

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. 20471  
LLC FOR COMPULSORY POOLING, EDDY  
COUNTY NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 2, 2019

Santa Fe, New Mexico

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

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Scott Dawson,  
Chief Examiner; Michael McMillan, Technical Examiner;  
and David K. Brooks, Legal Examiner, on Thursday, May 2,  
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.

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APPEARANCES

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1 (2:09 p.m.)

2 EXAMINER DAWSON: Okay. At this point we  
3 will go to the NGL cases. There are actually five NGL  
4 Water Solution Permian cases. 16504 and 20475 were both  
5 continued, so that leaves us with three NGL cases,  
6 16506, 20150 and 20404.

7 MS. BENNETT: Mr. Examiner, before we  
8 proceed to the NGL cases, I do have one more Marathon  
9 case to put on. I can do that now or after the NGL.

10 EXAMINER DAWSON: Oh, okay. You're right.  
11 20471. I'm sorry.

12 MS. BENNETT: That's right.

13 EXAMINER DAWSON: We'll go ahead and  
14 complete 20471 for compulsory pooling, Eddy County, New  
15 Mexico.

16 MS. BENNETT: Thanks.

17 My name is Deana Bennett on behalf of  
18 Marathon Oil Permian, LLC, the Applicant.

19 MR. FELDEWERT: Mr. Examiner, Michael  
20 Feldewert, with the Santa Fe office of Holland & Hart,  
21 appearing on behalf of OXY U.S.A., Inc.

22 EXAMINER DAWSON: Okay. Is Mr. Bruce going  
23 to make an appearance on this?

24 MS. BENNETT: No, he's not.

25 And I have one witness.

1 EXAMINER DAWSON: You have the same  
2 witness, Mr. Broussard, who has been sworn in.

3 So you can approach the bench, Mr.  
4 Broussard.

5 And when you're ready, Ms. Bennett.

6 MS. BENNETT: Thank you very much.

7 Good afternoon, Mr. Examiners.

8 I have with me today Mr. Broussard, who has  
9 testified just a few moments, so we'll briefly go  
10 through his credentials.

11 EXAMINER DAWSON: Okay.

12 JEFF BROUSSARD,  
13 after having been previously sworn under oath, was  
14 questioned and testified as follows:

15 DIRECT EXAMINATION

16 BY MS. BENNETT:

17 Q. Mr. Broussard, please state your name and who  
18 you work for.

19 A. My name is Jeff Broussard, and I work for  
20 Marathon Oil Company.

21 Q. And what are your responsibilities with  
22 Marathon?

23 A. My general responsibilities are landman  
24 responsibilities related to new leases, acquisitions of  
25 acreage, well proposals and the negotiations that go

1 hand in hand with well proposals.

2 Q. Thank you.

3 And your credentials were accepted earlier  
4 today as a matter of record?

5 A. Yes.

6 Q. And your area of responsibility at Marathon  
7 includes Eddy County?

8 A. Yes.

9 Q. You're familiar with the application filed by  
10 Marathon in this matter?

11 A. Yes.

12 Q. And you're familiar with the status of the  
13 lands that are the subject of this application?

14 A. Yes.

15 MS. BENNETT: At this time I'd like to  
16 request that Mr. Broussard be accepted as an expert  
17 witness in land matters.

18 EXAMINER DAWSON: Any objections?

19 MR. FELDEWERT: No objection.

20 EXAMINER DAWSON: Okay. At this moment  
21 Mr. Broussard will be accepted as an expert in petroleum  
22 land matters.

23 MS. BENNETT: Thank you very much.

24 Q. (BY MS. BENNETT) Mr. Broussard, could you  
25 please turn to Exhibit Number 1 and explain to the

1     **examiners what is in Exhibit 1 and what Marathon seeks**  
2     **in Exhibit 1?**

3           A.     Exhibit 1 is our application to pool all -- and  
4     what Marathon seeks is to pool all uncommitted mineral  
5     interest owners as it relates to the Wolfcamp Formation  
6     in the west half of Section 5, Township 23 South, Range  
7     28 East of Eddy County.

8           **Q.     Thank you.**

9                     **Let's turn to Exhibit 2 now. Can you**  
10    **explain what Exhibit 2 is or what that exhibit contains**  
11    **for the examiners?**

12          A.     Exhibit 2 contains C-102s for each well being  
13    proposed here, as well as listing the pool name for  
14    these wells, which is the Purple Sage; Wolfcamp Gas  
15    Pool. And the pool code for that is 98220.

16          **Q.     Does the Purple Sage; Wolfcamp Gas Pool have**  
17    **special pool rules?**

18          A.     Yes.

19          **Q.     Will these wells comply with those pool rules?**

20          A.     No.

21          **Q.     And they won't comply because they're closer**  
22    **than 330 feet from the -- the setback is closer than 330**  
23    **feet?**

24          A.     Yes.

25          **Q.     It's 100 feet?**

1           A.     Yes.

2           Q.     And Marathon will be submitting nonstandard  
3     location approvals -- applications for each of these  
4     wells?

5           A.     Yes.

6           Q.     If you could turn to Exhibit 3, please, what is  
7     Exhibit 3?

8           A.     Exhibit 3 is a lease tract map of the west half  
9     of Section 5 indicating that each tract within this is  
10    all fee acreage.

11          Q.     And I see on this slide that you have above  
12    10,000 and below 10,000. Is that because there is a  
13    depth severance?

14          A.     Yes. There is a depth severance within one  
15    tract within this unit area.

16          Q.     And are the depth severances a function of a  
17    lease -- artifact of a lease issue that your title folks  
18    discovered?

19          A.     Yes.

20          Q.     And does page -- the second page of Exhibit 3  
21    and the fourth page of Exhibit 3, do those show the  
22    differences in ownership above 10,000 and 11,000?

23          A.     They do, yes.

24          Q.     And is Marathon attempting to acquire the  
25    different -- the interests that are different above and



1 below 10,000 to make the interest uniform above and  
2 below?

3 A. Yes.

4 Q. And if Marathon is successful in acquiring  
5 those interests, then will the depth severance  
6 effectively be negated?

7 A. Yes. That's correct.

8 Q. And the interest will be above 10,000 and below  
9 10,000?

10 A. Yes.

11 Q. And so Marathon notified everyone of the  
12 pooling -- you sent proposal letters to all these folks,  
13 and you notified all of them of this pooling hearing?

14 A. Yes.

15 Q. Did you receive any questions or concerns about  
16 the differences above and below?

17 A. No.

18 Q. And you seek to pool all uncommitted mineral  
19 interest owners in the proposed unit; is that right?

20 A. Yes.

21 Q. And those owners are shown on the second and  
22 fourth pages of Exhibit 3; is that right?

23 A. Yes.

24 Q. And they are simply the same ownership, just  
25 different interest amounts?

1           A.    Yes, with the exception of DSD Energy  
2 Resources, is the only -- only party that does not have  
3 an interest in both depths.

4           Q.    And Marathon has been in touch with DSD to  
5 negotiate acquiring that interest; is that right?

6           A.    Yes.

7           Q.    And of the owners with interest above and  
8 below, DSD actually has the largest interest, is that  
9 right, the largest difference in interest --

10          A.    Yes.

11          Q.    -- 3.75 percent? So it's a pretty small  
12 interest?

13          A.    Yes.

14          Q.    And the others are all smaller than that?

15          A.    Yes.

16          Q.    I think that's all the questions I have about  
17 that.

18                   Are there also overriding royalty interest  
19 owners that Marathon seeks to pool?

20          A.    Yes.

21          Q.    And they were provided notice of this hearing  
22 as well, weren't they?

23          A.    Yes.

24          Q.    Can you summarize for the examiners the efforts  
25 that Marathon has undertaken to obtain voluntary joinder

1     **in the wells?**

2           A.     Yes.  We have sent out our initial  
3     well-proposal letters that detail surface-hole  
4     locations, take points and TVDs on a well-by-well basis,  
5     as well as, you know, initial offers to acquire said  
6     interests, if they have no interest in participating  
7     with us for the development, and attempted to contact  
8     any owners that did not contact us first by either phone  
9     or email where possible.

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

12          A.     Yes.

13          **Q.     Let's turn to Exhibit 4.  Is Exhibit 4 the**  
14     **proposal letter that was sent to the parties?**

15          A.     Yes, it is.

16          **Q.     The other working interest owners, I should**  
17     **say.**

18          A.     Yes.

19          **Q.     And it includes the proposed surface-hole**  
20     **location and bottom-hole location and target TVD?**

21          A.     Yes.

22          **Q.     It also includes an option to elect well by**  
23     **well?**

24          A.     Yes.

25          **Q.     And with this letter, did you include AFEs for**

1     each well?

