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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. 14434

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

2010 MAR 11 A 11:32  
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March 4, 2010  
Santa Fe, New Mexico

BEFORE: DAVID BROOKS: Hearing Examiner  
WILLIAM JONES: Technical Advisor

This matter came for hearing before the New Mexico  
Oil Conservation Division, David Brooks, Hearing Examiner,  
on March 4, 2010, 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, NM 87102

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E X H I B I T S

Page

APPLICANT'S EXHIBITS:

Exhibit No. 1, with Attachments A - E 5

Court Reporter's Certificate 6

A P P E A R A N C E S

FOR THE APPLICANT: WILLIAM F. CARR, ESQ.  
Holland and Hart  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87504

1 HEARING EXAMINER: At this time we call Case  
2 No. 14434, Application of Mewbourne Oil Company for  
3 Compulsory Pooling, Eddy County, New Mexico. Call for  
4 appearances.

5 MR. CARR: May it please the Examiner, William  
6 F. Carr of the Santa Fe office of Holland and Hart. We  
7 represent Mewbourne Oil Company. I request permission to  
8 present the case by affidavit.

9 HEARING EXAMINER: So granted.

10 MR. CARR: May it please the Examiner, this is  
11 sort of a companion case to the one previously presented.  
12 In this case, Mewbourne seeks an order pooling all mineral  
13 interests in a 40 acre tract in the southeast quarter of  
14 the northwest quarter of Section 18 in Township 19 South,  
15 Range 26 East.

16 This acreage, Mewbourne proposes to dedicate it  
17 to its Wyatt Draw 18 F Well No. 1. Again, the well will  
18 be at a standard location, and it's to evaluate all  
19 formations and pools to the top of the Bone Spring line.

20 Similar exhibits with attachments are included  
21 with this affidavit as with the prior one. A is the plat.  
22 B is a list of the parties with properties who are subject  
23 to pooling. But these are mineral interests.

24 And as you will note, there are four small  
25 interest owners who are subject to pooling. EHW, LLC is

1 the one party that we have been able to locate, the others  
2 we have not.

3 Together, the other parties have an interest of  
4 2 percent, and as to those interests, any production  
5 attributed to those interests would have to be escrowed in  
6 the county once payout of the well is obtained.

7 These are mineral interests, they have working  
8 interests, and we've been unable to locate them, or, as  
9 you can see from the enclosures to EHW, LLC, we have been  
10 in negotiations with them.

11 There is an attached affidavit confirming that  
12 notice of this hearing was provided to EHW, LLC, and there  
13 is a return receipt showing that they received notice.  
14 And there is also a notice of publication.

15 In this affidavit, Exhibit C is the well  
16 proposal letter and relevant notes and correspondence  
17 confirming that an effort has, in fact, been made to reach  
18 EHW, LLC.

19 Again, the overhead charges are the same that  
20 were requested in the prior application, \$4,000 a month  
21 while drilling, \$400 a month while producing. The AFE is  
22 included that shows estimated cost to casing point of  
23 \$338,900, for completed well costs of \$622,500.

24 Mewbourne hopes to commence the drilling of this  
25 well by April 1st and requests that the application be

1 granted and that they be named operator of the well.

2 HEARING EXAMINER: Again, you said 4,000 and 400  
3 as in the previous?

4 MR. CARR: Yes, sir, 4,000 while drilling, 400  
5 while producing, yes.

6 HEARING EXAMINER: Right. And you're pooling  
7 40 acres?

8 MR. CARR: Yes.

9 HEARING EXAMINER: There's no depth severance in  
10 the title?

11 MR. CARR: No, sir. And I would move the  
12 admission into evidence of Mewbourne Exhibit 1 and all  
13 attachments thereto.

14 HEARING EXAMINER: Okay. Exhibit 1 and  
15 Attachments A through E are addmitted. Mr. Jones?

16 MR. JONES: Nothing.

17 HEARING EXAMINER: Okay. If there is nothing  
18 further, then Case No. 14434 will be taken under  
19 advisement.

20 (Whereupon, the proceedings concluded.)

21

22

23

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25

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14434  
heard by me on 3-4-2010

*David K. Bush*  
David K. Bush, Examiner  
Oil Conservation Division

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 9th day of March, 2010.

  
PEGGY A. SEDILLO, CCR NO. 88  
License Expires 12/31/10