

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, CASE NO. 16298
LLC FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

Consolidated with

APPLICATION OF MARATHON OIL PERMIAN, CASE NO. 16299
LLC FOR A SPACING AND PRORATION UNIT
AND COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 12, 2018

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, July 12, 2018, 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.

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APPEARANCES

FOR APPLICANT MARATHON OIL PERMIAN, LLC:

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1 (2:04 p.m.)

2 EXAMINER McMILLAN: Case Number 16298,
3 application of Marathon Oil Permian, LLC for compulsory
4 pooling, Eddy County, New Mexico, and this will be
5 combined with Case Number 16299, application of Marathon
6 Oil Permian for a spacing and proration unit and
7 compulsory pooling, Eddy County, New Mexico.

8 Call for appearances.

9 MS. BENNETT: Deana Bennett on behalf of
10 Marathon Oil Permian, LLC, and with me is Jennifer
11 Bradfute.

12 EXAMINER McMILLAN: Any other appearances?
13 Please proceed.

14 MS. BENNETT: Thank you.

15 I'll be calling two witnesses today.

16 EXAMINER McMILLAN: If the witnesses would
17 please stand up and be sworn in at this time.

18 (Mr. Rice and Mr. Keren sworn.)

19 MS. BENNETT: Thank you.

20 We'll be beginning with my first witness,
21 which is Chase Rice.

22 CHASE RICE,
23 after having been previously sworn under oath, was
24 questioned and testified as follows:

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DIRECT EXAMINATION

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BY MS. BENNETT:

Q. Would you please state your name for the record?

A. Chase Rice.

Q. And who do you work for and in what capacity?

A. Marathon Oil as a senior landman in the Permian Division.

Q. And have you previously testified before the Division?

A. Yes.

Q. Were your credentials as a landman accepted as a matter of record?

A. Yes.

Q. And does your area of responsibility at Marathon include the area of Eddy County in New Mexico?

A. Yes.

Q. Are you familiar with the applications that Marathon filed in Case Number 16298 and the amended application that we filed in Case Number 16299?

A. Yes.

Q. Are you familiar with the status of the lands that are the subject of these applications?

A. Yes.

MS. BENNETT: With that, I would like to

1 tender Mr. Rice as an expert.

2 EXAMINER McMILLAN: So qualified.

3 MS. BENNETT: Thank you.

4 Q. (BY MS. BENNETT) Mr. Rice, could you please
5 turn to Exhibit 1A and explain to Mr. Examiner what
6 Marathon seeks under this application?

7 A. This is the application for the Whistle Pig WA
8 4H and the Whistle Pig WXY 9H wells. We're seeking a
9 standard 320-acre spacing and proration unit covering
10 the east half of Section 1, Township 25 South, Range 28
11 East in Eddy County, and we're seeking to pool all
12 mineral interests in the Wolfcamp Formation underlying
13 the proposed spacing unit.

14 Q. Thank you.

15 And if you could turn to Exhibit 1B, those
16 are the C-102s for these two wells, right?

17 A. That's correct. These are the preliminary
18 C-102s.

19 Q. Preliminary C-102s, that's right.

20 And you will file final C-102s with the
21 district office?

22 A. Yes.

23 Q. And has the Division identified a pool for
24 these wells?

25 A. Yes. This is the Purple Sage; Wolfcamp Pool,

1 Pool Code 98220.

2 Q. Thank you.

3 And will these wells comply within the
4 setback requirements in the Wolfcamp; Purple Sage order?

5 A. Yes.

6 Q. Let's now turn to Exhibit 2A. Exhibit 2A is
7 the amended application that we recently filed for the
8 3rd Bone Spring wells; is that correct?

9 A. Correct. This is the amended application for
10 the Whistle Pig TB 5H well. We're seeking to create a
11 320-acre spacing and proration unit covering the east
12 half of Section 1, 25 South, Range 28 East and pooling
13 all mineral interests within the Bone Spring underlying
14 this proposed spacing unit.

15 Q. Thank you.

16 So if you wouldn't mind now turning to
17 Exhibit 2B. And Exhibit 2B is the preliminary C-102 for
18 the 3rd Bone Spring well; is that correct?

19 A. Correct.

20 Q. And this, again, is a preliminary C-102, which
21 you will file the final C-102 when you have them with
22 the district office?

23 A. Yes.

24 Q. Has the Division identified a pool code for
25 this well?

1 A. It's the Willow Lake, West Pool, Pool Code
2 96415.

3 Q. And Marathon filed its original application for
4 this well before the new horizontal well rules were in
5 place, and so that's why we then filed an amended
6 application, to be consistent with the new rules. So
7 this pool now is governed by the Division's new setback
8 requirements for oil wells, which establishes 330-foot
9 setbacks for the lateral and 100-foot setbacks for the
10 first and last take points; is that correct?

11 A. Correct.

12 Q. And will this well comply with those setback
13 requirements?

14 A. Yes.

15 Q. And so as a result of the new spacing unit
16 requirements for horizontal oil wells, Marathon now is
17 seeking to add the proximity tracts to the spacing unit
18 for the well; is that correct?

19 A. Yes.

20 Q. And is that what's shown the spacing units --
21 the adjacent spacing units or the adjacent tracts,
22 that's what's shown in the yellow highlighted?

23 A. Yes.

24 Q. And is that less than -- are the first and last
25 take points less than 330 feet?

1 A. Yes.

2 MS. BRADFUTE: Just a point of
3 clarification, the lateral is less than --

4 THE WITNESS: The full productive lateral
5 is less than 330 feet away from those 40-acre tracts.

6 **Q. (BY MS. BENNETT) And how many feet at the --**

7 A. The closest it comes is 320 to 325 feet.

8 **Q. Can you please turn to what's been marked as**
9 **Exhibit 3A? And can you explain what this is to the**
10 **hearing examiners, please?**

11 A. This exhibit is the lease tract map for the
12 Whistle Pig WA 4H and the WXY 9H. They consist of BLM
13 federal leases, state lease and fee acreage. And we're
14 seeking to pool all the uncommitted mineral interests in
15 the proposed proration unit.

16 **Q. And looking at Exhibit 3B, is that a summary of**
17 **the parties?**

18 A. This is a summary of all the parties that own a
19 working interest or, at the bottom, some unleased
20 mineral interest owners. Right now we have 51 percent
21 committed that we're not seeking to pool. The rest of
22 the parties have either committed to participate in the
23 well. We're still working on operating agreements, or
24 they're still -- we're still reviewing operating
25 agreements with all of these parties, but nobody has

1 contested this plan or indicated that they are.

2 Q. Thank you.

3 So now let's turn to Exhibit 4A, and can
4 you please explain what this is to the hearing
5 examiners?

6 A. This is the lease tract map for the Whistle Pig
7 TB 5H comprised of fed leases, state leases and a fee
8 acreage.

9 Q. And is Exhibit 4B, then, the summary of the
10 interests that you seek to pool?

11 A. Correct.

12 Q. Could you summarize for the examiners the
13 efforts that Marathon took to obtain voluntary pooling?
14 You did a little bit of that, but if you could expand on
15 what you've done.

16 A. We sent our well proposals out, contacted all
17 the parties. We're working on trades with some of these
18 parties or acquisitions. A draft operating agreement
19 has been sent for review, and we're working to get those
20 signed up.

21 Q. And earlier we talked -- you and I talked a bit
22 about how some of the letters you sent out were returned
23 or in the process of being returned because there are
24 some unlocatable individuals to this.

25 A. Yes. There is a small amount of interest that

1 is apparently unlocatable. We feel they've been
2 notified through the newspaper ads, and we are
3 continuing to research and try to locate these entities.

4 **Q. And those were working interest holders, as**
5 **well as offsets?**

6 A. Yes.

7 **Q. And overriding royalty interest holders?**

8 A. Correct.

9 **Q. Thank you.**

10 **In your opinion, has Marathon made a**
11 **good-faith effort to obtain the voluntary joinder in the**
12 **wells?**

13 A. Yes.

14 **Q. If you could turn to Exhibit 5 please, can you**
15 **explain what Exhibit 5 is to the examiners?**

16 A. Exhibit 5 is the draft proposal letter that was
17 sent to all the working interest owners and unleased
18 mineral interest owners that we were able to locate,
19 their last known addresses.

20 **Q. This is an example of the form that you sent**
21 **out --**

22 A. Correct.

23 **Q. -- to all interest owners?**

24 A. Correct.

25 **Q. And were the AFEs attached to this letter?**

1 A. Yes.

2 Q. And if you look at Exhibit 5A, is that an AFE
3 for the WA 4H well?

4 A. Yes.

5 Q. And can you provide the estimated cost of --
6 the estimated completion costs for that well and the
7 estimated costs for drilling, completely and equipping
8 the well?

9 A. So the estimated drilling, completing and
10 equipping costs for the well is 6,800,000. For the
11 completions cost, it's \$3,500,000.

12 Q. And then turning to Exhibit 5B, is that the AFE
13 that you sent out for the TB 5H well?

14 A. Yes.

15 Q. And can you give the same information, the
16 estimated cost of drilling, completing and equipping the
17 wells and the completion costs?

18 A. The total cost for drilling, completing and
19 equipping the well is 6,600,000. The completion cost is
20 3,500,000.

21 Q. Approximately?

22 A. Approximately.

23 Q. And then if we turn to Exhibit 5C, is that the
24 AFE that you sent out for the WXY 9H well?

25 A. Yes.

1 **Q. And could you please provide the estimated cost**
2 **of drilling, completing and equipping that well and the**
3 **completions cost of that well?**

4 **A. Total estimated drilling, completing and**
5 **equipping cost of this well is 6,800,000. The**
6 **completions cost of that component is 3,500,000,**
7 **approximately.**

8 **Q. Thank you.**

9 **Are those costs in line with the cost of**
10 **other horizontal wells drilled to this length and this**
11 **depth in southeast New Mexico?**

12 **A. Yes.**

13 **Q. In your opinion, who should be appointed**
14 **operator of these wells?**

15 **A. Marathon Oil Permian, LLC.**

16 **Q. And do you have a recommendation for the**
17 **amounts which Marathon should be paid for supervision**
18 **and administrative expenses of these wells?**

19 **A. Yes. We're requesting 7,000 a month be allowed**
20 **for a drilling well and 700 a month be allowed for a**
21 **producing well.**

22 **Q. Are these amounts equivalent to those normally**
23 **charged by Marathon and other operators in this area for**
24 **horizontal wells of this length and depth?**

25 **A. Yes.**

1 Q. Do you request that these rates be adjusted
2 periodically as provided by the COPAS accounting
3 procedure?

4 A. Yes.

5 Q. Does Marathon request the maximum cost plus 200
6 percent risk charge if any pooled working interest owner
7 fails to pay its share of costs for drilling, completing
8 and equipping the wells?

9 A. Yes.

10 Q. Were the parties you are seeking to notify --
11 I'm sorry. Were the parties you are seeking to pool
12 notified of this hearing?

13 A. Yes.

14 Q. We talk about that briefly a minute ago.

15 Are there any overriding royalty owners
16 within the spacing and proration unit?

17 A. Yes.

18 Q. And were they notified of Marathon's
19 applications?

20 A. They were.

21 Q. And is Marathon requesting to pool these
22 overriding royalty interests?

23 A. Yes.

24 Q. And have the parties you're seeking to pool
25 been notified of Marathon's amended application?

1 A. Yes.

2 Q. Could you please turn to Exhibit 6? Does this
3 exhibit contain an affidavit prepared by me, Marathon's
4 counsel, which confirms that notice was provided to
5 affected parties in these cases?

6 A. Yes.

7 Q. And as we look through Exhibit 6, what we see
8 here are the names and addresses of the interest owners
9 in a form that's created by a new software program that
10 we're using. And as you look through it, you can see
11 where there are pages that show who has received the
12 notice, whether it's been undelivered, whether it's
13 being mailed. So this is the equivalent of the green
14 cards or the return-receipt confirmations?

15 A. Correct.

16 MS. BRADFUTE: Just as a point of
17 information, so these pages -- it's a new software
18 program. I'm familiar that Holland & Hart has been
19 using, Mr. Examiner. And these pages actually get a
20 stamp. They get taken to the post office, and that's
21 what the post office ends up stamping. So it's -- and
22 then the software updates as the letters are delivered
23 through the software program from the post office.

24 MS. BENNETT: And so, for example, if you
25 turn about three or four -- four pages in, you'll see a

1 much more dense page, and this dense page has the names,
2 addresses and whether the mail has been delivered,
3 whether it's to be returned, whether it's undelivered.
4 So this is the equivalent of the green cards.

5 Q. (BY MS. BENNETT) And we've looked through this
6 list together today?

7 A. Correct.

8 Q. If you turn to the two last pages of Exhibit 6,
9 you'll see two Affidavits of Publication. These
10 Affidavits of Publication are for the "Carlsbad
11 Current-Argus"; is that correct?

12 A. Yes.

13 Q. And these two Affidavits of Publication are for
14 these two cases, Case Number 16298 and Case Number
15 16299; is that correct?

16 A. That's correct.

17 Q. Thank you.

18 Earlier we talked a bit about the need to
19 perhaps request additional time to complete these wells.
20 And when you and I had originally spoken, we talked
21 about needing 180 days' additional time to complete
22 these wells; is that correct?

23 A. That is correct.

24 Q. And is that something you'd like to request
25 today, for an additional 180 days -- or a total -- I'm

1 **sorry -- a total of 180 days for completion?**

2 A. Yes.

3 MS. BRADFUTE: And if the Division would
4 prefer to make it just a straight year for tracking
5 purposes, Marathon is fine with that.

6 EXAMINER McMILLAN: We'll just make it
7 365 --

8 MS. BENNETT: That's fine.

9 EXAMINER McMILLAN: -- one year.

10 MS. BRADFUTE: Yes, one year. Make it
11 simple (laughter).

12 MS. BENNETT: Yeah. We're at the
13 Division's pleasure on this.

14 EXAMINER McMILLAN: It's easier.

15 MS. BENNETT: Okay. Great. I did have one
16 year in here and then in the most recent -- at the last
17 hearing, it was 180.

18 EXAMINER McMILLAN: One year is easier.

19 MS. BENNETT: Okay. We'll stick with one
20 year then. I'll stick with my script.

21 **Q. (BY MS. BENNETT) So, Mr. Rice, were Exhibits 1**
22 **through 6 prepared by you or under your supervision or**
23 **compiled from company business records?**

24 A. Yes.

25 **Q. And, Mr. Rice, in your opinion, is the granting**

1 of these applications in the interest of conservation
2 and the prevention of waste?

3 A. Yes.

4 MS. BENNETT: I'd like to move to have
5 Exhibits 1 through 6 admitted into the record.

6 EXAMINER McMILLAN: Exhibits 1 through 6 in
7 Cases 16298 and 16299 may now be accepted as part of the
8 record.

9 (Marathon Oil Permian, LLC Exhibit Numbers
10 1 through 6 are offered and admitted into
11 evidence.)

12 CROSS-EXAMINATION

13 BY EXAMINER McMILLAN:

14 Q. Are there any depth severances?

15 A. There are no depth severances in the two pools.

16 Q. And knowing that we give you one year like we
17 did in the previous case, when you reach the TD in one
18 of the wells that completes all, then you have to submit
19 a sundry notice saying it's capable of producing. That
20 way we're ensured of the protection of correlative
21 rights.

22 And you're going to resubmit the C-102?

23 MS. BRADFUTE: The C-102s are just
24 preliminary, Mike. They have not been submitted.

25 EXAMINER McMILLAN: Yeah, because the 4H,

1 there is a -- be sure to fix that typo in there.

2 Do these have APIs?

3 MS. BRADFUTE: They do not, not yet. We
4 just checked at lunch.

5 Q. (BY EXAMINER McMILLAN) So realistically, going
6 back to the C-102s, you're not going to change -- what's
7 going to change on them from the preliminary to the --
8 the surface and bottom hole will stay the same?

9 A. There is nothing that's going to change on
10 these. It'll be signed by the surveyor and just
11 reviewed for any typos. But as far as footage calls --

12 Q. Okay. So you're just going to use these
13 footage calls in the --

14 A. Yeah.

15 Q. And Willow Lake is statewide?

16 A. Yes, it is.

17 EXAMINER McMILLAN: Go ahead.

18 EXAMINER BROOKS: I don't have any
19 questions.

20 EXAMINER McMILLAN: Thank you.

21 MS. BENNETT: So now I'm calling Mr. Keren.

22 TUCKER KEREN,

23 after having been previously sworn under oath, was
24 questioned and testified as follows:

25

1 DIRECT EXAMINATION

2 BY MS. BENNETT:

3 Q. Would you please state your name for the
4 record?

5 A. Tucker Keren.

6 Q. And for whom do you work?

7 A. Marathon Oil.

8 Q. And what do you do there?

9 A. I'm a geologist responsible for Eddy County,
10 New Mexico.

11 Q. And have you previously testified before the
12 Division?

13 A. Yes.

14 Q. Were your credentials accepted and made part of
15 the record?

16 A. Yes.

17 Q. Are you familiar with the applications that
18 Marathon filed in these two cases?

19 A. Yes, I am.

20 Q. Are you familiar with Marathon's plans for
21 drilling these wells?

22 A. Yes.

23 Q. And you just stated that you work for Marathon
24 in Eddy County, so you're familiar with the area
25 proposed --

1 A. Correct.

2 Q. -- embracing the proposed spacing unit?

3 A. That's correct.

4 MS. BENNETT: I'd like to tender Mr. Keren
5 as an expert in geology matters.

6 EXAMINER McMILLAN: So qualified.

7 MS. BENNETT: Thank you.

8 Q. (BY MS. BENNETT) So I have broken down your
9 testimony between the Wolfcamp Formation and the 3rd
10 Bone -- and the Bone Spring.

11 Let's start with the Wolfcamp. If you
12 could turn to Exhibit 7A and tell the examiners what
13 this document is.

14 A. This is a structure map with contours and
15 values in subsea depth on the top of the Wolfcamp
16 Formation, and it's colored to indicate warmer colors
17 representing deeper -- structurally deeper areas on the
18 map. So our downdip direction would be to the east in
19 this case, and our strike direction is approximately
20 north-south. You see our contours are north-south
21 oriented and pretty parallel in this area.

22 I've also highlighted where the project
23 area is in the dashed black box and where that fits with
24 respect to Marathon's acreage, as well as the wells that
25 we've proposed and other Wolfcamp wells that are already

1 producing in the area. These are other lateral --
2 lateral wells.

3 Q. Thank you.

4 And there's nothing that's shown
5 structurally in this, that you've reviewed, that would
6 interfere with the contribution of the acreage to the
7 proposed wells?

8 A. No, there is not.

9 Q. There are no pinch-outs or other issues that
10 you've identified?

11 A. Not that I see, no.

12 Q. Thank you.

13 Let's go ahead and turn to what's marked as
14 Exhibit 7B. And could you please tell the examiners
15 what that document represents?

16 A. This is the stratigraphic cross section from A
17 to A prime that I noted on the previous structure map.
18 So this is going from approximately north to south using
19 some well logs that we have in the area. And what I'm
20 showing here is the uppermost portion -- uppermost
21 couple hundred feet of the Wolfcamp Formation where
22 Marathon is targeting their two Wolfcamp wells. And you
23 can see I've labeled two specific producing zones on
24 this stratigraphic cross section. The first is in what
25 we call the Wolfcamp Y Sand, and the second is deeper,

1 in what we call the Wolfcamp A. And those are the two
2 targeted zones for the two Wolfcamp wells in this area.

3 **Q. Would you say that the wells that you've**
4 **included on this cross section are representative of the**
5 **Wolfcamp Formation in the area?**

6 A. Yes.

7 **Q. Thank you.**

8 **Let's go ahead and turn to what's been**
9 **marked as Exhibit 7C, and can you tell the examiners**
10 **what this document is, please?**

11 A. This is a gross interval isochore map from the
12 top of the Wolfcamp Formation to the Wolfcamp B member,
13 and this would be inclusive of the two producing zones
14 that Marathon is proposing to drill in this project
15 area. And my contours are drawn with a 20-foot contour
16 interval. And what you can see is that this thickness
17 does vary slightly in the area on the order of 300 to
18 350 feet or so, but in the project area, it's
19 consistently around 350 feet thick. And we expect there
20 to be consistent thickness across the length of one-mile
21 laterals in the Wolfcamp Formation here.

22 **Q. And would you -- in your opinion, would each**
23 **quarter-quarter section be productive in the Wolfcamp**
24 **Formation?**

25 A. Yes.

1 Q. And will each quarter-quarter section
2 contribute approximately equally to production from the
3 wells?

4 A. Yes.

5 Q. And in your opinion -- just about the Wolfcamp
6 wells now, in your opinion, is the granting of
7 Marathon's application in 16298, for the Whistle Pig
8 wells, be in the best interest of conservation and the
9 prevention of waste?

10 A. Yes.

11 Q. Thank you.

12 Let's go ahead and turn now to what I've
13 marked as Exhibit 8A, and this is the Bone Spring well.
14 If you could please tell the examiners what this
15 document represents.

16 A. So this is a structure map now on the top of
17 the 3rd Bone Spring Sand Formation, once again using
18 subsea depths. And you can see the structural contours
19 are very similar to the previous Wolfcamp structure map.
20 The warmer colors indicating deeper down to the east.
21 The strike is almost exactly north-south. And I've also
22 highlighted the project area, the proposed well and now
23 offsetting Bone Spring wells.

24 Q. And is there anything that you discovered in
25 your review of this structure map that would interfere

1 with the contribution of the acreage to the proposed
2 well?

