

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. 20499
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 13, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, June 13, 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
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1 APPEARANCES

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7 FOR INTERESTED PARTY COG OPERATING, LLC:

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1 (8:20 a.m.)

2 EXAMINER DAWSON: Okay. So at this point,
3 we'll start on -- start on number 14, which is Case
4 Number 20499. It's Mewbourne Oil Company for compulsory
5 pooling, Eddy County, New Mexico.

6 Please call for appearances.

7 MR. LARSON: Good morning, Mr. Examiner.
8 Gary Larson, of the Santa Fe office of Hinkle Shanor,
9 for the Applicant, Mewbourne Oil Company.

10 MR. BRUCE: Mr. Examiner, Jim Bruce of
11 Santa Fe representing ConocoPhillips Company. I have no
12 witnesses and have no objection to the case being done
13 by affidavit.

14 EXAMINER DAWSON: Okay.

15 MR. CARR: May it please the examiner,
16 William F. Carr, senior counsel to Concho Resources and
17 appearing for COG. We do not have a witness, and we do
18 not object to the case going forward by affidavit.

19 EXAMINER DAWSON: Okay. Thank you.

20 Any other appearances?

21 When you're ready, Mr. Larson.

22 Do you have any witnesses?

23 MR. LARSON: I do not. I'm presenting my
24 case by affidavit.

25 EXAMINER DAWSON: Okay. Thank you.

1 When you're ready, Mr. Larson.

2 MR. LARSON: Mr. Examiner, Mewbourne's
3 application seeks the pooling of all uncommitted
4 interests in the Bone Spring Formation in a standard
5 400-acre horizontal spacing unit comprised of the north
6 half-north half of Section 3, the north half-south half
7 of Section 4 and the north half-southeast quarter of
8 Section 5, Township 20 South, Range 30 East in Eddy
9 County. The horizontal spacing unit will be dedicated
10 to the Caballo -- that's C-A-B-A-L-L-O -- Loco 3/5 B2IJ
11 Fed Com #2H well.

12 Exhibit 1 is a self-affirmed statement of
13 landman Mitch Robb of Mewbourne. The attachments to his
14 application -- or his affidavit -- I'm sorry -- include
15 a Midland Map identifying the horizontal spacing unit, a
16 chart of tract ownership, documents addressing
17 Mr. Robb's well proposals, notice of today's hearing and
18 an AFE for the well.

19 I just realized I hadn't given exhibits to
20 Mr. Bruce and Mr. Carr. I don't want them to feel left
21 out.

22 EXAMINER DAWSON: Okay.

23 MR. LARSON: And as Mr. Robb notes in his
24 affidavit, there are no depth severances in the Bone
25 Spring Formation. Mewbourne is requesting overhead and

1 administrative costs of 8,000 a month and 800 a month,
2 which are the same as the rates in Mewbourne's joint
3 operating agreement for the well. And finally,
4 Mewbourne requests a 200 percent risk penalty.

5 Exhibit 2 is a self-affirmed statement of
6 the geologist, Charles Crosby, of Mewbourne. Attached
7 to Mr. Crosby's affidavit are a structure map at the
8 base of the 3rd Bone Spring Sand, a gross sand isopach
9 map and a west-to-east cross section, a table containing
10 data from other Bone Spring wells in the vicinity and a
11 survey calculation report for the proposed report. And
12 as stated in Mr. Crosby's affidavit, the horizontal
13 spacing unit is justified from a geologic standpoint. A
14 west-to-east or west-to-east orientation is preferred in
15 this area. There is no faulting or other geologic
16 impediment that might adversely affect the drilling of
17 the proposed well, and each quarter section in the
18 proposed unit will contribute more or less equally to
19 production.

20 And with that, I move the admission of
21 Mewbourne Exhibits 1 and 2.

22 EXAMINER DAWSON: Any objections?

23 MR. BRUCE: No objection.

24 MR. CARR: No objection.

25 EXAMINER DAWSON: At this time Exhibits 1

1 and 2 will be admitted to the record.

2 (Mewbourne Oil Company Exhibit Numbers 1
3 and 2 are offered and admitted into
4 evidence.)

5 MR. LARSON: And I have nothing further.

6 EXAMINER DAWSON: Any questions, Mr. Bruce?

7 MR. BRUCE: No questions.

8 EXAMINER DAWSON: Mr. Carr?

9 MR. CARR: No questions.

10 EXAMINER DAWSON: Mr. Brooks?

11 EXAMINER BROOKS: No questions.

12 EXAMINER DAWSON: I have no questions.

13 MR. LARSON: I'd ask that the case be taken
14 under advisement.

15 EXAMINER DAWSON: Okay. At this point Case
16 Number 20499 will be taken under advisement.

17 Thank you very much.

18 MR. LARSON: Thank you, Mr. Examiner.

19 (Case Number 20499 concludes, 8:24 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 30th day of June 2019.

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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