

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:

Application of Mewbourne Oil
Company for Compulsory Pooling,
Eddy County, New Mexico

Case No. 22007

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

JULY 1, 2021

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, and John Garcia, Technical Examiner, on July 1, 2021, via the Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources.

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87187
(505) 843-9241

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A P P E A R A N C E S

FOR MEWBOURNE OIL COMPANY:

Michael Feldewert, Esq.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
mfeldewert@hollandandhart.com.

For Ascent Energy:

Darin C. Savage, Esq.
Abadie & Schill, PC
214 McKenzie Street
Santa Fe, NM 87501
(970) 385-4401
darin@abadieschill.com.

C O N T E N T S

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1 (Time noted 9:34 a.m.)

2 EXAMINER BRANCARD: All right. Case No. 7,
3 22007, Mewbourne Oil Company, Holland Hart.

4 MR. FELDEWERT: If it please the examiner,
5 Michael Feldewert with the Santa Fe office of Holland and
6 Hart appearing on behalf of the Applicant.

7 EXAMINER BRANCARD: Thank you.

8 I have Ascent Energy.

9 MR. SAVAGE: That is correct. Darin Savage for
10 Ascent Energy, LLC.

11 EXAMINER BRANCARD: Ascent. Thank you.

12 Any other parties interested in Case 22007?

13 (Note: Pause.) Hearing none.

14 So as I understand it, Ascent objects to
15 this case going forward by affidavit and may file
16 competing cases in this matter.

17 Mr. Feldewert, what is your understanding?

18 MR. FELDEWERT: My understanding rests solely on
19 the prehearing statement that they filed. I can tell you
20 that the parties have had discussions since January of
21 2019. Mewbourne sent out its Well Proposal Letter last
22 summer. But if you read Ascent's Prehearing Statement
23 they now claim that they're going to apply for an Order
24 pooling competing acreage. We have not seen that. If
25 they are going to do that, I would ask they be required to

1 do that as soon as possible so that we can have this
2 matter heard by the Division as soon as possible.

3 EXAMINER BRANCARD: Mr. Savage.

4 MR. SAVAGE: That's correct, Mr. Examiner.

5 Ascent has had a permit in place for quite
6 a while, including prior to the Well Proposal Letter
7 provided by Mewbourne, and they have had an interest in
8 these lands for the same amount of time that Mewbourne
9 has. We had a Well Proposal drafted and are working up an
10 AFE, which should be completed by today. We feel like
11 there is some important issues surrounding the best
12 Development Plan and we would hope that the Division would
13 be willing to review the two proposals.

14 EXAMINER BRANCARD: So is it your intent in the
15 near future to file another case before the Division?

16 MR. SAVAGE: Yes. That would be the intent.

17 EXAMINER BRANCARD: About when do you think that
18 might happen?

19 MR. SAVAGE: We are hoping to get the Well
20 Proposal out by tomorrow and we hope to have a fair -- the
21 prerequisite amount of time for the parties to evaluate
22 that proposal, and then we would make the application for
23 the pooling.

24 As I understand it, that can be fast
25 tracked under certain circumstances, so we would be glad

1 to do that if the parties would not object.

2 MR. FELDEWERT: Who are the parties besides
3 Mewbourne?

4 MR. SAVAGE: Mewbourne.

5 EXAMINER BRANCARD: So, in other words,
6 Mr. Feldewert, your client hasn't seen a Well Proposal
7 yet.

8 MR. FELDEWERT: No.

9 EXAMINER BRANCARD: Okay. All right.

10 MR. FELDEWERT: But, like I said, we want this
11 fast tracked and get a hearing as soon as possible. I
12 recognize the Division has constraints there and I am not
13 faulting those. I am faulting someone, in the sense of a
14 decision here at the last minute to say: Well, hey, we
15 want to do some competing development that they haven't
16 previously proposed.

17 MR. SAVAGE: Mr. Hearing Examiner, if this makes
18 any difference about the timeline on this, this is on the
19 outskirts of Carlsbad. That's an area that has
20 experienced some in-settling, and some sinkhole
21 phenomenon. Our discussions with the OCD geologist has
22 informed us that there is actually a moratorium on the
23 permits in this area; they are putting a hold on that to
24 evaluate the situation.

25 Ascent inquired about a renewal of a

1 permit, and that was not allowed because of the situation.
2 So if any party does prevail on the Development Plan,
3 there's still that issue that has to be negotiated that
4 plays into the timelines.

5 EXAMINER BRANCARD: Well, thank you for that
6 information. Yes. I'm assuming you're talking about the
7 south end of Carlsbad and the sinkhole project that's
8 ongoing there that hopefully will be resolved in the next
9 year or so. But for some reason people are drilling wells
10 there right now and fracking underneath a huge sinkhole,
11 so that's of concern to the Division.

