

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

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 21340

Application of Tap Rock
Resources, LLC for compulsory
pooling, Lea County, New Mexico

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS.

EXAMINER HEARING

THURSDAY, OCTOBER 22, 2020

This matter came on for hearing before the
New Mexico Oil Conservation Division, FELICIA ORTH,
Hearing Examiner, LEONARD LOWE, Technical Examiner,
Via Cisco Webex Virtual Meeting Platform

Reported by: Mary Therese Macfarlane
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C O N T E N T S

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1 (Time noted 9:10 a.m.)

2 HEARING EXAMINER ORTH: Let's move then to
3 21340. Tap Rock Resources is the applicant. Compulsory
4 pooling application. The well name is Blue Marlin.

5 Mr. Bruce.

6 MR. BRUCE: Yes, I'm here on behalf of the
7 applicant.

8 HEARING EXAMINER ORTH: Thank you. Other
9 entries of appearance included Beadie and Wozniak for
10 Chevron?

11 MS. CALLAHAN: Good morning, Madam Examiner.
12 Candace Callahan appearing on behalf of Chevron.

13 HEARING EXAMINER ORTH: Thank you. Good
14 morning.

15 And Abadie & Schill for Conoco Phillips.

16 MR. SAVAGE: Yes, Madam Examiner. Darin Savage
17 here with Abadie and Schill for Conoco Phillips Company.
18 Thank you.

19 HEARING EXAMINER ORTH: Thank you. Let me pause
20 for a moment to see if there are any other appearances.

21 MS. BENNETT: Good morning, Madam Examiner, this
22 Deana Bennett at Modrall Sperling, and I had entered my
23 appearance on behalf of Franklin Mountain Royalty --
24 Franklin Mountain Energy Royalty and Sandia Minerals. I
25 entered my appearance back in July. I'm not sure why I'm

1 not shown on the list but I did just want to make sure
2 that my entry of appearance is notes for the record

3 HEARING EXAMINER ORTH: All right. Sorry if I
4 overlooked that.

5 Let me pause again to see if there are any
6 other entries of appearance in 21340.

7 No?

8 MR. RANKIN: Madam Chair? I'm sorry, Madam
9 Chair, Adam Rankin appearing on behalf of Monticello,
10 Starboard Permian and Max Permian.

11 HEARING EXAMINER ORTH: Okay. Thank you,
12 Mr. Rankin.

13 This might be the, uhm, the matter in which
14 I thought Mr. Bruce had filed a document noting that there
15 were several folks not on the list sought to be compulsory
16 pooled anymore.

17 MR. BRUCE: That is correct.

18 HEARING EXAMINER ORTH: Am I remembering
19 that correctly?

20 MR. BRUCE: Yes.

21 HEARING EXAMINER ORTH: Okay. Thank you. So
22 will you be proceeding by affidavit this morning?

23 MR. BRUCE: Well, yes. And I want to clarify
24 something before I begin

25 I submitted the document on Tuesday.

1 Unfortunately Mr. Lowe could not reopen them, or could not
2 open the document. It's a rather thick package of
3 exhibits. And I do not check my gmail account very often,
4 and Mr. Lowe had emailed me, so only this morning did I
5 break it up into two or three parts and get it to him as a
6 .pdf, and I'm sure he has not had time to review that.

7 HEARING EXAMINER ORTH: Mr. Bruce, let me
8 interrupt you for just a minute. Ms. Shaheen emailed me
9 saying that she is trying to enter an appearance. I have
10 unmuted everyone I see to unmute. Ms. Shaheen, are you
11 with us?

12 MS. SHAHEEN: Good morning, Madam Examiner. You
13 hear me?

14 HEARING EXAMINER ORTH: Yes, I can.

15 MS. SHAHEEN: Yes. Thank you so much.

16 Yes, we had had entered an appearance for
17 Renalda Wilbert and Sandra Wilbert, and I understand that
18 Tap Rock has dismissed them from this case so I just
19 wanted to note that we had entered an appearance and
20 acknowledge that we've been dismissed from this
21 proceeding.

22 HEARING EXAMINER ORTH: All right. Thank you.

23 Mr. Bruce, I'm sorry to have interrupted
24 you. If you would please proceed.

25 MR. BRUCE: Yes. That's okay.

1 And just for the record: Yes, although
2 Mr. Padilla hasn't entered his appearance, he had
3 previously entered an appearance, but yesterday I filed a
4 notice dismissing Mr. Padilla's, Ms. Bennett's,
5 Mr. Rankin's, and Ms. Shaheen's clients from this pooling
6 proceeding. They have all come to terms with Tap Rock.