2           A.     We did, yes.

3           Q.     And are those AFEs behind Tab 5?

4           A.     They are.

5           Q.     Have you looked through this exhibit to ensure  
6     that all AFEs are in this exhibit for each well?

7           A.     Yes.

8           Q.     And do the costs for the wells -- are the costs  
9     approximately 7 million for the Upper Wolfcamp and the  
10    approximately 7,500,000 for the Lower Wolfcamp more or  
11    less?

12          A.     Yes.    Yes.

13                   MS. BENNETT:   Rather than going through  
14    each individual cost, I represent that they're in the  
15    materials.

16                   EXAMINER DAWSON:   Okay.

17          Q.     (BY MS. BENNETT) Are those costs in line with  
18    the cost of other horizontal wells drilled to this  
19    length and depth in this area of New Mexico?

20          A.     Yes.

21          Q.     Who should be appointed operator of the well?

22          A.     I believe Marathon Oil Permian should.

23          Q.     And do you have a recommendations for the  
24    amounts which Marathon should be paid for administrative  
25    costs?

1           A.    Yes.  We recommend \$7,000 a month while  
2   drilling the wells and \$700 a month while producing.

3           Q.    And are these amounts equivalent to those  
4   normally charged by Marathon and other operators in this  
5   area for horizontal wells of this length?

6           A.    Yes.

7           Q.    Does Marathon request that these rates be  
8   adjusted periodically as provided by the COPAS  
9   accounting procedure?

10          A.    Yes.

11          Q.    Does Marathon request the maximum cost plus 200  
12   percent risk charge if any pooled working interest owner  
13   fails to pay for drilling, completing and equipping the  
14   wells?

15          A.    Yes.

16          Q.    And the parties you are seeking to pool,  
17   including overrides, were notified of this hearing; is  
18   that right?

19          A.    Yes.

20          Q.    And we know that because Exhibit 6 is an  
21   Affidavit of Notice prepared by me; is that right?

22          A.    Yes.

23          Q.    And that affidavit has with it the addresses of  
24   record that you provided to me for the working interest  
25   owners and the overriding interest owners, then a form

1     showing the status of notice and a publication in the  
2     "Carlsbad Argus" newspaper; is that right?

3             A.     Yes.

4             Q.     Does Marathon request that it be allowed a  
5     period of one year between when the wells are drilled  
6     and when the first well is completed?

7             A.     Yes.

8             Q.     Were Exhibits 1 through 6 prepared by you or  
9     under your supervision or compiled from company business  
10    records?

11            A.     Yes, they were.

12            Q.     In your opinion, is the granting of this  
13    application in the interest of conservation and the  
14    prevention of waste?

15            A.     Yes.

16                    MS. BENNETT: With that, I'd like to move  
17    the admission of Exhibits 1 through 6.

18                    EXAMINER DAWSON: Any objection?

19                    MR. FELDEWERT: No objection.

20                    EXAMINER DAWSON: At this time Exhibits 1  
21    through 6 will be admitted to the record.

22                           (Marathon Oil Permian, LLC Exhibits A and 1  
23                           through 6 are offered and admitted into  
24                           evidence.)

25                    EXAMINER DAWSON: Mr. Feldewert, do you

1 have questions?

2 MR. FELDEWERT: I have one.

3 CROSS-EXAMINATION

4 BY MR. FELDEWERT:

5 Q. Mr. Broussard, turn to Exhibit 7.

6 A. Okay.

7 MS. BENNETT: And again I'd like to point  
8 out that this exhibit is created by our geologist and  
9 not by Mr. Broussard.

10 Q. (BY MR. FELDEWERT) In the previous case, I  
11 believe you testified that -- you testified, if I heard  
12 you correctly, that the company has drilled at this  
13 spacing in the township to the north?

