

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 ASCENT ENERGY, LLC CASE NOS. 16483,
FOR COMPULSORY POOLING, LEA COUNTY, 16485
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 11, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
TERRY WARNELL, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Friday, January 11, 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: Mary C. Hankins, CCR, RPR
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APPEARANCES

FOR APPLICANT ASCENT ENERGY, LLC:

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FOR INTERESTED PARTY MARATHON OIL PERMIAN, LLC:

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EXHIBITS OFFERED AND ADMITTED

Ascent Energy, LLC Exhibit Numbers 1 through 3	6
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1 (2:10 p.m.)

2 EXAMINER JONES: Let's go back on the
3 record, and let's call Cases 16483 and 16485,
4 application of Ascent Energy.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the Applicant. I'm doing this
8 case by affidavit.

9 MS. BENNETT: Good afternoon. Deana
10 Bennett, FROM Modrall, Sperling, on behalf of Marathon
11 Oil Permian, LLC.

12 EXAMINER JONES: For both cases?

13 MS. BENNETT: Yes.

14 EXAMINER JONES: Any other appearances?

15 MR. BRUCE: Okay. Mr. Examiner, I've
16 handed you a package of exhibits.

17 Exhibit 1 is the affidavit of Lee Zink, the
18 landman. Basically, they're seeking to force pool, in
19 these two cases, the east half-west half of Sections 28
20 and 33, 20 South, 33 East. 16483 is a Bone Spring case.
21 16485 is a Wolfcamp case. The landman pretty well
22 explains what's going on here. You know, these are
23 typical force pooling cases, with all the attachments
24 showing the interest. It's in a BLM-approved potash
25 development area. The ownership interest is the same

1 both in the Bone Spring and the Wolfcamp. No depth
2 severances in there.

3 EXAMINER BROOKS: No depth severances, you
4 say?

5 MR. BRUCE: No depth severances.

6 And they've attached the sample
7 correspondence with all the parties and the AFEs. It
8 gives the overhead rates and asks for the risk charge,
9 et cetera.

10 Exhibit 2 is my Affidavit of Notice. All
11 the parties received actual notice except John Benedict,
12 which was returned unclaimed. Actually, in the prior
13 case, he received actual notice. He's just not picking
14 up his mail anymore. Now, I did have to publish notice
15 against him. I do not have the certificate back, so
16 it'll have to be continued for two weeks.

17 And then there is the affidavit of Ben
18 Metz, the geologist. And it's the usual. The thickness
19 is about the same. You're looking at the Wolfcamp A,
20 and you're also looking at the 2nd and 3rd Bone Spring.
21 And this contains separate plats as to both the
22 Wolfcamp, 2nd Bone Spring, 3rd Bone Spring. It also
23 contains the C-102s for the well. Each quarter-quarter
24 section will be contribute more or less equally to
25 production, and there is no impediment to drilling

1 horizontally in this area.

2 With that, I would move the admission of
3 Exhibits 1 through 3 and ask that the case be continued
4 for two weeks.

5 EXAMINER JONES: Both cases?

6 MR. BRUCE: Both cases.

7 EXAMINER JONES: Any objection?

8 MS. BENNETT: No.

9 EXAMINER JONES: What is Marathon's
10 interest here? They just wanted to make an appearance
11 or --

12 MS. BENNETT: In this case -- these two
13 cases, yes, Marathon wanted to make an appearance. But
14 we do have competing applications. Our Tomahawk
15 applications are competing for the east half. And so we
16 have withdrawn our opposition to the west half of the
17 east half, but we are still going forward with our
18 Tomahawk applications for the east half-east half and
19 will be requesting that those be set for a special
20 docket date.

21 EXAMINER JONES: Okay. We're going to have
22 a meeting on Monday about special dockets.

23 MR. BRUCE: In these cases, Marathon owns
24 about 22 percent in the one she just talked about. The
25 east half-east half, I believe Marathon owns a 50

1 percent interest.

2 MS. BENNETT: And I don't have that exhibit
3 figure in front of me, so I can't confirm or deny
4 Marathon's interest.

5 EXAMINER JONES: Okay. So Exhibits 1 and 2
6 are admitted in both cases.

7 MR. BRUCE: 1, 2 and 3.

8 EXAMINER JONES: 1, 2 and 3, and the cases
9 are continued to January 24th.

10 (Ascent Energy, LLC Exhibit Numbers 1, 2,
11 and 3 are offered and admitted into
12 evidence.)

13 EXAMINER JONES: January 24th is the newly
14 designated continuance docket. So --

15 MR. BRUCE: It'll only be for notice.

16 EXAMINER JONES: Yeah. But if we run into
17 this on the 24th, where we need to go for two weeks,
18 we're going to have to have a special dispensation of
19 that. It'll probably go for four weeks --

20 MR. BRUCE: I understand.

21 EXAMINER JONES: -- if that happens on the
22 new cases.

23 MR. BRUCE: I've been promised that I will
24 have the affidavits.

25 EXAMINER BROOKS: Well, his majesty has the

1 prerogative of dispensation, so you can apply to his
2 majesty for dispensation.

3 EXAMINER JONES: Yeah. We're having more
4 meetings. But it looks like that's the plan going
5 forward, so if all the attorneys realize that, you know.
6 So I see an only real effectiveness on the last of the
7 month. If you need to continue for two weeks, then the
8 type of continuance might be considered. But -- in
9 other words, if it's just a continuance to take under
10 advisement, that's one thing. If it's a continuance --
11 you know, different levels of --

12 MR. BRUCE: Yeah. Okay.

13 Well, and the problem is I had a bunch of
14 notices published in the Hobbs newspaper -- or tried to
15 get published and whoever was handling them was out on
16 vacation for like two weeks, and so I got a lot of
17 messed-up notices. So I had to, you know --

18 EXAMINER JONES: Oh, I'm -- whatever.
19 Thanks.

20 (Cases 16483 and 16485 conclude, 2:17 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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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 29th day of January 2019.

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23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters