

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:

AMENDED APPLICATION OF MARATHON OIL CASE NO. 16147
PERMIAN, LLC FOR A SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 15, 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, November 15, 2018, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Third Floor
Meeting Room, 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) 848-1800
 jlb@modrall.com

INDEX

	PAGE
Case Number 16147 Called	3
Marathon Oil Permian, LLC's Case-in-Chief:	
Witnesses:	
Ryan Gyllenband:	
Direct Examination by Ms. Bradfute	5
Cross-Examination by Examiner McMillan	16
Redirect Examination by Ms. Bradfute	17
Recross Examination by Examiner McMillan	17,18,19
Cross Examination by Examiner Brooks	19
Ethan Perry:	
Direct Examination by Ms. Bradfute	20
Cross-Examination by Examiner Brooks	25
Proceedings Conclude	25
Certificate of Court Reporter	26

EXHIBITS OFFERED AND ADMITTED

Marathon Oil Permian, LLC Exhibit Numbers 1 through 9	16
Marathon Oil Permian, LLC Exhibit Numbers 10 through 13	24

1 (2:03 p.m.)

2 EXAMINER McMILLAN: I'd like to call Case
3 Number 16147, amended application of Marathon Oil
4 Permian, LLC for a spacing unit and compulsory pooling,
5 Lea County, New Mexico.

6 Call for appearances.

7 MS. BRADFUTE: Mr. Examiner, Jennifer
8 Bradfute on behalf of the Applicant.

9 EXAMINER McMILLAN: Any other appearances?
10 Please proceed.

11 MS. BRADFUTE: Mr. Examiner, this case did
12 go to hearing in June of 2018, and Marathon, at that
13 time, sought to create a Wolfcamp spacing unit for one
14 of the wells that's going to be at issue here. An order
15 has not yet been issued. Marathon then sought to amend
16 its application.

17 And the reason why Marathon is seeking an
18 amendment is this acreage is located in Lea County where
19 there are different pools that have been established for
20 the Upper Wolfcamp and the Lower Wolfcamp acreage.
21 There is federal acreage here in the Wolfcamp, and the
22 BLM will only communitize as to the entire formation.
23 So they won't create separate com agreements with
24 separate spacing for Upper Wolfcamp and Lower Wolfcamp.
25 And so after the new horizontal well rules went into

1 effect, Marathon decided that it should amend this
2 application so that it could keep its spacing consistent
3 in order to communitize all of the Wolfcamp Formation
4 with the BLM.

5 EXAMINER BROOKS: Do you have depth
6 severance between them?

7 MS. BRADFUTE: No, we do not, but we'll
8 have a landman who will testify to that.

9 EXAMINER BROOKS: Okay. I just wondered
10 because I always like to know when there are depth
11 severances.

12 (Laughter.)

13 MS. BRADFUTE: Yes.

14 EXAMINER BROOKS: Mike said yesterday that
15 cases where there is a depth severance worry him, and I
16 said, "Yes, they worry me, too."

17 MS. BRADFUTE: I have two witnesses.

18 EXAMINER McMILLAN: Will the witnesses
19 please stand up and be sworn in at this time?

20 (Mr. Gyllenband and Mr. Perry sworn.)

21 MS. BRADFUTE: And I'd like to call my
22 first witness.

23 EXAMINER McMILLAN: Please proceed.

24

25

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

RYAN GYLLENBAND,

after having been first duly sworn under oath, was
questioned and testified as follows:

DIRECT EXAMINATION

BY MS. BRADFUTE:

Q. Could you please state your name?

A. Ryan Gyllenband.

Q. And, Mr. Gyllenband, who do you work for?

A. Marathon Oil.

Q. And what is your position at Marathon?

A. Land professional.

**Q. And have you previously testified before the
Division?**

A. Yes.

**Q. And were your credentials as a landman accepted
and made part of the record?**

A. Yes.

**Q. Does your area of responsibility at Marathon
include the area of Lea County in southeastern New
Mexico?**

A. Yes.

**Q. And are you familiar with the application filed
by Marathon in Case Number 16147?**

A. Yes.

Q. Are you familiar with the status of the lands

1 **which are the subject matter of this application?**

2 A. Yes.

3 MS. BRADFUTE: I'd like to tender
4 Mr. Gyllenband as an expert witness in land matters.

5 EXAMINER McMILLAN: So qualified.

6 **Q. (BY MS. BRADFUTE) Could you please turn to**
7 **Exhibit Number 1 in the packet in front of you, and**
8 **could you please explain what this document is?**