14 A. To the north within this township.

15 Q. Within this township?

16 A. The previous case was in the township to the  
17 south of this township. Yes.

18 Q. Okay. And so has the company drilled within  
19 this township at this spacing?

20 A. I believe so.

21 Q. You believe.

22 Do you know where?

23 A. Is it Sections 19 and 20?

24 MS. BENNETT: And that's your recollection,  
25 right?

1 THE WITNESS: That's my recollection. Yes.

2 Q. (BY MR. FELDEWERT) And that would be 23 South,  
3 28 East?

4 A. Yes.

5 Q. Is that right?

6 A. Yes.

7 Q. And did you drill at this spacing for both the  
8 Wolfcamp X-Y and the Wolfcamp A and the Wolfcamp D?

9 A. I'm not certain, as I don't have it in front of  
10 me, and they weren't my responsibility for those  
11 proposals and development plan, but I believe that might  
12 be the case. Yes.

13 Q. So they would have drilled seven wells?

14 A. Well, for those specific ones, they have not  
15 drilled the Wolfcamp Ds.

16 Q. That was my question.

17 A. Sorry.

18 Q. So they've only drilled the Wolfcamp X-Y and  
19 the Wolfcamp A?

20 A. Yes.

21 Q. Not the Wolfcamp Ds?

22 A. Correct.

23 Q. And they have completed the X-Ys and Wolfcamp  
24 As?

25 A. Yes.



1           **Q.    Thank you. That's all the questions I have.**

2                       EXAMINER DAWSON:   Do you have any  
3   questions, Mr. McMillan?

4                       EXAMINER McMILLAN:   Go ahead.

5                       EXAMINER DAWSON:   I don't have any  
6   questions.

7                                       CROSS-EXAMINATION

8   BY EXAMINER McMILLAN:

9           **Q.    For clarity purposes, everyone in the mineral**  
10 **estate within the Wolfcamp was notified, correct?**

11          A.    Yes.

12          **Q.    And what has -- what has been your discussions**  
13 **with DSD Energy?**

14          A.    DSD Energy, we have discussed terms to acquire  
15 their interest by term assignment.

16          **Q.    Do you know when you talked to them?**

17          A.    We have talked to them several times over the  
18 last couple of months through both brokers and  
19 ourselves.

20          **Q.    Okay. All right. And the royalty overrides**  
21 **were all notified?**

22                       MS. BENNETT:   The overriding royalty  
23 interests were notified. The royalty interests were not  
24 notified. And I understand that that is something we  
25 will be doing prospectively.

1                   EXAMINER BROOKS:   Okay.  You're going to be  
2   notifying the overrides.  You're not intending the  
3   overrides are -- regardless?

4                   MS. BENNETT:   Well, we did notify the  
5   overriding royalty interest owners --

6                   EXAMINER BROOKS:   Oh.

7                   MS. BENNETT:   -- not royalty interest  
8   owners, which I understand is the discussion that took  
9   place earlier this morning.  I, unfortunately, wasn't in  
10   the room.  But based on my understanding of that  
11   conversation this morning, we will notify royalty  
12   interest owners on a going-forward basis, and we'll be  
13   sure to include that information in the landman's  
14   affidavit or testimony.

15                  EXAMINER BROOKS:   I don't know of any  
16   situation in which you can be faulted for giving too  
17   many notices.  So I don't have to consider whether it's  
18   necessary or not.

19                  MS. BENNETT:   And perhaps I misunderstood  
20   the gist of the conversation this morning.  Like I said,  
21   I was out of the room when it happened.  So perhaps it's  
22   not a requirement that we notify royalty interest  
23   owners?

24                  EXAMINER BROOKS:   Perhaps it's not.  
25   Perhaps it is.

1 MS. BENNETT: Okay. 50/50 on that.

2 (Laughter.)

3 EXAMINER BROOKS: I'm not in a position to  
4 address that authoritatively at this point.

5 MS. BENNETT: Okay. Perfect. Thank you.

6 EXAMINER DAWSON: Any questions,  
7 Mr. Brooks?

8 EXAMINER BROOKS: No questions -- well,  
9 yeah, I do have questions.

10 CROSS-EXAMINATION

11 BY EXAMINER BROOKS:

12 Q. What are you going to do if you don't make a  
13 deal with the guy that's got the 10,000 -- is it above  
14 10,000 or below 10,000?

15 A. The difference in ownership -- the large  
16 interest difference is with DSD Energy, and they own --  
17 is it a -- 3.75 percent above 10,000.

