

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

**APPLICATION OF TAP ROCK RESOURCES,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 21340

PRE-HEARING STATEMENT

Chevron U.S.A. Inc. ("Chevron") provides this Pre-Hearing Statement as required by the rules of the Division and the Pre-Hearing Order entered August 13, 2020.

APPEARANCES

APPLICANT

Tap Rock Resources, LLC

APPLICANT'S ATTORNEY

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OPPONENTS/OTHER PARTIES

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STATEMENT OF THE CASES

In Case No. 21340 Tap Rock Resources, LLC has applied for an order pooling all mineral interests in the Wolfcamp formation underlying a (proximity tract) horizontal spacing unit comprised of Lots 1 – 4 and the E/2W/2 (the W/2) of Section 19 and Lots 1 – 4 and the E/2W/2 (the W/2) of Section 18, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. The proposed spacing unit is to be dedicated to the Blue Marlin Fed. Com. Well Nos. 201H, 205H and 211H and the Blue Marlin Fed. Com. Well Nos. 202H, 212H, and 215H.

The public health emergency surrounding COVID-19 has created uncertainties of drilling, development and production commonly acknowledged by mineral owners and operators in the industry. To protect its correlative rights, to ensure its “just and equitable share of the oil or gas,” and to prevent waste, Chevron respectively requests that a special payment provision be incorporated into the Division’s order which mirrors the cash call provision in the standard form of AAPL Joint Operating Agreement, as follows:

Applicant, at its election, shall have the right from time to time to demand and receive from Chevron U.S.A. Inc. (“Chevron”) payment in advance of its respective share of the estimated amount of expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to Chevron of an itemized statement of such expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Chevron shall pay to Operator its proportionate share of such estimate within thirty (30) days after such estimate and invoice is received. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

PROPOSED EVIDENCE

Tap Rock Resources, LLC

WITNESS	ESTIMATED TIME	EXHIBITS
TBD		

Chevron U.S.A. Inc.

Chevron does not intend to present witness testimony

Monticello Minerals LLC and Starboard Permian Resources LLC

WITNESS	ESTIMATED TIME	EXHIBITS
TBD		

The Allar Company and Emily A. Keatley

WITNESS	ESTIMATED TIME	EXHIBITS
TBD		

Sandra Wilbur and Rene Wilbur

WITNESS

ESTIMATED TIME

EXHIBITS

TBD

Conoco Phillips Company

WITNESS

ESTIMATED TIME

EXHIBITS

TBD

Franklin Mountain Royalty Investments, LLC and Sandia Minerals, LLC

WITNESS

ESTIMATED TIME

EXHIBITS

TBD

PROCEDURAL MATTERS

The special payment provision which Chevron requests be included in any Division order granting the referenced application has previously been accepted by parties and the Division in prior orders. If applicant agrees to incorporate Chevron's proposed special payment provision and applicant's case is otherwise uncontested, Chevron will not oppose Applicant's presenting the subject application by affidavit.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

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Attorneys for Chevron U.S.A. Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on October 15, 2020.

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