

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
LEA COUNTY, NEW MEXICO

Case No. 22835

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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1 A P P E A R A N C E S

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9 For Devon Energy Production Company:

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19 I N D E X

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26 EXHIBITS

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1 HEARING OFFICER BRANCARD: We're looking
2 at Case Number 22835.

3 MR. BRUCE: Jim Bruce on behalf of
4 Mewbourne.

5 HEARING OFFICER BRANCARD: Devon Energy
6 Production Company?

7 MR. KITTINGER: Luke Kittinger with Abadie
8 & Schill on behalf of Devon.

9 HEARING OFFICER BRANCARD: Are there any
10 other entries of appearance for Case 22835?

11 Mr. Kittinger, does Devon object to this
12 case going forward by affidavit?

13 MR. KITTINGER: No, sir, they do not.

14 HEARING OFFICER BRANCARD: Thank you.

15 Mr. Bruce, you may proceed.

16 MR. BRUCE: Mr. Examiner, in this case,
17 the application and notice are Exhibit 1. Mewbourne
18 seeks to, of course, pool west half of southeast
19 half of Section 17, west half southeast half of
20 Section 20. And west half northeast quarter of 29,
21 21 South, 35 East Lea County to drill the North
22 Wilson Deep Unit Well Number 6H.

23 That unit was expanded and approved by the
24 Division last year. Devon owns a tract that is not
25 committed to the unit.

1 Exhibit 2, the testimony of landman
2 Adriana Salgado who Mr. Feldewert previously
3 qualified as an expert in one of his cases for
4 Mewbourne. Contains the usual exhibits.

5 The plat showing the tracts involved and
6 the interest ownership in the tract, C102 showing
7 that the first and last take points are orthodox,
8 gives a list of the interest owners and all
9 percentage interest.

10 Devon is the only party being pooled.
11 Proposal letter to Devon and the AFE. Mewbourne
12 requests 8,800 a month, 8,000 for drilling, 800 for
13 producing, overhead rates and request a 200 percent
14 nonconsent penalty.

15 The affidavit of Jordan Carrel who has
16 previously testified live and in person before the
17 Division is Exhibit 3. And his exhibits contain the
18 usual structure map, isopack and cross section
19 showing the locations, the depths of the wells being
20 drilled. Production plat showing the production
21 results from nearby Bone Spring wells and these are
22 all Second Bone Spring wells.

23 The usual fare, Exhibit 4 is my affidavit
24 of notice showing that Devon was notified and it did
25 receive certified notice. The green card was not

1 signed, but the -- I attached a USPS online document
2 showing that notice was received on May 17th,
3 therefore I did not plan on submitting a spreadsheet
4 showing the notice.

5 And then Exhibit 5 is the pooling
6 checklist, which I hope and pray is accurate,
7 although, Mr. Brancard, you're noticing my mistakes
8 more than I am.

9 But with that, I would request the pooling
10 of this well unit and ask that Exhibits 1 through 5
11 be admitted into the record. And, by the way, these
12 are the third and fourth wells being drilled within
13 the North Wilson deep unit.

14 HEARING OFFICER BRANCARD: Thank you.

15 Mr. Kittinger, any questions or comments?

16 MR. KITTINGER: No questions,

17 Mr. Examiner.

18 HEARING OFFICER BRANCARD: Thank you.

19 Mr. Garcia?

20 TECHNICAL HEARING OFFICER GARCIA:

21 Mr. Bruce, I had asked a few times today, can we get
22 something for discussing the acreage that's left off
23 in the north half and the south half of this basing
24 unit?

25 MR. BRUCE: Okay. Okay. I will -- I

1 think it basically happened -- I will get that for
2 you. I think it has to do with the geography of the
3 unit. They do plan, I think perhaps to the south is
4 the end of the unit and then they plan on drilling
5 north inside the unit to the north. So I will get
6 that for you.

7 TECHNICAL HEARING OFFICER GARCIA: Yeah.
8 And general comment for all counsel, I tend to
9 question --

10 MR. BRUCE: Yeah, I understand.

11 TECHNICAL HEARING OFFICER GARCIA: So ...

12 HEARING OFFICER BRANCARD: Thank you.

13 Mr. Bruce, I guess maybe I didn't
14 understand. This spacing unit is not within the
15 unitized area?

16 MR. BRUCE: It is. It is within the outer
17 boundaries of the unit, but there are certain tracts
18 within the unit which are not committed to the unit.
19 I think -- I think -- I can't remember off the top
20 of my head, but Devon owns an interest in Tract 1,
21 which is the west half-east half of Section 17.

22 COG owns an interest. That interest is
23 and that track is committed to the unit, but Devon
24 Energy's interest is not committed to the unit.

25 All of the other tracks are wholly

1 committed to the unit.

2 And so Devon owns, I forget what this
3 would come out to. They own a 66.25 percent
4 interest in the well. In looking at it, I think
5 they may own a 50 percent interest in that one
6 specific tract which is not committed to the unit.

7 HEARING OFFICER BRANCARD: Who is the
8 owner of the unit?

9 MR. BRUCE: Mewbourne Oil Company.

10 HEARING OFFICER BRANCARD: Okay. So this
11 is close enough to, or part of the unit so that you
12 use the unit name?

13 MR. BRUCE: Yes.

14 HEARING OFFICER BRANCARD: Okay. I just
15 don't want to get in trouble with our unit people.

16 MR. BRUCE: I thought you were --

17 HEARING OFFICER BRANCARD: (Audio cut out)
18 of wells here.

19 All right. Thank you.

20 Are there any interested persons or
21 comments on Case 22835?

22 Hearing none, the exhibits are admitted
23 into the record. Case 22835 is taken under
24 advisement. And Mr. Bruce, you will provide us with
25 a statement about why there's not stranded acreage

1 to the north and south.

2 MR. BRUCE: Correct.

3 HEARING OFFICER BRANCARD: Thank you.

4 (Matter concluded.)

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REPORTER'S CERTIFICATE

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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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