

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. 20679
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 22, 2019

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
 KATHLEEN MURPHY, TECHNICAL EXAMINER
 DYLAN ROSE-COSS, TECHNICAL EXAMINER
 BILL BRANCARD, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner; Kathleen Murphy and Dylan Rose-Coss, Technical Examiners; and Bill Brancard, Legal Examiner, on Thursday, August 22, 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.

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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

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FOR INTERESTED PARTY THE TAYLORS (Taylor Family):

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1 (3:58 p.m.)

2 EXAMINER McMILLAN: Okay. At this time I
3 would like to call Case Number 20679, application of
4 Mewbourne Oil Company for compulsory pooling, Eddy
5 County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of
8 Santa Fe representing the Applicant.

9 I have one witness.

10 EXAMINER McMILLAN: Are there any other
11 appearances?

12 MR. LARSON: Yes, sir, Mr. Examiner. Derek
13 Larson, with Butler & Snow, representing the Taylors.

14 EXAMINER McMILLAN: Okay. Would the
15 witness please stand up and be sworn in?

16 (Mr. Shook sworn.)

17 MR. BRUCE: Mr. Examiner, just as a
18 preliminary matter -- and my witness will go into this
19 in a while -- these wells were previously -- this well
20 unit was previously pooled in Case 15991 -- 15991.
21 That's the case number. And geology was presented at
22 that time. I'm not re-presenting that geology. What
23 happens is a title issue arose, which we believe is
24 being cleared up, and Mewbourne's moving forward just --
25 kind of just to get everything going along. And as

1 Mr. Larson will explain in his testimony, he's been
2 working with the Taylors to clear up the title dispute.
3 So things are on an even keel.

4 EXAMINER McMILLAN: Okay. You want --
5 people want to get paid?

6 MR. BRUCE: Yes.

7 EXAMINER McMILLAN: That's all you're
8 saying?

9 MR. BRUCE: Yes.

10 EXAMINER McMILLAN: Okay.

11 EXAMINER BRANCARD: So are we here to amend
12 the exiting order or --

13 MR. BRUCE: Well, it's just pooling some
14 additional people, unless they come to terms here in the
15 next month or two.

16 MR. LARSON: And our exhibits will show
17 that they've already committed their interests, and so
18 we're thinking that there is no need for a second order.
19 That was already ordered, R-14757, in June of last year,
20 2018, covering the same wells, the same southern half,
21 Section 32. We didn't get notice then. We've gotten
22 notice of this one. Three of the five siblings are
23 participating directly, and the other two have executed
24 leases. So our position is all of the -- all of the
25 interests are committed to the wells, which apparently

1 are at least started spudded, maybe one of them. I'm
2 not sure. But --

3 MR. BRUCE: And my landman will explain a
4 little more.

5 EXAMINER McMILLAN: We have to have an
6 idea.

7 CY SHOOK,
8 after having been previously sworn under oath, was
9 questioned and testified as follows:

10 DIRECT EXAMINATION

11 BY MR. BRUCE:

12 Q. Please state your name and city of residence
13 for the record?

14 A. Cy Shook, Midland, Texas.

15 Q. Who do you work for and in what capacity?

16 A. Mewbourne Oil Company. I'm a district
17 petroleum landman.

18 Q. Have you previously testified before the
19 Division?

20 A. I have not.

21 Q. Would you please discuss your educational
22 background and employment background for the examiners?

23 A. I've got a BBA from Texas Tech with an emphasis
24 in finance. I got an energy commerce certificate at
25 that time. I'm a member of AAPL, PBLA. I've worked for

1 Mewbourne for 13-and-a-half years as a landman.

2 Q. And have the last number of years for Mewbourne
3 been working out of their Midland office in the Permian
4 Basin?

5 A. Yes, sir.

6 Q. And are you familiar with the land matters
7 involved in this application?

8 A. Yes, sir.

9 MR. BRUCE: Mr. Examiner, I tender
10 Mr. Shook as an expert petroleum landman.

11 MR. LARSON: No objection.

12 EXAMINER McMILLAN: So qualified.

13 Q. (BY MR. BRUCE) Could you identify Exhibit 1 and
14 just describe the lands and the wells involved in this
15 application?

16 A. Yeah. These are C-102s for our Zeppelin 32.
17 One of them is WOLI State Com #1. The other well is the
18 Zeppelin 32 W2LI State Com #2H. And they're -- you
19 know, we're seeking to have all the interests claimed
20 or, you know, all the interest in the south half of
21 Section 32, 23 South, 28 East in Eddy County committed
22 to the spacing unit.

23 Q. And you're seeking to force pool the Wolfcamp
24 Formation; is that correct?

25 A. Yes, sir.

1 Q. And, again, this is the Purple Sage; Wolfcamp
2 Gas Pool?

3 A. That's correct.

4 Q. Are there any depth severances in the Wolfcamp
5 Formation?

6 A. No, sir.

7 Q. What are the names of the parties involved in
8 this application?

9 A. Well, the Taylor family names are: Harvey R.
10 Taylor, Marilyn S. Taylor, Wanda J. Taylor, Bill G.
11 Taylor, Jr., Kathy J. Smith, and Carolyn A. Taylor.

12 MR. LARSON: Schrock.

13 Q. (BY MR. BRUCE) Let's explain for the examiner
14 what the title issue is.

15 A. Yeah. We've drilled these two wells. They're
16 producing. We got a Division order title opinion that
17 came out in November. Mewbourne previously purchased
18 the lease from a lady named Daisy June Taylor. The
19 interest was credited to her in the Division order title
20 opinion subject to a requirement that the attorney wrote
21 to have a suit to quiet title with the heirs of Bill G.
22 Taylor. And Mewbourne can't really cause that as an
23 operator, and so contacted the Taylors. We said, "We
24 would like you to ratify June's lease." And we offered
25 money to do that. And, you know, we didn't have any

1 success. So we're not sure who owns this, whether it be
2 June Taylor, the person that we purchased the lease
3 from, or the heirs of Bill Taylor.

4 Q. And Mr. Larson has supplied us with a booklet
5 of exhibits, correct?

6 A. Yes, sir.

7 Q. And will you take that back to Mewbourne's
8 title attorney to see if that will cure title?

9 A. Yes, sir. There are some exhibits in here that
10 I had not seen that have been filed.

11 Q. Recently?

12 MR. LARSON: Last 24 hours.

13 THE WITNESS: Yes, sir.

14 (Laughter.)

15 Q. (BY MR. BRUCE) And the reason you seek --
16 hopefully this will clear the title, but you have to
17 wait for word from Mewbourne's title attorney; is that
18 correct?

19 A. Yes, sir.

20 Q. Okay. Does the first page of Exhibit 2 itemize
21 contacts that have been -- that Mewbourne has had
22 between the various Taylor family members?

23 A. Yes, sir.

24 Q. And when -- in May, did Mewbourne send well
25 proposals to the interest owners?

1 A. Yes, sir.

2 Q. Or to the -- to the Taylors who -- who was the
3 lease from originally? I've got to remember.

4 A. Daisy June Taylor.

5 Q. Daisy June Taylor.

6 From her stepchildren, I believe?

7 A. I'm not sure exactly how they're related.

8 MR. TAYLOR: She's the step-grandmother.

9 MR. BRUCE: Step-grandmother. Okay. Okay.

10 MR. LARSON: Here's a family tree
11 (indicating).

12 Q. (BY MR. BRUCE) And then I sent out notice,
13 correct?

14 A. (Indicating.)

15 Q. And we were contacted by Mr. Larson on behalf
16 of the Taylors?

17 A. Yes, sir.

18 Q. And they've been apparently working to clear up
19 the title dispute?

20 A. Yes, sir.

21 Q. And apparently all of the people who were on
22 the pooling notification list are locatable interest
23 owners?

24 A. Yes, sir.

25 Q. And in your opinion, has Mewbourne made a

1 **good-faith effort to obtain their voluntary joinder in**
2 **the wells?**

3 A. Yes, sir.

4 **Q. What is Exhibit 3?**

5 A. Exhibit 3 is AFEs for two wells that Mewbourne
6 has drilled. For the 32 W0LI, you can see that the cost
7 of the well is \$6,472,300, estimated cost. For the
8 W2LI, it was \$6,215,600.

