

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:

Application of Marathon Oil Permian, LLC,
to amend Order R-21165, Lea County,
New Mexico

Case No. 22742

TRANSCRIPT OF PROCEEDINGS

May 5, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq., Hearing Examiner, Dean McClure, Technical Examiner, on May 5th, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

REPORTED BY: SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
CCR No. 275
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A P P E A R A N C E S

For Marathon Oil Permian, LLC:

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BY: DEANA BENNETT

I N D E X

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|------------------------------|------|
| Case called | 3:1 |
| Summary of case and exhibits | 3:14 |
| Taken under advisement | 7:12 |
| Court Reporter's Certificate | 8:1 |

1 (Time noted as 10:00 a.m.)

2 EXAMINER BRANCARD: It is 10:00 a.m. We are back
3 on the agenda today for the Oil Conservation Division
4 hearings of May 5th, 2022. I believe the next item on the
5 list is Item 52, Case 22742, Marathon Oil Permian, LLC.

6 MS. BENNETT: Good morning, Mr. Examiner. Deana
7 Bennett on behalf of Marathon Oil Permian, LLC.

8 EXAMINER BRANCARD: Thank you. Good to see you,
9 Ms. Bennett.

10 MS. BENNETT: Nice to see you too.

11 EXAMINER BRANCARD: Are there any other interested
12 persons for Case 22742?

13 Hearing none, you may proceed, Ms. Bennett.

14 MS. BENNETT: Thank you. This -- in this case
15 Marathon seeks to reopen Order Number R-21165 for the
16 limited purpose of adding additional pooled parties to the
17 terms of the order. In the packet that we submitted is the
18 affidavit of landman Jeff Broussard, and Mr. Broussard has
19 previously testified before the Division and his credentials
20 have been accepted as a matter of record. Behind his
21 affidavit or self-affirmed declaration, excuse me, we
22 included the application in this case. Exhibit 2 is the
23 list of additional parties to be pooled, along with their
24 ownership interest; and Exhibit 3 is a summary of Marathon's
25 contacts with the parties Marathon is seeking to pool, as

1 well as the proposal letter that was sent to the parties
2 Marathon is seeking to pool. And Exhibit 4 is the
3 declaration -- my declaration discussing notice and that
4 notice letters were timely sent, and including the affidavit
5 of publication.

6 And as a bit of background and to maybe address
7 proactively some of the Division's questions, in Order
8 21165, Marathon was designated the operator of the Wolfcamp
9 formation underlying the E/2 of Section 11 and the NE/4 of
10 Section 14, Township 25 South, Range 34 East, Lea County,
11 New Mexico. And since the order was issued, certain leases
12 expired, and that is why Marathon is now seeking to pool
13 these additional unleased mineral interest owners that.
14 There were leases in place at the time that Marathon went to
15 pooling back in 2019, but those leases have since expired,
16 which is why we are here today.

17 Also, there is a difference between the parties that
18 Marathon is seeking to pool and the parties who were
19 notified of this hearing, and that's because Del Ray, who is
20 notified of the hearing, has since entered into a JOA, as of
21 Friday, with Marathon and so it's not listed as a party to
22 Marathon is seeking to pool. And on Tuesday of this week,
23 Marathon received some communications from the estate of
24 Warren J. Bates, and those communications indicate that the
25 estate considers its interest to not be unleased, but to

1 still be held under lease that was with Ozark, and Ozark was
2 previously pooled in 2019. So we have removed the estate
3 from the pooling based on those communications, and if it
4 turns out after further review that we need to come back,
5 that Marathon needs to come back, Marathon will. But that's
6 the explanation why there's more parties on the notice list
7 than on the parties to be pooled.

8 And then all of the parties that we're seeking to pool
9 today received notice, as is indicated by -- or received my
10 notice letter, as is indicated by the -- sorry. We can
11 blame this on the surgery recovery situation that I'm in,
12 but all the parties that we sent notice letters to that
13 we're seeking to pool received notice, as is confirmed by my
14 affidavit or my declaration of notice. We did publish. We
15 always publish out of an abundance of caution, but that
16 notice of publication was all required in this instance
17 because the parties Marathon is seeking to pool all received
18 notice letters.

19 So with that, I would ask that the exhibits in case --
20 this case be taken under advisement -- be admitted into the
21 record and this case be taken under advisement, and I'm
22 happy to answer any questions the Division may have.

23 EXAMINER BRANCARD: Thank you.

24 Mr. McClure, any questions?

25 TECHNICAL EXAMINER MCCLURE: Yes.

1 Ms. Bennett, so this notice that looks like it was
2 returned, then that's for a party that was not being pooled,
3 then?

4 MS. BENNETT: That's correct. That's for the
5 estate of Warren Bates, and it was -- it doesn't matter at
6 this point what happened, but --

7 TECHNICAL EXAMINER McCCLURE: But it's not being
8 pooled, I guess, is --

9 MS. BENNETT: Right.

10 TECHNICAL EXAMINER McCCLURE: Okay. Thank you.

11 Yeah, I think that was the only question I had,
12 Mr. Brancard.

13 EXAMINER BRANCARD: Thank you.

14 Ms. Bennett, you've done an excellent job of answering
15 all my questions before I asked them.

16 MS. BENNETT: Well, that's the benefit of being 52
17 on the docket. Listen and learn. Listen and learn.

18 EXAMINER BRANCARD: Thank you. So just like you
19 said, just to be clear, all the people who are being pooled
20 were notified timely by mail?

21 MS. BENNETT: That's right, Mr. Examiner. And
22 if --

23 EXAMINER BRANCARD: Not relying on your
24 publication, which is a daily?

25 MS. BENNETT: It is a daily. And so luckily -- I

1 mean, had we been going forward with the estate of Warren J.
2 Bates, we would have needed to ask for a continuance, which
3 I was prepared to ask for, but on Tuesday, when we received
4 this information, that negated that need. And as I said at
5 the outset, if we do -- if Marathon does, through further
6 communications with the successor to Ozark or with the
7 estate, does determine that it needs to take further action,
8 we will come back for that.

9 EXAMINER BRANCARD: Thank you.

10 At this point are there any other interested persons
11 in Case 22742?

12 Hearing none, your exhibits will be admitted into the
13 record and Case 22742 will be taken under advisement. Thank
14 you. Hope you feel better.

15 MS. BENNETT: Thank you very much. Have a good
16 rest of the day.

17 (Proceedings concluded at 10:06 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

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I, SHANON R. MYERS, New Mexico Certified Court
8 Reporter, CCR #275, do hereby certify that I reported the
9 foregoing virtual proceedings in stenographic shorthand and
10 that the foregoing pages are a true and correct transcript
11 of those proceedings to the best of my ability.

12

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

16

I FURTHER CERTIFY that the virtual proceeding was
17 of extremely poor to good quality.

18

Dated this 2nd day of June 2022.

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/s/ Shanon R. Myers

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SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
License Expires: 12/31/22

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