9 A. This is an amended application where Marathon
10 is asking to pool all the interests in a 480-acre
11 spacing unit, the Wolfcamp Formation, comprised of the
12 west half of Section 11 and the northwest quarter of
13 Section 14, Township 25 South, Range 34 East in Lea
14 County, New Mexico, and, again, pooling all the mineral
15 interests in the Wolfcamp Formation underlying that
16 spacing unit.

17 **Q. Okay. And which wells does Marathon seek to**
18 **dedicate to this spacing unit?**

19 A. The 1H, the 10H and the 6H.

20 **Q. Okay. And these are all the Ender Wiggins**
21 **Federal Com wells?**

22 A. That's correct.

23 **Q. Okay. And is Marathon asking for a one-year**
24 **time period between the time when the wells are drilled**
25 **and the completion of the wells?**

1 A. Yes.

2 Q. Okay. Could you please turn to Exhibit Number
3 2 in the packet in front of you? And I want to focus on
4 the first page of this exhibit. Could you please
5 identify what this document is?

6 A. This is the C-102 for the Ender Wiggins Fed 1H
7 well. It shows that the well's planned 330 feet off of
8 the west line with the first take point located 100 feet
9 north of the south spacing unit and then the last take
10 point located 100 feet south of the north line of the
11 spacing unit.

12 Q. And does this C-102 identify a pool and a pool
13 code that the well will develop?

14 A. Yes, it does. The pool name is the Pitchfork
15 Ranch; Wolfcamp, South Pool. It's Pool Code 96694.

16 Q. And has this been designated as an oil pool by
17 the Division?

18 A. Yes, it has.

19 Q. Okay. And could you please turn to the second
20 page of this exhibit? Is this a C-102 form for the 6H
21 well?

22 A. Yes.

23 Q. And I want to focus on this C-102 a little bit
24 more. Where in the spacing unit will this well be
25 drilled?

1 A. Just off of the centerline, so generally down
2 the middle. It's a little bit to the west of the
3 centerline.

4 **Q. Okay. And why did Marathon choose to locate
5 this well there?**

6 A. It conforms with our future plan of development
7 for the spacing in the Wolfcamp Formation as you move
8 across the entire section.

9 **Q. Okay. And is this well going to develop the
10 same pool and pool code?**

11 A. Yes.

12 **Q. Okay. And will the perforations for this well
13 be orthodox?**

14 A. Yes.

15 **Q. Could you please turn to the last page of this
16 exhibit and identify what this document is?**

17 A. This is the C-102 for the Ender Wiggins Fed 10H
18 well.

19 **Q. And will this well develop the same pool and
20 pool code?**

21 A. Yes.

22 **Q. And will the perforations for this well be
23 orthodox as well?**

24 A. Yes, they will.

25 **Q. Okay. Could you please turn to Exhibit Number**

1 **3? Could you please identify what is contained in the**
2 **first page of Exhibit Number 3?**

3 A. This is our lease tract map. It's showing that
4 the area we're seeking to pool is the west half of
5 Section 11 and the northwest quarter of section 14 and
6 that there are three different tracts.

7 **Q. Okay. And what are the types of leases that**
8 **are involved in this development unit?**

9 A. Tracts 1 and 2, located in Section 11, are both
10 federal -- are both federal acres, and Tract 3, in the
11 northwest quarter of 14, is all fee.

12 **Q. Okay. Great.**

13 **Could you please turn to the next page of**
14 **this exhibit? What are the mineral interests that**
15 **Marathon is seeking to pool in this case?**

16 A. All the uncommitted interests.

17 **Q. Okay. And here it looks like there are**
18 **uncommitted working interest owners who are listed**
19 **within this exhibit; is that right?**

20 A. Yes, that's right.

21 **Q. Okay. And those are the uncommitted working**
22 **interests that Marathon is seeking to pool, right?**

23 A. That's correct.

24 **Q. Are there any unleased mineral interests within**
25 **the proposed development unit?**

1 A. No, there is not.

2 Q. Okay. And is Marathon also seeking to pool
3 overriding royalty interest owners?

4 A. Yes, we are.

5 Q. I'm going to mark this as Exhibit 14.

6 EXAMINER McMILLAN: So what's your name?

7 MS. BRADFUTE: Jennifer.

8 EXAMINER McMILLAN: I wasn't sure
9 because --

10 MS. BRADFUTE: Oh, Jeb (laughter)? You're
11 too funny.

12 I apologize. These did not make it into
13 the packet before we stapled everything yesterday.

14 Q. (BY MS. BRADFUTE) Does Exhibit 14 contain a
15 list which identifies who the overriding royalty
16 interest owners are in the spacing unit?

17 A. Yes, it does.

18 Q. Okay. And did Marathon also notify offset
19 owners, since they were notified when the application
20 was originally filed as well?

21 A. Yes, we did.

22 EXAMINER BROOKS: Which exhibit is that?

23 THE WITNESS: This one (indicating).

24 MS. BRADFUTE: It's going to be Exhibit 14.

25 EXAMINER BROOKS: Oh, I wondered where

1 Exhibit 14 was.

2 MS. BRADFUTE: Yes. Sorry.

3 Q. (BY MS. BRADFUTE) And so Marathon is seeking to
4 pool the overriding royalty interest owners listed
5 within this exhibit, right?

6 A. Yes.

7 Q. And they were provided notice of this
8 application, correct?

9 A. That's correct.

10 Q. Could you please explain to the hearing
11 examiners what efforts Marathon made to obtain voluntary
12 joinder in these wells?

13 A. After conducting our title search, finding out
14 all the owners, we sent out well proposals with joint
15 operating agreements. We actually did some trades in
16 this area for some owners -- some working interest
17 owners that wanted to get out of the unit, and we did
18 some leasing in the unit as well to get 100 percent of
19 the interests leased up. And then we're continuing to
20 negotiate with the remaining unleased -- or uncommitted
21 working interest owners.

22 Q. And in your opinion, has Marathon made a
23 good-faith effort to obtain voluntary joinder in the
24 wells?

25 A. Yes, we have.

1 Q. Okay. And what efforts did Marathon undertake
2 to identify contact information for the parties that
3 it's seeking to pool?

4 A. Initially, we started with the last known
5 address in the county records. If that address didn't
6 work, we tried to track them down in any other way
7 possible, LexisNexis, Internet searches, phone calls.

8 Q. And in your opinion, did Marathon exercise
9 reasonable diligence in trying to obtain contact
10 information?

11 A. Yes, we did.

12 Q. Are there any depth severances within the
13 proposed spacing unit?

14 A. No, there is not.

15 Q. Okay. Could you please look at Exhibits 4 and
16 5? Do Exhibits 4 and 5 contain well-proposal letters
17 that were sent out for the wells?

18 A. Yes, they do.

19 Q. Okay. And do these well-proposal letters
20 provide a separate election to opt into each of the
21 wells that is being discussed?

22 A. Yes.

23 Q. And along with these well-proposal letters, did
24 Marathon also send out an AFE?

25 A. Yes, we did.

1 Q. And an AFE was sent out for each of the wells,
2 correct?

3 A. Correct.

4 Q. Could you please turn to Exhibit Number 9? Is
5 this the AFE for the 1H well?

6 A. Number 6.

7 Q. Or Number 6. Thank you. I'm looking at it
8 upside down. Number 6. Is this the AFE for the 1H
9 well?

10 A. Yes, it is.

11 Q. And does this AFE provide an estimated cost for
12 drilling, completing and equipping the well?

13 A. Yes, it does.

14 Q. Could you identify what those are?

15 A. The cost for drilling is \$2,888,820. The cost
16 for completing the well is \$5,220,898. And the total
17 costs to drill, complete and equip is \$9,101,536.

18 Q. Okay. And has Marathon provided similar
19 estimates for the other two wells that it's seeking an
20 order for in this case as well?

21 A. Yes, we have.

22 Q. And are these estimated costs in line with the
23 costs to drill other horizontal wells to these lengths
24 and these depths within this area of New Mexico?

