

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. 20594
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 11, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, July 11, 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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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

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EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 and 2	6
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1 (2:49 p.m.)

2 EXAMINER JONES: Let's call Case 20594,
3 application of Mewbourne Oil Company for compulsory
4 pooling in Eddy County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the Applicant. I'm submitting
8 this case by affidavit.

9 Mr. Examiner, I've handed you some
10 exhibits. At the back of yours, I've attached an order.

11 EXAMINER JONES: Oh. Another rush job
12 here, huh?

13 MR. BRUCE: Well, no. No, no, no. This
14 matter was previously heard.

15 EXAMINER JONES: Oh, okay.

16 MR. BRUCE: In this case Mewbourne seeks to
17 force pool the Wolfcamp Formation, Purple Sage; Wolfcamp
18 Gas Pool, in the northwest quarter of 21 and the west
19 half of 16-24-28. You can see from this order, which
20 was issued last October, that Mewbourne sought to force
21 pool the acreage and dedicate it to two wells. Well,
22 they changed their plans. And so if you look at Exhibit
23 1, the affidavit of the Tyler Jolly, the landman, they
24 had a change of plans and they now propose four wells,
25 only one of which was covered by this first order. And

1 I will double-check. I don't think the wells have been
2 drilled, but, you know, they're doing batch drilling, so
3 they want all these covered.

4 And in the original one, they force pooled
5 a number of parties. Everybody has come to terms except
6 for Tom Ragsdale, and so when you go through the
7 exhibits, you will see attachments. Well, I've got them
8 kind of misnumbered, which doesn't surprise me all at
9 all.

10 But anyway, Attachment A is simply
11 highlighting the 480-acre well unit.

12 Attachments B1 through B4 are the C-102s
13 for each of the four wells showing their locations and
14 bottom-hole locations. All of the locations will be
15 standard.

16 Attachment C shows that 99.36 percent of
17 the interest owners have signed on to these wells. They
18 were originally contested by Marathon, but everybody has
19 signed off on these except for Mr. Ragsdale, who owns
20 about a .63 interest -- .63 percent interest in the
21 well.

22 Attachment D is the subsequent proposal
23 letter to Mr. Ragsdale dating back to March 2019, which
24 shows that it was sent certified. He did receive it.
25 They have been in contact with him, and the landman

1 states that they have made a good-faith effort to obtain
2 the voluntary joinder in the well. And Mewbourne has
3 the right to force pool -- right to pool voluntarily any
4 overriding royalty owners in the well.

5 The AFEs for the wells are attached as
6 Exhibits E1 through E4, and they're all \$8 million, plus
7 or minus. Those costs are stated to be fair and
8 reasonable. The requested overhead rates are 8,000 a
9 month for a drilling well, \$800 a month for a producing
10 well. Those are the same rates as are in the prior
11 order, so there is no change on that. And Mewbourne
12 requests the maximum cost plus 200 percent risk charge
13 if Mr. Ragsdale does not -- if he goes nonconsent in the
14 wells. The AFE costs are stated to be fair and
15 reasonable. Of course, Mewbourne Oil Company would be
16 appointed operator.

17 And the landman states that the application
18 should be granted in the interest of conservation and
19 the prevention of waste.

20 Exhibit 2 is my statement regarding notice
21 given Mr. Ragsdale did receive actually notice.

22 I have not attached a geologic presentation
23 because that was given in the first go-around.

24 And with that, I'd move the admission of
25 Exhibits 1 and 2, and ask the case be taken under

1 advisement.

2 EXAMINER JONES: Okay. Exhibits 1 and 2
3 are admitted, and Case 20594 is taken under advisement.

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

7 EXAMINER JONES: Okay. Let's take a
8 ten-minute break.

9 (Case Number 20594 concludes, 2:55 p.m.)

10 (Recess, 2:55 p.m. to 3:14 p.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 26th day of July 2019.

21

22

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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