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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. 14433

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

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APPLICANT'S EXHIBITS:

Exhibit No. 1, Attachments A - E 5

Court Reporter's Certificate 8

A P P E A R A N C E S

FOR THE APPLICANT: WILLIAM F. CARR, ESQ.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, NM 87501

1 HEARING EXAMINER: At this time we will call
2 Case No. 14433, the Application of Mewbourne Oil Company
3 for Compulsory Pooling, Eddy County, New Mexico. Call for
4 appearances.

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

10 HEARING EXAMINER: You may proceed.

11 MR. CARR: Mr. Examiner, Exhibit 1 is an
12 affidavit of Paul Haden who is a landman for Midland with
13 over 29 years experience in the Permian Basin.

14 His affidavit shows that Mewbourne seeks an
15 order pooling all mineral interests from the surface to
16 the top of the Bone Spring formation in the northeast
17 quarter of the southwest quarter of Section 17, Township
18 19 South, Range 26 East in Eddy County, New Mexico.

19 Mewbourne owns a working interest in the
20 proposed spacing unit for which it plans to dedicate its
21 Wyatt Draw 17 K Well No. 1, which will be located at a
22 standard location on that acreage.

23 Attached to Mr. Haden's affidavit as
24 Attachment A is a plat that just shows generally the
25 location of the spacing unit and the well location.

1 Exhibit B is a list of the owners in the subject
2 spacing unit and their percentage working interest
3 ownership is set out.

4 If you will note, there are asterisks indicating
5 that only three of those parties, Isramco Energy, LLC,
6 Nadel & Gussman, and Trainer Partners, those are the only
7 parties who are subject to pooling in this case. And as
8 the affidavit shows, these parties are not opposing the
9 pooling application.

10 Mewbourne states it has made a good-faith effort
11 to locate and gain voluntary participation of each of
12 those individuals.

13 And Attachment C is a copy of the well proposal
14 and relevant correspondence concerning this pooling
15 application.

16 Mewbourne requests that the interests be pooled
17 and that it be designated the operator of the well.
18 Mewbourne is seeking overhead charges at a combined fixed
19 rate of \$4,000 a month while drilling, and \$400 a month
20 while producing the well.

21 These rates are contained in Mewbourne's January
22 26, 2010 joint operating agreement for the property that
23 has been executed by all the interest owners on Exhibit B
24 except three parties subject to pooling.

25 An AFE for the well is also enclosed which shows

1 that the estimated costs to the casing point are \$283,600,
2 with completed well costs of \$622,500.

3 Mewbourne plans to drill the well by March 15th,
4 and therefore requests that the Order be expedited to the
5 extent possible.

6 Exhibit E is a notice affidavit and a copy of
7 the notice and affidavit of publication from the newspaper
8 in Lovington.

9 We believe that approval of the application will
10 protect correlative rights and afford Mewbourne and the
11 other interest owners in this spacing unit an opportunity
12 to obtain their fair share of the oil and gas under the
13 subject lands.

14 And we request that Exhibit 1 and all
15 attachments be admitted into the record and that the case
16 be taken under advisement.

17 HEARING EXAMINER: Okay. All these things are
18 Exhibit 1?

19 MR. CARR: Yes, sir.

20 HEARING EXAMINER: Okay. Exhibit 1 and
21 Attachments A through E, inclusive, are admitted. Now,
22 did you get return receipts from the three parties that
23 are proposed to be pooled?

24 MR. CARR: Trainer Partners have a return
25 receipt. Nadel & Gussman has a return receipt. Isramco

1 Energy also, there is a return receipt for them.

2 HEARING EXAMINER: Okay. And are these pooled
3 parties, are they unleased mineral owners, or are they --

4 MR. CARR: I believe they're working interest
5 owners at the property.

6 HEARING EXAMINER: Okay. Now, what formations
7 are you pooling and requesting to be pooled in this case?

8 MR. CARR: We're requesting an order pooling
9 from the surface to the top of the Bone Spring.

10 HEARING EXAMINER: To the top of the Bone
11 Spring?

12 MR. CARR: Yes. And we're going to be
13 evaluating all formations to the top of the Bone Spring
14 line, and there is a reference in the affidavit to a log
15 on a Nearburg well that identifies that interval.

16 HEARING EXAMINER: Okay. And what is the
17 primary objective?

18 MR. CARR: I frankly don't know.

19 HEARING EXAMINER: But you're asking only to
20 pool 40 acres, right?

21 MR. CARR: Yes, sir.

22 HEARING EXAMINER: Okay. That should be easy
23 enough. There's no difference in ownership between that?

24 MR. CARR: Right.

25 HEARING EXAMINER: Okay. Mr. Jones, do you have

1 anything?

2 MR. JONES: No, sir.

3 HEARING EXAMINER: Very good. Case No. 14433
4 will be taken under advisement.

5 (Whereupon, the proceedings concluded.)
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13 I do hereby certify that the foregoing is
14 a complete record of the proceedings in
15 the Examiner hearing of Case No. 14433
16 heard by me on 3-10-2010

17 David K. Burt Examiner
18 Oil Conservation Division
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1 STATE OF NEW MEXICO)
) ss.
 2 COUNTY OF BERNALILLO)

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REPORTER'S CERTIFICATE

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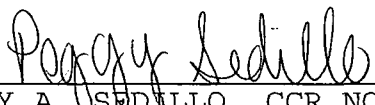
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I, PEGGY A. SEDILLO, Certified Court
 Reporter of the firm Paul Baca Professional
 Court Reporters do hereby certify that the
 foregoing transcript is a complete and accurate
 record of said proceedings as the same were
 recorded by me or under my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

Dated at Albuquerque, New Mexico this
 9th day of March, 2010.


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