

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. 20501  
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:

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 6

7 FOR INTERESTED PARTY COG OPERATING, LLC:

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12 FOR INTERESTED PARTY CONOCOPHILLIPS COMPANY:

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1 (8:29 a.m.)

2 EXAMINER DAWSON: Going to the next case,  
3 20501, Mewbourne Oil Company for compulsory pooling,  
4 Eddy County, New Mexico.

5 Please call for appearances.

6 MS. HARDY: Dana Hardy on behalf of  
7 Mewbourne.

8 EXAMINER DAWSON: Okay. When you're ready,  
9 Ms. Hardy.

10 MR. CARR: William Carr, COG Operating.

11 MR. BRUCE: Jim Bruce for ConocoPhillips.

12 EXAMINER DAWSON: Okay.

13 MS. HARDY: Mewbourne's application seeks  
14 the pooling of all uncommitted interests in the Bone  
15 Spring Formation in a standard 398.54-acre horizontal  
16 spacing unit comprised of the north half of the north  
17 half of Section 3, the north half of the north half of  
18 Section 4 and the north half of the northeast quarter of  
19 Section 5, Township 20 South, Range 30 East in Eddy  
20 County. The horizontal spacing unit will be dedicated  
21 to the Caballo Loco 5/3 B2BA Fed Com #3H well.

22 Exhibit 1 is a self-affirmed statement of  
23 landman, Mitch Robb. The attachments to his affidavit  
24 include a Midland Map identifying the horizontal spacing  
25 unit, a chart of tract ownership, documents addressing

1 Mr. Robb's well proposals, a notice of today's hearing  
2 and an AFE for the well. As Mr. Robb notes in his  
3 affidavit, there are no depth severances in the Bone  
4 Spring Formation. Mewbourne is requesting overhead and  
5 administrative rates of 8,000 a month and 800 a month,  
6 which are the same as the rates in Mewbourne's JOA for  
7 the well. And finally, Mewbourne is requesting a 200  
8 percent risk penalty.

9                   Exhibit Number 2 is a self-affirmed  
10 statement of geologist Charles Crosby. Attached to  
11 Mr. Crosby's affidavit are a structure map of the base  
12 of the Bone Spring Sand, a gross sand isopach map, a  
13 west-to-east cross section, a table containing  
14 information from other wells drilled in the vicinity and  
15 a survey calculation report for the proposed well. As  
16 stated in Mr. Crosby's affidavit, the horizontal spacing  
17 unit is justified from a geologic standpoint. A  
18 west-to-east or east-to-west orientation is preferred.  
19 There was no faulting or other geologic impediments that  
20 might adversely affect the drilling of the proposed  
21 well, and each quarter section of the proposed unit will  
22 contribute more or less equally to production.

23                   With that, I would move the admission of  
24 Exhibits 1 and 2.

25                   EXAMINER DAWSON: Any objection?

1 MR. BRUCE: No objection.

2 MR. CARR: No objection.

3 EXAMINER DAWSON: Exhibits 1 and 2 will be  
4 admitted to the record at this time.

5 (Mewbourne Oil Company Exhibit Numbers 1  
6 and 2 are offered and admitted into  
7 evidence.)

8 EXAMINER DAWSON: Any questions, Mr. Bruce?

9 MR. BRUCE: No questions.

10 EXAMINER DAWSON: Mr. Carr? No questions?

11 MR. CARR: No questions.

12 EXAMINER DAWSON: Mr. Brooks?

13 EXAMINER BROOKS: I believe you said there  
14 were no depth severances in the Bone Spring.

15 MS. HARDY: Correct.

16 EXAMINER BROOKS: If I ask the same  
17 questions I did in the last case about the overrides,  
18 would I get the same answers?

19 MS. HARDY: Yes.

20 EXAMINER BROOKS: Thank you.

21 EXAMINER DAWSON: Okay.

22 MS. HARDY: With that, I'd ask the case be  
23 taken under advisement.

24 EXAMINER DAWSON: I have no questions.

25 At this time Case Number 20501 will be

1 taken under advisement.

2 Thank you.

3 MS. HARDY: Thank you.

4 (Case Number 20501 concludes, 8:32 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 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