

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. 16496  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 21, 2019

Santa Fe, New Mexico

BEFORE:   MICHAEL McMILLAN, CHIEF EXAMINER  
          TERRY WARNELL, TECHNICAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Michael McMillan,  
Chief Examiner, Terry Warnell, Technical Examiner, on  
Thursday, February 21, 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  
                  Paul Baca Professional Court Reporters  
                  500 4th Street, Northwest, Suite 105  
                  Albuquerque, New Mexico 87102  
                  (505) 843-9241

1 APPEARANCES

2 FOR APPLICANT MEWBOURNE OIL COMPANY:

3 JAMES G. BRUCE, ESQ.  
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4 Santa Fe, New Mexico 87504  
(505) 982-2043  
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6 FOR INTERESTED PARTY EOG RESOURCES:

7 ADAM G. RANKIN, ESQ.  
HOLLAND & HART, LLC  
8 110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501  
9 (505) 988-4421  
agrankin@hollandhart.com

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11 FOR INTERESTED PARTY ST. DEVOTE, LLC:

12 GARY W. LARSON, ESQ. (Not physically present)  
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10 EXHIBITS OFFERED AND ADMITTED

11 Mewbourne Oil Company Exhibit Numbers 1 through 4 7

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1 (11:46 a.m.)

2 MR. BRUCE: And the next one is 39 on the  
3 docket, 16496, Mewbourne Oil Company.

4 EXAMINER McMILLAN: I'd like to call Case  
5 16496, application of Mewbourne Oil Company for  
6 compulsory pooling, Eddy County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of  
9 Santa Fe representing the Applicant. I am submitting  
10 this case by affidavit.

11 EXAMINER McMILLAN: Are there any other  
12 appearances?

13 MR. RANKIN: Mr. Examiner, Adam Rankin,  
14 with Holland & Hart, here on behalf of EOG.

15 EXAMINER McMILLAN: What about St. Devote,  
16 LLC?

17 MR. BRUCE: Gary Larson -- I said I would  
18 note his appearance on the record. Mr. Larson thought  
19 the case would be heard after lunch. But he has entered  
20 an appearance for St. Devote, and he informed me that  
21 he's not objecting. He's just here to collect exhibits.

22 EXAMINER McMILLAN: Okay.

23 MR. BRUCE: Mr. Examiner, I've submitted to  
24 you a set of exhibits.

25 Exhibit 1 is the affidavit of Ray

1 Winkeljohn, Mewbourne's landman. They are seeking to  
2 force pool the north half-north half of Section 1 and  
3 the north half-northeast quarter of Section 2, in 18  
4 South, 30 East for its Loco Hills 1/2 B2AB Fed Com #1,  
5 which is a 2nd Bone Spring test and contains the usual  
6 land plat; the C-102, which I notice does not have the  
7 pool name. I will get that for you. Authorization for  
8 expenditure. They're requesting 8,800 a month for the  
9 well.

10                   And the only thing in the -- if you go to  
11 Attachment B to Exhibit 1, it lists the parties. With  
12 an asterisk, they note the parties to be pooled. Since  
13 that was prepared, just for the record, the following  
14 companies can be dismissed from the case because they  
15 have signed on to the well and that is: Number one,  
16 Union Hill Oil & Gas; number two, Crespi, C-R-E-S-P-I, &  
17 Company; number three, Bumpas Global Holdings; number  
18 four, A&S Operating; and, number five, Lincoln Oil &  
19 Gas.

20                   As I said, the normal attachments are  
21 there. It's about an \$8.4 million well, and the landman  
22 states that they request the maximum cost plus 200  
23 percent risk charge, and the application is in the  
24 interest of conservation and the prevention of waste.

25                   Exhibit 2 is by Affidavit of Notice. There

1 are numerous parties notified. I received green cards  
2 back from everyone except the final page of Exhibit 2.  
3 I never received green cards back from Bumpas Global  
4 Holdings, which has joined in the well; ZPZ Delaware,  
5 which is Apache; and EOG Resources. But all of those  
6 parties were given notice by publication as shown on  
7 Exhibit 3. So all parties either received actual or  
8 constructive notice.

9 And then Exhibit 4 is the verified  
10 statement of Charles Crosby, the geologist who has the  
11 structure map, isopach and cross section, which also  
12 denotes the target zone on the cross section,  
13 Mr. Examiner. And the geologist testifies that the  
14 horizontal spacing unit is justified geologically and  
15 each quarter-quarter section of the well unit will  
16 contribute to production more or less equally. And  
17 there is no faulting or other issues which would  
18 present -- which would prevent the drilling of the well.  
19 And there is also the directional drilling and planning  
20 included, and the well will be orthodox.

21 So with that, I'd move the admission of  
22 Exhibits 1 through 4 and ask that the matter be taken  
23 under advisement.

24 EXAMINER McMILLAN: Objections?

25 MR. RANKIN: No objections.

1                   EXAMINER McMILLAN: Exhibits 1 through 4  
2    may now be accepted as part of the record.

3                   (Mewbourne Oil Company Exhibit Numbers 1  
4                   through 4 are offered and admitted into  
5                   evidence.)

6                   EXAMINER McMILLAN: Okay. I couldn't  
7    figure out, based on Exhibit 1, Attachment B, who is  
8    being pooled.

9                   MR. BRUCE: Oh, if you go to Attachment B,  
10   which is a listing of interest owners and their  
11   percentage working interest, and you'll see off to the  
12   left those parties denoted with an asterisk are the  
13   parties being pooled, but then I named five of them who  
14   are -- in the well.

15                  EXAMINER McMILLAN: I couldn't figure  
16   out -- I'd like to see a tract map of the ownership.

17                  MR. BRUCE: Okay. I'll do that.

18                  EXAMINER McMILLAN: And then the same thing  
19   I tell you every time with the geologist. Quit using  
20   the same color over and over and over (indicating).

21                  MR. BRUCE: (Laughter.)

22                  EXAMINER McMILLAN: Any depth severances?

23                  MR. BRUCE: No.

24                  EXAMINER McMILLAN: Okay. And in the  
25   geologist's testimony, he said all quarter-quarter

1 sections?

2 MR. BRUCE: Yes.

3 EXAMINER McMILLAN: Make sure I got it.

4 Status is proposed?

5 MR. BRUCE: Yes.

6 EXAMINER McMILLAN: And do we know the  
7 first and last take points? Is that in his -- if I come  
8 over here, does it say it here?

9 MR. BRUCE: I will get the first and last  
10 take points.

11 EXAMINER McMILLAN: Okay. Get that  
12 information. Okay.

13 MR. BRUCE: Ask that the case be taken  
14 under advisement.

15 MR. RANKIN: No objections.

16 EXAMINER McMILLAN: Case Number 16496 shall  
17 be taken under advisement.

18 (Case Number 16496 concludes, 11:55 a.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 27th day of March 2019.

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

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