

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

Oil Conservation Division

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

CASE NOS. 13,031

APPLICATION OF MEWBOURNE OIL COMPANY FOR)
 COMPULSORY POOLING AND AN UNORTHODOX OIL)
 WELL LOCATION, EDDY COUNTY, NEW MEXICO)

and 13,032

(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING**ORIGINAL**

BEFORE: DAVID K. BROOKS, JR., Hearing Examiner

March 27th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, JR., Hearing Examiner, on Thursday, March 27th, 2003, 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.

* * *

STEVEN T. BRENNER, CCR
 (505) 989-9317

I N D E X

March 27th, 2003
Examiner Hearing
CASE NOS. 13,031 and 13,032 (Consolidated)

	PAGE
APPEARANCES	3
REPORTER'S CERTIFICATE	10

* * *

E X H I B I T

Applicant's	Identified	Admitted
Affidavit	5	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Attorney at Law
Energy, Minerals and Natural Resources Department
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

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

* * *

ALSO PRESENT:

WILLIAM V. JONES, JR.
Petroleum Engineer
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 8:19 a.m.:

3 EXAMINER BROOKS: Okay, I guess we're ready to
4 proceed then. At this time we will call Case Number
5 13,031, the Application of Mewbourne Oil Company for
6 compulsory pooling, Eddy County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce on behalf of
9 the Applicant. I just have a brief statement.

10 I would also ask at this time you call the next
11 case. They involve the same section of land.

12 EXAMINER BROOKS: Very good, at this time we will
13 call Case Number 13,032, the Application of Mewbourne Oil
14 Company for compulsory pooling and an unorthodox oil well
15 location, Eddy County, New Mexico.

16 Call for appearances.

17 MR. BRUCE: Mr. Examiner, again Jim Bruce
18 representing the Applicant.

19 EXAMINER BROOKS: Okay, any other appearances in
20 either of these cases?

21 Are you going to make a consolidated presentation
22 of these two cases, Mr. Bruce?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: And are these presented under
25 Rule 1207.A?

1 MR. BRUCE: A.(1).(b), I believe it is.

2 EXAMINER BROOKS: I haven't gotten as good with
3 those as I got with the Texas Rules of Civil Procedure.

4 MR. BRUCE: Mr. Examiner, these two cases involve
5 two wells, one in the east half of Section 11, 21 South, 27
6 East, the other one in the west half of the section. These
7 cases have been filed under Rule 1207.A.(1).(b), and
8 attached to the Application were the land exhibits and
9 geologic exhibits.

10 I have handed you the notice affidavit regarding
11 notice given to the interest owners. The interest owners
12 pooled in each case are the same individuals that
13 collectively own, I think, less than a half a percent
14 working interest in the well.

15 I would ask that the affidavit of notice be made
16 part of the record and that these cases be taken under
17 advisement.

18 EXAMINER BROOKS: Okay, you've presented the
19 affidavit of notice to the reporter, I see.

20 MR. BRUCE: Yes, sir.

21 EXAMINER BROOKS: And the affidavit required by
22 Rule 1207 is attached to the Application?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: Now, in 13,032 it's advertised
25 as also being for an unorthodox oil well location. Can you

1 tell us about that?

2 MR. BRUCE: Yes, Mr. Examiner. The location was
3 selected based upon the primary objective, which is the
4 Morrow formation, and there were some surface obstacles at
5 a standard location in the southwest quarter of the
6 southwest quarter, so it was moved somewhat to the north of
7 a standard location, so it made it unorthodox as to any oil
8 well location.

9 EXAMINER BROOKS: What are the footages?

10 MR. BRUCE: The footage is 1010 feet from the
11 south line and 660 feet from the west line.

12 EXAMINER BROOKS: And that's going to be in
13 the --

14 MR. BRUCE: -- southwest southwest of Section 11.

15 EXAMINER BROOKS: -- southwest southwest. So
16 that puts it too close to the north line of that southwest
17 southwest --

18 MR. BRUCE: That is correct.

19 EXAMINER BROOKS: -- for a 40-acre spacing?

20 MR. BRUCE: Yeah.

21 EXAMINER BROOKS: Okay. And that was done by
22 reason of surface -- for surface reasons?

23 MR. BRUCE: Yes, sir.

24 EXAMINER BROOKS: Is that explained in the
25 affidavit?

1 MR. BRUCE: It may not be explained in the
2 affidavit, Mr. Examiner, but let me give you a little
3 background --

4 EXAMINER BROOKS: Okay.

5 MR. BRUCE: -- on that particular case.

6 This case was filed twice. It was filed once
7 last fall, and I'm looking for the case number. And we did
8 go to hearing at that time on this matter, and the reason
9 for the unorthodox location was explained in that hearing.