25 A. Yes, they are.

1 Q. And in your opinion, who should be appointed as
2 the operator of these wells?

3 A. Marathon Oil Permian, LLC.

4 Q. Do you have a recommendation for the amounts
5 which Marathon should be paid for supervision and
6 administrative expenses?

7 A. \$7,500 per month while drilling and completing
8 and \$750 a month while producing.

9 Q. And these wells are mile-and-a-half-long
10 laterals, correct?

11 A. That's correct.

12 Q. And are these amounts equivalent to those
13 normally charged by Marathon and other operators in this
14 area for horizontal wells drilled to these lengths and
15 these depths?

16 A. Yes.

17 Q. Do you request that these rates be adjusted
18 periodically as provided for under the COPAS accounting
19 procedure?

20 A. Yes.

21 Q. And does Marathon request the maximum cost plus
22 200 percent risk charge if any pooled working interest
23 owner fails to pay its share of costs for drilling,
24 completing or equipping the wells?

25 A. Yes.

1 Q. And were the parties you're seeking to pool
2 notified of this hearing?

3 A. Yes.

4 Q. Could you please turn to Exhibit Number 9?
5 Does Exhibit Number 9 contain an affidavit prepared by
6 Marathon's counsel confirming that notice was provided
7 via certified mail?

8 A. Yes.

9 Q. And attached to that affidavit, is there proof
10 of mailing --

11 A. Yes.

12 Q. -- along with a chart with a blue header which
13 confirms which mailings were delivered?

14 A. Yes.

15 Q. And there were certain mailings that were
16 returned, correct?

17 A. Correct.

18 Q. In addition to mailing notices, did Marathon
19 also publish in a newspaper of general circulation
20 listing all of the parties by name?

21 A. Yes.

22 Q. And is a copy of the Affidavit of Publication
23 included as the last page of this exhibit?

24 A. Yes, it is.

25 Q. Mr. Gyllenband, in your opinion, is the

1 **granting of this application in the interest of**
2 **conservation and the prevention of waste?**

3 A. Yes.

4 **Q. And were Exhibits 1 through 9 prepared by you**
5 **or compiled under your supervision or from company**
6 **business records?**

7 A. Yes.

8 MS. BRADFUTE: I'd like to tender Exhibits
9 1 through 9 into the record.

10 EXAMINER McMILLAN: Exhibits 1 through 9
11 may now be accepted as part of the record.

12 (Marathon Oil Permian, LLC Exhibit Numbers
13 1 through 9 are offered and admitted into
14 evidence.)

15 MS. BRADFUTE: And that concludes my
16 questions.

17 CROSS-EXAMINATION

18 BY EXAMINER McMILLAN:

19 **Q. Okay. What I want to do now is go back to**
20 **Exhibit 2. I want to look at the 6H well, WXY 6H.**

21 MS. BRADFUTE: Which is the second page.

22 **Q. (BY EXAMINER McMILLAN) And is this the well**
23 **that defines the spacing unit?**

24 A. Yes, sir.

25 **Q. And is the first take point 2,539 from the**

1 north and 1,157 from the west --

2 A. Yes, sir.

3 Q. -- of Section 14, and the last take point, 100
4 from the north and 1,160 from the west?

5 A. Yes, sir.

6 Q. So you're pulling in the participating tracts,
7 correct?

8 A. Yes, sir.

9 Q. Okay. I believe Regeneration --

10 MS. BRADFUTE: They provided a letter.

11 EXAMINER McMILLAN: Yeah, provided a letter
12 to me.

13 Q. (BY EXAMINER McMILLAN) Have you had any other
14 correspondence or anything with Regeneration?

15 A. He reached out to me initially, before he sent
16 the letter, and we discussed it. I told him we were
17 drilling the wells per the new horizontal wells. He
18 just said that he understood but that he had an
19 objection to it.

20 REDIRECT EXAMINATION

21 BY MS. BRADFUTE:

22 Q. And, Mr. Gyllenband, Mr. Miller, who is the
23 owner of Regeneration, he's -- Regeneration is an
24 overriding royalty interest owner, correct?

