

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:

ORIGINAL

APPLICATION OF MEWBOURNE OIL
COMPANY FOR A NONSTANDARD OIL
SPACING AND PRORATION UNIT AND
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

CASE NO. 15194

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

October 30, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
KEITH HERMANN, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Keith Hermann, Legal Examiner, on
Thursday, October 30, 2014, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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APPEARANCES

FOR APPLICANT MEWBOURNE OIL COMPANY:

JAMES G. BRUCE, ESQ.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

INDEX

PAGE

Case Number 15194 Called	3
Presentation by Affidavit by Mr. Bruce	3
Proceedings Conclude	7
Certificate of Court Reporter	8

EXHIBITS OFFERED AND ADMITTED

Mewbourne Oil Company Exhibit Numbers 1 through 5	6
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1 (8:25 a.m.)

2 EXAMINER GOETZE: Let's go to Case 15194,
3 application of Mewbourne Oil Company for a nonstandard
4 oil spacing and proration unit and compulsory pooling,
5 Eddy County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of
8 Santa Fe representing the Applicant, and I am doing this
9 by affidavit.

10 EXAMINER GOETZE: Very good.

11 Any other appearances?

12 Then proceed, Mr. Bruce.

13 MR. BRUCE: Mr. Examiner, I've submitted a
14 few exhibits to you. The first one is the affidavit of
15 the landman from Mewbourne, Paul Haden, in this case.
16 And I've given you a copy of the C-102 for the well,
17 which includes the pool and the pool code and the API
18 number. They seek to force pool the south half of the
19 north half of Section 17, 20 South, 29 East for a Bone
20 Spring well, the Glock 17 B2EH Fed Well No. 1H.

21 The landman's exhibit includes a land plat
22 showing the surface and bottom-hole locations.
23 Attachment B is simply part of the JOA, and on the
24 second and third pages, you will see a number of very
25 small interest owners. The legal-size paper, those with

1 an asterisk by their name, need to be force pooled.
2 These are fee mineral owners unleased, and most of them
3 are unlocatable. We force pooled the same interest
4 owners pretty much in Case 15142. The pooled interests
5 are less than 1 percent for about 30 different parties.

6 Those parties who were locatable will be
7 Attachment C to the affidavit. Those are the well
8 proposal letters that were sent out. And Attachment D
9 to the AFE is showing completed costs of almost \$4.7
10 million, and Attachment E lists the offset operators.

11 The Applicant has been attempting to find
12 these mineral interest owners for some time as evidenced
13 by the prior case. And, of course, they've done the
14 requisite county search, Internet search, telephone
15 directories, et cetera, and they have been unable to
16 locate most of those people.

17 The Applicant does request a 200 percent
18 risk charge be assessed against the nonconsenting
19 interest owners, and the overhead rates requested are
20 7,500 and 750 a month.

21 Exhibit 2 is the affidavit of David
22 Rawlins, a geologist for Mewbourne, and his affidavit
23 contains the normal exhibits and the normal statements
24 made by a geologist. In these cases, there is a
25 combination of structure and isopach map. As you can

1 see by Attachment A, most of the wells in this area are
2 Bone Spring wells drilled by Mewbourne, and they are --
3 and maybe some by Yates. In the immediate vicinity,
4 they are all lay-down well units. The cross section
5 shows the interval they plan on testing.

6 And Attachment C shows production from the
7 wells in the area. As you can see, there is some pretty
8 decent 2nd Bone Spring sand wells in this area, and all
9 of them are east-west horizontals.

10 And Exhibit D is simply the directional
11 drilling plan. You can see that the surface location is
12 unorthodox, but the entire producing interval is
13 orthodox. And this pool does -- I forget the name of
14 the pool right now, but it is a Bone Spring --

15 EXAMINER GOETZE: It is a wildcat.

16 MR. BRUCE: It is a wildcat, and it is
17 statewide rules.

18 Exhibit 3 is my Affidavit of Notice to the
19 locatable parties. The only thing I'd note is the last
20 two pages of the affidavit. The certified letter to
21 Patricia McMillan was returned unclaimed. And then the
22 certified letter to Lewis Holmes, I have never received
23 a green card back, but I would refer you to Case 15142,
24 where the documents -- the notice documents in those
25 cases showed that letters to these two people were

1 delivered, and the green cards were signed by people
2 named Holmes and McMillan, so these are valid addresses.

3 Exhibit 4 is the lengthy Affidavit of
4 Publication of all of the unlocatable parties.

5 And then Exhibit 5 is the notice letter for
6 the offset operator of the minerals, and they did
7 receive actual notice of the hearing. Mewbourne is the
8 only other offsetting operator.

9 And with that, I move the admission of
10 Exhibits 1 through 5.

11 EXAMINER GOETZE: Exhibits 1 through 5 are
12 so entered.

13 (Mewbourne Oil Company Exhibit Numbers 1
14 through 5 were offered and admitted into
15 evidence.)

16 MR. BRUCE: I have nothing further.

17 EXAMINER GOETZE: Let's see. You've
18 answered my questions regarding setbacks. Let's do
19 this. Based upon what was submitted previously, have
20 there been any significant changes other than the
21 identification of notification?

22 MR. BRUCE: No.

23 EXAMINER GOETZE: And was -- I believe
24 Mr. Haden appeared before the Division as a qualified
25 landman?

1 MR. BRUCE: That's correct. He has
2 numerous times.

3 EXAMINER GOETZE: Very good. Then we will
4 take Case 15194 under advisement.

5 (Case Number 15194 concludes, 8:31 a.m.)
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 15194
heard by me on October 30 2014
Philip V. Leck, Examiner
Oil Conservation Division

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

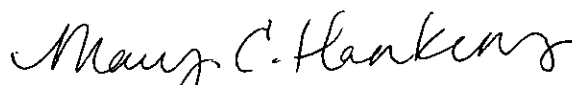
5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's
13 Record of the proceedings truly and accurately reflects
14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither
16 employed by nor related to any of the parties or
17 attorneys in this case and that I have no interest in
18 the final disposition of this case.

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MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2014

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