

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 COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO

CASE NO. 14286

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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BEFORE: DAVID K. BROOKS, Legal Examiner
RICHARD EZEANYIM, Technical Examiner
TERRY G. WARNELL, Technical Examiner

March 19, 2009

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Legal Examiner, RICHARD EZEANYIM, Technical Examiner, and TERRY G. WARNELL, Technical Examiner, on Thursday, March 19, 2009, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE APPLICANT:

James G. Bruce, Esq.
ATTORNEY AT LAW
P.O. Box 1056
Santa Fe, New Mexico 87504

PAGE

APPLICANT'S EXHIBITS 1 AND 2 ADMITTED

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1 MR. EZEANYIM: On page 2, Case No. 14286, the
2 Application of Mewbourne Oil Company for Compulsory Pooling,
3 Lea County, New Mexico.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
6 representing the applicant. Again, I'm submitting this by
7 affidavit.

8 MR. EZEANYIM: Any other appearance, please?

9 You may proceed.

10 MR. BRUCE: Mr. Examiner, maybe if you'd turn to
11 Attachment A to Exhibit 1, you can see the well unit. In this
12 case, Mewbourne seeks to force-pool the -- it's actually lots 1
13 through 8 of irregular Section 3, Township 21 South, Range 35
14 East. It's actually the north one-third of Section 3.

15 Mewbourne owns -- as is shown on the second page of
16 Attachment A, Mewbourne owns the lease on what is, in effect,
17 the NE/4 of this section 100 percent. The NW/4 is owned by
18 Kaiser-Francis Oil Company and Wilson Oil Company, Limited.

19 And Mewbourne seeks to force-pool both Kaiser-Francis
20 and Wilson Oil into the well unit. The well will be located on
21 the Kaiser-Francis and Wilson Oil lease; and, therefore,
22 although the application is force-pooling from the surface to
23 the base of the Morrow Formation, essentially, they'd be
24 force-pooling interests, 320-acre interests, only from top of
25 the Wolfcamp to the base of Morrow.

1 Exhibit B contains copies of the proposal letters
2 sent to the uncommitted working interest owners. These were
3 sent out about four months ago, and although there have been
4 discussions, they have never gotten any response from the
5 parties.

6 Exhibit C is the AFE for the well. It's about a \$3.6
7 million Morrow test, and applicant requests overhead rates of
8 7,000 a month for a drilling well and 700 a month for a
9 producing well.

10 And, again, Exhibit 2 is my Affidavit of Notice.
11 Notice was sent to both Kaiser-Francis and Wilson Oil, and they
12 both received actual notice. There are no unlocatable owners,
13 so an escrow account need not be established for these interest
14 owners.

15 And I move the admission of Exhibits 1 and 2 into the
16 record.

17 MR. EZEANYIM: Exhibits 1 and 2 will be admitted.

18 [Applicant's Exhibits 1 and 2 admitted into
19 evidence.]

20 MR. BRUCE: And, again, Mr. Examiner, this well has
21 not been drilled. It is being permitted. I don't think an API
22 number has been issued yet, but I will check on that for you.

23 MR. EZEANYIM: Okay. Any questions?

24 MR. BROOKS: Yeah. I forgot to ask this on the last
25 one. We talked about we should get this on the record.

1 This is surface to the base of the Morrow. Are the
2 interests all uniform for all depths?

3 MR. BRUCE: Well, they would be uniform -- they would
4 be uniform from the top of the Wolfcamp down, any 320-acre
5 gas-bearing formation.

6 MR. BROOKS: Okay. So it's only for 320?

7 MR. BRUCE: Only for 320. And with respect to the
8 prior case, it is a single-fee tract with uniform interests.

9 MR. BROOKS: Okay. Very good.

10 MR. WARNELL: So we're going to write it up from the
11 surface to the base of the Wolfcamp?

12 MR. BRUCE: From top of the Wolfcamp down would be
13 fine, Mr. Examiner.

14 MR. EZEANYIM: You are not interested in the surface
15 of the base of the Wolfcamp?

16 MR. BRUCE: As far as I can tell, all of those were
17 spaced on less than 320 acres. And since the well location is
18 660 feet from the north and west lines, and Mewbourne owns no
19 interest in those shallows depths, I don't think that's
20 necessary, Mr. Examiner.

21 MR. EZEANYIM: So you want to change it from the top
22 of the Wolfcamp to the base of the Wolfcamp?

23 MR. BRUCE: That would be fine.

24 MR. WARNELL: From the base of the Morrow.

25 MR. EZEANYIM: From the base of the Morrow. I'm

1 sorry.

2 MR. BRUCE: Yeah.

3 MR. EZEANYIM: Okay. Both cases, we're going to give
4 you at least one year to drill the well. Is that a problem?

5 MR. BRUCE: No, no. That's more than sufficient time
6 for Mewbourne.

7 MR. EZEANYIM: Okay. Very good. Case No. 14286 will
8 be taken under advisement.

9 At this point, let's take about ten minutes for them
10 to set up the projector.

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18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. 14286
21 heard by me on 3/19/09
22 [Signature], Examiner
23 Oil Conservation Division
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25

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2 **REPORTER'S CERTIFICATE**

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4 I, JOYCE D. CALVERT, Provisional Court Reporter for
5 the State of New Mexico, do hereby certify that I reported the
6 foregoing proceedings in stenographic shorthand and that the
7 foregoing pages are a true and correct transcript of those
8 proceedings and was reduced to printed form under my direct
9 supervision.

10 I FURTHER CERTIFY that I am neither employed by nor
11 related to any of the parties or attorneys in this case and
12 that I have no interest in the final disposition of this
13 proceeding.

14 DATED this 19th day of March, 2009.

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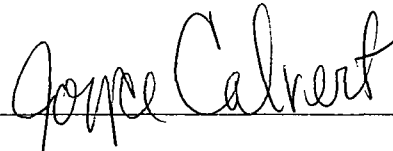
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22 New Mexico P-03
23 License Expires: 7/31/09
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1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

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4 I, JOYCE D. CALVERT, a New Mexico Provisional
5 Reporter, working under the direction and direct supervision of
6 Paul Baca, New Mexico CCR License Number 112, hereby certify
7 that I reported the attached proceedings; that pages numbered
8 1-6 inclusive, are a true and correct transcript of my
9 stenographic notes. On the date I reported these proceedings,
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 19th day of
12 March, 2009.

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