

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

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APPLICATION OF CHEVRON U.S.A., INC.
FOR A NON-STANDARD OIL, SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 16132

APPLICATION OF CHEVRON U.S.A., INC.
FOR A NON-STANDARD OIL, SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 16133

APPLICATION OF TAP ROCK, LLC FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

Case No. 16134

APPLICATION OF TAP ROCK, LLC FOR
A NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 16160

MOTION TO DISMISS TAP ROCK LLC APPLICATIONS or
ALTERNATIVELY TO DEFER HEARINGS

EOG Y Resources, Inc., EOG A Resources, Inc., and EOG Resources Assets, LLC,
(collectively "EOG") by and through its undersigned attorney, moves the Division for dismissal
of the above-captioned application, and as grounds therefor, states:

1. In Case No. 16134 Tap Rock LLC ("Tap Rock") has applied for an order creating
a 320-acre gas spacing and proration unit in the Wolfcamp for comprised of the E/2 of Section
14, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, and for compulsory
pooling all uncommitted interests in the Wolfcamp formation underlying the proposed unit.

2. In Case No. 16160 Tap Rock has applied for an order creating a 160-acre spacing and proration unit in the Bone Spring formation comprised of the E/2E/2 of Section 14, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, and for compulsory pooling all uncommitted interests in the Bone Spring formation underlying the proposed unit.

3. In both cases Tap Rock represents to own working interests in the two proposed spacing and proration units.

4. In both cases Tap Rock alleges that it has "in good faith sought to obtain voluntary joinder of all other mineral interest owners" in the respective spacing and proration units sought under the applications.

5. EOG owns working interests in the S/2 of Section 14, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, from the surface of the earth to 10,000 feet, which includes vertical portions of the Bone Spring formation.

6. EOG has not received well proposals applicable to the proposed Bone Spring well in Case No. 16160 nor has it received formal notice of hearing in compliance with Division rules and regulations.

7. EOG has made well proposals for Leonard, 3rd Bone Spring and Wolfcamp wells proposing 1.5 mile horizontal wells in the S/2 of Section 14 and Section 23 Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. A list of EOG's wells proposed by EOG is attached as Exhibit A hereto.

8. Chevron U.S.A. has made well proposals and applications as shown in the caption of this motion for Bone Spring and Wolfcamp wells covering the S/2 of Section 11, and all of Section 14, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. These well proposals and applications overlap the Tap Rock applications and the EOG well proposals.

9. EOG has been notified by Douglas McLeod, owner of the leasehold interests under which Tap Rock's interest arises, that he has signed all ten of the AFEs and well proposals for the wells listed on Exhibit A to the extent of his interest, whatever it may legally be; therefore, EOG may have rights in the Wolfcamp formation in the S/2 of Section 14 for which it has not received well proposal or formal notice of hearing.

10. Similarly, EOG has not received Wolfcamp proposals from Chevron U.S.A. for Chevron's wells to the extent that the proposed wells will be drilled to include the S/2 of Section 14.

WHEREFORE, EOG requests that:

- A. The Tap Rock applications in Cases Nos. 16134 and 16160 be dismissed.
- B. The Chevron U.S.A. applications in Cases Nos. 16132 and 16133 be dismissed.
- C. Alternatively, that all of the captioned applications be deferred until such time as:
 1. Tap Rock complies with well proposal and notice requirements; and,
 2. Chevron complies with well proposal and notice requirements as to its proposed Wolfcamp wells to the extent that they include the S/2 of Section 14.
 3. Until such time as EOG's well proposal are considered by other interest owners, including Tap Rock; and,
 4. If necessary, hearings on the competing proposals and applications be combined and heard together.
- D. For such other relief as the Division deems appropriate.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

By: /s/ **ERNEST L. PADILLA**

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing was served to counsel of record by electronic mail this 14th day of May, 2018.

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