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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: 22950, 22951

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
AUGUST 4, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER JOHN GARCIA on
Thursday, August 4, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

DEANA BENNETT

MODRALL SPERLING ROEHL HARRIS & SISK PA

500 4th Street, NW, Suite 1000

Albuquerque, NM 87102

505-848-9710

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1 HEARING EXAMINER BRANCARD: We are or on items 42
2 and 43. These will be cases 22950, 22951, Marathon Oil
3 Permian.

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

6 HEARING EXAMINER BRANCARD: Are there any other
7 entries of appearance for cases 22950, 22951?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: Hearing none, you may
10 proceed, Ms. Bennett.

11 MS. BENNETT: Thank you very much. These two
12 cases are companion cases and involve Marathon Ripley wells.
13 Case Number 22950 seeks an order pooling uncommitted mineral
14 interests in a Wolfcamp horizontal spacing unit, a 640 acre
15 standard horizontal spacing unit which would be dedicated to
16 the Ripley 35-26 WXY Fed Com 3H Well and Ripley 35-26 WXY
17 Fed Com 5H Well.

18 And in case 22951, Marathon is proposing a
19 standard 640 acre spacing unit, a Second Bone Spring unit,
20 and that unit would be dedicated to the Ripley 35-26 SB Fed
21 Com 201H Well, 202H Well and 203H well. And these are in
22 Eddy County, and both of the applications involve the
23 acreage underlying the E/2 of Sections 26 and 35, Township
24 24 South, Range 28 East, Eddy County.

25 And in each, we submitted exhibits on Tuesday,

1 and each exhibit packet follows the same layout or
2 organization, so I will run through the organization
3 quickly.

4 The first exhibit in our exhibit packet is a
5 compulsory pooling checklist. The compulsory pooling
6 checklist is followed by the self-affirmed declaration of
7 Mr. Chase Rice. Mr. Rice is a landman at Marathon and his
8 credentials have previously been accepted as a matter of
9 record.

10 Behind his declaration we've included the
11 application, the C-102s, a lease tract map that includes and
12 identifies or a breakdown of the types of acreage, followed
13 by a summary of interests and then that is followed by a
14 list of the parties to be pooled.

15 That follows, Exhibit B-4 is the summary of
16 contacts outlining Mr. Rice's contact with the uncommitted
17 working interest owners. And after that we provide a copy
18 of the proposal letter and AFEs, followed by my notice
19 declaration outlining that notice letter was timely sent,
20 and that publication was done timely, and we have included a
21 copy of the affidavit of publication showing that
22 publication was done timely. It was published on July 17,
23 2022.

24 The next set of exhibits behind Tab C are the
25 geology studies prepared by Elizabeth Scully. Ms. Scully

1 has not previously testified before the Division, and so her
2 credentials have not been accepted as a matter of record.
3 But I did outline briefly in her declaration, her
4 educational background, but we have also included as
5 Exhibit C-8 a copy of her resume. And as she notes in her
6 declaration, she received a master's of science and geology
7 in 2014, and she has worked as a petroleum geologist since
8 2014 and has worked at Marathon for eight years. So I would
9 ask her credentials as a petroleum geologist be accepted as
10 a matter of record.

11 HEARING EXAMINER BRANCARD: Thank you. Her
12 credentials will be accepted as an expert witness.

13 MS. BENNETT: Thank you. So following her
14 declaration are the usual suite of geology exhibits
15 including the locator map showing the location of the unit
16 in relation to Capitan Reef, a wellbore schematic, and then
17 structure map, cross reference locator map, a stratigraphic
18 cross section, and then an isochore -- interval isochore, as
19 well as an excerpt from the Snee Zoback paper supporting the
20 justification for the well orientation in these cases. And
21 in her opinion, she testifies that these units are justified
22 from a geological perspective.

23 And so the exhibits are very similar in both
24 cases. I would, at this time, ask that the exhibits in case
25 Number 22950 and 22951 be admitted into the record, and I

1 will answer any questions or try to answer any questions the
2 Division may have. Thank you.

3 HEARING EXAMINER BRANCARD: Thank you.

4 Mr. Garcia, any questions?

5 TECHNICAL EXAMINER GARCIA: I don't believe so.

6 HEARING EXAMINER BRANCARD: Thank you. I'm
7 trying to piece together your notice and your -- who is
8 being pooled here. So it looks like Page 22 is your list of
9 parties to be pooled.

10 MS. BENNETT: That's right.

11 HEARING EXAMINER BRANCARD: So from what -- you
12 indicated that some of these parties have elected to
13 participate, but I assume you are pooling them because you
14 don't have a JOA yet.

15 MS. BENNETT: That's correct. They have elected
16 to participate, but they have not entered into a JOA. And
17 if anything changes, I will alert the Division to that
18 effect.

19 HEARING EXAMINER BRANCARD: Thank you. So then I
20 get all the way down to the notice, I think I'm on Page 38.

21 MS. BENNETT: 28?

22 HEARING EXAMINER BRANCARD: Page 38 your US
23 Postal Service report there.

24 MS. BENNETT: Which case are you in.

25 HEARING EXAMINER BRANCARD: Sorry. I'm in 51.

1 51 has the larger number of pooled parties.

2 MS. BENNETT: I'm there with you.

3 HEARING EXAMINER BRANCARD: So I see four working
4 interest owners undelivered. The working interest owners
5 are at the bottom of the page.

6 MS. BENNETT: So Shadowfeet and Pandora?

7 HEARING EXAMINER BRANCARD: Yeah.

8 MS. BENNETT: Yeah, those do show undelivered.
9 One shows forwarded and I'm not sure what status of that is
10 at this point. I can go back and double check on those and
11 see if there is any further information in the tracking
12 system, but we did publish as to the those two working
13 interest owners as well. And so those two working interest
14 owners, well, Shadowfeet and Pandora, I think, are parties
15 that have signed elections -- yeah, Shadowfeet and
16 Pandora --

17 HEARING EXAMINER BRANCARD: We have three parties
18 who you are obviously in contact with and have committed to
19 this, but somehow you don't have addresses for sending them
20 notices.

21 MS. BENNETT: I have used the same address that
22 Marathon used to send the proposal letter, so it is the
23 correct address. It's just that I can't control what USPS
24 does unfortunately, but I can do more research and see --
25 look at the tracking number and see if I can find any

Page 7

1 further information about how those letters might have gone
2 awry.

3 HEARING EXAMINER BRANCARD: If you have an
4 update, that would be great.

5 MS. BENNETT: I will. And I will also confirm we
6 used the same address that Marathon uses in the proposal
7 letters, and if I'm correct about that, I will set that out
8 in the notices -- in a supplemental exhibit as well.

9 HEARING EXAMINER BRANCARD: Thank you. All
10 right. Anything else, Mr. Garcia?

11 TECHNICAL EXAMINER GARCIA: I don't believe so.

12 HEARING EXAMINER BRANCARD: All right. Anyone
13 else for case 22950, 22951?

14 (No audible response.)

15 HEARING EXAMINER BRANCARD: Hearing none, these
16 cases -- the exhibits will be admitted into the record and
17 they will be taken under advisement and the record left open
18 for an updated mail notice report.

19 MS. BENNETT: Thank you very much.

20 (Exhibits admitted.)

21 (Taken under advisement.)

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STATE OF NEW MEXICO
COUNTY OF BERNALILLO

REPORTER'S CERTIFICATE

I do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this case.

I FURTHER CERTIFY that the Virtual Proceeding was of poor to good quality.

Dated this 4th day of August 2022.

Irene Delgado
Court Reporter
License Expires: 12-31-22

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