9 **Q. And, unfortunately, I should have asked you to**
10 **bring a short schedule of actual well costs, but from**
11 **what you recall, are the actual well costs very similar**
12 **to these?**

13 A. I believe so.

14 **Q. And do you believe these costs are reasonable**
15 **for wells of this type in this area of Eddy County?**

16 A. Yes, sir.

17 **Q. And, again, as under the prior pooling order,**
18 **do you request that Mewbourne be appointed operator of**
19 **the well?**

20 A. Yes, sir.

21 **Q. And what are the overhead rates that you**
22 **request?**

23 A. 8,000 for drilling -- \$8,000 per month for
24 drilling and \$800 per month for operating.

25 **Q. And are those the normal rates for operators in**

1 **this area?**

2 A. Yes, sir.

3 Q. And are those the rates that Mewbourne has been
4 requesting for most of the last year and a half or two
5 years?

6 A. Yes, sir.

7 Q. Do you request that the rates be adjusted
8 periodically as provided by the COPAS accounting
9 procedure?

10 A. Yes, sir.

11 Q. And were the parties that you sought to pool
12 notified of this application?

13 A. Yes, sir.

14 Q. Is Exhibit 4 my Affidavit of Notice?

15 A. Yes, sir.

16 MR. BRUCE: Mr. Examiner, I did not receive
17 a green card back from Harvey Taylor, but I believe
18 Mr. Larson is representing him.

19 And then Exhibit 5, Mr. Examiner, is simply
20 an Affidavit of Publication in the Carlsbad newspaper.

21 Q. (BY MR. BRUCE) And will Mewbourne continue to
22 work with the Taylor family members to try to clarify
23 the situation?

24 A. Yes, sir.

25 Q. And assuming that title proves out, will you

1 **notify the Division so that the Taylor family members**
2 **will not be subject to a pooling order?**

3 A. If they join.

4 **Q. If they join the well?**

5 A. Yes, sir.

6 **Q. And were Exhibits 1, 2, 3, 4 and 5 either**
7 **prepared by you or under your supervision or compiled**
8 **from company business records?**

9 A. Yes.

10 MR. BRUCE: Mr. Examiner, I move the
11 admission of Exhibits 1 through 5.

12 EXAMINER McMILLAN: Exhibits 1 through 5
13 may now be accepted as part of the record.

14 (Mewbourne Oil Company Exhibit Numbers 1
15 through 5 are offered and admitted into
16 evidence.)

17 **Q. (BY MR. BRUCE) And, Mr. Shook, in your opinion,**
18 **is the granting of this application in the interest of**
19 **conservation and the prevention of waste?**

20 A. Yes, sir.

21 MR. BRUCE: I have no further questions,
22 Mr. Examiner.

23 EXAMINER McMILLAN: Cross?

24 MR. LARSON: Mr. Examiner, I have two ways
25 we can go about this. I have the Taylors and a landman

1 in the room that can authenticate a book of exhibits
2 that I have that are listed and were previously provided
3 to counsel. I can offer them to you, or if we can do it
4 by agreement, we can --

5 MR. BRUCE: I have no problem with
6 Mr. Larson just explaining what's in the booklet rather
7 than bringing up a witness to testify, if that's easier.

8 EXAMINER McMILLAN: Okay. But the only
9 thing I'm asking is just make sure that's part of the
10 record.

11 MR. LARSON: I would leave them --

12 MR. BRUCE: No problem.

13 EXAMINER McMILLAN: Yeah. I just want to
14 make sure they're part of the record so there is no
15 question.

16 MR. LARSON: How many do you guys need?
17 Three? Four?

18 The front index of the exhibit is a list of
19 the exhibits, which is the list that was provided with
20 the prehearing statement in the front of the book. Do
21 you have our prehearing statement that we filed?

