

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF WPX ENERGY PERMIAN, LLC TO RESCIND DIVISION
APPROVAL OF APPLICATIONS FOR PERMITS TO DRILL FILED BY TAP ROCK
RESOURCES, LLC, EDDY COUNTY, NEW MEXICO.**

CASE NO. 21376

WPX'S PRE-HEARING STATEMENT

WPX Energy Permian, LLC, ("WPX") submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

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OPPONENT

Tap Rock Resources, LLC

Attn: Dana Arnold

ATTORNEY

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STATEMENT OF CASE

WPX seeks an order rescinding the Division approval of ten applications for permits to drill filed by Tap Rock Resources, LLC ("Tap Rock") for the Wolfcamp formation underlying the E/2 of Sections 27 and Lots 5, 6, 11 & 12 (NE/4 equivalent) of Section 34, Township 26

South, Range 29 East, NMPM, Eddy County, New Mexico. The ten applications for permits to drill involving the following wells:

- WTG FC 203H, API No. 30-015-47030
- WTG FC 204H, API No. 30-015-47031
- WTG FC 206H, API No. 30-015-47032;
- WTG FC 208H, API No. 30-015-47034;
- WTG FC 213H, API No. 30-015-47036;
- WTG FC 214H, API No. 30-015-47037;
- WTG FC 216H, API No. 30-015-47038;
- WTG FC 218H, API No. 30-015-4704;
- WTG FC 234H, API No. 30-015-47042; and
- WTG FC 244H, API No. 30-015-47043.

Under Case No. 16433 the Division issued Order R-20388 pooling a spacing unit comprised of the subject acreage and dedicating the spacing unit to the proposed Welcome to Golden 26S29E2734 Well No. 244H. However, that pooling order expired on February 29, 2020, after Tap Rock failed to commence drilling the proposed well and failed to seek an extension of the pooling order from the Division. *See* R-20388, Ordering paragraphs (5) and (6).

Division record further reflect that in April of 2020, the Division received and approved applications for permits to drill the ten applications identified above for the subject acreage. However, Tap Rock's filing of these ten applications was in violation of 19.15.16.15.A NMAC which provides:

- (1) An operator **shall not file an application for permit to drill nor commence the drilling of a horizontal oil or gas well until** the operator has either:
 - (a) received the consent of at least one working interest owner or unleased mineral interest owner of each tract (in the target pool or formation) in which any part of the horizontal oil or gas well's completed interval will be located; or
 - (b) obtained a compulsory pooling order from the division for an appropriate horizontal spacing unit. (emphasis added)

WPX owns all the working interest S/2 SE/4 and the SW/4 NE/4 of Section 27 and is therefore directly affected by the filing and approval of these ten drilling permits. Tap Rock has neither entered into a voluntary agreement with WPX for the drilling of these ten wells nor has Tap Rock pooled the necessary spacing unit for these ten wells.

The drilling permits for the ten wells identified above were improperly filed by Tap Rock and the Division's approval of these drilling permits was obtained under false pretenses. In order to protect the integrity of the Division's permitting process, the Division's approval of these ten drilling permits must be rescinded.

WPX's PROPOSE EVIDENCE

WPX will present the affidavit of Aaron Young to confirm WPX's ownership in the subject acreage and the absence of any voluntary agreement with Tap Rock for the drilling of these ten wells. WPX will also present a notice affidavit demonstrating that proper notice of this application and hearing was provided to Tap Rock. WPX does not anticipate the need to present any additional evidence as the facts forming the basis for the relief requested under this application are evident from the Division records and undisputed.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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ATTORNEYS FOR WPX ENERGY PERMIAN, LLC

CERTIFICATE OF SERVICE

I hereby certify that on July 30, 2020, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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