

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 NOS. 20128,
LLC FOR APPROVAL OF A SPACING UNIT 20129,
AND COMPULSORY POOLING, LEA COUNTY, 20131
NEW MEXICO.

APPLICATION OF MARATHON OIL PERMIAN, CASE NOS. 16415,
LLC FOR COMPULSORY POOLING, EDDY COUNTY, 16416,
NEW MEXICO. 16417

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 21, 2019

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
 TERRY WARNELL, TECHNICAL EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 21, 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
 New Mexico CCR #20
 Paul Baca Professional Court Reporters
 500 4th Street, Northwest, Suite 105
 Albuquerque, New Mexico 87102
 (505) 843-9241

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APPEARANCES

FOR APPLICANT MARATHON OIL PERMIAN, LLC:

ZOE E. LEES, ESQ.
DEANA M. BENNETT, ESQ.
MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.
500 4th Street, Northwest, Suite 1000
Albuquerque, New Mexico 87102
(505) 848-1800
zlees@modrall.com
deanab@modrall.com

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EXHIBITS OFFERED AND ADMITTED

(No Exhibits.)

1 (2:08 p.m.)

2 MS. BENNETT: So we're here to clarify the
3 record on two sets of Marathon cases.

4 EXAMINER McMILLAN: So are we opening Cases
5 16415 and 16 and 17?

6 EXAMINER BROOKS: Yeah. We're re-opening
7 the record for clarification.

8 EXAMINER McMILLAN: And 2128 [sic], 2129
9 [sic] and 2131 [sic]?

10 MS. LEES: Yes. We'll start with those
11 three cases.

12 I'm Zoe Lees with Modrall Sperling. With
13 me at the table is Deana Bennett with Modrall, Sperling.
14 We are here on behalf of Marathon.

15 EXAMINER McMILLAN: Are there any other
16 appearances?

17 Please proceed.

18 MS. LEES: I'll start with the BattleFee
19 cases. Those are Case Numbers 20128, 20129 and 20131.
20 We're here in response to Mr. Brooks' request that we
21 clarify the record on these cases. These cases were
22 presented at hearing on January 10th, 2019. We
23 requested that these cases be continued to February 7th,
24 2019 for notice purposes. Notice was sent out on
25 January 17th, 2019. In that notice were the amended

1 applications, and notice was also published on January
2 24th, 2019 for those applications.

3 EXAMINER BROOKS: And we'll take
4 administrative notice that from January 17th to February
5 7th is 20 days.

6 MS. LEES: Thank you. Yes.

7 EXAMINER BROOKS: Actually, it's 21 days.

8 MS. LEES: It's 21 days. That's correct.

9 For the Fremmen wells, which is Case Numbers
10 16415, 16416, 16417, these cases were also presented to
11 the Division on January 10th, 2019. At that hearing we
12 requested to continue these cases to February 7th for
13 notice purposes. Notice letters were sent out on
14 January 17th, 2019 with the amended applications, and
15 publication for these cases was on January 23rd, 2019 as
16 well. And we ask that you take administrative notice
17 that January 17th, 2019 is 21 days before February 7th.

18 EXAMINER BROOKS: We will do so.

19 Now, there was an amended petition that was
20 filed. When was the amended petition filed?

21 MS. LEES: May I just request which case
22 are you talking about?

23 EXAMINER BROOKS: They were all on the same
24 day.

25 MS. LEES: So I can go through --

1 EXAMINER BROOKS: They were all filed
2 before -- on or before January 17th.

3 MS. LEES: Before the January 10th hearing.

4 EXAMINER BROOKS: Now, what I need you to
5 tell us is what changed in the amended petitions -- the
6 amended applications.

7 MS. LEES: Sure. So I'll start with the
8 BattleFee cases.

9 EXAMINER BROOKS: Okay.

10 MS. LEES: For Case Number 20128, there
11 were two amended applications. Would you like me to go
12 through how each of those changed or just how the last
13 one that we filed was different?

14 EXAMINER BROOKS: Just the last one.

15 MS. LEES: Okay. The last one that was
16 filed, for 20128, did away with the depth severance. So
17 instead they just pooled the entire pool.

18 EXAMINER BROOKS: Okay. And how is that
19 going to work? I mean -- I guess we went into all that
20 at the previous hearing.

21 MS. LEES: We did, yes.

22 EXAMINER BROOKS: And there was a proposal,
23 and we can just act on the basis of the evidence that
24 was already in the record --

25 MS. LEES: That's correct.

1 EXAMINER BROOKS: -- of how to dispose of
2 that proposal.

3 MS. BENNETT: And just to clarify for the
4 record, the hearing that was held on January 10th was
5 held on the amended applications, not on --

6 EXAMINER BROOKS: Yeah. Well, that has
7 been said in conclusory form already. I'm trying to get
8 the specifics of that, what the amended application
9 changed so we can satisfy ourselves when we start on the
10 order.

