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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 14261

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

2009 JUN 14 PM 3 44
RECEIVED

January 8, 2009
Santa Fe, New Mexico

BEFORE: TERRY WARNELL: Hearing Examiner
DAVID BROOKS: Technical Advisor

This matter came for hearing before the New Mexico
Oil Conservation Division, Terry Warnell, Hearing
Examiner, on January 8, 2009, at the New Mexico Energy,
Minerals and Natural Resources Department, 1220 South
St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: PEGGY A. SEDILLO, NM CCR NO. 88
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

1 Examiner's Hearing
Case No. 14261

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I N D E X

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APPLICANT'S EXHIBITS

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Attachments A through E

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COURT REPORTER'S CERTIFICATE

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A P P E A R A N C E S

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FOR THE APPLICANT:

OCEAN MUNDS-DRY, ESQ.

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Holland & Hart

P. O. Box 2208

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Santa Fe, NM 87504-2208

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1 HEARING EXAMINER: Let's begin with Case No. 14261 on
2 Page 1, APPLICATION of Mewbourne Oil for compulsory
3 pooling, Eddy County, New Mexico. Call for appearances.

4 MS. MUNDS-DRY: Good morning, Mr. Examiner.
5 Ocean Munds-Dry from the law firm of Holland and Hart
6 representing Mewbourne Oil Company this morning. And I'm
7 presenting this case by affidavit.

8 HEARING EXAMINER: Okay. Any other appearances?
9 Ms. Munds-Dry, you may proceed.

10 MS. MUNDS-DRY: Thank you, Mr. Examiner.
11 Mewbourne seeks to pool one party in this application,
12 Mr. Examiner, and I presented you with the affidavit of
13 D. Paul Haden who is a land man with Mewbourne.

14 They seek an order pooling all mineral interests
15 from the base of the Queen formation to the base of the
16 Morrow formation in the east half of Section 31, Township
17 18 south, Range 30 east, Eddy County, New Mexico.

18 Mewbourne owns a certain working interest in the
19 east half. And Attachment A to the application shows you
20 a plat of the proposed spacing unit, as well as the
21 proposed well location. The proposed spacing unit
22 consists of two federal leases. And Attachment B shows
23 you the tract ownership in each of those leases.

24 As I mentioned, Mewbourne only seeks to pool one
25 party in this application, and that is Edge Exploration

1 Operation.

2 Edge has not opposed this application. They are
3 in an internal business restructuring and have just been
4 unable to commit one way or another to committing their
5 interest to this spacing unit. And out of an abundance of
6 caution, Mewbourne therefore seeks to pool their interest.

7 Mr. Haden discusses in his affidavit the
8 good-faith efforts he has undertaken to seek the voluntary
9 participation of Edge.

10 And Attachment C is a copy of the well proposal
11 letter and other correspondence relevant to the
12 application.

13 Attachment D is a copy of the AFE for the well,
14 estimates the cost to casing point to be \$1,839,700, and a
15 completed well cost of \$2,797,500.

16 Attachment E, finally, is a copy of the notice
17 letters send to Edge regarding this application.

18 Finally, Mr. Haden testifies that approval of
19 this application will avoid the drilling of unnecessary
20 wells, or prevent waste, or protect relative rights and
21 allow Mewbourne and the other interest owners in the east
22 half of Section 31 an opportunity to obtain their just and
23 fair share of the oil and gas on the subject land.

24 And with that, Mr. Examiner, we would tender the
25 affidavit of Mr. Haden as an attachment, this would be

1 Exhibit A, into evidence.

2 HEARING EXAMINER: Just Exhibit A?

3 MS. MUNDS-DRY: Exhibit A, and then as its
4 attachments, A through E.

5 HEARING EXAMINER: Okay. We'll admit the
6 exhibits. Any questions, Mr. Brooks?

7 MR. BROOKS: No.

8 HEARING EXAMINER: On your AFE, do I have a
9 breakdown here, Ms. Munds-Dry, on -- Oh, I have your AFE.
10 It's Attachment D?

11 MS. MUNDS-DRY: Attachment D, yes, sir.

12 HEARING EXAMINER: Okay. And no other parties
13 that -- We've been able to contact all parties?

14 MS. MUNDS-DRY: All other parties have agreed to
15 submit their interest to this spacing unit.

16 HEARING EXAMINER: Okay. I have no other
17 questions. We'll take Case No. 14261 under advisement.

18 MS. MUNDS-DRY: Thank you, Mr. Examiner.
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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. _____
recorded by me on _____

_____, Examiner
Oil Conservation Division

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1 STATE OF NEW MEXICO)
) ss.
2 COUNTY OF BERNALILLO)

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REPORTER'S CERTIFICATE

I, PEGGY A. SEDILLO, Certified Court Reporter of the firm Paul Baca Professional Court Reporters do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this 12th day of January, 2008.


PEGGY A. SEDILLO, CCR NO. 88
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