robb, Mewbourne's landman on this prospect. Go  
6 back to Attachment A, four pages in.

7 EXAMINER BROOKS: Excuse me, Jim. Is  
8 this -- is what you're doing is adding additional pooled  
9 parties?

10 MR. BRUCE: Pooled party. That's all.

11 EXAMINER BROOKS: Go ahead.

12 MR. BRUCE: The well unit is the west half  
13 of the east half of Section 15 in 23 South, 34 East.  
14 The well is the Pronghorn 15 B3BO Fed Com Well #1H,  
15 which is a 3rd Bone Spring well. Attached also as part  
16 of Attachment A is the C-102 for the well. It's the  
17 Northwest Antelope Ridge; Bone Spring Pool. The pool  
18 code is 2207, and the API number for the well, final  
19 digits, 44587, is on the C-102. Like I said, I believe  
20 the well has been commenced. The pooling -- the  
21 original pooling order was dated December 26th of last  
22 year, so the pooling order is still effective for the  
23 drilling of the well.

24 Attachment B lists the three companies who  
25 are being force pooled, which are Landis Drilling

1 Company, Black & Gold Resources, LLC and Charles  
2 Albright III, Trustee. Landis Drilling Company is an  
3 unlocatable party. The landman does discuss the steps  
4 he took to locate this interest owner. I think Landis  
5 Drilling Company has been force pooled in probably eight  
6 or ten wells by various parties over the last couple of  
7 years, and there is no known address for that party.  
8 The total interest being pooled is about 1.3 percent.

9 Attachment C is the landman's  
10 correspondence with the parties. Well proposals were  
11 sent. The Landis Drilling Company was returned  
12 undelivered. Black & Gold Resources -- they have had  
13 quite a few contacts with Black & Gold Resources dating  
14 back a while. And then Charles C. Albright is also  
15 force pooled.

16 Attachment D is the AFE for the well. It's  
17 about a \$7.2 million well, which the costs are stated to  
18 be fair and reasonable. If there are overriding  
19 royalties, Mewbourne has the right to force pool them.  
20 The AFE is fair and reasonable. They request 7,500 a  
21 month for a drilling well and 750 per month for a  
22 producing well, and those are the same rates contained  
23 in the original order in this matter. They ask for the  
24 maximum risk charge, and they ask that Mewbourne be  
25 designated operator of the well.

1                   Exhibit 2 is my affidavit of mailing,  
2   Affidavit of Notice.

3                   Charles Albright did receive actual notice.  
4   Black & Gold Resources, I have never received a green  
5   card back. I've attached the -- some sheets from the  
6   post office's website showing that it was delivered on  
7   August 17th. I've just never gotten the green card  
8   back.

9                   And Exhibit 3 is the Affidavit of  
10   Publication naming all of the parties. So even though I  
11   never received a green card back, Black & Gold did  
12   receive also constructive notice, and Landis Drilling  
13   did receive constructive notice.

14                  So I'd move the admission of Exhibits 1  
15   through 3 and ask that these additional parties be  
16   incorporated into the pooling and ask that the matter be  
17   taken under advisement.

18                  EXAMINER JONES: Exhibits 1 through 3 are  
19   admitted.

20                  (Mewbourne Oil Company Exhibit Numbers 1  
21   through 3 are offered and admitted into  
22   evidence.)

23                  EXAMINER BROOKS: I have nothing.

24                  EXAMINER JONES: The original pooled  
25   parties -- are these three the new pooled parties, or do

1     they include the originals and the new ones?

2                   MR. BRUCE:   I might have named Landis in  
3     the original.   I do know Black & Gold Resources' address  
4     changed, so in the prior one, I think we got it back as  
5     undeliverable.   So we renamed them just to make sure  
6     that they were -- you know, since they were locatable,  
7     that they were pooled.   And I forget exactly as to  
8     Mr. Albright.   But anyway, these are parties who we did  
9     not deem sufficiently pooled in the first proceeding.

10                  EXAMINER JONES:   Do you prefer a new  
11     hearing order that re-allows a suspense period for all  
12     pooled parties?   In other words, a brand-new hearing  
13     order or just some kind of abbreviated --

14                  MR. BRUCE:   An abbreviated one would be  
15     fine, just something I could ship out to at least the  
16     two locatable parties that have offered to join in the  
17     well.

18                  EXAMINER BROOKS:   Now, is everybody that  
19     you're bringing in, do they understand that they'll be  
20     offered a new election?

21                  MR. BRUCE:   A new election, yes.

22                  EXAMINER JONES:   The new parties.

23                  EXAMINER BROOKS:   The new parties, which  
24     is --

25                  MR. BRUCE:   At least the new locatable

1 parties, yeah, Black & Gold Resources and Charles  
2 Albright, Trustee.

3 EXAMINER BROOKS: Albright and Black &  
4 Gold?

5 MR. BRUCE: Yeah.

6 EXAMINER JONES: Is Black & Gold the BC  
7 Operating people?

8 MR. BRUCE: Is it what?

9 EXAMINER JONES: BC Operating, is that the  
10 same as Black & Gold?

11 MR. BRUCE: I don't think so. No.

12 For your file, here is a copy of the  
13 original order.

14 EXAMINER JONES: Okay. This was a dispute  
15 at one point.

16 MR. BRUCE: At one point, yeah.

17 EXAMINER JONES: Case 15601, re-opened, is  
18 taken under advisement. Thank you very much.

19 (Case Number 15601 concludes, 10:27 a.m.)

20

21

22

23

24

25



1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO  
3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
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  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

13 I FURTHER CERTIFY that the Reporter's  
14 Record of the proceedings truly and accurately reflects  
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither  
17 employed by nor related to any of the parties or  
18 attorneys in this case and that I have no interest in  
19 the final disposition of this case.

20 DATED this 6th day of October 2018.  
21

22  
23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
25 New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2018  
Paul Baca Professional Court Reporters