

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. 20506  
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

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# APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

GARY W. LARSON, ESQ.  
HINKLE SHANOR, LLP  
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# EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 and 2	6
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1 (8:47 a.m.)

2 EXAMINER DAWSON: The next case is 20506.  
3 It's an application of Mewbourne Oil Company for  
4 compulsory pooling, Eddy County, New Mexico.

5 Please call for appearances.

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

9 EXAMINER DAWSON: Any other appearances?  
10 Seeing none, when you're ready, Mr. Larson.

11 MR. LARSON: I have no witnesses. I'll be  
12 presenting my case by affidavit.

13 EXAMINER DAWSON: Okay.

14 MR. LARSON: May I proceed, Mr. Examiner?

15 EXAMINER DAWSON: Yes, when you're ready,  
16 Mr. Larson.

17 MR. LARSON: Thank you.

18 Mewbourne's application in this case seeks  
19 the pooling of all uncommitted interests in the Wolfcamp  
20 and a standard 640-acre horizontal spacing unit  
21 comprised of the south half of Section 17 and the south  
22 half of Section 18, Township 22 South, Range 29 East.  
23 The spacing unit will be dedicated to the Heavyweights  
24 17/18 WOPM Fee #1H well.

25 EXAMINER BROOKS: Wait a minute. Did you

1 say Township 22 South, Range 29 East?

2 MR. LARSON: That's what I said.

3 EXAMINER BROOKS: It looks like the  
4 application says "Range 27 East."

5 MR. LARSON: You're absolutely correct.  
6 Thank you for catching that. The application is Range  
7 27 East. Just a misstatement on my part.

8 EXAMINER BROOKS: Okay. So 27 is correct?

9 MR. LARSON: That's correct.

10 EXAMINER BROOKS: Okay. Go ahead.

11 MR. LARSON: The first exhibit is a  
12 self-affirmed statement of landman Tyler Jolly. And the  
13 attachments to his affidavit include documents  
14 identifying the horizontal spacing unit, a table of  
15 tract ownership, documents addressing Mr. Jolly's well  
16 proposals, proof of certified mail and publication of  
17 notice of today's hearing and the AFE for the proposed  
18 well. And as Mr. Jolly notes in his affidavit, there  
19 are no depth severances in the Wolfcamp Formation.  
20 Mewbourne requests overhead and administrative rates of  
21 \$8,000 a month and \$800 a month, which are the same as  
22 the rates in the JOA for the proposed well.

23 EXAMINER BROOKS: Actually what he says in  
24 the application is there are no depth exceptions in the  
25 formation.

1                   MR. LARSON: No exceptions or severances.

2                   EXAMINER BROOKS: Well, I guess I will  
3 accept that because what we do where we have a depth  
4 severance is to except the severed part, as a rule, out  
5 of the spacing unit, but still it's not correct  
6 language.

7                   Go ahead.

8                   MR. LARSON: And the second exhibit is a  
9 self-affirmed statement of Mewbourne geologist Tyler  
10 Hill. And attached to Mr. Hill's affidavit are a  
11 structure contour map depicting the top of the Wolfcamp  
12 and a line of cross section, a west-to-east cross  
13 section, a table containing data from other Wolfcamp  
14 wells drilled in the vicinity and a well-planning report  
15 for the proposed well. And as stated in Mr. Hill's  
16 affidavit, the horizontal spacing unit is justified from  
17 a geologic standpoint, and east-to-west orientation is  
18 preferred in this area. There is no faulting or other  
19 geologic impediment that might adversely affect the  
20 drilling of the proposed well, and each quarter  
21 section -- quarter-quarter section in the proposed unit  
22 will contribute more or less equally to production.

23                   And with that, I move the admission of  
24 Mewbourne Exhibits 1 and 2.

25                   EXAMINER DAWSON: At this point 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:   Okay.   Do you have any  
7     questions, Mr. Brooks?

8                     EXAMINER BROOKS:   No.

9                     EXAMINER DAWSON:   Okay.   I have no  
10    questions.

11                    MR. LARSON:   I would ask that the case be  
12    taken under advisement.

13                    EXAMINER DAWSON:   Okay.   At this time Case  
14    Number 20506 will be taken under advisement.

15                    Thank you, Mr. Larson.

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

17                    (Case Number 20506 concludes, 8:52 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.

21

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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