

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. 20112
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 11, 2019

Santa Fe, New Mexico

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

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Friday, January 11, 2019, 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
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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.
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1 (3:11 p.m.)

2 EXAMINER JONES: Okay. Call Case Number
3 20112, application of Mewbourne Oil Company.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of
6 Santa Fe representing the Applicant, one last case by
7 affidavit.

8 Finally, in this case, Mr. Examiner,
9 Mewbourne Oil Company is seeking to pool the east half
10 of Section 36 in 25-29, the east half of Section 1,
11 26-29, for a Wolfcamp well, the Buffalo Trace W1PA #1H.

12 The affidavit contains the usual
13 information, the AFE, overhead rates of 8,000, 800,
14 efforts to obtain the voluntary joinder of the parties.
15 There is a land plat. There is a -- let me see. There
16 are two wells, actually, the 1H well and the 2H well.
17 They're both in the Upper Wolfcamp. There are C-102s
18 for each well.

19 Attachment B is the owner list.

20 Mr. Brooks, Mewbourne owns 95 percent of
21 the working interest, with its working interest
22 partners, in the well unit, and then the EOG entities
23 own a combined 5 percent working interest in the well
24 unit.

25 EXAMINER BROOKS: The first take point is

1 going to be in Section 1?

2 MR. BRUCE: It will be in Section 1.

3 EXAMINER BROOKS: Only the -- only the
4 surface location is down in Section 12?

5 MR. BRUCE: Yes. Correct.

6 EXAMINER BROOKS: And did you say
7 Attachment B is the ownership list?

8 MR. BRUCE: Yes.

9 EXAMINER BROOKS: This is the old Yates
10 folks, and it's probably been consolidated into EOG now,
11 which is okay because what controls is --

12 EXAMINER JONES: It says EOG here.

13 EXAMINER BROOKS: Yeah. What controls is
14 what the situation was -- where the title was when you
15 filed the case.

16 MR. BRUCE: If you'll see below on
17 Attachment B -- and I didn't know even know this -- EOG
18 Y, M and A have reportedly merged with the parent
19 company, EOG Resources, Inc., but --

20 EXAMINER BROOKS: And I don't know that for
21 a fact. I just know they're sending out joint interest
22 statements as EOG Resources, Inc. instead of EOG
23 Resources Y.

24 MR. BRUCE: Yeah. So goodbye, Yates
25 Petroleum.

1 EXAMINER JONES: Yeah.

2 EXAMINER BROOKS: Nothing lasts forever.

3 MR. BRUCE: Yeah. Long time, 23 years or
4 something like that.

5 EXAMINER JONES: So why was Caza required
6 to be renoticed in that other case then?

7 EXAMINER BROOKS: I don't know.

8 EXAMINER JONES: Was that just Mike
9 (laughter)?

10 MR. BRUCE: No. It was -- you know, there
11 were questions, and I was going to immediately renotify
12 them. My client wanted to see if they could talk to
13 Caza, but they couldn't reach agreement, so, you know --

14 EXAMINER BROOKS: Well, there actually
15 is -- the rules don't require notice to somebody who
16 gets an assignment after -- well, it does if you have
17 actual notice, actual knowledge.

18 MR. BRUCE: Well, and, Mr. Brooks, the
19 situation is this: I filed the application, and it was
20 unclear if Mewbourne had at least verbal notice of the
21 assignment beforehand, although they hadn't seen the
22 official assignment, which didn't show up for about a
23 month and a half.

24 EXAMINER BROOKS: The language is if it's
25 of record or you have actual knowledge at the time the

1 application is filed, if I remember.

2 MR. BRUCE: Yeah. So just I played it
3 safe.

4 And then the AFEs. These are about
5 \$11 million wells.

6 Affidavit of Notice, Exhibit 2.

7 Ah. That's right.

8 Mr. Examiner, this is one of my newer
9 cases, and three weeks later, I still don't have the
10 green card back from EOG, so I'm going to have to
11 continue this case for two weeks just to see if I can
12 lure EOG out of the woodwork.

13 EXAMINER BROOKS: Since I was pontificating
14 about what the rule said on the record, I guess -- I did
15 look it up, and I was basically correct. It says --

16 MR. BRUCE: Uh-huh.

17 EXAMINER JONES: Chuck Moran doesn't get
18 these notices himself? He's got people working with
19 him.

20 MR. BRUCE: You know, I don't know what it
21 is, but for the last two or three years, I have a devil
22 of a time getting a green card back from any EOG entity.

23 EXAMINER BROOKS: "Any owner whose interest
24 in evidenced by written conveyance document either of
25 the record or known to the applicant at the time

1 applicant filed the application."

2 MR. BRUCE: Yeah. And I didn't know --
3 there was some -- there were some disputed facts over
4 when the application was filed and when notice was
5 given.

6 EXAMINER BROOKS: Yeah. Okay.

7 MR. BRUCE: Exhibit 3 is the affidavit of
8 Tyler Hill, the geologist, and his usual information of
9 the structure map, cross section, information on wells
10 in the area. A lot of these wells are fairly new. And
11 the drilling prognoses for the well, you know, each
12 quarter section will contribute more or less equally to
13 production.

14 And with that, I'd move the admission of
15 Exhibits 1 through 3 and ask that the case be continued
16 for two weeks.

17 EXAMINER JONES: Exhibits 1, 2 and 3 are
18 admitted in Case 20112, and it's continued to January
19 24th.

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

23 EXAMINER JONES: Before we go off the
24 record, I want to say on the record that I'm going to
25 update my spreadsheet and email it to the court reporter

1 for inclusion in the pre-hearing or post-hearing,
2 whatever you want to call it, record of the continuances
3 and dismissals.

4 (Case Number 20112 concludes, 3:19 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
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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 29th day of January 2019.
21

22
23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters