

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Applications of Mewbourne Oil
Company for compulsory pooling,
Lea County, NM

Case Nos. 21403
21721

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, MARCH 18, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, WILLIAM
BRANCARD, Hearing Examiner, JOHN GARCIA, Technical
Examiner, via Cisco Webex Virtual Meeting Platform

Reported by: Mary Therese Macfarlane
New Mexico CCR No. 122
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102

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1 (Time noted 8:33 a.m.)

2 HEARING EXAMINER BRANCARD: The next two cases I
3 have listed as a hearing, and I'm not sure. We'll talk
4 about this.

5 Case 21403, No. 14 on the agenda, Case 15,
6 which is Case 21721.

7 My concern here is that I saw in the record
8 that these cases were tied to several other cases, 21426
9 through 21429, and those cases were continued to July, I
10 believe.

11 So, Mr. Bruce, I believe you're
12 representing Mewbourne Oil.

13 MR. BRUCE: Yes, I will.

14 HEARING EXAMINER BRANCARD: Will you start us
15 off here?

16 MR. BRUCE: Okay. And Deana, are you on the
17 line?

18 MS. BENNETT: I am. Good morning. Deana
19 Bennett on behalf of Marathon Oil Permian, LLC.

20 MR. BRUCE: She can jump in whenever she wants.

21 Yes, these were contested matters. The
22 parties are trying hard to settle the matter but it
23 depends upon a third party. And Mewbourne has certain
24 upcoming lease obligations where it needs to be at least
25 ready to move forward, so it desires to put on its cases

1 today. And Marathon's were continued. Obviously Ms.
2 Bennett is entering an appearance for Marathon, just
3 preserving the right to appeal.

4 I think the parties are -- have an
5 agreement to continue to try to settle matters, but at
6 this point I would put on -- I do have my witnesses
7 available. But if Ms. Bennett wants to ask questions, I
8 have the witnesses available; otherwise, I'd simply put
9 them on quickly by affidavit.

10 MS. BENNETT: Yes. This is Deana Bennett on
11 behalf of Marathon, and I agree with everything that Mr.
12 Bruce said. I did continue the Marathon Flagon cases, to
13 July 15th, and Marathon is maintaining its position in
14 these cases to preserve its rights. Marathon, though,
15 doesn't object to Mr. Bruce's statements about putting the
16 cases on quickly by affidavit or some sort of combination
17 of affidavit and testimony, whatever he desires to. Again
18 Marathon is just preserving its rights at this point, and
19 is hopeful, as Mr. Bruce indicated, that the parties will
20 be able to reach an agreement ultimately.

21 HEARING EXAMINER BRANCARD: Okay. Ms. Bennett
22 you've entered on behalf of Marathon.

23 Let me just check, make sure: Are there
24 any other parties interested in these two cases, 21403,
25 21721. (Note: No response.)

1 Hearing none.

2 So I guess where we are at is, Mr. Bruce,
3 you can go forward with having a hearing today. Are you
4 prepared to do this by affidavit?

5 MR. BRUCE: I'm prepared to do it by affidavit
6 but then I will -- like I said, I'll turn it over and if
7 there's a specific question of a witness, the Landman Brad
8 Dunn and the geologist Nate Cless are on the line for this
9 hearing.

10 So in these matters in the first case
11 Mewbourne seeks to pool the west half/west half of
12 Sections 18 and 19 as to the Bone Spring Formation -- this
13 is in 19 South, 35 East, in Lea County -- for the purpose
14 of drilling two -- a Second Bone Spring well and a Third
15 Bone Spring well, known as the Santa Vaca wells.

16 The second case, 21721, same situation but
17 covers the east half/west half of Sections 18 and 19.

18 There are two affidavits by Brad Dunn, the
19 landman for Mewbourne, who has previously testified before
20 the Division and has been qualified as an expert petroleum
21 landman. The affidavits contain the usual information:
22 Land Plats, C-102s, a pretty detailed description of the
23 tracts involved and the interest ownership. And it shows
24 that there are, at this point, four parties to be pooled:
25 Chevron USA, Inc.; Seven Rivers, Inc.; James H. Bond; and

1 Occidental Permian Limited Partnership.

2 And, Mr. Examiner, you'll notice that
3 Marathon is not listed as a pooled party. They're trying
4 to make a trade for Chevron's acreage, I believe. My land
5 witness could confirm that for me.

6 But that is part of the deal that the
7 parties are looking at, so that's why you won't see
8 Marathon's name listed.

9 The Proposal Letters and the AFEs are
10 there, all the usual information.

11 Exhibit 2A is for Case 21403, and 2B
12 contains the same type of information for Case 21721.

13 Then there's the Affidavit of Nate Cless,
14 the geologist for Mewbourne, containing the usual
15 information on the Bone Spring structure map, well
16 location plats, data on other wells in area, an isopach,
17 and a cross section.

18 And the three -- Exhibit 3A is his
19 affidavit for Case 21403; exhibit 3B containing the same
20 basic information as for Case 21721.

21 And then there's the Notice information
22 submitted as Exhibit 4.

23 And two Publication Affidavits, one for
24 each case, submitted as Exhibit 5. Everyone has received
25 actual or constructive Notice.

1 And then the pooling checklists are
2 attached as Exhibit 6.

3 I would move the admission of Exhibits 1
4 through 6. If somebody has questions I can introduce the
5 witnesses and they can ask questions of them.

6 HEARING EXAMINER BRANCARD: I'll first ask Ms.
7 Bennett whether she has questions of the witnesses or
8 whether she is okay with doing this by affidavit.

9 MS. BENNETT: Yes, I have no questions for the
10 witnesses. Thank you.

11 HEARING EXAMINER BRANCARD: With that I will
12 turn it over to Mr. Garcia, if you have any questions on
13 behalf of the Division.

14 MR. GARCIA: Uhm, what is Exhibit 5A again?
15 It's a legal notice. I'm just curious, because normally
16 it's signed by the publishing company. Is this a
17 newspaper published?

18 MR. BRUCE: Hold on a minute.

19 MR. GARCIA: You have 5B signed by the
20 publishing, the newspaper.

21 MR. BRUCE: Uhm, okay. Yeah. Somewhere along
22 the way, and I can search my records again, the
23 Publication Affidavit in the first case slipped away in a
24 pile of paper. I will look for it, and I can submit that.

25 But I can show I paid for this anyway. But

1 the second one, yeah, is signed.

2 I'd ask that it be admitted and I promise
3 to look for that later today.

4 EXAMINER GARCIA: Okay. Yeah, I was just -- for
5 clarity of record.

6 MR. BRUCE: Okay.

7 EXAMINER GARCIA: My second question. So I had
8 some audio issues when you first started, so these cases
9 are contested with Marathon's that were continued?

10 MR. BRUCE: Yeah. Marathon's -- I forget the
11 exact, but I think Marathon's case involved the proposed
12 wells in the southwest quarter of Section 19, and then
13 further south into Section 30. I think that's what it
14 was.

15 EXAMINER GARCIA: So with that, is Mewbourne --
16 I don't know the legal term. Are you requesting the OCD
17 wait on issuing Orders for these issues?

18 MR. BRUCE: We would ask that the Orders be
19 issued so that just in preparation for if they have to
20 commence drilling because of their lease obligations, they
21 can get everybody notified. You know, Election Notices
22 sent out.

23 EXAMINER GARCIA: Okay. So after review if
24 everything is okay you would request they be issued right
25 away?

1 And if I may, does --

2 MR. BRUCE: It's not immediate. I mean, we are
3 not asking that you get them out this week, but they would
4 like to have them in hand, so if necessary they can --
5 Marathon and Mewbourne have an agreement that there won't
6 be -- you know, the well won't be commenced here in the
7 next, I forget what the period of time is, just to allow
8 them to continue to negotiate, but we would like the
9 Orders in hand.

10 MR. GARCIA: Okay. I just ask because typically
11 if the Order goes out faster than historically, what --

12 MR. BRUCE: Yeah, just regular timing.

13 EXAMINER GARCIA: I think that's all the
14 questions I have.

15 HEARING EXAMINER BRANCARD: Ms. Bennett, did you
16 have any response to this discussion about the cases and
17 the Order?

18 MS. BENNETT: No, I don't. I think that
19 Mr. Garcia's point is a good one, that there are some
20 timing concerns here, but also as Mr. Bruce stated,
21 Marathon and Mewbourne are trying to work this out without
22 necessarily -- well, hopefully without having to involve
23 the Division any further.

24 So hopefully the parties will be able to
25 work this out and those timing and overlap issues will

1 work themselves out.

2 HEARING EXAMINER BRANCARD: So you don't object
3 to these two cases of Mewbourne's being taken under
4 advisement while your four cases will go to hearing in
5 July; is that correct?

6 MS. BENNETT: That's right.

7 I have one quick request I have, though.

8 It seems that the Division in some
9 instances emailed opposing counsel, or emails counsel,
10 period, when Orders are issued. In some instances we
11 don't always get notified when the Orders are issued, and
12 so for these Orders in particular it would be very helpful
13 if, Mr. Garcia, when he's issuing the Orders could email
14 Mr. Bruce and I when the Orders are issued so that we both
15 know when they are issued.

16 That would be very helpful.

17 But otherwise, no, Marathon does not object
18 at this time to the cases being taken under advisement or
19 the Orders being entered.

20 HEARING EXAMINER BRANCARD: Is that workable,
21 Mr. Garcia?

22 MR. GARCIA: It is. It should be policy that we
23 cc anyone that mailed an appearance when we email out the
24 Final Order. I will double check that and make sure
25 that's happening.

1 MS. BENNETT: Thank you.

2 HEARING EXAMINER BRANCARD: So the question
3 Mr. Garcia had, Mr. Bruce, on the affidavit, is that Case
4 21403?

5 EXAMINER GARCIA: Yes. The Publication
6 Affidavit, yeah.

7 HEARING EXAMINER BRANCARD: And you think you
8 have that Affidavit somewhere.

9 MR. BRUCE: I'm certain that it probably got
10 lost in a pile of paper. The paperless society hasn't
11 arrived yet. So it's around somewhere; I'll dig it out.
12 I'm sure I have proof of payment of that, so I'll get you
13 something here later today.

14 HEARING EXAMINER BRANCARD: Okay. So in Cases
15 21403, 21721, they will be taken under advisement, but we
16 will leave the record open for Mr. Bruce to submit the
17 Publication Affidavit for Case 21403.

18 Are there any other questions or concerns
19 about these cases? (Note: No response.)

20 Hearing none, we can move on, then.

21 (Time noted 8:47 a.m.)

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1 STATE OF NEW MEXICO)
2 : SS
3 COUNTY OF TAOS)

4
5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, March 18,
8 2021, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18 /s/ Mary Macfarlane
19 _____

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
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