

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

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

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

CASE NO.: 22278, 22279

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
DECEMBER 16 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on
Thursday, December 16, 2021, through the Webex Platform.

Reported by: PAUL BACA
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A P P E A R A N C E S

For Tap Rock Resources:

JAMES BRUCE
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I N D E X

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| CASE CALLED | |
| SUMMARY OF CASE AND EXHIBITS | 03 |
| EXHIBITS ADMITTED | 08 |
| TAKEN UNDER ADVISEMENT | 08 |
| REPORTER CERTIFICATE | 09 |

1 HEARING EXAMINER BRANCARD: Going to call two
2 more cases for now, and that is Case Numbers 22278, 22279,
3 Tap Rock Resources.

4 MR. BRUCE: Mr. Examiner, Jim Bruce for Tap Rock.

5 HEARING EXAMINER BRANCARD: I do not have any
6 other entries of appearances, but are there any now for Case
7 Numbers 22278, 22279?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: Hearing none, Mr.
10 Bruce, you may proceed.

11 MR. BRUCE: Mr. Examiner, in these cases, the
12 first case, 278, Tap Rock seeks to force pool -- this is on
13 the Texas, New Mexico border where its lots is on the south
14 side of the unit. Basically these are one-mile laterals,
15 even though the first application is for the SW/4 of Section
16 25 and what is called the W/2 of 36. Actually, it's 100 --
17 roughly 160 acres -- I mean, roughly 80 acres in the well
18 unit -- no, I should say -- excuse me -- it's the north --
19 even though it's described as th eW/2, it's actually the
20 NW/4 of Section 36 in 26 South, 30 East.

21 In this case, Tap Rock seeks to force pool the
22 Bone Spring formation. They are drilling Second and Third
23 Bone Spring wells in a proximity tract unit for the W/2.

24 In the next case, 279, it's the same thing, it's
25 a proximity tract for the E/2 of the same sections, and

1 again they are seeking to force pool the Bone Spring
2 formation for Second and Third Bone Spring wells. I won't
3 go through both exhibit packages in detail, but the well
4 unit itself is basically 320 acres because the W/2 of 36 and
5 the E/2 of 36 are not 320 acres themselves, there are only
6 160 acres.

7 The land affidavits in each case are virtually
8 identical maps. Phillips is the landman. He has previously
9 been qualified as an expert petroleum landman. It contains
10 the usual C-102s, the land plats showing the interest of the
11 parties and parties being pooled, and, in essence, the --
12 although a few overrides are being pooled, the only working
13 interest owner being pooled is Chevron USA Inc. in each
14 case.

15 There is the usual proposal letter and AFEs, and
16 there is the affidavit of Emily Lang, the geologist. It's
17 virtually identical for both cases showing the zones being
18 pooled with the usual structure map, isopach, cross section
19 and gun barrel plat showing where the wells are located.
20 And again, she states that the well unit, the formation is
21 continuous across both well units.

22 Exhibit 5 is my affidavit of notice. All the
23 parties were locatable -- are locatable, but I did not
24 publish notice, and that almost got me in trouble again.
25 You will see that there is mail -- there was a letter sent

1 to Randall Kate who is actually an old petroleum engineer
2 who worked at several companies for quite some time.

3 He did not pick up the mail until December 9,
4 that, in the post office in his hometown, took about two
5 weeks before he picked it up. And late yesterday I went to
6 the post office and the green card finally came back, so I
7 will be refileing Exhibit D, the affidavit of the notice in
8 each case to show that the green card actually did finally
9 show up.

10 But with that, I would ask that Exhibits A
11 through E in each case be admitted into evidence and the
12 matters taken under advisement.

13 HEARING EXAMINER BRANCARD: Thank you. Ms.
14 Murphy, any questions?

15 TECHNICAL EXAMINER MURPHY: I don't have any
16 questions, thank you.

17 HEARING EXAMINER BRANCARD: Mr. Bruce, I'm just
18 trying to get the legal description.

19 MR. BRUCE: Mr. Examiner, obviously the issue
20 comes in with Section 36. The N/2 NW, obviously that's
21 clear. Lots 3 and 4 form the S/2 of the NW/4, just looking
22 at the first case. And I forget what the exact acreages are
23 of them, but normally in that instance, the BLM calls this
24 the NW/4, but it actually comprises, since the section is
25 compressed, it's only 320 acres more or less in size, the

1 Lots 3 and 4 in the N/2 NW are called the W/2, and in the
2 next case, Lots 1 and 2 in the N/2 NE/4 are also called the
3 E/2 even though they only comprise approximately 160 acres.

4 HEARING EXAMINER BRANCARD: Okay. So it's either
5 the entire W/2 of Section 36 or the entire E/2 of Section
6 36, but those are not 320 acres?

7 MR. BRUCE: Correct.

8 HEARING EXAMINER BRANCARD: So but it is the
9 entire NW/4 and NE/4 of Section 36?

10 MR. BRUCE: That is correct.

11 HEARING EXAMINER BRANCARD: And then you have the
12 lots below.

13 MR. BRUCE: That is correct.

14 HEARING EXAMINER BRANCARD: Okay. All right.
15 Well, we will sort of examine the checklist and stuff just
16 to make sure it's all correct and we will go back if there
17 are any inconsistencies. So but you do need to provide us
18 with with an additional green card. Is that correct, Mr.
19 Bruce?

20 MR. BRUCE: I do need to provide, yeah, and I am
21 glad you mentioned the acreage -- I don't know why,
22 probably because I drafted this off of a prior thing, I
23 think the size of the unit is approximately 320 acres and
24 both of the checklists say 240, so I will correct that.

25 HEARING EXAMINER BRANCARD: The only map I'm

1 seeing is the isopach map is way down in the geologist
2 exhibits makes it look more like 240, but --

3 MR. BRUCE: If you look at the C-102s, it's
4 clear.

5 HEARING EXAMINER BRANCARD: Okay.

6 MR. BRUCE: That's what I get for putting
7 together the pooling checklist at 2 a.m.

8 HEARING EXAMINER BRANCARD: All right. Thank
9 you. We will just sort of make sure that -- if we need
10 anything, we will let you know, okay?

11 MR. BRUCE: I will get those other things taken
12 care of today.

13 HEARING EXAMINER BRANCARD: As long as the wells
14 don't drift into Texas, we're okay.

15 MR. BRUCE: Oh, what's a little theft of the
16 Texas resources?

17 HEARING EXAMINER BRANCARD: All right. We
18 wouldn't want to get the Railroad Commission mad at us.

19 MR. BRUCE: Yes.

20 HEARING EXAMINER BRANCARD: Thank you. So are
21 there any other concerns or questions for Cases 22278,
22 22279?

23 (No audible response.)

24 HEARING EXAMINER BRANCARD: Hearing none, these
25 cases -- the exhibits will be admitted into the record and

1 cases will be taken under advisement. We're leaving the
2 record open for the green card and you were going to
3 correct --

4 MR. BRUCE: The pooling checklist.

5 HEARING EXAMINER BRANCARD: All right. Thank you
6 very much.

7 MR. BRUCE: Thank you.

8 HEARING EXAMINER BRANCARD: All right.

9 (Exhibits admitted.)

10 (Taken under advisement.)

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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, PAUL BACA, New Mexico Certified Court
7 Reporter, do hereby certify that I reported the foregoing
8 virtual proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 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 reasonable quality.

17 Dated this 16th day of December 2021.

18

/s/ Paul Baca

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Paul Baca
License Expires: 12-31-22

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