

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
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A P P E A R A N C E S

For the Applicant:

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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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Irene Delgado, NMCCR 253
Expires: 12-31-19