18 Q. They own nothing below?

19 A. They own nothing below 10,000. Correct.

20 Q. Who owns that interest?

21 A. Marathon does. So their interest comes out of  
22 Marathon's interest.

23 Q. What are you going to do -- it's not what  
24 you're going to do. It's what you want us to do if you  
25 don't make a deal. What are you requesting that the

1     **Division -- what kind of order are you requesting the**  
2     **Division to issue in the absence of an agreement with**  
3     **the people who own that shallower interest?**

4           A.     Well, the pooling of any uncommitted interest.

5                   MS. BENNETT:   And we'll come back to the  
6     Division, of course, if we need to do an allocation  
7     formula, which is what I think we would end up doing  
8     with that owner.   In the event that -- and there are  
9     other options that Marathon is discussing internally.

10                  EXAMINER BROOKS:   Well, yeah.   It's  
11     questionable whether the Division has the authority to  
12     do an allocation formula vertically, not necessarily I'm  
13     saying we don't because there's a general provision in  
14     the Oil and Gas Act that we could do things on such  
15     terms as are fair and equitable.   But the confusion is  
16     inserted by the fact that there is a formula for  
17     horizontal allocation and there is not a formula for  
18     vertical allocation, so you think of all the arguments  
19     both ways that might arise from that.

20                  MS. BENNETT:   Right.   And at this point, I  
21     think we would definitely come back to the Division in  
22     the event that we aren't able to reach an agreement.   So  
23     we're moving forward under the -- with the goal of  
24     reaching an agreement, and we would come back to the  
25     Division either with an allocation request or having to

1 discuss in more detail the interests and possible other  
2 solutions that Marathon is considering in-house at that  
3 time.

4 But right now we feel that we would request  
5 an order pooling all uncommitted mineral interest  
6 owners. They've all had notice of the hearing, and none  
7 have objected to the hearing or to the notion of  
8 pooling.

9 EXAMINER BROOKS: Okay. Thank you.

10 EXAMINER DAWSON: Mr. Feldewert, do you  
11 have any other questions?

12 MR. FELDEWERT: I do not. Thank you.

13 EXAMINER DAWSON: So that concludes this  
14 case?

15 MS. BENNETT: Yes. At this time I would  
16 like to ask that 20471 be taken under advisement at this  
17 point.

18 EXAMINER DAWSON: Okay. 20471 will be  
19 taken under advisement at this point.

20 And we'll go on break for ten minutes.

21 EXAMINER BROOKS: Hold on. You have to do  
22 the geologist. I'm going to step out while you do the  
23 geologist. I don't know anything about geology.

24 EXAMINER DAWSON: Let's do the geologist.  
25 I'm sorry. On this previous case, 20471, we will go

1 over the geologic exhibits at this time.

2 MS. BENNETT: Thank you.

3 EXAMINER DAWSON: Thank you. Sorry about  
4 that.

5 MS. BENNETT: So turning to the materials  
6 in the packet behind Tab B is the affidavit of our  
7 geologist, Matt Baker, and Matt Baker has previously  
8 been qualified by the Division, and his credentials were  
9 accepted as a matter of record.

10 Mr. Baker has prepared seven exhibits for  
11 this case. The first exhibit is a structure map, and  
12 the structure map shows that the structure dips to the  
13 east.

14 The second exhibit -- and as with our prior  
15 exhibits, Mr. Baker has prepared two sets of exhibits,  
16 one for the Upper Wolfcamp and one for the Lower  
17 Wolfcamp. And at Mr. McMillan's request, we have  
18 actually taken out the reference wells from the  
19 structure map and have created a separate slide for  
20 that. So that is slide nine.

21 So slide nine -- I'm sorry. That's slide  
22 eight. Slide eight shows the reference wells that  
23 Mr. Baker used and our proposed unit, which is  
24 identified by a black-dashed box, and then the Upper  
25 Wolfcamp wells are identified inside that black-dashed

1 box.

2                   Exhibit 9 is the stratigraphic cross  
3 section that follows that line of A to A prime. And  
4 there, Mr. Baker has also included an inset of his  
5 cross-reference to orient the examiners to the wells  
6 vis-à-vis our proposed locations. And Mr. Baker  
7 testified that these cross sections give a  
8 representative sampling of the Wolfcamp Formation in  
9 this area, and you can see the producing zone is  
10 highlighted or shaded in green. The target area is  
11 denoted by red arrows. And Mr. Baker testifies that for  
12 these Upper Wolfcamp wells, the Wolfcamp Y Sand  
13 thickness varies slightly from north to south, and the  
14 Wolfcamp A is relatively consistent from north to south.