25 A. Yes, that's correct.

1 Q. And have you looked at the assignment creating
2 that overriding royalty interest?

3 A. I did.

4 Q. And does it provide authority to the working
5 interest owner to pool that interest?

6 A. Yes, it does.

7 Q. And who is the working interest owner that that
8 override is created out of?

9 A. Marathon is.

10 RE CROSS EXAMINATION

11 BY EXAMINER McMILLAN:

12 Q. So you have had correspondence with
13 Regeneration?

14 A. Yes, sir.

15 Q. Okay. So BLM will -- I didn't -- okay. My
16 notes are incomplete for the BLM. You said the BLM will
17 communitize for the -- why do they want the 480 acres?

18 A. So Marathon is also drilling a Wolfcamp D well,
19 so a gas well, a deep Wolfcamp well, that we already had
20 a hearing on back at the time we had the hearing on the
21 initial 1H well. And the BLM will not communitize
22 separate spacing units for the same formation, is what
23 they have told me. And so we would like to have both
24 units in the Wolfcamp be the same 480 acres rather than
25 two Wolfcamp oil units of 240 and one gas of 480.

1 Q. So BLM will not communitize different spacing
2 units for the same formation?

3 A. That's correct.

4 Q. Okay. I'm just trying to get my notes correct
5 here.

6 And there's already a deep gas well --

7 A. Has not been drilled, but there is one.

8 Q. There is a hearing order.

9 MS. BRADFUTE: Yeah. We're waiting for the
10 hearing order still.

11 EXAMINER McMILLAN: Go ahead, David.

12 CROSS-EXAMINATION

13 BY EXAMINER BROOKS:

14 Q. I don't really think I have any questions here.

15 Is the mineral estate ownership identical
16 throughout the Wolfcamp Formation as to this proposed
17 spacing unit?

18 A. Yes, sir, it is.

19 Q. I think that's my only question.

20 MS. BRADFUTE: Uh-huh. Okay. Thank you.

21 RECROSS EXAMINATION

22 BY EXAMINER McMILLAN:

23 Q. I tell you what, are you targeting the 3rd Bone
24 Spring also? Oh, wrong well. That's fine. That was a
25 bad question. I'm done.

1 MS. BRADFUTE: Okay. And we will move on
2 to the next witness.

3 ETHAN PERRY,
4 after having been previously sworn under oath, was
5 questioned and testified as follows:

6 DIRECT EXAMINATION

7 BY MS. BRADFUTE:

8 Q. Could you please state your name?

9 A. Ethan Perry.

10 Q. Mr. Perry, who do you work for?

11 A. Marathon Oil.

12 Q. And what is your position at Marathon?

13 A. I'm a geologist.

14 Q. Okay. And you were just tendered as an expert
15 witness in the three preceding cases that were heard
16 today, correct?

17 A. That is correct.

18 MS. BRADFUTE: I would like to tender
19 Mr. Perry as an expert witness in geology matters.

20 EXAMINER McMILLAN: So qualified.

21 Q. (BY MS. BRADFUTE) Mr. Perry, have you conducted
22 a geologic study of the area embracing the proposed
23 spacing unit for these wells?

24 A. Yes, I have.

25 Q. And could you please identify what the targeted

1 **intervals for the wells are?**

2 A. The subject wells are targeting the Upper
3 Wolfcamp Formation.

4 **Q. Okay. And can you please turn to Exhibit 10**
5 **and explain what this document shows?**

6 A. This document shows a structure map on the top
7 of the Wolfcamp Formation. Marathon's acreage is shown
8 in yellow. The project area is shown in the
9 black-dashed box, and the subject wells are indicated by
10 the numbers in the blue bore [sic] sticks on the map.
11 There are contour intervals 20 -- 20 feet. In general,
12 the structure dips northwest down to the
13 south-southeast -- the structure dips from the northwest
14 to the southeast. There are several Upper Wolfcamp
15 horizontal producers in the vicinity of the project
16 area, several EOG wells to the -- to the west, as well
17 as the recent Santos well.

