

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF TEXAS STANDARD OIL, LLC
TO RE-OPEN CASE NO. 22325 (FOR COMPULSORY
POOLING) AND FOR RESCISSION OF AN API
NUMBER ASSIGNED TO AN APPLICATION FOR
PERMIT TO DRILL ISSUED TO MANZANO, LLC,
LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Texas Standard Oil, LLC ("Texas Standard") applies for an order (a) re-opening Case No. 22325 to determine that it is not subject to Order No. R-21943 entered therein, and (b) rescinding the API Number for the application for permit to drill ("APD") issued or to be issued to Manzano, LLC ("Manzano") on the well identified in the order, pending a resolution of this application. In support of its application, Texas Standard states:

1. In Case No. 22325 Manzano pooled the SE/4SE/4 of Section 9, the E/2E/2 of Section 16, and the E/2NE/4 of Section 21, Township 17 South, Range 36 East, NMPM as to the Upper Penn formation for purposes of drilling the Bodacious State Com. Well No. 91H. The well unit was pooled by Order No. R-21943, and the only parties pooled were Texas Standard and BTA Oil Producers, LLC.

2. The well's API Number, as of the date of filing this application, is not in the Division's online well file, but upon information and belief an APD and API Number have been or soon will be issued because Texas Standard has been informed by Manzano that it intends to commence the well very soon.

3. Texas Standard is the owner of record of 100% of the working interest in the E/2SE/4 of Section 16, which is covered by State Lease BO-1565-12. This interest was acquired

last summer via a term assignment from Chevron U.S.A. Inc. (“Chevron”), which is the Record Title Owner of the lease.

4. Texas Standard did not protest the hearing in Case No. 22325 because it was in discussions with Manzano about term assigning or farming out its interest to Manzano.

5. Case No. 22325 was heard on December 2, 2021 and the subject order was issued on December 7, 2021. Discussions between Texas Standard and Manzano continued verbally and by e-mail, and in mid-December 2021 an agreement was reached. Shortly thereafter, on December 17, 2021, Texas Standard prepared a draft term assignment memorializing the parties’ agreement and submitted it to Manzano for review along with Chevron’s signed consent to the assignment from Texas Standard to Manzano. Texas Standard is still ready, willing, and able to execute and perform under the agreement reached by the parties. As a result, Texas Standard did not consider a *de novo* appeal of the order

6. Over three months later, on March 29, 2022, Manzano finally responded to Texas Standard with a term assignment already executed by Manzano which materially altered the terms of the December agreement between the parties, as follows: 1) the payment provisions do not mirror the same provisions in the Chevron assignment, creating possibilities for conflict; and 2) changing the Effective Date to March 31, 2022 with a three year term, which ends after Texas Standard’s three year term in the assignment from Chevron. Manifestly, Texas Standard cannot agree to provisions that expose it to liability to Chevron.

7. Because Texas Standard is still the owner *of record* of the subject working interest, it is or may still be subject to the pooling order despite the December agreement of the parties. As a result Texas Standard seeks to re-open Case No. 22325 for a determination that it is no longer pooled by Order No. R-21936 for failure of Manzano to execute the agreement reached

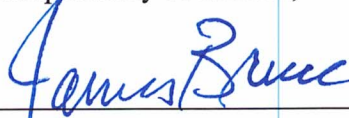
in December. Texas Standard also requests that the API Number for the well be rescinded if already issued, or denied if it has not been issued, so that subject well cannot be drilled pending consummation of the pending term assignment.

8. Texas Standard will be filing a motion for an emergency order after this application is filed.

9. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order granting the relief itemized in Paragraph 7 above, and granting such further relief as the Division deems proper.

Respectfully submitted,



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