7 And the second thing is: I was stating,
8 although I filed the exhibits I don't think Mr. Lowe has
9 had time to review them all. Let me go briefly through
10 the exhibits, and then, if necessary, I have a little
11 suggestion to make at the end.

12 I have submitted the normal package of
13 exhibits. It is A through F.

14 A is the application and proposed ad;
15 B is the Affidavit of Taylor Ford, the
16 landman;

17 Exhibit C is the affidavit of Emily Lange,
18 the geologist;

19 Exhibit D is my Affidavit of Notice;

20 E is the Affidavit of Publication from the
21 newspaper;

22 and F is the pooling checklist.

23 There are a number of parties being pooled
24 in this case -- a couple of working interest owners,
25 leasehold working interest owners, quite a large number of

1 unleased mineral interest owners -- and they are all
2 identified in Exhibit B, the landman's affidavit. At
3 pages 1 and 2 each of the parties being pulled is noted.

4 The Proposal Letters that were sent out, I
5 think they were first sent out in March, are attached.
6 There were two separate Proposal Letters, one to resold
7 working interest owners, and one a simpler form letter to
8 unleased working interest owners, and they all sought to
9 force pool or propose the well, the Blue Marlin Fed. Com
10 wells noted in the application.

11 There are six proposed wells all located in
12 the west half of Section 18 and the west half of
13 Section 19 of 25 South, 36 East. This is a proximity
14 tract well unit, and the proximity, the well that defines
15 that is noted in Exhibit F, the Pooling Application
16 Checklist.

17 The landman's affidavit contains all the
18 normal exhibits: Land plats showing the tracts and the
19 well units; the interest owners in the well units; the
20 AFEs; and the C-102s.

21 Exhibit C is a geologist affidavit, and
22 again the usual suspect exhibits are in there, including
23 the structure map, cross sections, et cetera.

24 The Affidavit of Notice, like I said, when
25 it first went out there were quite a large number of

1 parties being pooled. Almost all of them received the
2 Certified Mail, but there were some parties that refused
3 the mail or were unlocatable, and so Notice was published.
4 And that's Exhibit E.

5 And the checklist is Exhibit 5, as I said.

6 I think the exhibit package is complete.

7 My only question is since Mr. Lowe has not
8 had time to review the exhibit package, if necessary could
9 the case be continued, even just to November 5th, just so
10 Mr. Lowe has -- and I would file a continuance motion just
11 so Mr. Lowe has time to review the package to make sure
12 it's complete.

13 TECHNICAL EXAMINER LOWE: I don't think that
14 will be necessary, Mr. Jim Bruce, because it appears --
15 because I got a chance to review it very quickly last
16 night about 10:30, so I got a quick glance at it, and it
17 appears to be okay. I have yet to review it in detail,
18 but as of from what I've seen, what you presented, it
19 seemed to be okay. I don't think it's feasible enough to
20 just continue it on just because of that.

21 MR. BRUCE: Okay. Thank you.

22 HEARING EXAMINER ORTH: Thank you, Mr. Lowe and
23 Mr. Bruce.

24 Let me pause a moment to see if any of the
25 other parties have a question for you.

1 MS. CALLAHAN: Excuse me, Madam Examiner. I
2 just would like to point out that Chevron has requested a
3 special hearing, which is included in the revised
4 checklist submitted by Mr. Bruce.

5 MR. BRUCE: Yes, that's correct. There is a
6 special payment provision applicable to Chevron, and I
7 submitted an amended or revised Exhibit F yesterday
8 containing the language requested by Chevron.

9 HEARING EXAMINER ORTH: I saw that.
10 Did you have anything further on that, Ms.
11 Callahan?

12 MS. CALLAHAN: I just wanted to point it out,
13 and maybe I guess a request on the record to include that
14 provision in any Order that's issued by the Division.

15 HEARING EXAMINER ORTH: All right. Thank you.
16 Are there any other questions or comments
17 by any of the other parties?

18 I hear nothing.

19 All right. In that case, Mr. Bruce, the
20 exhibits are accepted and the matter 21340 will be taken
21 under advisement.

22 MR. BRUCE: Thank you.

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

24

25

1 STATE OF NEW MEXICO)
2 : SS
3 COUNTY OF TAOS)
4

5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, October
8 22, 2020, the proceedings in the above-captioned matter
9 were taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 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
19

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2020

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