22 EXAMINER McMILLAN: I'm sure we do.

23 MR. LARSON: I'll just run down the list.

24 And for clarification, Carolyn A. Taylor is
25 married now, and it's Carolyn A. Schrock, S-C-H-R-O-C-K,

1 I believe.

2 EXAMINER McMILLAN: Yeah. We have
3 something from your office form Carolyn Westerly
4 [phonetic].

5 MR. LARSON: Yes. That would be two pages,
6 A through Z, with dates on the list?

7 EXAMINER McMILLAN: Yeah. It has -- it
8 looks like a prehearing statement.

9 MR. LARSON: Exactly.

10 EXAMINER McMILLAN: And then it looks like
11 it has communication -- or part of it looks like
12 communications, some of it.

13 MR. LARSON: We'll skip that. What I want
14 to do is draw everyone's attention to the documents,
15 Letter I, the stipulation and quitclaim deed from June
16 Taylor to the Taylor siblings. There is a blank and the
17 date, and so that was executed on August 21st,
18 yesterday.

19 And so if you flip back to I, you'll see
20 that there is a stipulation where she recites -- and
21 this is the -- let me offer also a demonstrative, which
22 is a family tree, because there are seven different
23 Taylors here.

24 EXAMINER McMILLAN: Do you have a copy,
25 Jim?

1 MR. BRUCE: I've looked at them.

2 EXAMINER McMILLAN: That's fine.

3 MR. LARSON: So you have W. H. Taylor and
4 June Taylor at the top. You might think of them as the
5 grandparents. And June Taylor is still alive. June
6 Taylor is the widow with whom -- or from whom Mewbourne
7 took the lease in January of 2018. In this stipulation,
8 she states that she did not believe she owned the
9 interest that they were asking her to lease, and so she
10 has essentially repudiating that interest. She was not
11 represented by counsel. Representatives approached her
12 and said, "We think you own this. We'd like to lease it
13 from you." She said, "Check it out. Let me know."
14 They said, "You own it." "Okay. I'll lease it." But
15 the title opinion and the other documents will show that
16 that's not the case. So that's been provided.

17 And then the next thing is there was a
18 suggestion in the title opinion from Mewbourne that a
19 Wanda Taylor, who is the wife of Bill Taylor, Sr. --
20 that would be the son of W. H. on the list there -- so
21 she executed a quitclaim deed on August 14th on the
22 record, and the real property records reflect that the
23 interest was the separate property of Bill Jr. and not
24 marital property. So she's gone ahead -- she also is
25 still living, so she has quitclaimed any interest that

1 she has. So she's been removed from the picture.

2 And then at O and P, executed, we have
3 August 8th leases by two of the three children to Ozark
4 Realty [sic]. I think that's supposed to be "Royalty."
5 But in any event, they have leased their interest, so
6 it's been committed.

7 MR. BRUCE: I would interrupt that only to
8 say that they would need to sign the JOA also.

9 MR. LARSON: Of which we just got yesterday
10 afternoon, so we understand. We're working towards
11 getting this resolved, but these things have come just
12 here at the last minute.

13 Also, at -- I believe it's Z. I gave it to
14 you this morning. This is from the Estate of Bill
15 Taylor, Sr. This is the personal representative E
16 [sic]. It is specifically transferring this property to
17 the five kids. There was previously a probate of his
18 will and they were named as beneficiaries in the will,
19 and it was left to question whether they had actually
20 gotten the property or not. So we re-opened the estate
21 probate Monday of this week and yesterday executed and
22 recorded a deed to make it clear that the five children
23 are the recipients.

24 You've got that by email.

25 Here are copies that need to go to you

1 (indicating).

2 He's got one.

3 Then you have W, X and Y in the exhibits
4 which would be dated -- it's a blank there, but August
5 16th, which is the three Taylors that are in the room
6 here executing the AFE that was provided to them in May
7 of this year. Now, we've learned today that these AFEs
8 were for costs that were projected for what the wells we
9 now understand have already been drilled and not the
10 actual costs. We've also received, yesterday afternoon,
11 a JOA, which we are reviewing. I'm sure we'll be
12 signing that.

13 So these are the steps that we've taken to
14 put an end to any question about the title and the
15 property. We feel like they should have been notified
16 of the pooling application and be subject to the order
17 that was issued last year. I think it was 15191.

18 EXAMINER MURPHY: 15991.

19 MR. LARSON: 991.

20 MR. BRUCE: That's the case number, 15991.
21 That's okay.

22 MR. LARSON: There is an order behind Tab M
23 in the book there, Order Number R-14757.

24 Insofar as all of the interests and the
25 identity of these people, everything was all available

1 at that time, and they should have been given notice or
2 contacted in some way rather than approaching one of the
3 persons, a senior, and taking a lease from her.

4 So that's where we are. We think we can
5 clear it up. We want to move forward. But we don't
6 think there needs to be a second order on the
7 application that we're here on today.

8 MR. BRUCE: Mewbourne will review this
9 data, Mr. Examiner.

10 Just so you're --

11 EXAMINER McMILLAN: Go ahead.

12 MR. BRUCE: I was going to say in the prior
13 hearing, there was a land plat. Half the well unit is
14 Malaga tracts, so you can imagine title.

15 EXAMINER McMILLAN: Oh, it's a nightmare.

16 MR. LARSON: Well, it's in the 1975 deed.

17 EXAMINER McMILLAN: Yeah. That's fine.

18 I'm just saying that it's --

19 MR. LARSON: A lot of pieces.

20 EXAMINER McMILLAN: Yeah.

21 MR. LARSON: Understandable.

22 CROSS-EXAMINATION

23 BY EXAMINER McMILLAN:

24 Q. And the only thing the OCD -- the first thing
25 the OCD is going to inquire is: I believe you stated

1 that these AFE costs were estimated. However, these
2 wells are drilled and producing, correct?

3 A. Yes, sir.

4 Q. Therefore, Mewbourne will be required to
5 provide an accurate and up-to-date AFE to the OCD and to
6 the attorney.

7 MR. BRUCE: We will do so.

8 MR. LARSON: I'm sure it's coming.

9 EXAMINER McMILLAN: Well, we want that, so
10 it's going to happen. I think that's our big issue.

11 And the other question I've got is: You
12 don't have objection to the geologic testimony from the
13 previous case?

14 MR. LARSON: No objection.

15 EXAMINER McMILLAN: Let's get that as part
16 of the record.

17 Okay.

18 EXAMINER BRANCARD: The pooling order was
19 for the south half of the section?

20 MR. BRUCE: Correct.

21 EXAMINER BRANCARD: Okay. I'm seeing the
22 Taylors have an interest in the portion of the northeast
23 quarter, which is not part of this.

24 MR. BRUCE: They own multiple interests --
25 interests in multiple tracts.

1 EXAMINER BRANCARD: And then they have the
2 northwest quarter of the southeast quarter.

3 MR. LARSON: I believe it's all in the
4 southeast quarter of the section. So it would be
5 included within the southern half.

6 EXAMINER BRANCARD: But they're one of the
7 owners here?

8 MR. BRUCE: Let me show you something,
9 Mr. Examiner. And I think --

10 MR. LARSON: That's what I'm thinking of.

11 MR. BRUCE: What number is that? Which
12 exhibit letter is it?

13 MR. LARSON: That would be -- let's see. I
14 think it's K, second page of K.

15 MR. BRUCE: Go to Exhibit K, page 2,
16 Mr. Brancard, and you'll see what the land situation is.
17 So you can see there are 30 -- 30 Malaga tracts there,
18 which those go way back in time.

19 EXAMINER MURPHY: Are those numbers the
20 number of people?

21 MR. BRUCE: Those are the numbers -- the
22 tracts are numbered.

23 THE WITNESS: May as well be.

24 EXAMINER BRANCARD: So number two is what
25 Mewbourne owns; is that right? Mewbourne owns outright

1 some of these tracts?

2 THE WITNESS: Leases, yes, sir.

3 EXAMINER BRANCARD: Or have leases on them.

4 MR. BRUCE: Has leases on them.

5 EXAMINER BRANCARD: 170 acres.

6 MR. BRUCE: Mewbourne owns the vast

7 majority of the working interest on the lease.

8 EXAMINER BRANCARD: So two means Mewbourne
9 has a lease on it.

10 MR. LARSON: So it's Tract 519 that the
11 Taylors own the interest in.

12 MR. BRUCE: That's a 5-acre tract.

13 MR. LARSON: It's a 5-acre tract. You can
14 see that in the deed behind B, 1975 deed. And that deed
15 conveys either six or seven different parcels of
16 property there. And if you look at the second-to-the-
17 last one, the western half of the northeast quarter of
18 the northwest quarter of the southwest quarter, it's
19 519, Section 32, 23-28, Malaga.

20 EXAMINER McMILLAN: The description is
21 really small. You just have to understand.

22 EXAMINER BRANCARD: Okay. So it's 519.
23 That's what we're talking about.

24 MR. LARSON: It's a 5-acre tract, and each
25 of the kids take a fifth of it. It's not much, but --

1 EXAMINER BRANCARD: So where do we want to
2 go here with this?

3 MR. BRUCE: Well, Mr. Examiner, I guess
4 what I would recommend is let Mr. Shook take these
5 documents back to Mewbourne's title attorney, and he can
6 look at them, and Mr. Shook can look at them, and they
7 can see if the title is satisfied. There's no rush to
8 issue, you know, an order in the next week or two. And
9 if it's all cleared up, we will notify the Division. We
10 just wanted to move forward on this.

11 EXAMINER McMILLAN: Okay. So would we be
12 better off literally continuing the case?

13 MR. BRUCE: Not if I have to pay the slot
14 machine.

15 (Laughter.)

16 EXAMINER MURPHY: Come on.

17 EXAMINER COSS: We use computers.

18 EXAMINER BRANCARD: Continue it for -- I
19 think it's their job to figure out the title issues,
20 right, not our job?

21 THE WITNESS: Correct.

22 EXAMINER McMILLAN: Yeah.

23 EXAMINER BRANCARD: I mean, it would be
24 fascinating to look at if I had the free time, but --

25 MR. BRUCE: We will inform you of what's

1 going on so that you don't have to write an order or
2 issue an order, if necessary.

3 EXAMINER McMILLAN: If we continue it to
4 some time and the parties -- it appears everyone wants
5 to get a deal done.

6 MR. BRUCE: Continue it four weeks?

7 EXAMINER McMILLAN: Yeah. We can continue
8 it, and there's nothing -- I think from what I can tell,
9 everyone's acting in good faith.

10 THE WITNESS: Well, Ozark, who just took
11 two new leases, we haven't talked to them. And, I mean,
12 Mewbourne is not going to know how to treat this
13 interest until everyone is signed up to a JOA.

14 EXAMINER McMILLAN: Yeah. You know that's
15 a mess.

16 THE WITNESS: And even though they sign
17 these AFEs, we still have to sign a JOA. And as soon as
18 we have blessing over the title from our title attorney
19 and they sign the JOA and Ozark signs the JOA, we'll
20 release this, but we don't want to continue this. We
21 have these wells producing.

22 EXAMINER McMILLAN: Money is in suspense.

23 THE WITNESS: If this gets drug out much
24 longer -- you know, we don't want this drug out forever
25 and ever and ever. That's the reason we're here now is

1 to -- and it has worked. I mean, we've moved forward a
2 lot.

3 MR. BRUCE: Just in the last two weeks,
4 there's been substantial progress.

5 MR. LARSON: Well, when we got notice of
6 the pooling. I mean, like I said, the prior
7 application, they knew nothing about.

