

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:

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL
OF OVERLAPPING WELL UNITS
EDDY COUNTY, NEW MEXICO

Case No. 22731

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing
before the New Mexico Oil Conservation Division,
HEARING OFFICER WILLIAM BRANCARD and TECHNICAL
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: 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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I N D E X

PAGE

CASE CALLED

HEARING/MOTION TO CONTINUE

3

CERTIFICATE OF REPORTER

13

1 HEARING OFFICER BRANCARD: Good afternoon.
2 It is June 2, 2022. This is the continuation of the
3 hearings of the New Mexico Oil Conservation
4 Division. Bill Brancard, legal examiner with John
5 Garcia, technical examiner.

6 We are looking at our worksheet today and
7 we're looking down at Case Number 69 on the list.

8 This is Case Number 22731, Mewbourne Oil
9 Company.

10 MR. BRUCE: Mr. Examiner, Jim Bruce on
11 behalf of Mewbourne.

12 HEARING OFFICER BRANCARD: Thank you.

13 Are there any entries of appearance for
14 Case 22731?

15 Hearing none, Mr. Bruce, you may proceed.

16 MR. BRUCE: There is -- of course there is
17 a couple of cases, of course. I have a couple of
18 things I need to mention, potential issues. This is
19 possibly one of them.

20 But, anyway, in this case Mewbourne
21 Exhibit 1 is the application and proposed notice.
22 Mewbourne is applying for an order pooling mineral
23 interests in a proximity tract unit comprising the
24 north half of Section 14 and all of Section 11,
25 26 South, 29 East in Eddy County.

1 They're seeking to drill a Fuller 14/11
2 W1FC Fed Com Well Number 3H. That is a -- it's in
3 the Purple Sage Wolfcamp. It's in the top level
4 Wolfcamp's in.

5 Exhibit 2 is the statement of Mitch Robb,
6 landman who has previously testified before the
7 Division. It's got the C102, the land plat showing
8 the tracts involved, the parties involved. The only
9 people being pooled, which is shown on Attachment B
10 to Exhibit 2, the only two working interest owners
11 being pooled are Carbon Text Energy and New Energy
12 Oil and Gas.

13 There are three that are title owners
14 being pooled, XO Resources, RKC and K.P. Kauffman
15 Company.

16 The affidavit contains the, you know, the
17 usual materials, including the AFE, interest
18 ownership in each tract and then the well unit as a
19 whole. Very small interests are involved.

20 Mewbourne does request 8,800 a month in
21 drilling costs, request a 200 percent penalty
22 against the two working interest owners.

23 Exhibit 3 is the statement of the
24 geologist that the difference in this is that there
25 were previously pooled in the same W1 the upper

1 Wolfcamp sand zone, the east half of Section 11 and
2 the northeast quarter of Section 14.

3 All the interest owners are the same in
4 that tract as opposed to the proximity tract.

5 The exhibits of the geologist, since this
6 is the same zone, are the exhibits from a prior
7 pooling cases, a pooling case for the east half of
8 Section 11 and the northeast quarter of Section 14,
9 which was Case 1562, which was four-and-a-half, five
10 years ago. I don't think in geologic time the
11 geology exhibits have changed.

12 First of all, one issue, Mr. Examiner, is
13 this is not real -- even though there are existing
14 wells in part of the well unit, this is not really
15 overlapping well units because all of the wells are
16 in the same zone. So it's not like drilling a Third
17 Bone Spring, or Second Bone Spring sand or a Third
18 Bond Spring sand. And you can tell me how you wish
19 to handle that.

20 Exhibit 4 is my affidavit of notice.
21 Couple things I'd like to note is that when you look
22 at the affidavit of notice -- and by the way, I
23 tried to put together late yesterday a little
24 spreadsheet like you like showing who received
25 notice and who didn't, but if you'll look at my

1 notice letter and the parties being listed and I
2 will get that to you. I will supplement the record.

3 The record title owners RKC, K.P. Kauffman
4 and XO all received notice. There is a gentleman
5 named John Green who may be dismissed from this
6 application because Mewbourne has come to terms with
7 them. So the only two parties are Carbon Tex Energy
8 and New Energy Oil and Gas.

9 Now those parties I have, of course,
10 pooled them a number of times for Mewbourne under
11 acreage. They have never responded to anything. As
12 far as we know, they're unlocatable or maybe
13 defunct. And that's really not stated in the
14 landman's affidavit, but I figured what I would do
15 is get a supp- -- I should have put in the affidavit
16 that I was drafting for the landman, but I forgot
17 about that.

18 I can submit a supplemental affidavit from
19 the landman stating how they have never been able to
20 reach those two companies, one of which is in
21 Canada. And if you look at the notices, the letter
22 went out on time, the letter yeah, single letter.

23 But Carbon Tex and New Energy, yesterday I
24 checked the Postal Service website and there is
25 absolutely no information on the delivery of the

1 notice letters to either of those entities. They
2 are just floating out there somewhere either in the
3 Postal Service system or in the Canadian Postal
4 system. So they are totally at this point
5 unlocatable.

6 Mewbourne has been dealing with them for
7 three, four, five years and it's never been able to
8 reach them, which is what I should have put in the
9 affidavit and I would be perfectly happy to
10 supplement that.

11 Notice was published as against all these
12 parties. And I thought I had gotten a notice
13 published in time, but as you guys pointed out
14 earlier, there was the intervening Memorial Day
15 weekend which means that the publication was one day
16 late. I don't suppose it will help to tell you that
17 I actually worked ten hours on Memorial Day.

