

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:)

CASE NO. 13,798

APPLICATION OF MEWBOURNE OIL COMPANY)
FOR COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

October 26th, 2006

Santa Fe, New Mexico

2006 NOV 9 AM 11 10

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, October 26th, 2006, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

October 26th, 2006
Examiner Hearing
CASE NO. 13,798

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	4
Exhibit A	3	4
Exhibit B	3	4
Exhibit C	4	4
Exhibit 2	4	4

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A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 8:40 a.m.:

3 EXAMINER JONES: And let's call Case 13,798,
4 Application of Mewbourne Oil Company for compulsory
5 pooling, Eddy County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
8 representing the Applicant. I'm submitting this case by
9 affidavit?

10 EXAMINER JONES: Any other appearances?

11 MR. BRUCE: Mr. Examiner, I've given you two
12 exhibits. One is the verified statement of the landman,
13 the other one is the affidavit of notice.

14 Attached to Exhibit 1, the landman's statement,
15 are several exhibits. If you'll turn to the land plat
16 marked Exhibit A, you can see that Mewbourne seeks to force
17 pool the east half of Section 27, 22 South, 26 East, from
18 the surface to the base of the Morrow formation. It also
19 seeks to force pool the southeast quarter of Section 27.

20 The only parties involved are Mr. Robert G.
21 Bailey and then Great Western Drilling, Limited, and on
22 page 2 of the affidavit are their interests in each spacing
23 unit.

24 Exhibit B attached to Exhibit 1 contains the
25 correspondence from Mewbourne to the parties, and they have

1 been in negotiations for a number of months with these
2 parties, and they just haven't made up their mind at this
3 point. And they've been in negotiation basically since
4 April or May of 2006.

5 The AFE for the well is attached as Exhibit C,
6 and this is about a \$2.5-million well. The overhead
7 charges are \$6500 per month for a drilling well and \$650 a
8 months for a producing well, and Applicant also requests
9 that these rates be adjusted pursuant to COPAS.

10 Exhibit 2 is the notice affidavit. These parties
11 were locatable, so there is no affidavit of publication.
12 You'll see on the notice affidavit a couple of additional
13 parties were notified of the hearing, but those parties
14 have come to terms with Mewbourne Oil Company.

15 And so I'd move the admission of Exhibits 1 and 2
16 and ask that this matter be taken under advisement.

17 EXAMINER JONES: Exhibits 1 and 2 will be
18 admitted into evidence.

19 The COPAS and -- is that written in here? You
20 just mentioned it. I --

21 MR. BRUCE: Yeah, they do request the COPAS on
22 paragraph (g) of page 2 --

23 EXAMINER JONES: Okay, okay.

24 MR. BRUCE: -- of Exhibit 1.

25 EXAMINER JONES: Okay thank you.

1 Okay, that's -- looks like it's all Happy
2 Valley --

3 MR. BRUCE: Right.

4 EXAMINER JONES: -- Happy Valley this, Happy
5 Valley that on Sheep Draw and on --

6 MR. BRUCE: There's -- And I don't think there
7 are any defined 160-acre pools, but you know --

8 EXAMINER JONES: Okay, it's the Runaway, and it's
9 next to the runway there.

10 MR. BRUCE: I didn't realize that until last
11 night.

12 EXAMINER JONES: Okay, thanks very much, and with
13 that we'll take Case 13,798 under advisement.

14 (Thereupon, these proceedings were concluded at
15 8:44 a.m.)

16 * * *

17
18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. _____,
heard by me on _____.

21 _____, Examiner
22 Oil Conservation Division

23
24
25

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL October 26th, 2006.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2010