12 So we will schedule this case for
13 October 21st, and I'm hoping that -- so are you planning
14 on waiting the 30 days before you file your application?

15 MR. SAVAGE: That would be the prerequisite
16 time. As I understand it, that can be truncated under
17 appropriate circumstances, and we would be glad to discuss
18 that with Mewbourne.

19 EXAMINER BRANCARD: Well, that's Mewbourne's
20 option. Mr. Feldewert, do you want 30 days before they
21 file their application?

22 MR. FELDEWERT: Nope.

23 EXAMINER BRANCARD: You want their application,
24 ASAP.

25 MR. FELDEWERT: If they are going to file, tell

1 them to get it filed. Let's see what they've got.

2 So I'd ask you give them -- I don't want
3 this extended out unnecessarily, so if we can get some
4 confirmation that they will file their application on a
5 date certain, that would be very helpful.

6 EXAMINER BRANCARD: Mr. Savage, can you give us
7 any time frame here in the next week or two?

8 MR. SAVAGE: I will consult with Ascent and I'll
9 be glad to send an email to the Division and copy Mr.
10 Feldewert, or vice versa, forwarding that information.

11 EXAMINER BRANCARD: We are hoping nothing longer
12 than a week or so. Okay?

13 MR. SAVAGE: I can't anticipate, I would not
14 anticipate that.

15 MR. FELDEWERT: I do have one question, if I
16 may. I'm not sure, Mr. Savage. You talked about a
17 permit. What permit are you talking about?

18 MR. SAVAGE: I believe there was a drilling
19 permit for the north half of Section 21 that was in place.

20 MR. FELDEWERT: Just the north half of 21?

21 MR. SAVAGE: I believe that was, is my
22 understanding.

23 MR. FELDEWERT: Okay.

24 EXAMINER BRANCARD: You-all can continue this
25 conversation offline.

1 MR. SAVAGE: Thank you.

2 EXAMINER BRANCARD: Better inform each other
3 about what you're doing.

4 MR. FELDEWERT: Yes.

5 EXAMINER BRANCARD: Thank you. We will the set
6 this case for October 21. I would hold off on a
7 Prehearing Order in hopes that within the next week or so
8 we will have a competing application to combine with this
9 case.

10 And please get it done quickly so Mewbourne
11 has time to evaluate your proposal.

12 MR. FELDEWERT: Mr. Brancard is there an
13 opportunity that if cases are dismissed on one of your
14 crowded dockets that, for example, this case could be
15 substituted? Is that a possibility?

16 EXAMINER BRANCARD: Well, frankly if cases are
17 not dismissed from our crowded dockets, these dockets
18 will go on for weeks. So at this point we have a lot of
19 competing applications, so what we're doing -- you know,
20 Ms. Salvidrez made this suggestion -- is add a few
21 competing cases onto what are normally the first of the
22 month New Case dockets, just because those cases, those
23 dockets can go pretty quickly.

24 And so even though that's not normally the
25 place for competing cases, just so we can start filling

1 in, which is what we did earlier with the first two cases
2 today, put them on the first of the month dockets.

3 But the Competing Dockets are really
4 filling up. And we have Special Dockets being scheduled
5 too, so...

6 It's going to be a fun summer and fall.
7 That's all I can say.

8 MR. FELDEWERT: Hopefully, since you're in
9 Porter Hall now, that perhaps we can get back to having
10 these in person.

11 EXAMINER BRANCARD: You know, that's a very good
12 question, and I wish I had -- you know, for everyone here,
13 I wish I had a very clear answer to all that. I have
14 raised that question. We are -- you will probably hear
15 that people in our Division will be heading back into the
16 building starting July 19th.

17 MR. FELDEWERT: Okay.

18 EXAMINER BRANCARD: The building, however,
19 continues to be under construction, so it's not really
20 open to the public. So at this point we don't have a
21 clear date on when Porter Hall will be available,
22 particularly since the construction has completed on the
23 third floor, is now on the second floor, and ultimately
24 will be on the first floor; in other words, Porter Hall.

25 So, you know.

1 As you remember, Mr. Feldewert, you once left a
2 huge coffee stain on the floor here. It's still there.
3 They still haven't changed the carpet, so when that gets
4 done, then we'll know.

5 MR. FELDEWERT: I would be willing to bet that's
6 not the first coffee stain on that floor.

7 EXAMINER BRANCARD: No. I've walked around.
8 There's a whole bunch, yeah.

9 So I'm sorry I don't have any better or
10 more clear definitive news, but you will probably be aware
11 that, yes, people will be working part-time, maybe two
12 days a week, in the building here, even though we are
13 sharing the third floor with our Parks Division because
14 they have been kicked out of the second floor.

15 So that's the situation right now, the best
16 I can tell you. So thank you for asking that question. I
17 should have brought that up earlier.

18 (Time noted 9:40 a.m.)

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

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 1,
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
License Expires: 12/31/2021

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