

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. 20500
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
 500 4th Street, Northwest, Suite 105
 Albuquerque, New Mexico 87102
 (505) 843-9241

1 APPEARANCES

2 FOR APPLICANT MEWBOURNE OIL COMPANY:

3 DANA S. HARDY, ESQ.
 4 HINKLE SHANOR, LLP
 218 Montezuma Avenue
 Santa Fe, New Mexico 87501
 5 (505) 982-4554
 dhardy@hinklelawfirm.com
 6

7 FOR INTERESTED PARTY COG OPERATING, LLC:

8 WILLIAM F. CARR, ESQ.
 CONCHO RESOURCES, INC.
 9 Office of General Counsel
 1048 Paseo de Peralta
 Santa Fe, New Mexico 87501-2736
 (505) 780-8000
 11 wcarr@concho.com

12 FOR INTERESTED PARTY CONOCOPHILLIPS COMPANY:

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

16 INDEX

17		PAGE
18	Case Number 20500 Called	3
19	Case Presented by Affidavit	3
20	Proceedings Conclude	6
21	Certificate of Court Reporter	7

22

23 EXHIBITS OFFERED AND ADMITTED

24	Mewbourne Oil Company Exhibit Numbers 1 and 2	5
----	---	---

25

1 (8:24 a.m.)

2 EXAMINER DAWSON: Moving on to the next
3 case, 20500, application of Mewbourne Oil Company for
4 compulsory pooling, Eddy County, New Mexico.

5 Please call for appearances.

6 MS. HARDY: Good morning. Dana Hardy, with
7 the Hinkle firm, on behalf of Mewbourne.

8 EXAMINER DAWSON: Any witnesses?

9 MS. HARDY: No. We're presenting the case
10 by affidavit.

11 EXAMINER DAWSON: Okay.

12 MR. CARR: May it please the examiner,
13 William F. Carr for COG Operating.

14 MR. BRUCE: Jim Bruce for ConocoPhillips.

15 EXAMINER DAWSON: Okay. When you're ready,
16 Ms. Hardy.

17 MS. HARDY: Thank you.

18 Mewbourne's application seeks the pooling
19 of all uncommitted interests in the Bone Spring
20 Formation and a standard 400-acre horizontal spacing
21 unit comprised of the south half of the south half of
22 Section 3, the south half of the south half of Section 4
23 and the south half of the southeast quarter of Section
24 5, Township 20 South, Range 30 East in Eddy County. The
25 horizontal spacing unit will be dedicated to the Caballo

1 Loco 3/5 B2PO Fed Com #1H well.

2 Exhibit 1 is a self-affirmed statement of
3 the landman, Mitch Robb. The attachments to his
4 afterward include a Midland Map identifying the
5 horizontal spacing unit, a chart of tract ownership,
6 documents addressing Mr. Robb's well proposals, notice
7 of today's hearing and an AFE for the well. As Mr. Robb
8 notes in his affidavit, there are no depth severances in
9 the Bone Spring Formation. Mewbourne is requesting
10 overhead and administrative rates of 8,000 a month and
11 800 a month, which are the same as the rates in
12 Mewbourne's JOA for the well. And finally, Mewbourne is
13 requesting a 200 percent risk penalty.

14 Exhibit Number 2 is a self-affirmed
15 statement of geologist Charles Crosby. Attached to
16 Mr. Crosby's affidavit are a structure map of the base
17 of the Bone Spring Sand, a gross sand isopach map, a
18 west-to-east cross section, a table containing
19 information from other wells drilled in the vicinity and
20 a survey calculation report for the proposed well.

21 As stated in Mr. Crosby's affidavit, the
22 horizontal spacing unit is justified from a geologic
23 standpoint. A west-to-east or east-to-west orientation
24 is preferred. There is no faulting or other geologic
25 impediments that might adversely affect the drilling of

1 the proposed well, and each quarter section of the
2 proposed unit will contribute more or less equally to
3 production.

4 With that, I would move the admission of
5 Exhibits 1 and 2.

6 EXAMINER DAWSON: Any objections?

7 MR. CARR: No objection.

8 MR. BRUCE: No objection.

9 EXAMINER DAWSON: At this point Exhibits 1
10 and 2 will be admitted to the record.

11 (Mewbourne Oil Company Exhibit Numbers 1
12 and 2 are offered and admitted into
13 evidence.)

14 MS. HARDY: I would ask that the case be
15 taken under advisement.

16 EXAMINER DAWSON: Do you have any
17 questions, David?

18 EXAMINER BROOKS: Yeah. This is a federal
19 lease, it looks like?

20 MS. HARDY: Yes.

21 EXAMINER BROOKS: Are there any overrides?

22 MS. HARDY: We have authority to pool the
23 overrides.

24 EXAMINER BROOKS: I'm sorry?

25 MS. HARDY: We have authority to pool the

1 overrides.

2 EXAMINER BROOKS: Yes.

3 MS. HARDY: Yes.

4 EXAMINER BROOKS: From the assignments or
5 pay-as Fed [sic] clause or --

6 MS. HARDY: We can provide that information
7 to you.

8 EXAMINER BROOKS: Okay. Thank you. I
9 forgot to ask that question on the last case.

10 EXAMINER DAWSON: Do you have any
11 questions, Mr. Bruce?

12 MR. BRUCE: No questions.

13 EXAMINER DAWSON: Mr. Carr?

14 MR. CARR: No questions.

15 EXAMINER DAWSON: I have no questions.

16 So at this point, 20500 will be taken under
17 advisement.

18 Thank you, Ms. Hardy.

19 MS. HARDY: Thank you.

20 (Case Number 20500 concludes, 8:28 a.m.)

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 30th of June 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