

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

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of TAP ROCK OPERATING, LLC, Case No.22293
for Approval of Surface Commingling
at the WTG Tank Battery,
Eddy County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, NOVEMBER 4, 2021

EXAMINER HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Dean McClure
Technical Examiner, on Thursday, November 4, 2021,
via Webex Virtual Conferencing Platform hosted
by the New Mexico Department of Energy, Minerals and
Natural Resources

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S.

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INQUIRY BY EXAMINER McCLURE:	5
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I N D E X O F E X H I B I T S

EXHIBITS	ADMITTED
A Application	11
B Affidavit of Matthew Phillips, Landman	11
C Notice of Hearing	11

1 (Time noted 10:42 a.m.)

2 EXAMINER BRANCARD: All right. With that, Case
3 22293, Tap Rock Operating.

4 MS. LUCK: Kaitlyn Luck with the Santa Fe office
5 of Holland & Hart on behalf of the Applicant in this case,
6 Tap Rock Operating, LLC.

7 EXAMINER BRANCARD: And we have an Entry of
8 Appearance from Red Bluff Water Power Control District.

9 MS. CALLAHAN: Yes. Good morning. This is
10 Candace Callahan with Beatty & Wozniak appearing on behalf
11 of Red Bluff Water Power Control District, and we have no
12 objection to the matter being presented by affidavit.

13 EXAMINER BRANCARD: Thank you. Any other
14 interested persons in Case 22293? (Note: Pause.)

15 Hearing none, Ms. Luck -- so this is a
16 surface commingling application but it appears that
17 earlier in the docket we had the wells that are connected
18 to this as part of a compulsory pooling case also. Is
19 that correct?

20 MS. LUCK: And I'm not able to speak on behalf
21 of those wells because I'm not representing Tap Rock in
22 those, but that's my understanding. Those two do relate
23 to the same WTG wells, I'm just not personally handling
24 them.

25 EXAMINER BRANCARD: All right. So these are

1 proceeding on separate tracks here; is that correct?

2 MS. LUCK: Right And this was a circumstance
3 where Tap Rock drew an objection to its commingling
4 application. Red bluff, who Ms. Callahan is representing,
5 objected. And now there is no objection to the case going
6 forward. That is my understanding. And So Tap Rock would
7 just ask that the Division complete a review of the
8 Application so that commingling could begin on this
9 project.

10 EXAMINER BRANCARD: All right. So do you have
11 any exhibits or anything to admit into the record today,
12 or what do you have?

13 MS. LUCK: Yes. So Tap Rock has provided a copy
14 of application that was admitted with the Division, which
15 included Exhibit A, with a copy of the Administrative
16 Application, and then followed by the Application, as
17 Exhibit B which is the affidavit of Matt Phillips who is
18 Tap Rock's landman in this case. And again he's just
19 asking on behalf of Tap Rock that the Division approve the
20 proposed commingling project as it was submitted through
21 the administrative process.

22 But of course if there is any other
23 questions, please let us know.

24 Then finally Exhibit C is the Notice
25 information just reflecting that Notice of this hearing

1 was provided to the affected persons of the Administrative
2 Application, as well as Red Bluff, who was the objecting
3 party.

4 So with that I would ask this case be taken
5 under advisement and move the admission of Exhibits A
6 through C.

7 EXAMINER BRANCARD: Thank you.

8 Ms. Callahan, any questions or objections?

9 MS. CALLAHAN: We have no objections and no
10 questions.

11 EXAMINER BRANCARD: Thank you. So I will turn
12 to Mr. McClure, the Dean of Surface Commingling.

13 EXAMINER McCLURE: I was going to say I guess
14 just to make sure I'm in complete understanding,
15 essentially the original protest by Red Bluff, that has
16 been resolved now, is that correct?

17 MS. LUCK: I'm sorry. I will defer to Ms.
18 Callahan to speak on behalf of Red Bluff, but it's my
19 understanding at this point they have not formally
20 withdrawn their objections and that's why we needed to
21 proceed to hearing today, but there is no objection at
22 this point.

23 But I just want to defer to her to speak on
24 behalf of Red Bluff.

25 MS. CALLAHAN: Yes. We were unable to withdraw

1 the objection before the hearing because the matter has to
2 be brought before the Board of Directors of Red Bluff
3 before we could do that, and they don't meet until the 9th
4 of this month.

5 EXAMINER McCLURE: But your understanding is
6 that once they do meet, then your protest -- you'll no
7 longer have a protest then, correct?

8 MS. CALLAHAN: I can't speak on behalf of them
9 at this point, but I anticipate that they will withdraw
10 their objection.

11 EXAMINER BRANCARD: But you have no testimony or
12 evidence today on behalf of Red Bluff?

13 MS. CALLAHAN: That's correct.

14 EXAMINER BRANCARD: Thank you.

15 EXAMINER McCLURE: Okay. Then I was going to
16 say I guess I do have a few questions here for Ms. Luck.

17 It does look like there were a few maybe
18 typos which we corrected during the admin process but had
19 gotten through to this application, so just to address
20 that real fast.

21 It is your understanding that the WTG
22 Federal Com 124H is the correct well that Tap Rock intends
23 to include here?

24 MS. LUCK: That's correct.

25 EXAMINER McCLURE: That's one that -- Okay.

1 Sounds good.

2 MS. LUCK: Sorry about that. Mr. Phillips'
3 affidavit, which is included as Exhibit B, should correct
4 those typos again.

5 EXAMINER McCLURE: On the spacing units it did,
6 but the API number has carried on through. But the
7 spacing units were corrected.

8 I had a question which actually came up,
9 which I was going to say your landman would have the
10 answer to this, I don't know if you would have it
11 indirectly, but it seems like the packets for the com
12 agreement for the west half of the west half and then also
13 the west half would be the same, uhm -- it looks like
14 there may be an inaccuracy in that packet, in as a federal
15 lease was missed to be put in there, instead it was
16 mislabeled.