10 Subsequently, all of the parties who were being
11 force-pooled in that case voluntarily joined in the well.
12 Then a subsequent title examination showed up a few
13 interest owners. It was a few limited partners of one of
14 the Coquina limited partnerships.

15 EXAMINER BROOKS: Right.

16 MR. BRUCE: And they showed up after the fact,
17 and that's who -- Those are the four or five people being
18 force-pooled today.

19 That case number -- I can't find right now. It's
20 12,928.

21 EXAMINER BROOKS: Was an order entered in that
22 case?

23 MR. BRUCE: There was -- I believe before an
24 order was entered, the case was dismissed.

25 EXAMINER BROOKS: So the unorthodox --

1 MR. BRUCE: The reason for the --

2 EXAMINER BROOKS: -- location has never been
3 proved then?

4 MR. BRUCE: That's correct.

5 EXAMINER BROOKS: Either at hearing or
6 administratively?

7 MR. BRUCE: That's correct.

8 EXAMINER BROOKS: And is there -- It seems to me
9 we have to have some kind of evidence to grant an order.

10 MR. BRUCE: If I could, Mr. Examiner, ask that
11 the -- There was testimony presented in 12,928. If we
12 could incorporate that in the record of this case --

13 EXAMINER BROOKS: Oh, okay.

14 MR. BRUCE: -- and the reason for the unorthodox
15 location was explained there.

16 EXAMINER BROOKS: Very good, we will take
17 administrative notice of the record in Case Number 12,928.
18 Is that the correct number, 12,928?

19 MR. BRUCE: Yes, sir.

20 EXAMINER BROOKS: Very good. We will take
21 administrative notice of the record in Case Number 12,928
22 in connection with Case Number 13,032.

23 Anything further, Mr. Bruce?

24 MR. BRUCE: No, sir.

25 EXAMINER BROOKS: Mr. Jones?

1 EXAMINER JONES: I noticed, Mr. Bruce, the well
2 location is based on the best location for the well in the
3 Morrow, which is the primary zone of interest. That's why
4 the oil turns out to be a little bit too far north?

5 MR. BRUCE: Yes, sir.

6 EXAMINER JONES: And any affected parties to the
7 north have been noticed?

8 MR. BRUCE: They are all voluntary participants
9 in the well --

10 EXAMINER JONES: Okay.

11 MR. BRUCE: -- so they know what the location is.
12 And as far as the royalty owner goes, it's all state land.
13 So the royalty owner is not affected either.

14 EXAMINER BROOKS: Are the pools identified in
15 the --

16 MR. BRUCE: They are identified in the
17 Application.

18 EXAMINER BROOKS: Okay, very good.

19 If there's nothing further, then Cases Numbers
20 13,031 and 13,032 at this time will be taken under
21 advisement.

22 (Thereupon, these proceedings were concluded at
23 8:29 a.m.)

24 I do hereby certify that the foregoing is
* * * a complete record of the proceedings in
the Examiner hearing of Case No. 13031.
25 heard by me on March 27, 2003

David K. Byrnes Examiner
STEVEN T. BRENNER, CER Oil Conservation Division
(505) 989-9317

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 April 1st, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13031

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

Case No. 13032

AFFIDAVIT REGARDING NOTICE

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

James Bruce, being duly sworn upon his oath, deposes and states:

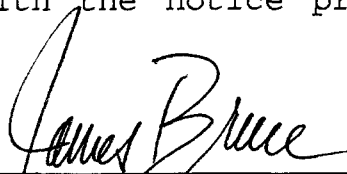
1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

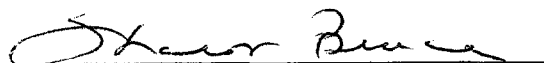
4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.



James Bruce

SUBSCRIBED AND SWORN TO before me this 24th day of March, 2003, by James Bruce.



