

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 for
Compulsory Pooling, Lea County, Case No. 22015
New Mexico. Case No. 22016

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JULY 1, 2021

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Hearing Examiner, John Garcia, Technical Examiner, on July 1, 2021, via 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
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A P P E A R A N C E S

FOR MEWBOURNE OIL COMPANY:

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1 (Note: In recess from 9:47 a.m. to 10:00 a.m.)

2 (Time noted 10:00 a.m.)

3 EXAMINER BRANCARD: Okay. Do we have Mr. Bruce
4 on the line?

5 MR. BRUCE: I am here.

6 EXAMINER BRANCARD: Excellent. It's 10:00 a.m.
7 I'd like to restart the OCD hearings of July 1, 2021.

8 On our list today we are at Item No. 16,
9 Cases 22015, 22016, Mewbourne Oil Company.

10 Mr. Bruce, are you here?

11 MR. BRUCE: Yes, I'm here on behalf of
12 Mewbourne.

13 EXAMINER BRANCARD: Thank you.

14 Are there any other parties interested in
15 Cases 22015, 22016? (Note: Pause) Hearing none,
16 Mr. Bruce you may proceed.

17 MR. BRUCE: Mr. Examiner, in these applications
18 Mewbourne is seeking to force pool collectively the
19 southwest quarter of Section 17, the west half of Section
20 20, and the northwest quarter of Section 29 in 21 South,
21 35 East.

22 The west half of the acreage will be
23 dedicated to the North Wilson Deep Unit Well No. 3H, the
24 east half of the acreage will be dedicated to the North
25 Wilson Deep Unit Well No. 4H.

1 The exhibit package before you contains the
2 applications and proposed ads. Up front I would let you
3 know there was a Hearing Order issued in 21408 regarding
4 the expanded North Wilson Deep Unit. The OCD approved the
5 expansion.

6 Mewbourne at this point is waiting for a
7 couple of late-arriving ratifications, at which time it
8 will seek final approval from the State Land Office, and
9 in anticipation of that has proposed these wells and wants
10 to get the Pooling Orders in effect so that once that
11 happens it can move rather quickly to meet some lease
12 expiration deadlines.

13 There are two land affidavits, one for Case
14 22015, one for 22016. They are virtually identical
15 because the leases involved and the acreage involved in
16 the two well units is exactly the same, the ownership is
17 the same.

18 The affidavits are by Adriana Salgado,
19 landman for Mewbourne Oil Company. Her affidavits contain
20 all the usual: the land plat, C-102s, the interests of
21 the parties in the well units, and identifies the parties
22 being pooled at this point, which are COG Exchange
23 Properties, Devon Energy, and COG Operating.

24 Mewbourne has been in a lot of discussions
25 with COG and expects them to join in the wells, and I

1 guess also in the unit eventually.

2 The discussions between the parties are set
3 forth on a Summary of Contacts.

4 Just regarding the specific two wells,
5 Mewbourne has been in touch with the parties since January
6 of this year; however, the ongoing unitization process has
7 occurred -- has taken almost a year, and so all of the
8 parties knew about the unit wells that would be drilled
9 quite some time ago.

10 The affidavit of the geologist is marked as
11 Exhibit B, and it contains the usual -- these are Second
12 Bone Spring wells. The 3H well will test the Lower Second
13 Bone Spring Sand, and the 4H well will test the Upper
14 Second Bone Spring Sand.

15 The affidavit contains the usual Structure
16 Map, Isopach and Cross Section.

17 In regards to the well orientations, the
18 entire expanded unit is expected to drill stand-up well
19 units, and if you look at the geologic plats you can see
20 that all of the wells in the immediate area, all of the
21 Second Bone Spring wells are stand-up wells. And they
22 seem to be quite successful and therefore that is the
23 reason for the stand-up units.

24 Exhibit B is my Statement of Notice.

25 The only two parties or entities, or I

1 suppose joint entities, notified were the COG entities and
2 Devon Energy. The Postal Service online tracking service
3 showed that Devon Energy did receive actual notice. As to
4 COG, the USPS online service shows at one point that
5 the -- it ends without showing what eventually happened,
6 but just yesterday I received an email via my client from
7 COG acknowledging that they did receive Certified Notice
8 about eight or nine days ago, and when I get back to my
9 office I will put that in .pdf form and forward that to
10 you to show that all the parties being pooled have
11 received actual Notice.

12 And then finally the pooling checklist for
13 the two wells are marked Exhibit F.

14 I believe that the exhibit package is
15 complete, and I would move the admission of Exhibits A
16 through F and ask that the matters are taken under
17 advisement.

18 The wells have not yet been permitted, but
19 as soon as an Order is issued both from the Division for
20 force pooling and from the Land Office approving final
21 unit expansions, they do anticipate moving forward quite
22 rapidly.

23 With that I would ask that the case be
24 taken under advisement.

25 EXAMINER BRANCARD: Thank you.

1 Mr. Garcia, questions?

2 EXAMINER GARCIA: Can you hear me, Bill?

3 EXAMINER BRANCARD: Yes.

4 EXAMINER GARCIA: No questions.

5 I have a statement.

6 Mr. Bruce, when you submit that .pdf to the
7 OCD, please use the portal system and not email.

8 That's kind of a broad statement --

9 MR. BRUCE: Okay. I will. I will.

10 EXAMINER GARCIA: And that's kind of a broad
11 statement to all counsel.

12 EXAMINER BRANCARD: Thank you.

13 Just to clarify again, Mr. Bruce, what
14 exactly will you be submitting and when?

15 MR. BRUCE: When I get back if I have the green
16 cards from the parties notified, I will submit those;
17 otherwise, like I said, I do have an email from COG
18 stating even though the postal service system doesn't show
19 it, they stated in an email that they did receive
20 Certified Mail Notice of the applications.

21 EXAMINER BRANCARD: Okay. So final
22 documentation of Notice is due from you, but you won't be
23 back in the office for another week or so; is that
24 correct?

25 MR. BRUCE: That's correct. The only fun period

1 of my summer.

2 EXAMINER BRANCARD: Well, we wouldn't want to
3 cut it short just for you to race back and send us green
4 cards.

5 All right. So I guess by --

6 MR. BRUCE: A week from tomorrow.

7 EXAMINER BRANCARD: Okay. So that would be July
8 9th we'll be expecting it.

9 MR. BRUCE: Thank you.

10 EXAMINER BRANCARD: Thank you.

11 Once again, are there any other persons
12 with comments on Case 22015 or 22016? (Note: Pause.)

13 Hearing none, the exhibits will be admitted
14 into the record. This case, the record will remain open
15 until July 9th or thereabouts for the submittal of final
16 documentation on Notice.

17 And with that the case will be taken under
18 advisement.

19 Thank you.

20 MR. BRUCE: Thank you.

21 (Time noted 10:10 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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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

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taken before me; that I did report in stenographic

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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

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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

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MARY THERESE MACFARLANE, CCR
NM Certified Court Reporter No. 122
License Expires: 12/31/2021

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