18 Does that overcome that presumption?
19 Probably not.

20 But Exhibit 6 is the pooling checklist.
21 Both the landman and geologist have testified
22 numerous times before the Division both live and via
23 affidavits. We would ask that Exhibit 1 through 6
24 be admitted into the record, a pooling order will be
25 issued eventually against New Tech and Carbon Tex

1 and New Way with the proviso that I will submit a
2 supplemental affidavit regarding Mewbourne's years
3 long attempt to contact these companies.

4 And since they're unlocatable, I would ask
5 that the matter be continued for two weeks so that
6 the publication notice is correct.

7 With that I move the admission of the
8 exhibits.

9 HEARING OFFICER BRANCARD: Thank you.

10 Mr. Garcia, questions?

11 TECHNICAL HEARING EXAMINER GARCIA: Yeah,
12 I guess may I confused myself. There is existing
13 wells in the same formation that you're seeking to
14 pool?

15 MR. BRUCE: Yes. There are two wells in
16 the east half of Section 11 and the northeast
17 quarter of Section 14, but they are all upper
18 Wolfcamp sand wells.

19 And everybody in those wells is also an
20 interest owner in the proposed well and vice versa.

21 TECHNICAL HEARING OFFICER GARCIA: And
22 that one doesn't have a compulsory pooling or it
23 does?

24 MR. BRUCE: What is that now, excuse me.

25 TECHNICAL HEARING OFFICER GARCIA: The

1 existing are they under an order?

2 MR. BRUCE: Yes. One of them was
3 mentioned by the geologist. I don't have the order
4 number, but the case number is 15862.

5 TECHNICAL HEARING OFFICER GARCIA: It's an
6 old case. Would these not be fill wells then?

7 MR. BRUCE: Well, no, because the
8 proximity tract well is just slightly within the
9 west half of those two sections.

10 TECHNICAL HEARING OFFICER GARCIA: Okay.
11 I guess I'll look into it more. When we have 85
12 cases I don't get to deep dive the exhibits as much.

13 MR. BRUCE: Hard to believe.

14 TECHNICAL HEARING OFFICER GARCIA: Yeah.
15 I'll look into it more, but I guess I may not be in
16 touch --

17 MR. BRUCE: Yeah.

18 TECHNICAL HEARING OFFICER GARCIA: -- with
19 all my questions.

20 MR. BRUCE: Email me.

21 TECHNICAL HEARING OFFICER GARCIA: Yeah.
22 Will do if I need to. But I will pass to
23 Mr. Brancard.

24 HEARING OFFICER BRANCARD: Thank you.
25 Okay. Where to start here?

1 Mr. Bruce, you really should do some
2 proofreading of your applications. You got the
3 legal description right in the first line. North
4 half of Section 14 and all of 11. From then on you
5 refer to the north half of 11 and all of 14 --

6 MR. BRUCE: Aah.

7 HEARING OFFICER BRANCARD: -- in several
8 paragraphs after that.

9 MR. BRUCE: For the landman?

10 HEARING OFFICER BRANCARD: So I was trying
11 to figure out where your proximity tract well was.

12 MR. BRUCE: It's --

13 HEARING OFFICER BRANCARD: And it doesn't
14 really show it on the C102.

15 MR. BRUCE: If you look at the C102 the
16 surface location is in the east half. But if you
17 see the bottom location, bottom hole location, last
18 take point, it's in the northeast-northwest of
19 Section 11.

20 HEARING OFFICER BRANCARD: Well, I was
21 looking for the first take point, which is not shown
22 on the C102.

23 MR. BRUCE: I can address that in the
24 affidavit.

25 HEARING OFFICER BRANCARD: Well, what you

1 should address is the checklist which actually gives
2 locations of each of these points including the
3 first take point. Unfortunately it puts the first
4 take point in Section 13, which is not part of your
5 spacing unit.

6 MR. BRUCE: I can correct.

7 HEARING OFFICER BRANCARD: I think it's a
8 typo. I think it's the right coordinates, it's just
9 it should be Section 14.

10 MR. BRUCE: Yes, you are correct. I can
11 certainly amend that. That won't take long. That's
12 the problem with using prior orders to shorten the
13 process of doing the pooling checklist.

14 HEARING OFFICER BRANCARD: Okay. So this
15 case will be continued to June 16th. But in the
16 meanwhile, you're going to update us on the list of
17 the parties and how they got notice; is that
18 correct?

19 MR. BRUCE: I will do a spreadsheet
20 showing, yeah, the parties when the mailing went
21 out, when they were received, if ever, and the
22 current status based on the USPS website. I will
23 add to -- then I will have an affidavit from the
24 landman stating past history in trying to contact
25 these two working interest owners. And then I'll

1 correct the pooling checklist.

2 HEARING OFFICER BRANCARD: Okay.

3 Mr. Garcia, is there anything else that we needed?

4 TECHNICAL HEARING EXAMINER GARCIA: I
5 don't believe so.

6 HEARING OFFICER BRANCARD: Okay. And,
7 Mr. Garcia, you will look into the overlapping
8 spacing units?

9 TECHNICAL HEARING EXAMINER GARCIA:
10 Correct. Can I get the old case one more time,
11 Mr. Bruce?

12 MR. BRUCE: Oh, yeah.

13 HEARING OFFICER BRANCARD: I think I heard
14 15862.

15 MR. BRUCE: That should be it. One --
16 15862 is correct.

17 HEARING OFFICER BRANCARD: Okay. So are
18 there any other persons commenting on 22731?

19 If not, this case will be continued to
20 June 16th.

21 MR. BRUCE: Thank you.

22 HEARING OFFICER BRANCARD: Thank you.

23 (Matter concluded.)

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REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
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