Notary Public

My Commission Expires:
3/14/05

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)
(505) 982-2151 (FAX)

jamesbruc@aol.com

March 4, 2003

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

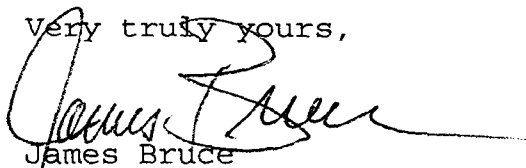
To: Persons on Exhibit A

Ladies and Gentlemen:

Enclosed are copies applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding (1) the W½ of Section 11, and (2) the E½ of Section 11, both in Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The applications are scheduled to be heard at 8:15 a.m. on Thursday, March 27, 2003 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are requested to notify the Division, and the undersigned, by Friday, March 21, 2003, if you intend to enter an appearance and participate in the case.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

EXHIBIT

A

Bumberg No. 3208

EXHIBIT A

J.W. Gendron
1280 Encino Drive
San Marino, California 91108

Sanford J. Hodge III, individually
and as Trustee of the E.G. Holden
Testamentary Trust
3600 St. John Drive
Dallas, Texas 75205

Charles Cline Moore
138 Harvard Avenue
Mill Valley, California 94941

Joseph R. Hodge
P.O. Box 5238
Austin, Texas 78763

Isaac A. Kawasaki and
Ruby F. Kawasaki
734 Kalanipuer Street
Honolulu, Hawaii 96825

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 SAN MARINO, CA 91108

Postage \$ 2.6244
 Certified Fee 2.7230
 Return Receipt Fee 1.7575
 Restricted Delivery Fee 6.72
 Total Postage & Fees \$ 6.49

Sent To
 J.W. Gendron
 1280 Encino Drive
 San Marino, California 91108

PS Form 3811, August 2001

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Isaac A. Kawasaki and
 Ruby F. Kawasaki
 734 Kalanipuer Street
 Honolulu, Hawaii 96825

2. Article Number
 (Transfer from service label)
 7002 2030 0004 5187 9943

PS Form 3811, August 2001

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Isaac A. Kawasaki* ☐ Agent ☐ Addressee

B. Received by (Printed Name)
 C. Date of Delivery
 3/8/03

D. Is delivery address different from item 1? ☒ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Domestic Return Receipt
 7002 2030 0004 5187 9943

102595-01-M-0381

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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 J.W. Gendron
 1280 Encino Drive
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2. Article Number
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 Return Receipt Fee 1.7575
 Restricted Delivery Fee 6.7249
 Total Postage & Fees \$ 6.49

Sent To
 Isaac A. Kawasaki and
 Ruby F. Kawasaki
 734 Kalanipuer Street
 Honolulu, Hawaii 96825

PS Form 3811, June 2002

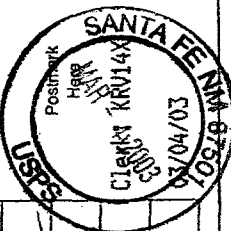
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AUSTIN, TX 78763

Postage	\$ 2.62	UNIT ID: 0500
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)	6.72	
Total Postage & Fees	\$ 10.39	

Sent To
Joseph R. Hodge
P.O. Box 5238
Austin, Texas 78763

PS Form 3800, June 2002
See Reverse for Instructions



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sanford J. Hodge III, individually
and as Trustee of the E.G. Holden
Testamentary Trust
3600 St. John Drive
Dallas, Texas 75205

2. Article Number
(Transfer from service label)

7002 2030 0004 5187 9950

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

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- Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

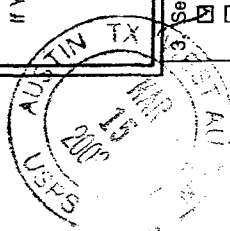
Joseph R. Hodge
P.O. Box 5238
Austin, Texas 78763

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:



3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label)

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PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

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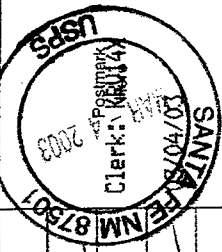
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Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)	6.72	
Total Postage & Fees	\$ 10.44	



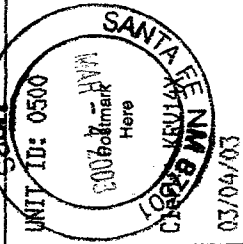
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Sanford J. Hodge III, individually
and as Trustee of the E.G. Holden
Testamentary Trust
3600 St. John Drive
Dallas, Texas 75205

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Postage	\$ 2.62/44
Certified Fee	2.32/00
Return Receipt Fee (Endorsement Required)	1.71/75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.49

Sent To

Charles Cline Moore
 Street, Apt. No.,
 or PO Box No. 138 Harvard Avenue
 City, State, ZIP+4 Mill Valley, California 94941

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7002 0003 4000 5782 664