

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 NOS: 20885

APPLICATION OF MARATHON OIL PERMIAN LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE, and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 2019, at the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
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1 A P P E A R A N C E S

2 For the Applicant:

3 DEANA BENNETT  
 4 MODRALL SPERLING ROEHL HARRIS & SISK PA  
 5 500 4th Street, NW, Suite 1000  
 6 Albuquerque, NM 87102  
 7 505-848-9710  
 8 deana.bennett@modrall.com

7 I N D E X

8	CASE NO. 20885 CALLED	
9	CHASE RICE (By Affidavit)	03
10	REBECCA HORNE (By Affidavit)	04
11	TAKEN UNDER ADVISEMENT:	06

13 E X H I B I T I N D E X

14		Admitted
15	Exhibit A and Attachments	05
16	Exhibit B and Attachments	05

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1                   HEARING EXAMINER LOWE: We will call case Number  
2   20885, Marathon for compulsory pooling. Call for  
3   appearance.

4                   MS. BENNETT: Good morning. Deana Bennett on  
5   behalf of Marathon Oil Permian LLC.

6                   HEARING EXAMINER LOWE: You may proceed.

7                   MS. BENNETT: Thank you. I have just handed out  
8   a packet of materials for Case Number 20885 and this, this  
9   case involves Wolfcamp wells and Ripley Wolfcamp wells, and  
10  this case involves eight wells -- seven wells, actually,  
11  seven.

12                  Behind Tab 1 or behind Tab A is the affidavit of  
13  Mr. Chase Rice who has previously testified before the  
14  Division. Behind his affidavit is the application for this  
15  case. The C-102s are behind Tab 2; behind Tab 3, the lease  
16  tract map and interests; behind Tab 4, the proposal letter;  
17  behind Tab 5 the AFEs, and he testified that the estimated  
18  costs are in line with those charged by other operators.

19                  Marathon is also asking that overriding royalty  
20  interest owners be pooled in this case. And those owners,  
21  along with the uncommitted working interest owners, are  
22  identified on Pages 40 through 42.

23                  Again, as with the prior cases, the BLM was  
24  inadvertently not notified right away at the same time the  
25  certified mailing went out, so we FedEx'd the letter to BLM,

1 and then again BLM received the letter on October 30.

2 Behind Tab B is another affidavit by Ms. Rebecca  
3 Horne, and I will supplement this packet with her resume as  
4 well. She provides the same or the usual geology exhibits,  
5 including the locator map, gun barrel view, structure map,  
6 data map showing the locations of the well used to create  
7 cross sections, an isochore.

8 She has two sets of -- two sets of each of those,  
9 one for the Upper Wolfcamp wells and one for the Lower  
10 Wolfcamp wells. She also identifies and includes in her  
11 packet a citation to the Snee Zoback paper justifying her  
12 conclusions about the preferred well orientation.

13 These wells, the Wolfcamp wells will be in the  
14 Purple Sage Wolfcamp Gas Pool, and they do not comply with  
15 the Division setback rules, and Marathon will be applying  
16 for approval of the non-standard locations separately.

17 Those applications are under way. We're in the  
18 process of compiling the offset owners' names and addresses,  
19 and as soon as we have that, we will be formally submitting  
20 the NSL application.

21 With that I would ask that Exhibits A and B and  
22 their attachments be taken into -- be accepted into the  
23 record for Case Number 20885.

24 HEARING EXAMINER LOWE: Exhibits A and B will be  
25 accepted for this case.

1 (Exhibits A and B admitted.)

2 MS. BENNETT: Thank you. I have nothing further,  
3 and I can answer questions if you have any.

4 HEARING EXAMINER LOWE: Ms. Murphy?

5 EXAMINER MURPHY: So the NSL, some of them --  
6 some of them are 100.

7 MS. BENNETT: They are, yes.

8 EXAMINER MURPHY: So not all of them, some might  
9 be.

10 MS. BENNETT: I think that all of them actually  
11 will be 100 feet.

12 EXAMINER MURPHY: They say on here 330. Some say  
13 100, and 80 says 330.

14 MS. BENNETT: So that's right. And when I was  
15 thinking about them all being non-standard, that was because  
16 I had been looking at the proposal letter and not the  
17 C-102s. But we will only do it for the ones that are  
18 non-standard.

19 EXAMINER MURPHY: Okay. Thank you.

20 EXAMINER GOETZE: No questions.

21 MR. AMES: No questions.

22 HEARING EXAMINER LOWE: What are your reasons for  
23 the unorthodox location for those wells?

24 MS. BENNETT: We will be submitting a letter from  
25 the reservoir engineer with our NSL application justifying

1 the need for the unorthodox location, but I believe --  
2 well, I don't have that information with me.

3 HEARING EXAMINER LOWE: Okay. Well, I will be  
4 interested to read your NSL application. Thank you.

5 MS. BENNETT: Thank you. With that I would ask  
6 Case Number 20885 be taken under advisement.

7 HEARING EXAMINER LOWE: Case Number 20885 will be  
8 taken under advisement.

9 MS. BENNETT: Thank you very much.

10 (Case Number 20885 taken under advisement.)

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1 STATE OF NEW MEXICO )  
 )SS  
2 COUNTY OF SANTA FE )

3 I, IRENE DELGADO, certify that I reported the  
4 proceedings in the above-transcribed pages, that pages  
5 numbered 1 through 6 are a true and correct transcript of my  
6 stenographic notes and were reduced to typewritten  
7 transcript through Computer-Aided Transcription, and that on  
8 the date I reported these proceedings I was a New Mexico  
9 Certified Court Reporter.

10 Dated at Santa Fe, New Mexico, this 14th day of  
11 November 2019.

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14 Irene Delgado, NMCCR 253  
15 Expires: 12-31-19

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