11 MS. LEES: Yes.

12 MS. BENNETT: Didn't you also review the
13 transcripts for these cases and you went through that in
14 the transcript at the hearing?

15 MS. LEES: Yes.

16 So what I was about to say is if you -- if
17 you do look at the transcripts, our landman did testify
18 as to how the amended application changed --

19 EXAMINER BROOKS: Okay.

20 MS. LEES: -- that we were presenting at
21 hearing.

22 EXAMINER BROOKS: Good.

23 MS. LEES: Yes.

24 But just for your sake here today, I can
25 briefly describe what those changes were. I would like

1 to depend on what my landman testified to.

2 EXAMINER BROOKS: You may do so.

3 MS. LEES: Okay. For Case Number 20129,
4 that amended application, there was a naming protocol
5 change at the request of the BLM. So it changed the
6 name of the 17H well, and it also added the 25H well to
7 that application, and it added the depth severance.

8 EXAMINER BROOKS: Okay.

9 MS. LEES: Okay?

10 EXAMINER BROOKS: It added a depth
11 severance.

12 MS. LEES: It did.

13 EXAMINER BROOKS: So there is going to be a
14 depth severance.

15 MS. LEES: There is. And, again, our
16 landman went through those changes in the amended
17 application at the hearing, and then we had a geologist
18 provide testimony at the hearing about the depth
19 severances.

20 EXAMINER BROOKS: Good.

21 MS. LEES: In Case Number 20131, the second
22 amended application changed the depth severance to,
23 quote, "from 100 feet below the top of the Wolfcamp
24 formation (plus or minus 12,080) to the base of the
25 Wolfcamp oil pool," unquote. Again, our landman did

1 provide testimony at the hearing as to the changes in
2 this application, and we had a geologist also testify as
3 to those depth severances at the hearing.

4 EXAMINER BROOKS: Okay. That's a very
5 curious scenario, to have a -- have a range rather than
6 a line. Is that a result our nomenclature definition,
7 or do you know?

8 MS. LEES: I don't know, but we did have a
9 geologist go over the specifics of the depth severance
10 of the --

11 EXAMINER BROOKS: Well, if we have any
12 questions, we'll ask the geologist to send a letter to
13 you.

14 MS. LEES: Please do.

15 EXAMINER BROOKS: No one else appeared at
16 the hearings, right?

17 MS. LEES: No. No one else entered their
18 appearances.

19 EXAMINER BROOKS: So we don't have to copy
20 anybody?

21 MS. LEES: No.

22 EXAMINER BROOKS: Okay. Thank you.

23 MS. LEES: For the Fremen wells -- and
24 Ms. Bennett is here with me today, and so she might also
25 be able to help with these applications as well if there

1 are any questions.

2 For Case Number 16415, the amended -- and,
3 again, we had a landman at these hearings testifying to
4 the changes in the applications. The amended
5 application changed the naming protocol of the well, and
6 the well was changed in this application to the Fremmen 7
7 WD Fed Com 1H.

8 EXAMINER BROOKS: Was the location changed
9 or just the name?

10 MS. BENNETT: The location was not changed
11 in terms of the surface location, but the target
12 formation was changed. It went from a 3rd Bone Spring
13 to a Wolfcamp.

14 EXAMINER BROOKS: Well, that's much more
15 important than the surface location, unless you're the
16 surface owner.

17 MS. BENNETT: Right. So depending upon
18 your question, the answer is yes.

19 EXAMINER BROOKS: Okay.

20 MS. LEES: For Case Number 16416, there was
21 a new naming protocol, so that was one change, and it
22 changed the pool from the 3rd Bone Spring to the
23 Wolfcamp.

24 EXAMINER BROOKS: Okay.

25 MS. LEES: Okay?

1 And for Case 16417, again, there was a new
2 naming protocol, and that was it. Those were the only
3 changes to that application.

4 EXAMINER BROOKS: Yeah.

5 MS. LEES: And for all three of those
6 applications, we had a landman testify as well at the
7 hearing about the changes in those applications.

8 MS. BENNETT: And the notice letter that we
9 sent out on January 17th included the February 7th
10 hearing date and our notice letters and also our
11 publication.

12 EXAMINER BROOKS: Very good.

13 Well, is that all you have.

14 MS. LEES: That's it.

15 EXAMINER BROOKS: Well, hopefully we will
16 not again anytime soon set the same case on two
17 different dockets. But that being the case, I suppose,
18 since I'm the one that re-opened them, I can say we can
19 now take these cases under advisement, unless you want
20 to say it.

21 EXAMINER McMILLAN: Go ahead.

22 EXAMINER BROOKS: What are the case
23 numbers?

24 EXAMINER McMILLAN: I'm looking at them
25 right now: Cases 16415, 16416, 16417, 20128, 20129 and

1 20131 shall be taken under advisement.

2 MS. LEES: Thank you very much.

3 (Case Numbers 20128, 20129, 20131 and

4 16415, 16416 and 16417 conclude, 2:18 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 27th day of March 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

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