

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:

CASE NOS: 20867, 20868

APPLICATION OF MARATHON OIL PERMIAN LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE, and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 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: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
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A P P E A R A N C E S

For the Applicant:

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For BTA Oil Producers:

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I N D E X

CASE NO. 20867 and 20868 CALLED	
CHASE RICE (By Affidavit)	03
REBECCA HORNE (By Affidavit)	05
TAKEN UNDER ADVISEMENT:	06

E X H I B I T I N D E X

	Admitted
Exhibit A and Attachments	05
Exhibit B and Attachments	05

1                   HEARING EXAMINER LOWE: We will call case Number  
2   20867 and 20868, Marathon for compulsory pooling. Call for  
3   appearance.

4                   MS. BENNETT: Good morning. Deana Bennett on  
5   behalf of Marathon Oil Permian LLC.

6                   MR. LARSON: Good morning, Mr. Examiner. Gary  
7   Larson with the Santa Fe office of Hinkle Shanor for BTA Oil  
8   Producers.

9                   MS. BENNETT: Good morning. I asked these two  
10   cases be consolidated for purposes of hearing, and I propose  
11   to put these two cases on by affidavit, assuming there are  
12   no objections from BTA.

13                  MR. LARSON: No objection.

14                  HEARING EXAMINER LOWE: You may proceed.

15                  MS. BENNETT: Thank you. I have placed before  
16   you a single packet for these two cases, Case Number 20867  
17   and Case Number 20868. These two cases are the Valkyrie  
18   Second Bone Spring well applications. And again, this is in  
19   the S/2 uncontested.

20                  Behind Tab A is the affidavit of Chase Rice, the  
21   landman from Marathon who has previously testified before  
22   this Division. And his affidavit identifies all the terms  
23   that Marathon is seeking included in the order.

24                  One thing I should note about this case that I  
25   didn't note about the prior case, but would be equally

1 applicable, Marathon is requesting that overriding royalty  
2 interest owners be pooled, and those overriding royalty  
3 interest owners are identified behind Tab 7.

4 As with the previous cases, behind Mr. Rice's  
5 affidavit, I have included the application for the two cases  
6 for your convenience.

7 Behind Tab 3 are the C-102s for the Second Bone  
8 Spring wells. These wells will be orthodox.

9 HEARING EXAMINER LOWE: Okay.

10 MS. BENNETT: Behind Tab 4 are the lease tract  
11 maps and breakdown between committed and uncommitted working  
12 interest owners, and they run in order. So the first two  
13 pages are for the 14H well, and the second two pages are for  
14 the 15H well.

15 Behind Tab 5 is the proposal letter which is the  
16 same proposal letter we just reviewed. Again, it has more  
17 wells than Marathon proposed, more wells than are currently  
18 at issue in this particular case. Half of them are in the  
19 N/2, half are in the S/2, and we will get to the N/2 later  
20 today or tomorrow.

21 Behind Tab 6 are the AFEs for these wells.

22 Behind Tab 7 is my notice affidavit with the  
23 letters that were sent out, and again this includes the Fed  
24 Ex information for the mailing to BLM, as well as an  
25 affidavit of publication showing that notice of this hearing

1 was published.

2 Behind Tab B is the affidavit of Ms. Rebecca  
3 Horne. I will supplement her exhibit with her resume.  
4 Behind her affidavit are the slides that one would  
5 anticipate, the locator map, the wellbore schematic, a  
6 structure map, a map showing the location of the wells that  
7 Ms. Horne used for her cross reference -- or for her cross  
8 section, a cross section, as well as an isochore.

9 Finally, behind Tab 11 is a citation to the Snee  
10 Zoback paper justifying Ms. Horne's conclusions regarding  
11 the preferred orientation of wells in this area.

12 With that I would ask that Exhibits A and B and  
13 their attachments be admitted into the record in both case  
14 numbers 20867 and 20868.

15 HEARING EXAMINER LOWE: Okay. Any objection?

16 MR. LARSON: No objection.

17 HEARING EXAMINER LOWE: No objection, Exhibits A  
18 and B will be accepted for both cases.

19 MS. BENNETT: Thank you.

20 (Exhibits A and B admitted.)

21 MS. BENNETT: I have nothing further. If anyone  
22 has any questions, I would be happy to answer them. I  
23 should have mentioned -- I will exhibit -- I'm sorry, slow  
24 down. Too much caffeine. I will be sending in Exhibit A's  
25 when I submit the PDF of the exhibits.

1 EXAMINER MURPHY: No questions. Thank you.

2 HEARING EXAMINER LOWE: Mr. Goetze?

3 EXAMINER GOETZE: No questions. Thank you.

4 HEARING EXAMINER LOWE: Eric?

5 MR. AMES: None.

6 HEARING EXAMINER LOWE: I had a question, but I  
7 lost it.

8 MS. BENNETT: Okay. I will wait. Okay. Thank  
9 you. With that I would ask that Case Numbers 20867  
10 and 20868 be taken under advisement.

11 HEARING EXAMINER LOWE: Cases number -- are you  
12 okay?

13 MR. LARSON: Yes.

14 HEARING EXAMINER LOWE: Cases Number 20867 and  
15 20868 will be taken under advisement.

16 MS. BENNETT: Thank you.

17 (Cases taken under advisement.)  
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1 STATE OF NEW MEXICO )  
 )SS  
2 COUNTY OF SANTA FE )

3 I, IRENE DELGADO, certify that I reported the  
4 proceedings in the above-transcribed pages, that pages  
5 numbered 1 through 6 are a true and correct transcript of my  
6 stenographic notes and were reduced to typewritten  
7 transcript through Computer-Aided Transcription, and that on  
8 the date I reported these proceedings I was a New Mexico  
9 Certified Court Reporter.

10 Dated at Santa Fe, New Mexico, this 14th day of  
11 November 2019.

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14 \_\_\_\_\_  
Irene Delgado, NMCCR 253  
Expires: 12-31-19

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