18 **Q. And did you notice anything structurally when**
19 **you were preparing this map that would interfere with**
20 **the contribution of this acreage to the proposed wells?**

21 A. No.

22 **Q. Can you please turn to Exhibit 11? Does**
23 **Exhibit 11 contain a cross section that you've prepared?**

24 A. Yes, it does.

25 **Q. And could you please walk through this document**

1 **for the hearing examiner?**

2 A. This is a stratigraphic cross section hung on
3 the top of the Wolfcamp Formation. We have the
4 producing zone, the Upper Wolfcamp, from the Wolfcamp to
5 the Wolfcamp B marker highlighted in green and the
6 proposed target depths for the subject wells illustrated
7 with the red arrows. For reference, the log tracks are
8 as follows from left to right: the gamma ray on the
9 left track; the depth track, resistivity and then
10 porosity and caliper track on the right.

11 **Q. And are the wells that you've selected for this**
12 **cross section representative of the Upper Wolfcamp**
13 **Formation in the area?**

14 A. Yes, they are.

15 **Q. And what conclusions have you drawn from this**
16 **cross section?**

17 A. In general, the gross interval thickness from
18 the Wolfcamp to the Wolfcamp B marker is relatively
19 consistent across the proposed project area.

20 **Q. And could you please turn to Exhibit 12? What**
21 **does Exhibit 12 contain?**

22 A. This is a gross interval isochore from the
23 Wolfcamp to the Wolfcamp B marker. Marathon's acreage
24 is shown in yellow, project area in the black-dashed
25 box. The data points are posted on the -- on the map

1 for reference, and the contour interval is 100 feet.
2 The three-well cross section that I showed you
3 previously is illustrated here on the map going from A
4 to A prime.

5 **Q. And what conclusions have you drawn from your**
6 **geologic study of this area?**

7 A. Based on the available data across the project
8 area, we anticipate relatively consistent gross interval
9 thickness for the Upper Wolfcamp Formation between 300
10 and 360 feet thick.

11 **Q. And did you notice any impediments to**
12 **horizontal development?**

13 A. No, ma'am.

14 **Q. And in your opinion, will each quarter-quarter**
15 **section be productive in the Upper Wolfcamp Formation?**

16 A. Yes, ma'am.

17 **Q. And in your opinion, will each quarter-quarter**
18 **section contribute approximately equally to the**
19 **production from the wells?**

20 A. Yes, it will.

21 **Q. Could you please turn to Exhibit 13, and could**
22 **you please explain what this document is?**

23 A. This document shows an aerial photograph on the
24 left showing the relative position of the subject wells,
25 the 6H and the 10H, as well as the WA 1H. And I've also

1 shown the three wells that have already gone to hearing
2 in red on the gun-barrel diagram on the right, the 2H,
3 1H and 3H. The subject wells in this hearing are the 6H
4 and the 10H, also targeting the Upper Wolfcamp
5 Formation, and they show the relative lateral -- lateral
6 placement, as well as the vertical placement.

7 Q. And just a point of clarification, the 1H is
8 also at hearing today as part of the amendment?

9 A. Yes, ma'am.

10 Q. Mr. Perry, in your opinion, would the granting
11 of Marathon's application be in the best interest of
12 conservation, the prevention of waste and the protection
13 of correlative rights?

14 A. Yes, it will.

15 Q. And were Exhibits 10 through 13 prepared by you
16 or compiled under your direction and supervision?

17 A. Yes, they were.

18 MS. BRADFUTE: I would like to tender the
19 admission of Exhibits 10 through 13 into the record.

20 EXAMINER McMILLAN: Exhibits 10 through 13
21 may now be accepted as part of the record.

22 (Marathon Oil Permian, LLC Exhibit Numbers
23 10 through 13 are offered and admitted into
24 evidence.)

25 MS. BRADFUTE: And that concludes my

1 questions of Mr. Perry.

2 EXAMINER McMILLAN: I don't have any
3 questions.

4 CROSS-EXAMINATION

5 BY EXAMINER BROOKS:

6 Q. Well, now, what about the TB 3H? Is that a
7 Bone Spring well?

8 A. It is.

9 Q. I don't have any other questions.

10 MS. BRADFUTE: I have no other questions.
11 I'd ask that this case be taken under advisement.

12 EXAMINER McMILLAN: Case Number 16147 shall
13 be taken under advisement.

14 Let's take a brief recess. Let's come back
15 in ten minutes.

16 (Case Number 16147 concludes, 2:25 p.m.)

17 (Recess, 2:25 p.m. to 2:36 p.m.)

18

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 18th day of December 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