

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

MAY 25 2018 PM 03:23

**APPLICATION OF CHEVRON U.S.A. INC.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16132

**APPLICATION OF CHEVRON U.S.A. INC.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 16133

**APPLICATION OF TAP ROCK RESOURCES,
LLC FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 16160

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

Case No. 16134

**CHEVRON U.S.A. INC.'S RESPONSE IN OPPOSITION
TO MOTION TO DISMISS TAP ROCK LLC APPLICATIONS
OR ALTERNATIVELY TO DEFER HEARINGS**

Chevron U.S.A. Inc. ("Chevron") submits its response in opposition to the Motion to Dismiss Tap Rock LLC Applications or Alternatively to Defer Hearings ("Motion") jointly filed by EOG Y Resources, EOG A Resources, and EOG Resources Assets, LLC (collectively "EOG").

In support of its response, Chevron states:

1. Two days before the hearing in these consolidated cases, EOG proposed 1.5-mile horizontal wells in the S/2 of Section 14 and Section 23, Township 24 South, Range 31 East. Based solely on those well proposals, the Motion requests the Division to dismiss Chevron's

applications for approval of Bone Spring and Wolfcamp project areas in the SE/4 of Section 11 and E/2 of Section 14.

2. The issue of EOG's standing to request the dismissal of Chevron's applications aside, EOG has not stated - and cannot establish - a legal or factual basis for its request.

3. Chevron has properly recognized EOG's working interest in the S/2 of Section 14 from the surface to 10,000 feet as identified in the Motion. The undisputed record demonstrates that Chevron timely proposed its Bone Spring wells and timely provided hearing notice to EOG, and the Motion does not assert otherwise.

4. With regard to Chevron's proposed Wolfcamp wells, the Motion asserts that EOG has not received well proposals from Chevron for those wells. That assertion is readily refuted. Chevron did not propose its Wolfcamp wells to EOG because EOG has no working interest in the S/2 of Section 14 and again, the Motion does not assert otherwise.

5. Because the Motion fails to identify any deficiencies in Chevron's applications, EOG's request that the Division dismiss the applications should be denied.

6. The Motion alternatively requests the deferral of the hearing in these consolidated cases. That request is now moot, as the Division conducted a hearing on May 18, allowing EOG to make an evidentiary presentation, and has taken the cases under advisement. Consequently, EOG's alternative request for relief should also be denied.

WHEREFORE, Chevron requests that the Division deny EOG's Motion.

Respectfully submitted,

HINKLE SHANOR LLP



Gary W. Larson
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
glarson@hinklelawfirm.com

Counsel for Chevron U.S.A. Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of May, 2018 I served a true and correct copy of the foregoing Chevron U.S.A. Inc.'s Response in Opposition to Motion to Dismiss Tap Rock LLC Applications or Alternatively to Defer Hearings via email to:

James Bruce
Post Office Box 1056
Santa Fe, NM 87504
505-982-2043
jamesbruc@aol.com

Counsel for Tap Rock Resources, LLC

Ernest Padilla
Padilla Law Firm, PA
1512 St. Francis Drive
Santa Fe, NM 87505
505-988-7577
epadillapl@qwestoffice.net

Counsel for EOG Resources, Inc.

Earl E. DeBrine, Jr.
Jennifer L. Bradfute
Modrall Sperling Roehl Harris & Sisk PA
Post Office Box 2168
Albuquerque, NM 87103-2168
505-848-1800
edebrine@modrall.com
jennifer.bradfute@modrall.com

Counsel for Douglas McLeod

J. Scott Hall
Seth C. McMillan
Montgomery & Andrews PA
Post Office Box 2307
Santa Fe, NM 87504-2307
505-982-3873
shall@montand.com
smcmillan@montand.com

Counsel for Vladin, LLC


Gary W. Larson