

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:

CASE NOS: 21156, 21157

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

APRIL 16, 2020

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, DYLAN COSS and LEONARD LOWE, on Thursday, April 16, 2020, 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: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant:

DANA HARDY
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1 HEARING EXAMINER ORTH: Moving then to matters
2 21156 and 21157. This is also Mewbourne Oil for a well
3 named Inland. Is it still you, Ms. Hardy?

4 MS. HARDY: It is. Good morning. Dana Hardy on
5 behalf of Mewbourne Oil Company.

6 HEARING EXAMINER ORTH: Thank you let. Me pause
7 a moment and ask if are there are any other appearances
8 right now?

9 (No response.)

10 HEARING EXAMINER ORTH: Please proceed. Thank
11 you.

12 MS. HARDY: Thank you. And I am presenting by
13 affidavit and can consolidate these cases for purposes of
14 hearing.

15 In case Number 21156, Mewbourne seeks to pool
16 uncommitted mineral interests in the Bone Spring formation
17 in the 240 acre spacing units standard and comprised of the
18 W/2 of the E/2 of Section 26, and W/2 of the SE/4 of Section
19 23, Township 21 South, Range 34 East, in Lea County. And
20 that spacing unit will be dedicated to the Inland 26/23
21 BWO/J State Com Number 1H well.

22 And in case 21157, Mewbourne seeks to pool
23 uncommitted interest in the Bone Spring formation in a 240
24 acre standard horizontal spacing unit, comprised of the E/2
25 E/2 of Section 26, and E/2 of the SE/4 of Section 23,

1 Township 21 South, Range 34 East in Lea County. And that
2 spacing unit will be dedicated to the Inland 26/23 B2PI.
3 State Com Number 1H well.

4 We submitted our exhibit packets electronically
5 on the 14th of April, and they include the compulsory
6 pooling checklist as the first item. The application is the
7 second item, followed by the landman's affidavit, which
8 includes the notice information, and then the geologist
9 affidavit and geologist exhibits.

10 The notice information is provided as Exhibit A10
11 and 11 to the landman's affidavit. We have only two parties
12 that we are pooling, and I wanted to mention that one of
13 them is an estate based in England, and it's apparently not
14 possible to send certified mail to England, but we did send
15 it by e-mail with a receipt, and also first class mail, and
16 that party did receive the notice and communicated with
17 myself and the landman after receiving the hearing notice,
18 and you can see that from Exhibit A7 to the landman's
19 affidavit. We communicated with her, and that's the heirs
20 and devisees that are referenced in the exhibit.

21 I also wanted to request that in both of these
22 cases, Mewbourne would like to have two years to commence
23 drilling the wells instead of the standard one year. That's
24 one thing I wanted to request.

25 And at this point, I think, unless there are

1 questions, I would ask that the cases be taken under
2 advisement and exhibits submitted into the record.

3 HEARING EXAMINER ORTH: All right. Thank you,
4 Ms. Hardy. Mr. Coss, do you have questions?

5 EXAMINER COSS: I suppose I do. In this case,
6 mostly out of curiosity, was the interested party from
7 Britain, is that related to historical kind of cattle
8 holdings in the area? Is that where that comes from, the
9 Midwest.

10 MS. HARDY: I don't know the answer to that
11 question. It's a good question. I'm sorry I don't have the
12 answer for you.

13 EXAMINER COSS: That's fine. Maybe I'll do a
14 quick Google search if I end up reviewing this one. The
15 other one you brought up the two years instead of one year
16 in which to drill this well. When -- is it stated in the
17 packet and provisions, when would a minority interest holder
18 or interest holders who are participating in the well and
19 not being force pooled, when do they need to provide funds,
20 or is that really none of the --

21 MS. HARDY: We had not requested anything unusual
22 in that regard. It would be the Division standard
23 provision.

24 EXAMINER COSS: Perfect. That was -- it comes
25 back to the question I was asked earlier, it's not in this

1 case but per se, is that, what if somebody provided money
2 for the wells and then the wells are never drilled, how is
3 it -- how what is -- what happens to the party's money
4 that's already provided to work the wells? That doesn't
5 really come up in this case at this moment.

6 MS. HARDY: Right. Right. I don't have any
7 specific information on that but I can request it.

8 MR. COSS: Okay. But that's something that I'm
9 becoming aware of now so I'm starting to think about it, so
10 maybe you can think about it, too, and get back to me.

11 MS. HARDY: Yes, I can do that.

12 EXAMINER COSS: Thank you. Those are all my
13 questions.

14 MS. HARDY: Thank you.

15 HEARING EXAMINER ORTH: Thank you, Mr. Coss and
16 Ms. Hardy. Your exhibits are admitted and packet accepted
17 and taken under advisement.

18 MS. HARDY: Thank you very much.

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of
13 the proceedings truly and accurately reflects the exhibits,
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by
16 nor related to any of the parties or attorneys in this case
17 and that I have no interest in the final disposition of this
18 case.

19 Dated this 16th day of April 2020.

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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