

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:

CASE NOS: 21340

APPLICATION OF TAP ROCK RESOURCES LLC
FOR A COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
JULY 23, 2020
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINER JOHN GARCIA on Thursday,
July 23, 2020 through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
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7 For the Blount Family:
8 Joanne Blount

I N D E X

9	CASE CALLED	
10	STATUS CONFERENCE	03
11	REPORTER CERTIFICATE	13

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1 HEARING EXAMINER ORTH: Moving then to 21340, and
2 this is the applicant, Tap Rock Resources, compulsory
3 pooling matter. Mr. Bruce, you are here for the applicant.

4 MR. BRUCE: Yes.

5 HEARING EXAMINER ORTH: We have a number of
6 parties entering their appearances; Monticello Minerals,
7 Starboard Permian, the Wilburs, Allar, ConocoPhillips,
8 Chevron USA, Franklin Mountain Royalty and Sandia Minerals.

9 Do we have Mr. Hatch on the line?

10 MR. RANKIN: Madam Examiner, this is Adam Rankin
11 of the law firm of Holland & Hart, and we will be entering
12 our appearance on behalf of Monticello and Starboard Permian
13 in this case.

14 HEARING EXAMINER ORTH: All right. Who here is
15 is from Montgomery & Andrews?

16 MS. SHAHEEN: Good morning, Madam Examiner.
17 Sharon Shaheen on behalf of Sandra Wilbur and Rene Wilbur.

18 HEARING EXAMINER ORTH: Thank you.

19 MS. CAROL WILBUR: Madam Chairman, this is Carol
20 Wilbur. I didn't find out about any of this until two days
21 ago, so I'm here from the (inaudible) Skinner.

22 HEARING EXAMINER ORTH: All right, thank you, Ms.
23 Wilbur.

24 Let's see, Mr. Padilla, it looks like you entered
25 an appearance in this matter.

1 MR. PADILLA: Entered an appearance for Allar
2 Company, and I also entered an appearance for Emily Keatley.

3 HEARING EXAMINER ORTH: All right. Thank you.

4 Who do we have from Abadie & Schill?

5 MR. SAVAGE: Good morning, Madam Examiner, this
6 is Darin Savage from Abadie & Schill on behalf of
7 ConocoPhillips Company.

8 HEARING EXAMINER ORTH: Thank you, Mr. Savage.

9 And from Beatty Wozniak?

10 MS. CALLAHAN: This is Candace Callahan appearing
11 on behalf of Chevron USA Inc.

12 HEARING EXAMINER ORTH: Thank you. And Modrall?

13 MS. BENNETT: Good morning, Madam Hearing
14 Examiner, this is Deana Bennett on behalf of Franklin
15 Mountain Royalty LLC and Sandia Minerals LLC.

16 HEARING EXAMINER ORTH: All right. Thank you
17 very much. Were there any other appearances this morning?

18 MS. BLOUNT: This is Joanne Blount, and I am
19 entering an appearance for my brothers John and Jim Blount.
20 I not sure if Jim Blount would be on the line, and my sister
21 (inaudible) she may be on the line. My brother John Blount
22 is out of town, and we are entering our appearance to become
23 parties of record as lease owners in Section 2.

24 HEARING EXAMINER ORTH: All right. Thank you,
25 Ms. Brown.

1 MS. BLOUNT: Blount, B-l-o-u-n-t.

2 HEARING EXAMINER ORTH: Thank you. Is there
3 anyone else?

4 (No audible response.)

5 HEARING EXAMINER ORTH: No? All right. Well,
6 thank you all very much.

7 Again, this is a compulsory pooling matter. The
8 well name is Blue Marlin and (inaudible) this morning for a
9 status conference. Mr. Bruce, would you like to begin?

10 MR. BRUCE: Yeah, Madam Examiner, this is kind of
11 an -- actually, I never had a pooling case like this
12 before. Some pooling orders were initially entered on
13 behalf of Petro Operating some time ago, I can't remember
14 when. But I believe they are in bankruptcy or filing for
15 bankruptcy and Tap Rock acquired their interest. And
16 they -- their pooling orders were different. They only had
17 two wells, whereas Tap Rock is proposing a number of
18 additional wells, so I wanted to pool everybody into those
19 wells.

20 Now the problem comes in, there is a lot of
21 interest owners and those other than Chevron and
22 ConocoPhillips, et cetera, Franklin Mountain, there were a
23 lot of fee leases that were starting to expire, so a lot of
24 notice went out to people who had been leased or were
25 currently leased but their leases were coming up for

1 expiration.

2 For instance, Monticello Minerals, I think, has a
3 lease expiring August 2, and so notice was sent out to all
4 of these parties just trying to gather them together. And a
5 lot of these parties, Tap Rock wants to work with, for
6 instance, the first two Wilbur sisters you mentioned, and I
7 didn't get the first name of Ms. Wilbur who entered an
8 appearance --

9 MS. CAROL WILBUR: Carol.

10 MR. BRUCE: Carol, thank you very much. Tap Rock
11 wants to work with all of these people and trying to get
12 them to come to terms and is willing to dismiss a number of
13 the people who were objecting from this pooling application,
14 try to work with them, and I mean, if that didn't come to
15 fruition, probably renotify them as to the hearing.

16 Certainly we are not adverse to a continuance at
17 this point, but there's I think some really -- the title on
18 the fee lands is kind of complicated, and I think that kind
19 of messed things up.

20 I will be filing a notice at some point
21 dismissing certain parties, for instance, both -- have
22 agreed to dismiss both of Mr. Padilla's clients from the
23 current -- from the pooling proceeding because we are
24 working with them and getting their leases extended or
25 renewed.

1 Similarly, with the first two Wilbur sisters who
2 Ms. Shaheen represents, and we have talked about that, she
3 and I. And with respect to Starboard, the problem is that
4 Starboard did not own an interest in the well unit until
5 after the application was filed and I sent out notice, so
6 that, that caused a stir.

7 So anyway we are here to -- I would just like to
8 get the matter continued and set for a hearing and perhaps,
9 you know, in a couple of months if things have not worked
10 out, go to hearing. I'm sure there are other people who --
11 and I have been in touch with Ms. Blount also about her
12 family and Starboard -- I mean, excuse me -- Tap Rock would
13 like to work with them.

14 So we are not here to overly coerce anybody, we
15 just need to get pooling done to make sure that the, to the
16 extent possible, and the wells drilled so that a bunch of
17 other leases don't expire.

18 That's the case in a nutshell. Tap Rock is
19 willing to work with everyone, willing to agree to a
20 continuance to a date that everybody can agree on and go
21 from there.

22 HEARING EXAMINER ORTH: All right. So Mr. Bruce,
23 first let me say a continuance isn't necessary. We have you
24 down for a status conference this morning.

25 MR. BRUCE: Right, I understand that.

1 HEARING EXAMINER ORTH: So, so long as we choose
2 a hearing date, you have a firm hearing date going out past
3 September, the next time I could set a hearing would be
4 October 22 or 23 or in November, either a connection with
5 the November 5 hearing event or the November 19 hearing
6 event. Let me ask if about those three possibilities.

7 MR. BRUCE: I would prefer the October one. The
8 reason why is that wells do have to be commenced by I think
9 late this year, and it would be nice to get a pooling order
10 entered to the extent necessary so that pooling elections
11 can be sent out before the wells are commenced.

12 HEARING EXAMINER ORTH: All right. Thank you.
13 I'm just going to go down the list as I read it when folks
14 were entering their appearance.

