

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. 16088
LLC FOR A NONSTANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Consolidated with

APPLICATION OF MARATHON OIL PERMIAN, CASE NO. 16089
LLC FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 14, 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, June 14, 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.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
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APPEARANCES

FOR APPLICANT MARATHON OIL PERMIAN, LLC:

DEANA M. BENNETT, ESQ.
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EXHIBITS OFFERED AND ADMITTED

Marathon Oil Permian, LLC Exhibit Numbers 8 and 9	5/6
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1 (8:54 a.m.)

2 EXAMINER McMILLAN: The next case we're
3 going to hear is Case Number 16088 and Case Number
4 16089, application of Marathon Oil Permian, LLC for a
5 nonstandard spacing and proration unit and compulsory
6 pooling, Eddy County, New Mexico, which is Case 16088.
7 And Case Number 16089 is application of Marathon Oil
8 Permian, LLC for compulsory pooling, Eddy County, New
9 Mexico.

10 Call for appearances.

11 MS. BENNETT: Good morning. Deana Bennett
12 for Marathon.

13 EXAMINER McMILLAN: Any other appearances?

14 MS. BENNETT: None.

15 EXAMINER McMILLAN: Please proceed.

16 MS. BENNETT: We were here with our two
17 witnesses on May 17th, and these cases were continued
18 for today to address a few questions and issues that
19 came up both before and during the May 17th hearing. So
20 I prepared additional exhibits so I could address those
21 issues.

22 So turning to Exhibit A -- excuse me --
23 Exhibit 8, that is an affidavit of Ryan Gyllenband, and
24 it addresses several of the questions raised before and
25 during the hearing when we were here on May 17th.

1 As you may recall, one of the questions
2 that Mr. Hearing Examiner asked the landman was whether
3 Marathon would move 10 feet off the centerline. And at
4 that case, our landman agreed to do that and thought it
5 would be possible. And so you will see in Exhibit 8,
6 paragraph four, that Ryan Gyllenband in his affidavit
7 has now confirmed for you that Marathon will, in fact,
8 move that well at least 10 feet off the centerline.

9 And also, Exhibit 8A is a new draft C-102
10 form that has been completed for the well, and as
11 Mr. Gyllenband notes, this change was made at the
12 request of the Division.

13 In addition at that hearing -- or actually
14 prior to the hearing, we noticed that the surface
15 locations for the wells had been changed, and we
16 submitted amended applications the day before the
17 hearing. And at the hearing, there was a question about
18 whether changing the surface location increased any of
19 the costs that were identified in the AFEs. And we
20 have -- in the affidavit, Mr. Gyllenband has stated that
21 the cost has not changed. That's in paragraph six of
22 Exhibit 8.

23 Finally, after the hearing, there was a
24 question raised about the correct pool code for the
25 Catapult Fee 26-1 TB 6H, and we have identified in the

1 affidavit at paragraph seven the pool code of 10380, the
2 Cass Draw; Bone Spring Pool.

3 And we've attached as Exhibit B the
4 communications with Mr. Ray Podany confirming that pool
5 code.

6 With that, I'd like to move the admission
7 of Exhibit 8.

8 EXAMINER McMILLAN: Exhibit 8 may now be
9 accepted as part of the record for Case Number 16088 and
10 Case Number 16089.

11 (Marathon Oil Permian, LLC Exhibit Number 8
12 is offered and admitted into evidence.)

13 MS. BENNETT: Another issue that came up at
14 the hearing on May 17th was whether notice had been
15 given to the Arkansas Children's Hospital. As you may
16 recall, there were negotiations that were ongoing
17 between Marathon and the Arkansas Children's Hospital,
18 and those negotiations had not yet been concluded.
19 Well, those negotiations have not at this time been
20 concluded either, so we prepared a notice and provided
21 notice to the Arkansas Children's Hospital. And you
22 will see an affidavit prepared by my colleague, Jennifer
23 Bradfute, identifying both an email, as well as the
24 green cards that were sent to provide notice to the
25 Arkansas Children's Hospital.

1 EXAMINER McMILLAN: Okay.

2 MS. BENNETT: So if there aren't any
3 questions about Exhibit 9, I move its admission.

4 EXAMINER McMILLAN: Exhibit 9 for Case
5 Number 16088 and Case Number 16089 may now be accepted
6 as part of the record.

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

9 MS. BENNETT: That is all I have
10 affirmatively. If you have any questions for me, I'm
11 happy to stand for them. Otherwise, I would ask this
12 case be taken under administration -- under advisement.
13 What the heck (laughter).

14 EXAMINER McMILLAN: Do you have any
15 questions?

16 EXAMINER BROOKS: I have no questions.

17 MS. BENNETT: Thank you.

18 EXAMINER McMILLAN: Case Number 16088 and
19 Case Number 16089 shall be taken under advisement.

20 MS. BENNETT: Thank you.

21 (Case Numbers 16088 and 16089 conclude,
22 8:59 a.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 17th day of July 2018.
21

22
23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters