

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. 16299  
LLC FOR A SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 9, 2018

Santa Fe, New Mexico

BEFORE:   SCOTT DAWSON, CHIEF EXAMINER  
          LEONARD LOWE, TECHNICAL EXAMINER  
          DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Scott Dawson, Chief Examiner, Leonard Lowe, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, August 9, 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  
                  Albuquerque, New Mexico 87102  
                  (505) 843-9241

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

APPEARANCES

FOR APPLICANT MARATHON OIL PERMIAN, LLC:

JENNIFER L. BRADFUTE, ESQ.  
MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.  
500 4th Street, Northwest, Suite 1000  
Albuquerque, New Mexico 87102  
(505) 848-18001  
jlb@modrall.com

INDEX

	PAGE
Case Number 16299 Called	3
Exhibits Offered	3
Proceedings Conclude	7
Certificate of Court Reporter	8

EXHIBITS OFFERED AND ADMITTED

Marathon Oil Permian, LLC Exhibit Numbers 9 and 10	4
--	---

1 (10:07 a.m.)

2 EXAMINER DAWSON: At this time we are back  
3 on the record.

4 And the next case on the list is number 29.  
5 It's Case Number 16299, application of Marathon Oil  
6 Permian, LLC for a spacing and proration unit and  
7 compulsory pooling, Eddy County, New Mexico.

8 Call for appearances, please.

9 MS. BRADFUTE: Mr. Examiner, Jennifer  
10 Bradfute on behalf of the Applicant.

11 EXAMINER DAWSON: All right.

12 MS. BRADFUTE: This case was continued from  
13 the July 12th docket. During the July 12th hearing in  
14 this matter, Marathon requested to amend its application  
15 for a 3rd Bone Spring well to create a 320-acre spacing  
16 unit, and then it provided notice of that request to all  
17 affected parties, which included all pooled working  
18 interest owners, overrides, and then it also renotified  
19 all offsets.

20 EXAMINER DAWSON: Okay.

21 MS. BRADFUTE: What is included in the  
22 packet in front of you is Exhibit 9, which is an  
23 affidavit that's been prepared by my colleague, Deana  
24 Bennett, confirming that notice was provided of these  
25 changes. And Modrall Sperling has started to use a

1 software system to track its certified mailings. If you  
2 look at the second page of Exhibit 9, there is a  
3 chart -- and it has a column; it's the third column from  
4 the right-hand side of the page -- which confirms if the  
5 mailing was delivered or not yet delivered or returned.

6 There were some mailings that were not yet  
7 delivered. Marathon also published notice in the  
8 newspaper, and an Affidavit of Publication is included  
9 within Exhibit 9 confirming that notification was also  
10 via publication.

11 EXAMINER DAWSON: Okay.

12 MS. BRADFUTE: Exhibit 10 within the packet  
13 in front of you is a copy of the revised C-102 with the  
14 spacing unit that's being requested by Marathon. And  
15 Mr. McMillan asked that the C-102 be prepared. This  
16 C-102 form has not yet been submitted to the district  
17 office, but it has been completed by a surveyor, and it  
18 will be submitted to the district office once an order  
19 is received in this matter.

20 Marathon asks that these two exhibits,  
21 Exhibit 9 and Exhibit 10, be admitted into the record.

22 EXAMINER DAWSON: Exhibits 9 and 10 will be  
23 admitted to the record at this time.

24 (Marathon Oil Permian, LLC Exhibit Numbers  
25 9 and 10 are offered and admitted into

1 evidence.)

2 MS. BRADFUTE: And are there any questions  
3 related to these exhibits?

4 EXAMINER DAWSON: Do you have any  
5 questions, Leonard?

6 EXAMINER LOWE: No. I don't have any  
7 questions.

8 EXAMINER DAWSON: Is this okay  
9 (indicating)?

10 (Consultation off the record.)

11 EXAMINER BROOKS: "To be returned." I  
12 don't know what that means.

13 EXAMINER DAWSON: Yeah, "to be returned."  
14 Do you want to ask her that?

15 EXAMINER BROOKS: Yeah.

16 What does the notation "to be returned" in  
17 the third column mean?

18 MS. BRADFUTE: So this gets updated by the  
19 post office. And "to be returned" I think means that  
20 the post office has not submitted as returned to Modrall  
21 Sperling, but they're going to return it to us.

22 EXAMINER BROOKS: Okay. But it doesn't  
23 tell us with what notation it would be returned?

24 MS. BRADFUTE: It will be returned as  
25 undelivered, but we don't know if there is an additional

1 notation, something put on the envelope. That's  
2 correct.

3 EXAMINER BROOKS: Right. And that could be  
4 an indication that the address is incorrect or  
5 insufficient.

6 MS. BRADFUTE: That's correct.

7 During the hearing in this matter, none of  
8 the addresses changed, but on July 12th, the landman in  
9 this matter testified that he had conducted Internet  
10 searches, as well as performing record title searches  
11 for any addresses that they could find for these --

12 EXAMINER BROOKS: And anyone for whom you  
13 don't have evidence of delivery is included in the  
14 publication?

15 MS. BRADFUTE: That's correct.

16 EXAMINER BROOKS: Thank you.

17 We don't need the return receipts because  
18 the governing rule, although somewhat peculiar, says  
19 evidence of delivery will be filed if available, which  
20 means, I suppose, that if it's if not available, it  
21 doesn't have to be filed.

22 MS. BRADFUTE: We would be happy to  
23 supplement when it comes in, but --

24 EXAMINER BROOKS: I think that's  
25 unnecessary.

1 EXAMINER LOWE: What was the name of the  
2 software again?

3 MS. BRADFUTE: You know, I will have to  
4 email that to you. I don't remember it off the top of  
5 my head, Leonard.

6 EXAMINER DAWSON: Is it Certified Pro.net?

7 MS. BRADFUTE: It is. It is.

8 EXAMINER DAWSON: Okay.

9 MS. BRADFUTE: Are there any other  
10 questions?

11 EXAMINER DAWSON: Any other questions?

12 EXAMINER LOWE: No.

13 MS. BRADFUTE: Marathon asks this matter be  
14 taken under advisement.

15 EXAMINER DAWSON: Okay. Case Number 16299  
16 will be taken under advisement at this time.

17 Thank you very much.

18 (Case Number 16299 concludes, 10:07 a.m.)

19

20

21

22

23

24

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 16th 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