

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: 21221 21222

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

May 28, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KATHLEEN MURPHY, DYLAN COSS, SCOTT COX and BAYLEN LAMKIN on Thursday, May 28, 2020, through 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:

JAMES BRUCE
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I N D E X

CASE CALLED

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E X H I B I T I N D E X

Admitted

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1 HEARING EXAMINER ORTH: Moving then to the next
2 two matters, 3 and 4 on our list, Case Numbers 21221 and
3 21222, Mewbourne Oil, the applicant in each case, compulsory
4 pooling application. The name of the well is Perazzi 9-10.

5 Mr. Bruce, are you here for the applicant?

6 MR. BRUCE: Yes.

7 HEARING EXAMINER ORTH: Thank you. Let me pause
8 a moment to see if anyone else is entering an appearance
9 this morning.

10 (No audible response.)

11 HEARING EXAMINER ORTH: No? All right. If you
12 please go ahead.

13 MR. BRUCE: I submitted a package of exhibits,
14 the usual applications and proposed ads, the landman's
15 affidavit by Tyler Jolly, a geologist affidavit by Charles
16 Crosby. They have both previously been qualified as experts
17 before the Division.

18 These cases, the first case ending in 221 is to
19 force pool the Bone Spring formation underlying the --
20 underlying the S/2 S/2 of both Sections 9 and 10 in 20
21 South, 29 East.

22 The second application, 222, is to outline or to
23 pool the Wolfcamp formation underlying the same acreage.
24 Everyone has been given notice. There were one or two
25 returned envelopes, but -- at least as to the second, the

1 Wolfcamp case, and notice was published as to both cases.
2 Those are Exhibits 5-A and 5-B. And also the pooling
3 checklists are included.

4 One thing I would note is that when going through
5 the technical exhibits, there is well data or some plats
6 showing the wells in the area. The only Third Bone Spring
7 and Wolfcamp are highlighted on the plat. There are a
8 number of other wells, but those are Second Bone Spring
9 wells, so they were not discussed in the testimony.

10 But other than that, I would move the admissions
11 of Exhibits 1-A through 6-B.

12 HEARING EXAMINER ORTH: Okay. Ms. Murphy, do you
13 have questions for Mr. Bruce?

14 EXAMINER MURPHY: I think I have a question.
15 Good morning, Mr. Bruce.

16 MR. BRUCE: Good morning.

17 EXAMINER MURPHY: So Mewbourne, who are they --
18 is it a number of operators or -- and individuals or -- to
19 force pool?

20 MR. BRUCE: Yes. If you -- Exhibit 2, if you go
21 back to attachments B-1 and B-2 of Exhibit 2, it contains a
22 listing of the working interest owners being pooled together
23 with their percentage interest.

24 In the Bone Spring well (unclear audio) owns
25 about -- owns or controls about 85 percent of the working

1 interest owner in. The Wolfcamp well, they control about 60
2 percent of the working interest owner. These applications
3 were filed four months ago and continued for obvious
4 reasons. They are -- I'm sure that Mewbourne has been
5 working and has probably whittled down the number of people
6 that need to be pooled, but I forgot to ask them that. I
7 will, I will find out, and if anybody needs to be dismissed
8 from the pooling list, I will file that information with the
9 Division.

10 EXAMINER MURPHY: Okay. I was -- I do have the
11 exhibit list, they are just kind of hard to look at on the
12 fly and sometimes I see the -- so they do have a majority of
13 the interest and nobody has objected?

14 MR. BRUCE: Correct.

15 EXAMINER MURPHY: And were there a number of
16 individuals that were either known or unknown?

17 HEARING EXAMINER ORTH: We thought they were all
18 known, but two people in the Wolfcamp case. I'm looking at
19 the list.

20 EXAMINER MURPHY: What page are you on on the
21 list?

22 MR. BRUCE: In the first case, the Bone Spring
23 Case 221, all the parties were locatable. I did not get a
24 green card back from Brooks Oil and Gas, which is a company
25 of which David Brooks is part owner, but the BLM -- excuse

1 me -- the post office records show that notice was received,
2 I just haven't gotten the green card back, but regardless,
3 notice was published against everyone.

4 There are oil companies being pooled as well as
5 individual people who are either lessees or unleased mineral
6 interest owners. In the Wolfcamp I did receive confirmation
7 of receipt of all the certified mail except as to two people
8 who I'm trying to locate right now. But again, notice was
9 published as against their, their names, and so --

10 EXAMINER MURPHY: The bulk of the working
11 interest owners don't object?

12 MR. BRUCE: We have received no objection from
13 anybody.

14 EXAMINER MURPHY: Thank you. I have no more
15 questions.

16 HEARING EXAMINER ORTH: Thank you, Ms. Murphy.
17 Let me pause for a moment in the event one of the other
18 technical hearing examiners has a question.

19 EXAMINER LAMKIN: Nothing from me either.

20 HEARING EXAMINER ORTH: Thank you. Thank you
21 very much, Mr. Bruce. Exhibits are accepted and the matter
22 will be taken under advisement.

23 MR. BRUCE: Thank you.

24 (Exhibits admitted.)

25 (Taken under advisement.)

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STATE OF NEW MEXICO
COUNTY OF BERNALILLO

REPORTER'S CERTIFICATE

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

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

I FURTHER CERTIFY that the virtual proceeding was of varying quality.

Dated this 28th day of May 2020.

/s/ Irene Delgado

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