3 A. No. I didn't see any evidence of pinch-outs or
4 faulting in this area.

5 Q. Thank you.

6 Let's now turn to what I've marked as
7 Exhibit 8B, and if you could explain this document to
8 the examiners and what you've determined based on this
9 document.

10 A. This is the stratigraphic cross section of the
11 3rd Bone Spring Sand Formation using the same three
12 wells that I selected for the Wolfcamp Formation, so
13 going approximately north to south, and demonstrating
14 the lateral continuity and the geology of the 3rd Bone
15 Spring Sand in this area.

16 Q. Are the wells that are included on this cross
17 section representative of the Bone Spring Formation in
18 this area?

19 A. Yes.

20 Q. And that's all I have on that one.

21 Let's go ahead and turn to Exhibit 8C,
22 please. And can you please explain to the examiners
23 what this document is?

24 A. So this is the isochore map for the 3rd Bone
25 Spring Sand. Once again, it varies slightly in

1 thickness. In this area, I'm using 30-foot contours,
2 but in the project area, specifically, it's consistently
3 around 380 feet thick. And we expect that thickness to
4 be consistent over the length of the one-mile lateral.

5 Q. And so is it your opinion that each
6 quarter-quarter section is productive in the Bone Spring
7 Formation?

8 A. Yes.

9 Q. And is it your opinion that each
10 quarter-quarter -- each tract quarter-quarter section
11 will contribute approximately equally to the production
12 of the well?

13 A. Yes.

14 MS. BRADFUTE: Just a point of
15 clarification: You expect that in the 320-acre Bone
16 Spring spacing unit, that you'll get some production
17 from each quarter-quarter section, correct?

18 THE WITNESS: Correct.

19 Q. (BY MS. BENNETT) And in your opinion, would the
20 granting of Marathon's application for Case Number
21 16299, which is the 3rd Bone Spring well, be in the best
22 interest of conservation and the prevention of waste?

23 A. Yes.

24 Q. And were Exhibits 7 and 8 compiled under your
25 direction and supervision?

1 A. Yes.

2 MS. BENNETT: At this time I would like to
3 move the admission of Exhibits 7 and 8.

4 EXAMINER McMILLAN: Exhibits 7 and 8 in
5 Case Numbers 16298 and 16299 may now be accepted as part
6 of the record.

7 (Marathon Oil Permian, LLC Exhibit Numbers
8 7 and 8 are offered and admitted into
9 evidence.)

10 CROSS-EXAMINATION

11 BY EXAMINER McMILLAN:

12 **Q. My only comment is for your structure maps.
13 Send it again, and you've got to include the wells.**

14 A. The data points?

15 **Q. Yeah. We expect the data points.**

16 A. Yeah.

17 **Q. And actually, I need -- I need to call the
18 landman back. Based on his testimony, he's drilling,
19 more or less, kind of on top of the Wolfcamp?**

20 A. Correct.

21 MS. BRADFUTE: Yes, that's correct. A few
22 hundred feet separates those two formations.

23 EXAMINER McMILLAN: I just want to make
24 sure the ownership is identical between the Bone Spring
25 and the Wolfcamp. This will be a complete --

1 MR. RICE: The terminus between the two
2 pools, which is reflected in the exhibits, is the same
3 interest on each --

4 EXAMINER McMILLAN: That's fine. Thank
5 you.

6 MS. BENNETT: And so pursuant to your last
7 question, you would like Marathon to create new
8 structure maps with the data points and email them to
9 you-all?

10 EXAMINER McMILLAN: Yeah. Send them to
11 Leonard. Make them a PDF filing.

12 MS. BENNETT: Definitely.

13 THE WITNESS: No problem. Yes, sir.

14 MS. BENNETT: Any other questions for --

15 EXAMINER BROOKS: No questions.

16 EXAMINER McMILLAN: No questions.

17 MS. BENNETT: Case Number 16298 and Case
18 Number 16299 are continued to July 26th for --

19 MS. BRADFUTE: Because of the amendment of
20 the spacing unit.

21 MS. BENNETT: Yeah.

22 EXAMINER McMILLAN: Okay. So Case Number
23 16298 shall be taken under advisement.

24 Case Number 16299 shall be continued until
25 July the 26th.

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MS. BENNETT: Yes, the 26th. Thank you.
(Case Numbers 16298 and 16299 conclude 2:32
p.m.)

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 11th day of August 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

25