8 EXAMINER McMILLAN: Okay. Well, we're
9 really behind in our work, so we can always take it
10 under advisement.

11 MR. BRUCE: Yeah. I don't think anything
12 is going to --

13 EXAMINER BRANCARD: This was an application
14 to do what?

15 MR. BRUCE: Force pool these interests.

16 EXAMINER BRANCARD: No. We already have a
17 pooling order.

18 MR. BRUCE: There is already a pooling
19 order, but they weren't notified. There are two tracts.
20 These five persons --

21 EXAMINER BRANCARD: What did you apply for
22 at this particular hearing?

23 MR. BRUCE: Just to basically confirm the
24 pooling order as to these five people. Okay?

25 EXAMINER BRANCARD: Okay. Well, we can

1 continue that application while maintaining the original
2 order in place. Is that acceptable?

3 EXAMINER McMILLAN: Is the money in
4 suspense?

5 THE WITNESS: Yeah. By the time you guys
6 take it under advisement and study it, we'll probably
7 have this worked out, but I don't want to have to
8 continue and have to come do this again.

9 MR. LARSON: Isn't the suggestion that we
10 work it out and notify the department?

11 MR. BRUCE: Well, that's true, but
12 nothing's going to happen in the next month anyway.

13 EXAMINER BRANCARD: Can you come to us with
14 a stipulated agreement --

15 THE WITNESS: Yes.

16 MR. BRUCE: We will come --

17 EXAMINER BRANCARD: -- about how to amend
18 the pooling order?

19 MR. BRUCE: We will come back to you.

20 THE WITNESS: If we get this worked out, we
21 can --

22 MR. BRUCE: If it's worked out, we don't
23 need a thing. If it's not worked out -- and the other
24 thing is since we just found out basically this week
25 about Ozark -- of course, Ozark has taken leases from

1 people who were notified of this hearing, so no
2 additional notice is required because they take subject
3 to the prior notice. We sent out the notice --

4 EXAMINER McMILLAN: And then they bought
5 the interest. Aren't they technically subject to the
6 compulsory pooling?

7 THE WITNESS: They will be --

8 MR. BRUCE: Yeah. We sent out notice July
9 17th, and they took the leases in August, so they're
10 subject to this proceeding.

11 EXAMINER McMILLAN: Yeah.

12 MR. BRUCE: And we would like the matter to
13 be taken under advisement, but we will, you know, put it
14 on your desk, and we'll be back to you here in a couple
15 of weeks.

16 EXAMINER BRANCARD: We'll take it under
17 advisement, and then you let us know what the next step
18 is.

19 MR. BRUCE: We'll let you know pronto.

20 EXAMINER McMILLAN: And what scares me --
21 I'm not a fan of continuing it because of Ozark.

22 THE WITNESS: Right. Yeah.

23 EXAMINER McMILLAN: That's what scares me
24 out of the whole -- it's not the Taylors. It's Ozark.

25 MR. LARSON: This time.

1 EXAMINER McMILLAN: Okay. So we will
2 take -- Case Number 20679 shall be taken under
3 advisement.

4 EXAMINER BRANCARD: Okay. Mr. Larson, you
5 want these exhibits admitted in the record?

6 MR. LARSON: Yes, please.

7 MR. BRUCE: Fine with me.

8 EXAMINER BRANCARD: And the Taylors are a
9 party?

10 MR. LARSON: Correct.

11 EXAMINER BRANCARD: Okay. These would be
12 Taylor Exhibit A through --

13 MR. LARSON: Z is the single page.

14 EXAMINER BRANCARD: Z, you just handed us.

15 EXAMINER McMILLAN: Any objections to that?

16 MR. BRUCE: No objection.

17 EXAMINER McMILLAN: So Taylor Exhibits A
18 through Z may now be accepted as part of the record with
19 the stipulation that you get the AFE.

20 MR. BRUCE: Get the actual well costs.

21 EXAMINER McMILLAN: Yeah, the actual well
22 costs.

23 (Taylor Exhibits A through Z are offered
24 and admitted into evidence.)

25 EXAMINER McMILLAN: That does it for today.

1 MR. BRUCE: No, it doesn't.
2 (Case Number 20679 concludes, 4:30 p.m.)
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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 13th day of September 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