

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 Tap Rock Operating, LLC
for Compulsory Pooling,
Lea County, New Mexico

Case No. 22654

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, APRIL 7, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, John Garcia Technical Examiner, on Thursday, April 7, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

A P P E A R A N C E S

1 FOR TAP ROCK OPERATING: Sharon T. Shaheen, Esq.
 2 Montgomery & Andrews
 3 325 Paseo de Peralta
 4 Santa Fe NM 87501
 5 (505) 986-2678
 6 sshaaheen@montand.com

C O N T E N T S

6	CASE NO. 22654	PAGE
7	CASE CALLED:	3
8	TAKEN UNDER ADVISEMENT:	11

9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

I N D E X O F E X H I B I T S		
	TAP ROCK EXHIBITS	PAGE
1		
2		
3	Tab 1 Checklist	11
	Tab 2 Applications	11
4	Tab 3 Affidavit of Landman Taylor Ford	11
	Tab 4 Landman exhibits	
5		
	4-1A C-102	11
6	4-1B C-102	11
	4-1C C-102	11
7	4-1D C-102	11
	4-2 Tract Ownership	11
8	4-3 Further indication of tract ownership	11
	4-4 Unit Interest Breakdown	11
9	4-5 Well Proposal Letter with the AFEs	11
	4-6 Chronology of Communications	11
10		
	Tab 5 Affidavit of Geologist Eli Denbesten	11
11		
	Tab 6 Geology Exhibits	11
12		
	6-7 Project Locator Map	11
13	6-8 Target Zone Development, gunbarrel	11
	6-9 Structure Map	11
14	6-10 Stratigraphic Cross Section	11
	6-11 Isopach Map	11
15	6-12 Wellbore diagrams	11
16	Tab 7 Affidavit of Notice	11
17	7-1A List of parties who received Notice	11
	7-2 Spreadsheet with date showing Certified Mailings receipt	11
18		
19		
20		
21		
22		
23		
24		
25		

1 (Time noted 1:03 p.m.)

2 EXAMINER BRANCARD: All right. When we left off
3 we were about to start with Item No. 50, Case 22654, Tap
4 Rock Operating.

5 MS. SHAHEEN: Thank you Mr. Examiner. Sharon
6 Shaheen on behalf of Tap Rock Operating, LLC.

7 EXAMINER BRANCARD: All right. And then are
8 there any other interested parties for Case 22654?

9 Hearing none, you may proceed Ms. Shaheen.

10 MS. SHAHEEN: Thank you. In this case Tap Rock
11 proposes to pool 640 acres in the west half of Sections 16
12 and 21, township 6 South, Range 35 East in Lea County, and
13 proposes to drill four wells. One of those, the Talco
14 State Fed Com 125H, is identified as a proximity well in
15 the east half of the west half of Sections 16 and 21 are
16 the proximity tracts.

17 The other wells are the Talco State Fed Com
18 111H, the 112H and the 127H.

19 Scrolling through the exhibits, at Tab 2 --
20 Well, Tab 1 you have the checklist, at Tab 2 you have the
21 applications. Tab 3 is the Affidavit of Landman Taylor
22 Ford. She attaches to her affidavit exhibits that are
23 ordinarily attached by the landman. She has previously
24 testified and had her testimony admitted in previous
25 matters.

1 Scrolling down to Tab 4, you will find the
2 landman exhibits. The first exhibit is -- are the C-102s,
3 1-A through 1-D. I will note that they are not signed but
4 they are stamped.

5 Exhibit 2 is the Tract Ownership.

6 Exhibit 3 indicates -- is further
7 indication of tract ownership here, and I'll note that the
8 only working interest party that Tap Rock seeks to pool
9 here is Enriqueta Garrett, and she owns approximately .11
10 percent interest in the unit.

11 Or excuse me. It may be in Tract 3. I
12 believe it's .11 percent interest in Tract 3.

13 Turning to Exhibit 4 you'll see the unit
14 interest breakdown -- and I may be misinforming you here.

15 On the second page of Exhibit 4 there are a
16 number of overrides whom Tap Rock seeks to pool here.

17 Exhibit 5 is the Well Proposal Letter with
18 the AFEs for each well.

19 Exhibit 6 is the chronology of
20 communications with Ms. Garrett.

21 That takes us to Tab 5, where we have the
22 affidavit of geologist Eli Denbesten. Mr. Denbesten has
23 not previously testified before the Division.

24 He hold a Bachelor's degree in geology from
25 Grand Valley State University. Since 2014 he has been

1 employed as a petroleum geologist for several independent
2 and small private oil and gas companies, and much of his
3 professional work for the last four years has focused on
4 the Midland Basin of Texas and the Delaware Basin of New
5 Mexico and Texas.

6 With that brief summary of his work history
7 and education I would ask that his affidavit be admitted
8 into the record and his testimony be accepted as that of
9 an expert.

10 Mr. Denbesten also includes the usual
11 geology exhibits here.

12 Turning to Tab 6 you will find his geology
13 exhibits. Exhibit 7 is the Project Locator Map.

14 Exhibit 8 is the Target Zone Development,
15 the gunbarrel.

16 Exhibit 9 is the Structure Map.

17 Exhibit 10 is the stratigraphic Cross
18 Section.

19 Exhibit 11 is the Isopach Map.

20 Finally, in Exhibit 12 we have some
21 wellbore diagrams, four of them.

22 Moving on to Tab 7 is my Affidavit of
23 Notice. It explains that we sent Notice of the
24 application by Certified Mail on March 16 to all
25 uncommitted interest owners sought to be pooled.

