

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  
EDDY COUNTY, NEW MEXICO

Case No. 22673

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
June 16, 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 DYLAN ROSE-COSS on Thursday, June  
16, 2022, through the Webex Platform.

Reported by:                   PAUL BACA COURT REPORTERS  
500 4th Street, NW, Suite 105  
Albuquerque, New Mexico 87102  
505-843-9241

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A P P E A R A N C E S

For Mewbourne Oil Company:

JAMES GARRETT BRUCE, ATTORNEY AT LAW  
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BY: JAMES G. BRUCE  
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1 HEARING OFFICER BRANCARD: We will call  
2 Case 22673, Mewbourne Oil Company.

3 MR. BRUCE: Mr. Examiner, Jim Bruce  
4 representing Mewbourne.

5 HEARING OFFICER BRANCARD: Are there any  
6 other interested persons for Case 22673?

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

8 MR. BRUCE: Mr. Examiner, in this case  
9 Mewbourne seeks to force pool the south half of both  
10 Sections 15 and 16, 22 South, 27 East for purposes  
11 of drilling two Mighty Ducks Wolfcamp wells. This  
12 is in the Purple Sage Wolfcamp.

13 The only party sought to be pooled is  
14 North Central Operating, Inc., which is a record  
15 title owner of one of the leases. And so going  
16 through the package, Exhibit 1 is the application  
17 and proposed notice.

18 Exhibit 2 is the Landman Tyler Jolly's  
19 affidavit. And he does discuss in there North  
20 Central is the record title owner of a certain State  
21 lease covering 120 acres in Section 16.

22 There is a C102 so that we could get  
23 the -- or the C102s, plural I should say, so that  
24 pooling checklist could be done. There is a letter  
25 from January of this year to North Central

1 requesting to sign the Com agreement and -- that and  
2 any follow-up never resulted in any signature, so  
3 Mewbourne seeks to force pool the record title owner  
4 because the State Land Office will accept the  
5 Division's pooling order as their signature on the  
6 Com agreement.

7           And what's funny is that with respect to  
8 the State Land Office, when it comes to a Com  
9 agreement, they only require the record title owners  
10 of leases sign even if they're not working interest  
11 owners.

12           Exhibit 4, or Exhibit 3 is my certificate,  
13 my affidavit of mailing to North Central.

14           And they did receive actual notice but  
15 then Exhibit 5 contains the -- let me see.  
16 Exhibit 5 is the affidavit of publication, once  
17 again timely, although it was really unnecessary.

18           And then Exhibit 5 is the pooling  
19 checklist, I think. Notice is correct. Everything  
20 obviously because it's only a record title owner and  
21 no risk charge or anything is being assessed. There  
22 is no geologist affidavit, but I think the exhibit  
23 package is correct.

24           And I ask that Exhibits 1 through 5 be  
25 admitted into the record and the case be taken under

1 advisement.

2 HEARING OFFICER BRANCARD: Thank you.

3 Mr. Rose-Coss?

4 MR. ROSE-COSS: Sure, yes. I need to give  
5 it to you, Mr. Brancard, regarding the proximity to  
6 the Brine well and whether or not there's still any  
7 kind of holdups around that as well as -- are we  
8 requiring or is there any precedence for the City of  
9 Carlsbad getting notice when a well as proximal as  
10 these might be to the City limits or maybe that's  
11 not an issue in this case. And/or the lack of,  
12 like, geology exhibits in this case, and whether or  
13 not, why those might be omitted?

14 Those are my comments/questions.

15 MR. BRUCE: Mr. Examiner, if I may. As to  
16 the Brine well issue, you know, I don't know. I  
17 don't know what the answer to that is. I was not  
18 informed on anything regarding as to the Brine well  
19 and I don't believe my client has received anything  
20 from the Division regarding this particular proposed  
21 well. And they did approve the APD and that is  
22 shown on C, or I should says APDs, and that is  
23 shown -- the API numbers are the C102s that I've  
24 submitted.

25 So the Division is aware of it and I don't

1 know what else to do with respect to the Brine well  
2 if the Division has gone ahead and approved the APD.

3 I did not look in the Division's file to  
4 see if the wells have been commenced. But I could  
5 do that and get back to you folks on that. But  
6 again there is no geologist affidavit because  
7 there's no risk charge involved. Just we're seeking  
8 to get a signature for a Com agreement. That's  
9 basically it.

10 MR. ROSE-COSS: Okay. Those are my  
11 comments. I'll pass it to you, Mr. Brancard.

12 HEARING OFFICER BRANCARD: Thank you.  
13 Those are the issues that show up on my screen, too,  
14 Mr. Bruce. I did try to -- I did forward this  
15 application yesterday to other people in the  
16 Division to see if there was an issue with the Brine  
17 well and I have not heard anything back.

18 MR. BRUCE: Okay.

19 HEARING OFFICER BRANCARD: I mean we've  
20 done a number of cases where we put in all sorts of  
21 conditions.

22 MR. BRUCE: Right.

23 HEARING OFFICER BRANCARD: I don't know  
24 what the radius is anymore, whether that's gone from  
25 five miles to one mile or what. This does seem to

1 be within a mile or so of the section where the  
2 Brine well is located. So I think we will need to  
3 get some further clarification from the Division on  
4 this, or if your client has information from the  
5 Division that says, "Go for it," that will be fine,  
6 too.

7 MR. BRUCE: Okay. I will report back.

8 HEARING OFFICER BRANCARD: So on the  
9 larger issue on this case and the next few that  
10 follow, you seem to be proposing sort of a  
11 compulsory pooling light application here.

12 MR. BRUCE: That is correct. Geologic  
13 overhead rate, not seeking a penalty or a risk  
14 charge, all we need is a signature and we can't get  
15 it and so, you know, I forced pool record titles,  
16 record title owners at different times and, you  
17 know, it makes for a nice short application anyway.  
18 We don't have to ask for all the other stuff, but  
19 that's all it is, just force pooling this one party  
20 for purposes of a Com agreement.

21 HEARING OFFICER BRANCARD: Would your  
22 logic apply if you were just pooling royalty  
23 interest owners?

24 MR. BRUCE: Correct.

25 HEARING OFFICER BRANCARD: My concern --

1 MR. BRUCE: The rules --

2 HEARING OFFICER BRANCARD: The rules --

3 MR. BRUCE: There are still a few leases  
4 out there, very aged, which do not grant the lessee  
5 the right to pool acreage, so I have had to force  
6 company fee royalty owners on ancient pieces here  
7 and there. But again by statute there can be no  
8 penalty assessed against them.

9 HEARING OFFICER BRANCARD: Right. I mean,  
10 right, I see what you're dealing with is the  
11 situation we're not pooling a working owner interest  
12 or executive interest.

13 MR. BRUCE: Correct.

14 HEARING OFFICER BRANCARD: I mean, the  
15 concern I'm having is with the Rule 412(a)(1)(b),  
16 which sets out the alternative procedure that we are  
17 simply following. It indicates all the things that  
18 are supposed to be provided, including information  
19 about formations and pools and requirement that all  
20 this be provided through sworn and notarized  
21 statements. So I'm sort of struggling as to whether  
22 we can just sort of truncate the process here. I  
23 mean, I understand your argument but then there are  
24 rules.

25 MR. BRUCE: Well, I mean the formation and

1 the pool are identified in the land affidavit and  
2 the C102s.

3 HEARING OFFICER BRANCARD: Let's just talk  
4 about a few simpler items. I don't think on this  
5 case we get the whole last page of your exhibits,  
6 you need to sign your checklist.

7 MR. BRUCE: Well --

8 HEARING OFFICER BRANCARD: Second, I'll  
9 will mull over the whole logic about the geologic  
10 affidavit, but I do think you need to have a tract  
11 map.

12 MR. BRUCE: Okay.

13 HEARING OFFICER BRANCARD: It's sort of  
14 hard to say we're pooling something if we don't know  
15 what it is.

16 MR. BRUCE: I got you.

17 HEARING OFFICER BRANCARD: Public land  
18 survey description.

19 MR. BRUCE: Okay.

20 HEARING OFFICER BRANCARD: All right?

21 MR. BRUCE: I will -- and this was  
22 probably -- I apologize for not signing the pooling  
23 checklist. I think the way my life has gone lately,  
24 that's a midnight error. I will take care of that.

25 HEARING OFFICER BRANCARD: Okay. So what

1 I propose, Mr. Bruce, is that we continue this case  
2 to July 7.

3 MR. BRUCE: Okay.

4 HEARING OFFICER BRANCARD: Okay? And in  
5 this case, the reason for that is for the Division  
6 to check in on the status of the Carlsbad Brine well  
7 situation.

8 MR. BRUCE: Gotcha.

9 HEARING OFFICER BRANCARD: The other  
10 information, the checklist, the tract map, you know,  
11 if you submit that before July 7, that will be  
12 great, too.

13 MR. BRUCE: That's my weekend duties this  
14 weekend.

15 HEARING OFFICER BRANCARD: But, again, we  
16 need internally to discuss a little bit about the  
17 lack of the geologic affidavit in these kinds of  
18 cases. Think it over. I understand your logic but  
19 that's an issue for the next few cases also. But  
20 this case is being continued for the basis of the  
21 Carlsbad Brine well situation.

22 MR. BRUCE: Understood.

23 HEARING OFFICER BRANCARD: Any other  
24 interested persons for Case 22673?

25 Hearing none, this case will be continued

1 to July 7th.

2 (Proceedings concluded at 9:33 a.m.)

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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 16, 2022

/s/ Edwina Castillo

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EDWINA CASTILLO, RPR, CCR  
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