

Taylor Draw Federal Unit Should Be Denied

CASE NO:
14706-14718
EXHIBIT 7

- B/H does not have 85 percent approval from the Working Interest Owners
 - Concho owns 33.714587% of the Leasehold within the proposed Taylor Unit.
- B/H can slow play development and Non-Operator's have no mechanism to force development. Test well is required six (6) months after the test. Development plan is not required until six (6) months after the test well is drilled.
 - Development will be delayed for a year causing Concho harm by not allowing timely and reasonable rate of return on its investment.
- Federal Exploratory Units are for development of areas that are in exploratory by definition, where development has not occurred.
 - Taylor Draw Unit has Yeso production on all sides and including inside the unit boundary.
- Concho objects to Burnett/Hudson's proposed form of agreements. The attempt to distort the operations under a 1989 for of JOA that is subject to the terms of the Federal Form of Operating Agreement serves no purpose and distorts what the Operator and Non-operator may propose.