

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

**APPLICATION OF MARATHON OIL PERMIAN LLC
FOR A HORIZONTAL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO**

CASE NO. 16381

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR A STANDARD HORIZONTAL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 16430

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR A STANDARD HORIZONTAL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 16431

PRE-HEARING STATEMENT

Tap Rock Operating, LLC provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT/OPPONENT

Tap Rock Operating, LLC

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ATTORNEYS**

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APPLICANT/OPPONENT

Marathon Oil Company

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ATTORNEYS

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STATEMENT OF THE CASE

Case No. 16381: Applicant Marathon Oil Company seeks an order from the Division: (1) creating a 1280-acre, more or less, spacing unit covering Sections 7 and 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico; and, (2) pooling all uncommitted interests in the Wolfcamp formation underlying the proposed spacing and proration unit. This proposed spacing unit will be the unit for the **Crossbow 23 27 8 WXY 2H, Crossbow 23 27 8 WA 4H, Crossbow 23 27 8 WXY 9H, Crossbow 23 27 8 WA 10H, Crossbow 23 27 8 WXY 8H, Crossbow 23 27 8 WXY 14H, Crossbow 23 27 8 WXY 15H and Crossbow 23 27 8 WA 16H** wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the wells.

Opponent Tap Rock Operating, LLC has filed competing forced pooling applications covering the same acreage in Case Nos. 16430 and 16431 and therefore opposes this application.

Case No. 16430: Applicant Tap Rock Operating, LLC seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the N/2 of Section 7 and the N/2 of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation (Purple

Sage-Wolfcamp Pool) underlying the standard unit. Said horizontal spacing unit is to be assigned to the proposed initial **Old Chub 23S27E0807 Fed Com #201H well**, to be horizontally drilled from an approximate surface location 637' FNL and 366' FEL of Section 8 to a bottom hole location 3500' FNL and 200' FWL of Section 7. This well is the "defining well" for this unit. Also to be drilled are the following infill wells: (1) **Old Chub 23S27E0807 Fed Com #202H well**, to be horizontally drilled from an approximate surface location 1805' FNL and 360' FEL of Section 8 to a bottom hole location 1668' FNL and 200' FWL of Section 7, (2) the **Old Chub 23S27E0807 Fed Com #205H well**, to be horizontally drilled from an approximate surface location 667' FNL and 366' FEL of Section 8 to a bottom hole location 1000' FNL and 200' FWL of Section 7, and (3) the **Old Chub 23S27E0807 Fed Com #207H well**, to be horizontally drilled from an approximate surface location 1835' FNL and 360' FEL of Section 8 to a bottom hole location 2326' FNL and 200' FWL of Section 7. The completed intervals and first and last take points for these wells are within the setbacks required by the Purple Sage-Wolfcamp pool rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 4 miles South of Carlsbad, New Mexico.

Opponent Marathon Oil Company opposes this application for the reasons stated in its Pre-Hearing Statement.

Case No. 16430: Applicant Tap Rock Operating, LLC seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the S/2 of Section 7 and the S/2 of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation (Purple

Sage-Wolfcamp Pool) underlying the standard unit. Said horizontal spacing unit is to be assigned to the proposed initial **Old Chub 23S27E0807 Fed Com #203H well**, to be horizontally drilled from an approximate surface location 1914' FSL and 355' FEL of Section 8 to a bottom hole location 2317' FSL and 200' FWL of Section 7. This well is the "defining well" for this unit. Also to be drilled are the following infill wells: (1) **Old Chub 23S27E0807 Fed Com #204H well**, to be horizontally drilled from an approximate surface location 1035' FSL and 325' FEL of Section 8 to a bottom hole location 994' FSL and 200' FWL of Section 7, (2) the **Old Chub 23S27E0807 Fed Com #206H well**, to be horizontally drilled from an approximate surface location 1884' FSL and 355' FEL of Section 8 to a bottom hole location 1664' FSL and 200' FWL of Section 7, and (3) the **Old Chub 23S27E0807 Fed Com #208H well**, to be horizontally drilled from an approximate surface location 1005' FSL and 325' FEL of Section 8 to a bottom hole location 341' FSL and 200' FWL of Section 7. The completed intervals and first and last take points for these wells are within the setbacks required by the Purple Sage-Wolfcamp pool rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 4 miles South of Carlsbad, New Mexico.

Opponent Marathon Oil Company opposes this application for the reasons set forth in its Pre-Hearing Statement.

PROPOSED EVIDENCE

APPLICANT'S WITNESSES

EST. TIME

EXHIBITS

Erica Hixson, Land

20 min. per case

6 per case

Clayton Sporich, Land (alternate)

Adam Smith, Geologist

20 min. per case 4 per case

Rob Tonnsen, Engineer

20 min. per case 4 per case

PROCEDURAL MATTERS

The captioned cases should be consolidated for purposes of hearing. The parties are discussing continuance.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing was served on the following by email on October 25, 2018:

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