1 We've attached Exhibit 1, a spreadsheet
2 that indicates -- well, excuse me, Exhibit 1 one is the
3 Notice Letter that went out March 16. Exhibit -- and
4 Exhibit A to the Notice Letter has the list of parties who
5 received Notice.

6 Exhibit 2 on the Affidavit of Notice has
7 the spreadsheet indicating when the Certified Mailings
8 were received, and there are a few of the overrides who
9 were unlocatable. We had addresses but they were
10 returned.

11 So that's on the second page of Exhibit 2
12 to the Affidavit of Notice: Samara Heafitz, Carrie
13 Bridget Fisher, and the following page is Jeanette Fisher
14 McKillop. Again those are overrides.

15 Then we follow up with the Certified
16 Mailings.

17 In some instances we don't get a green card
18 back so we check through the tracking website and print
19 what is recorded there. You can see that on .pdf page 64
20 of the Exhibits, an example there.

21 Last but not least is the publication
22 Exhibit 3 to the Affidavit of Notice which was published,
23 Notice was published March 20th, 2022.

24 With that I would ask that the exhibits
25 here be accepted into the record and the case be taken

1 under advisement. Of course I'm happy to answer any
2 questions -- with a little trepidation I might add.

3 EXAMINER BRANCARD: Thank you.

4 Mr. Garcia, can you provide some more
5 trepidation?

6 EXAMINER GARCIA: I don't think I have any
7 questions for this case.

8 EXAMINER BRANCARD: Ah. Disappointing.

9 Well, I looked high and low. Let's just
10 start with the checklist.

11 MS. SHAHEEN: All right.

12 EXAMINER BRANCARD: You actually have them
13 numbered, the questions, so I guess starting with Question
14 29, Applicant's ownership in each tract.

15 MS. SHAHEEN: Yes.

16 EXAMINER BRANCARD: 00XX percent.

17 MS. SHAHEEN: Oh, that's my mistake. I can
18 submit a revised one.

19 But it is evident on Exhibit -- let me go
20 forward a little bit here. Evident on Exhibit, I'm going
21 to guess 3 or 4.

22 EXAMINER BRANCARD: It does reference Exhibit 3.

23 MS. SHAHEEN: So Exhibit 3 Tap Rock has the
24 remainder of what Ms. Garrett did not have in Tract 3, and
25 I'm having a little trouble locating it here.

1 EXAMINER BRANCARD: Actually it's Exhibit 4, I
2 think.

3 MS. SHAHEEN: Well, Exhibit 4 has the unit
4 interest breakdown. So it looks like perhaps I have not
5 indicated the percentage of interest that Tap Rock has in
6 Tract 3, but it is all of that except for what is owned by
7 Ms. Garrett.

8 So I'm happy to provide a revised checklist
9 and perhaps update Exhibit 3 a little bit.

10 EXAMINER BRANCARD: Okay.

11 So in Exhibit 4, unit interest breakdown,
12 there is a blank next to Committed Working Interest.

13 Is that Devon?

14 MS. SHAHEEN: That's Devon.

15 EXAMINER BRANCARD: And so did -- Devon is
16 actually committed, they have actually signed off, right?

17 MS. SHAHEEN: Yes, that's my understanding.
18 That's why they were not identified as a party to be
19 pooled.

20 EXAMINER BRANCARD: Right. I noticed that.
21 Okay.

22 All right. Let's go -- where is your
23 Notice Affidavit? There it is, Exhibit F-7, Exhibit C.
24 Okay. I said I was going to do the good and the bad and
25 the ugly. This is the good. This is an example what

1 should be, I think, basically in a Notice Affidavit. You
2 indicated you did mail it, you gave a date, which exhibit
3 that is. You indicated when it was published and where
4 and gave a date. So those are the basic facts. It's in a
5 Notice Affidavit, and I think is that should be in
6 everyone's Notice Affidavit at minimum.

7 So thank you.

8 MS. SHAHEEN: All credit goes to my assistant.
9 Thank you.

10 EXAMINER BRANCARD: All right. I think that's
11 all I have.

12 Anything else, Mr. Garcia?

13 EXAMINER GARCIA: No other questions.

14 EXAMINER BRANCARD: So any other persons here
15 for case 22654?

16 Hearing none, your exhibits will be
17 admitted into the record, your experts accepted.

18 And so what do we need from you, Ms.
19 Shaheen.

20 MS. SHAHEEN: We need a checklist that
21 identifies the percentage of interest that Tap Rock has in
22 Tract 3, and we need to update Exhibit 3 and/or Exhibit 4
23 to indicate that same interest.

24 EXAMINER BRANCARD: Okay. Hopefully you can get
25 that to us within a week.

1 MS. SHAHEEN: Absolutely.

2 EXAMINER BRANCARD: Otherwise this case will be
3 taken under advisement. Thank you.

4 MS. SHAHEEN: Thank you.

5 (Time noted 1:12 p.m.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

4

5

REPORTER'S CERTIFICATE

6

I, MARY THERESE MACFARLANE, New Mexico Reporter

7

CCR No. 122, DO HEREBY CERTIFY that on Thursday, March 17,

8

2022, the proceedings in the above-captioned matter were

9

taken before me; that I did report in stenographic

10

shorthand the proceedings set forth herein, and the

11

foregoing pages are a true and correct transcription to

12

the best of my ability and control.

13

I FURTHER CERTIFY that I am neither employed by

14

nor related to nor contracted with (unless excepted by the

15

rules) any of the parties or attorneys in this case, and

16

that I have no interest whatsoever in the final

17

disposition of this case in any court.

18

19

/S/CCR/Mary Therese Macfarlane

20

MARY THERESE MACFARLANE, CCR
NM Certified Court Reporter No. 122
License Expires: 12/31/2022

21

22

23

24

25