17 I don't know if it might be easier to
18 follow up by email afterwards, because I'm sure you don't
19 have a direct answer to that at this particular juncture.
20 Do you?

21 MS. LUCK: I'm sorry, I don't have a direct
22 answer because I didn't submit those comms, so I will
23 follow up with Tap Rock and have the correct comms
24 submitted.

25 Could you state again which one had the

1 error?

2 EXAMINER McCLURE: I was going to say it looks
3 like, uh (inaudible) the southeast of the southwest
4 quarter of Section 27. It looks like that was incorrectly
5 labeled as belonging to NMNM 058034 when in fact it seems,
6 based upon the BLM site, that it should in fact be the
7 NMNM 143611. And I just wanted to confirm that what the
8 BLM site seems to indicate is correct and that Tap Rock
9 doesn't have additional information that would shed light
10 on what the actual correct lease is, I guess.

11 MS. LUCK: Oh, yeah. No problem. We will get
12 the clarification from Tap Rock and make sure that we
13 submitted which lease is right.

14 EXAMINER McCLURE: Okay. Sounds very good.

15 The only other question I had on the leases
16 is within the application it seems like the Parcel 2 in
17 Section 34, it looks on the map like it extends into Lots
18 7 and 10; however, that's not indicated, I guess, in those
19 same com agreement packets.

20 So I guess I was just hoping to have
21 confirmation to the extent of those parcels, because it's
22 kind of a weird-looking, little snake area that's cut into
23 the section, rather than being actual quarter/quarter or
24 whatnot.

25 MS. LUCK: What's the parcel number again?

1 EXAMINER McCLURE: Parcel 2 in Section 34. The
2 map seems to indicate that it extends into lots 7 and 10
3 but your com agreement seems to indicate that it's only in
4 8 and 9, and I don't know if that is correct or not. I
5 just want confirmation on that.

6 MS. LUCK: Okay. I can figure that out.

7 EXAMINER McCLURE: Okay. Thank you.

8 I guess the question I had is it looks like
9 the Notice to Red Bluff was also returned for this
10 hearing. Obviously they know it's happening because
11 they're here. My question to you is did you get an
12 updated address so maybe in the future you will be able to
13 Notice them individually rather than relying on Public
14 Notice?

15 MS. LUCK: We actually did mail them Notice to a
16 different address but it was on a separate tracking list,
17 so I will submit that to you after the hearing. I
18 apologize that wasn't included with the exhibit packet; I
19 noticed that when I was reviewing these exhibits this
20 morning. Because we did mail Notice to the proper address
21 for Red Bluff.

22 EXAMINER McCLURE: Okay. Thank you. So then
23 essentially, then, Tap Rock or yourself at least do have
24 the correct address for them, then.

25 MS. LUCK: We do now. So we mailed to the

1 correct address and a copy was served on Red Bluff's
2 counsel, Ms. Callahan.

3 EXAMINER McCLURE: Okay. Very good.

4 Actually this hearing went a lot faster
5 than I thought it might. I don't have any other
6 questions. Thank you.

7 MS. LUCK: Thanks for your help with this.

8 EXAMINER BRANCARD: Let's just make clear what
9 we need here, Mr. McClure.

10 So I think Ms. Luck mentioned that the
11 affidavit corrected certain discrepancies.

12 EXAMINER McCLURE: On the spacing unit it does.
13 Essentially on the admin application we went through and
14 made some corrections via communication, but the
15 application submitted to this hearing, I just wanted to
16 confirm that those same corrections applied here. And she
17 essentially stated as much in testimony, so I don't think
18 we need anything submitted in regards to that.

19 What we do need from them will be
20 confirmation on the leases in their com agreement packet,
21 there's two of them. And I'm fine with them just
22 submitting it by email and then we can upload it to the
23 file, or email, as well as submit it to the file would
24 probably be the appropriate method, I suppose.

25 MS. LUCK: We will do both. Thank you.

1 EXAMINER BRANCARD: Then I think, Ms. Luck, you
2 said you were going to provide more Notice information
3 about Red Bluff; is that correct?

4 MS. LUCK: That's correct. So I have the two
5 com agreements and the Notice tracking information
6 reflecting that Notice of this hearing was provided to Red
7 Bluff by mail and it was delivered.

8 EXAMINER BRANCARD: Thank you.

9 Does that cover it, Mr. McClure?

10 EXAMINER McCLURE: Oh, yes sir. Yes. I think
11 we are good there with what was stated.

12 EXAMINER BRANCARD: All right. Are there any
13 further comments today on Case 22293? (Note: Pause.)
14 Hearing none, the exhibits will be admitted into the
15 record and Case 22293 will be taken under advisement
16 subject to the submittal of the additional information
17 that we discussed concerning Notice and discrepancies in
18 the communitization agreements. Thank you.

19 MS. LUCK: Thanks for your time in reviewing all
20 of this application. I appreciate your help with it.

21 (Time noted 10:55 a.m.)

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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF TAOS)

4 REPORTER'S CERTIFICATE

5 I, MARY THERESE MACFARLANE, New Mexico Reporter
6 CCR No. 122, DO HEREBY CERTIFY that on Thursday, November
7 4, 2021, the proceedings in the above-captioned matter
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9 shorthand the proceedings set forth herein, and the
10 foregoing pages are a true and correct transcription to
11 the best of my ability and control.

12 I FURTHER CERTIFY that I am neither employed by
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15 that I have no interest whatsoever in the final
16 disposition of this case in any court.

17
18 /s/Mary Macfarlane_____

19 MARY THERESE MACFARLANE, CCR
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