15 Mr. Rankin, do you have any comments on a hearing
16 set in connection with the October 22 hearing event?

17 MR. RANKIN: Madam Examiner, I would have to
18 confer with our clients (inaudible).

19 HEARING EXAMINER ORTH: Could you speak up, it's
20 hard to hear you.

21 MR. RANKIN: I apologize. Sounds like there's
22 some background noise, but I will have to confer with my
23 client on those dates to determine if either of those are
24 acceptable, so I can't give you a firm position on either
25 one, but I imagine that would probably work with either of

1 those dates.

2 HEARING EXAMINER ORTH: All right. Thank you.

3 Ms. Shaheen?

4 MS. SHAHEEN: Thank you, Madam Examiner. I echo
5 Mr. Rankin's comments, I would need to confer with my
6 clients. But at this point I know of nothing that would be
7 in the way of any of the dates that you have identified.

8 HEARING EXAMINER ORTH: All right. Thank you.

9 Let's see, Ms. Carol Wilbur.

10 MS. CAROL WILBUR: Yes, ma'am. I only heard
11 about this back in -- I do not know what is going on. Eric
12 Ames from your area sent Mr. Bruce a copy of e-mails that I
13 (inaudible) to find out anything about this, and I would
14 like him to read that e-mail and contact me about what's
15 going on.

16 HEARING EXAMINER ORTH: I believe that's Mr.
17 Bruce's plan.

18 MR. BRUCE: Yes. And I must say, Ms. Wilbur,
19 with three of you involved, I think I mistook you for -- I
20 did read the e-mail and I saw the name Wilbur and I thought
21 it was your sister Rene, and I apologize, I will get back to
22 you on that.

23 MS. CAROL WILBUR: There was six of us, five
24 girls, so I'm different.

25 MR. BRUCE: I understand. I will dig those

1 e-mails -- I have a big pile. This file has green
2 exponentially over the last couple of weeks. I will do
3 that.

4 MS. CAROL WILBUR: Thank you so much.

5 HEARING EXAMINER ORTH: Thank you, Ms. Wilbur, I
6 was one of five girls, too.

7 MR. PADILLA: As long as Mr. Bruce is willing to
8 dismiss Allar Company and Keatley, I don't have much to say,
9 but I don't have -- we are probably going to stay in this
10 thing, but we don't have an objection to either of the two
11 dates.

12 HEARING EXAMINER ORTH: All right. Thank you.
13 Mr. Savage?

14 MR. SAVAGE: I suspect those dates will suffice,
15 I will have to (inaudible) with my clients as the others
16 have stated, but I suspect there will be no objection on
17 that.

18 HEARING EXAMINER ORTH: Ms. Callahan?

19 MS. CALLAHAN: Yes, I would have to confer with
20 the client before I personally would be able to make any of
21 those dates.

22 HEARING EXAMINER ORTH: All right. Thank you.
23 Let's see, Ms. Bennett.

24 MS. BENNETT: Thank you, Madam Hearing Examiner.
25 Those dates are acceptable to me and to my client.

1 HEARING EXAMINER ORTH: All right. Thank you.

2 And Ms. Blount.

3 MS. BLOUNT: Any of these dates would be fine.

4 HEARING EXAMINER ORTH: Okay, thank you all very
5 much. In that case, what I would like you to do, Mr. Bruce,
6 is circulate a prehearing order.

7 MR. BRUCE: Yes.

8 HEARING EXAMINER ORTH: October 22 and 23 as
9 necessary as the hearing date, and back out of the dates for
10 the, you know, the regular template for a prehearing order,
11 if you would.

12 MR. BRUCE: We will.

13 HEARING EXAMINER ORTH: The things like
14 testimony, circulate that and then get that to me after you
15 have circulated it.

16 MR. BRUCE: Okay. Thank you very much.

17 HEARING EXAMINER ORTH: Thank you very much.
18 Thank you all.

19 (Concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 23rd day of July 2020.

18

/s/ Irene Delgado

19

Irene Delgado, NMCCR 253
License Expires: 12-31-21

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