

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: 21507, 21508

APPLICATION OF ASCENT ENERGY LLC  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 17, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
FELICIA ORTH and TECHNICAL EXAMINER JOHN GARCIA on December  
17, 2020, through the Webex Platform.

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:

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8 For MRC Permian LLC and Phillip White:

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16 I N D E X

17 CASE CALLED

18 STATUS CONFERENCE 03

19 REPORTER CERTIFICATE 08

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1                   HEARING EXAMINER ORTH: Having said that, let's  
2 start calling the cases. The first two matters are 21507  
3 and 21508, Ascent Energy is the applicant. These are  
4 compulsory pooling applications. The well name is Silver  
5 Fed Com. The applicant's counsel is James Bruce. Mr.  
6 Bruce, are you with us?

7                   MR. BRUCE: Yes. Can you hear me?

8                   HEARING EXAMINER ORTH: I can hear you quite  
9 clearly. Good morning.

10                  MR. BRUCE: Good morning.

11                  HEARING EXAMINER ORTH: We then have another  
12 party who has entered an appearance for Mr. White. Ms.  
13 Bennett, I believe you are here from Modrall Sperling for  
14 Mr. White.

15                  MS. BENNETT: I am here on behalf of Mr. Phillip  
16 White, Deana Bennett from Modrall Sperling, and I also  
17 represent Marathon Oil Permian LLC in this matter. I  
18 entered an appearance on their behalf in these two matters,  
19 but today I will be focusing primarily on Mr. White.

20                  HEARING EXAMINER ORTH: Thank you. It's good to  
21 see you.

22                  MS. BENNETT: Thank you.

23                  HEARING EXAMINER ORTH: Let me pause for a moment  
24 to see if there are any other entries of appearance this

25                  (No response.)

1                   HEARING EXAMINER ORTH: No. As I understand it  
2 from the e-mail correspondence in the file, we are having a  
3 status conference this morning because Mr. White objects to  
4 Ascent proceeding by affidavit. Is that still true?

5                   MS. BENNETT: That's correct, Madam Examiner.  
6 Mr. White is hopeful that he and Ascent can reach an  
7 agreement in these cases. He is a working interest owner  
8 and he's made a couple of offers to as Ascent to reach an  
9 agreement in these two matters. And, up to this point,  
10 they -- Ascent hasn't been -- hasn't really entertained his  
11 offer. So we are hopeful with a little more time Ascent  
12 will be able to negotiate with Mr. White and that we would  
13 be able to move these cases forward by affidavit. That's  
14 the goal.

15                   But at this point, Mr. White is not comfortable  
16 with these cases going to hearing because he does not feel  
17 that today there's been a good faith negotiations with him.

18                   HEARING EXAMINER ORTH: All right. Thank you.  
19 To let you know, from our last couple of sessions, we would  
20 like to set the contested hearings as part of the regular  
21 Thursday docket even if there are already other settings on  
22 that Thursday for contested cases, and the plan is to  
23 actually conduct that hearing on the Friday following that  
24 Thursday.

25                   So we have marching through January and February

1 with those contested cases. Would you like to look at maybe  
2 two days in March, or do you want to try something earlier  
3 on the assumption that many of the other contested cases  
4 will settle.

5 MR. BRUCE: Madam Examiner, on behalf of Ascent  
6 we would like it as early as possible. Really the only  
7 issue is Mr. White was in -- my landman was in touch with  
8 Mr. White early on, and the key problem was that my client  
9 thought Mr. White was asking for too much to sell his lease,  
10 and so that is the issue at heart.

11 It's going to be, I believe, a short case, I will  
12 have two witnesses, a landman and geologist who won't say  
13 anything more than they normally do in a case. And as I  
14 understand it, if it goes to hearing contested only  
15 Mr. White, and the only issue would be negotiations between  
16 the parties, I would note, and maybe this is too early, but  
17 nonetheless, on January 7 there was supposed to be a fight  
18 COG and Mewbourne over some contested compulsory pooling  
19 cases.

20 COG's cases have gone the way of the dinosaur,  
21 and Mewbourne believes its case will go away, too. They are  
22 simply waiting on a signature from Oxy. My suggestion is to  
23 put this case to take the place of the Mewbourne COG fight.

24 MS. BENNETT: Madam Examiner, I don't necessarily  
25 object to Mr. Bruce's desire to have this case heard as

1 early as possible. Just with the holidays and everything,  
2 although January 7 sounds like it's, you know, sometime  
3 away, I just worry we might find ourselves either  
4 unnecessarily in a contested hearing or asking for  
5 additional time on January 7.

6 I'm just wondering, Mr. Bruce and Madam Examiner,  
7 if we could just set it for the contested docket in January  
8 just to give everyone a little more time given the holiday  
9 schedule.

10 MR. BRUCE: I have no objection with Ms.  
11 Bennett's suggestion.

12 HEARING EXAMINER ORTH: All right. So that will  
13 be January 23.

14 MR. BRUCE: Okay, I will do that. I will do a  
15 prehearing order today.

16 HEARING EXAMINER ORTH: You don't need to, Mr.  
17 Bruce?

18 MR. BRUCE: I don't?

19 HEARING EXAMINER ORTH: No, I will do that for  
20 you.

21 MR. BRUCE: Well, happy merry Christmas to me.

22 HEARING EXAMINER ORTH: Yes. That was one of my  
23 announcements in the last session. Happy to do the  
24 prehearing orders. I will send them to Marlene and Marlene  
25 will issue it so this matter is filed in the right case and

1 the right caption. So these two matters, 21507 and 21508  
2 will be set. Knowing that in the event that they really go,  
3 as part of that session they may follow contested cases.

4 MR. BRUCE: Okay.

5 MS. BENNETT: Thank you very much.

6 MR. BRUCE: Thank you.

7 HEARING EXAMINER ORTH: Thank you both for that.

8 (Adjourned.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing virtual proceedings in stenographic shorthand and  
9 that the foregoing pages are a true and correct transcript  
10 of those proceedings to the best of my ability.

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

15 I FURTHER CERTIFY that the Virtual Proceeding was  
16 of poor to good quality.

17 Dated this 17th day of December 2020.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253  
License Expires: 12-31-21

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