15                   Exhibit 10 is the gross interval isochore  
16 from Wolfcamp to Wolfcamp B, and this again is for the  
17 Upper Wolfcamp wells. And Mr. Baker testifies that the  
18 formation is relatively uniform across the proposed  
19 unit.

20                   Exhibit 11 is the cross-reference well map  
21 for the Lower Wolfcamp wells. And, again, this shows  
22 the four wells that Mr. Baker used to create his cross  
23 section with the line running from A to A prime. And  
24 the proposed unit is identified by a black-dashed box,  
25 and the proposed wells are identified by the colored

1 lines.

2                   Turning to Exhibit 12, Exhibit 12 is the  
3 cross section that Mr. Baker prepared from those  
4 reference wells. And the producing zone is shaded in  
5 green with the target area highlighted by red arrows.  
6 He notes that the Wolfcamp B2 interval thickens from  
7 north to south and that the D2 is relatively consistent  
8 thickness across the unit.

9                   Exhibit 13 is the gross interval isochore  
10 from the Wolfcamp D2 to Wolfcamp D3. And again here he  
11 testifies that the Wolfcamp C2 interval thickens from  
12 north to south -- or I'm sorry. I apologize. I  
13 misspoke. He testifies based on the gross interval  
14 isochore that the formation is relatively uniform across  
15 the proposed well unit. From these maps and his study,  
16 he concludes that the horizontal spacing unit is  
17 justified from a geologic standpoint, that there are no  
18 structural impediments or faulting that will interfere  
19 with horizontal development and that each quarter  
20 section in the unit will contribute more or less equally  
21 to production. He notes that the preferred well  
22 orientation in this area is either north-south or  
23 east-west.

24                   He also testified that Exhibits 7 through  
25 13 were prepared by him or under his supervision or



1 compiled from company business records, and it's his  
2 opinion that the granting of this application is in the  
3 interest of conservation and the prevention of waste.

4 At this time I'd like to move Exhibits B7  
5 through 13 for admission into the record.

6 EXAMINER DAWSON: Any objection?

7 MR. FELDEWERT: No objection.

8 EXAMINER DAWSON: Okay. At this time  
9 Exhibits B7 through 13 will be admitted into the record.

10 (Marathon Oil Permian, LLC Exhibit B and 7  
11 through 13 are offered and admitted into  
12 evidence.)

13 MS. BENNETT: At this time I would ask this  
14 case be taken under advisement, 20471.

15 EXAMINER DAWSON: Okay. Any questions from  
16 the opposing attorneys?

17 MR. FELDEWERT: No questions on behalf of  
18 OXY.

19 EXAMINER DAWSON: Okay. Mr. McMillan?

20 EXAMINER McMILLAN: No questions.

21 EXAMINER DAWSON: I just had one question.

22 MS. BENNETT: Okay.

23 EXAMINER DAWSON: I'm looking at the  
24 landing zones, and there is a 10,000-foot depth  
25 limitation -- or depth severance in this case?

1 MS. BENNETT: By the lease term, yes. And  
2 that's the -- it's sort of my understanding, anyway,  
3 that it's an artifact of some title work that was done,  
4 but it's a lease term.

5 EXAMINER DAWSON: So you don't think that  
6 that landing zone that's depicted on Exhibit 12 at  
7 roughly the 10,000-foot interval, that will not affect  
8 the depth severance of the lease?

9 MS. BENNETT: Well, that's why Marathon is  
10 attempting to acquire those interests, to effectively  
11 negate that depth severance. So acquiring the interest  
12 would eliminate that depth severance.

13 EXAMINER DAWSON: That's what I figured.  
14 Okay. Thank you very much.

15 MS. BENNETT: Thank you.

16 EXAMINER DAWSON: And you're asking for  
17 this one -- Case 20471 will be taken under advisement at  
18 this time.

19 Thank you.

20 MS. BENNETT: Thank you.

21 EXAMINER DAWSON: We'll break for ten  
22 minutes and come back at 2:45.

23 (Case Number 20471 concludes, 2:33 p.m.)

24 (Recess, 2:33 p.m. to 2:47 p.m.)

25

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 21st day of May 2019.

21

22

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

25