

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. 22381

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, JANUARY 6, 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, January 6, 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
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A P P E A R A N C E S

FOR TAP ROCK OPERATING, LLC:

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C O N T E N T S

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1	I N D E X O F E X H I B I T S		
2	TAP ROCK EXHIBITS		ADMITTED
3	A	Affidavit of Erica Hixson	7
4		(Land professional)	
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1 (Time noted 9:24 a.m.)

2 EXAMINER BRANCARD: With that I call Case No.
3 22381 Tap Rock Operating.

4 MS. SHAHEEN: Thank you, Mr. Examiner. Sharon
5 Shaheen of Montgomery & Andrews on behalf of Tap Rock
6 Operating.

7 EXAMINER BRANCARD: Are there any other
8 interested persons in Case 22381?

9 Hearing none, Ms. Shaheen you may proceed.

10 MS. SHAHEEN: Thank you. In this case Tap Rock
11 seeks to pool a 240-acre unit in the west half/west half
12 of Section 28 and the west half of the northwest quarter
13 of Section 33, Township 24 South, Range 35 East for the
14 purpose of drilling the Coonskin Fee No. 111H.

15 Tap Rock is only pooling one party, and
16 that is the New Mexico Department of Transportation.

17 Tap Rock believes that it has 100 percent
18 of working interest here, but apparently the Department of
19 Transportation believes it has an interest in the 1.9
20 acres of the drilling unit.

21 They are in the process of resolving that
22 title issue. Tap Rock has initiated a quiet title suit
23 and, in an abundance of caution, it went ahead and filed
24 this compulsory pooling proceeding.

25 If you take a look at the Table of

1 Contents, on .pdf page 2 you'll see that we have the usual
2 attachments: The checklist, the application, the landman
3 affidavit with the usual exhibits, the geologist affidavit
4 with the geologist's usual exhibits. Both the landman and
5 the geologist have previously testified before the
6 Division and had their credentials accepted.

7 Also you will find the Affidavit of Notice
8 indicating that the Certified Mailing was received by the
9 Department of Transportation.

10 Unless anyone has some questions, I would
11 ask that the Division take Case No. 22381 under advisement
12 and admit all of the exhibits that have been submitted.

13 EXAMINER BRANCARD: Thank you.

14 Mr. Garcia.

15 EXAMINER GARCIA: No questions.

16 EXAMINER BRANCARD: All right. So we get
17 questions when there are other state agencies involved, so
18 has Tap Rock been in communication with DOT?

19 MS. SHAHEEN: My understanding is they have
20 been. DOT received a Well Proposal as well as the Notice
21 Letter with respect to the application.

22 They haven't had recent communications, I
23 believe, since the quiet title lawsuit was filed.

24 We've attached the Complaint as Exhibit 6
25 to the landman's affidavit, so that gives quite a bit of

1 detail about the history behind the quiet title issue. I
2 didn't look at it in detail but my understanding was there
3 was a previous quiet title lawsuit that Tap Rock was
4 relying on, and I believe the Department of Transportation
5 has asserted that it was not a party to the previous quiet
6 title.

7 But that's my very basic fundamental
8 elementary understanding of that complaint. Cavin &
9 Ingram represents Tap Rock in the quiet title lawsuit.

10 EXAMINER BRANCARD: So my understanding, reading
11 the Complaint, it's an issue about the mineral rights.

12 MS. SHAHEEN: That's right.

13 EXAMINER BRANCARD: You're obviously not
14 claiming the highway.

15 MS. SHAHEEN: That's right. We are not claiming
16 anything other than the minerals underlying the 1.9 acre
17 tract that the Department of Transportation is claiming.

18 At least that's my understanding. It's
19 only about the minerals. I can't imagine that Tap Rock
20 would care about anything else.

21 EXAMINER BRANCARD: I did see the note in here
22 in the exhibits that there were also royalty interests
23 with this tract, but you're not pooling them.

24 MS. SHAHEEN: My understanding, and this goes
25 back to some previous cases before the Division, my

1 understanding -- oh, it looks like there are some
2 overriding royalty interests, and then it says that the
3 final interest is subject to Division Order and title
4 verification.

5 But we are not seeking to pool those
6 overrides at this time. We are only seeking to pool the
7 Department of Transportation.

8 EXAMINER BRANCARD. Okay. You might be back?

9 MS. SHAHEEN: I suppose it's possible.

10 EXAMINER BRANCARD: All right. Thank you.

11 Anything? Any follow-up, Mr. Garcia?

12 EXAMINER GARCIA: No, thank you.

13 EXAMINER BRANCARD: Are there any other
14 interested persons in Case 22381?

15 Hearing none, this case will be taken under
16 advisement.

17 MS. SHAHEEN: Thank you, Mr. Examiner.

18 (Time noted 9:29 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

7

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

8

January 6, 2022, the proceedings in the above-captioned

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matter were taken before me; that I did report in

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stenographic shorthand the proceedings set forth herein,

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and the foregoing pages are a true and correct

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transcription to 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

/s/ Mary MacFarlane

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MARY THERESE MACFARLANE, CCR

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NM Certified Court Reporter No. 122

License Expires: 12/31/2022

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