

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:

APPLICATION OF TAP ROCK OPERATING, LLC
TO AMEND ORDER NO. R-21787 and R-21786
EDDY COUNTY, NEW MEXICO

Case No. 22856, 22857

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing
before the New Mexico Oil Conservation Division,
HEARING OFFICER WILLIAM BRANCARD and TECHNICAL
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS
500 4th Street, NW, Suite 105
Albuquerque, New Mexico 87102
505-843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

For Tap Rock Operating, LLC:
HINKLE SHANOR LLP
PO Box 2068
Santa Fe, New Mexico 87504-2068
505-872-4554
BY: MICHAEL RODRIGUEZ
mrodriguez@hinklelawfirm. com

I N D E X

	PAGE
CASE CALLED	
HEARING	3
CERTIFICATE OF REPORTER	9

EXHIBITS

NUMBER	PAGE ADMITTED
A	8

1 HEARING OFFICER BRANCARD: With that
2 calling Items 81 and 82 on our worksheet.
3 Cases 22856, 22857, Tap Rock Operating.

4 Mr. Rodriguez, are you there?

5 MR. RODRIGUEZ: Sorry about that, I was on
6 mute.

7 Good afternoon. Michael Rodriguez with
8 Tap Rock Operating, LLC.

9 HEARING OFFICER BRANCARD: Thank you.

10 Are there any other parties for
11 Cases 22856, and 22857?

12 Hearing none, Mr. Rodriguez, please
13 proceed.

14 MR. RODRIGUEZ: Thank you.

15 In these cases Tap Rock requests the
16 Division amend the current rules to compulsory pool
17 additional uncommitted mineral interest owners into
18 the approved spacing units. And add the additional
19 initial wells indicated within the application to
20 those units.

21 Specifically, Case Number 22856 pertains
22 to Order Number R-21787, which was issued in Case
23 Number 21612 on July 16, 2021, which pooled all
24 uncommitted mineral interest in the Purple Sage gas
25 pool within the Wolfcamp formation underlying a

1 640-acre horizontal spacing unit comprised of the
2 east half of Sections 9 and 16, Township 25 South,
3 Range 26 East in Eddy County and dedicated that unit
4 to the Schlitz Fed Com 204H and 213H wells.

5 In Case Number 22857, this case pertains
6 to Order Number R-21786, issued in Case Number 21611
7 for the same date, which pooled all uncommitted
8 mineral interests into a similar spacing unit within
9 the same pool in the west half of Sections 9 and 6,
10 16, and dedicated the unit to the Schlitz Fed Com
11 202H and 211H wells.

12 Exhibit packets submitted to the Division,
13 these cases are identical and contain Exhibit A,
14 which is the landman self-affirmed statement
15 testifying that since the orders were issued, Tap
16 Rock determined additional mineral interests had not
17 been pooled under the orders and that it is prudent
18 to also add two additional wells to each spacing
19 unit approved under the orders.

20 Exhibit A1 is Tap Rock's application and
21 proposed hearing notices.

22 Exhibits A2 contain copy of the orders at
23 issue.

24 Exhibits A3 contain the C102s for the
25 additional initial wells.

1 Exhibits A4 contain plats of the tracts
2 included in the units along with an ownership
3 summary of the narrow interest within the units and
4 the additional interest Tap Rock seeks to pool as
5 has been identified as uncommitted on the ownership
6 summary.

7 Exhibits A5 contain sample well proposals
8 and AFEs for the additional wells sent to the
9 mineral interest owners originally identified in the
10 prior cases.

11 Exhibits A6 contain sample well proposals
12 and the AFEs for the additional wells and the wells
13 approved under the orders to the additional
14 uncommitted mineral interest owners.

15 And Exhibits A7 contain the summary of the
16 communications.

17 And Exhibits A8 contain the sample notice
18 letters and contain a list of the parties who are
19 notified of this hearing via certified mail along
20 with current tracking information as of Tuesday.

21 And Exhibit A9 is the affidavit of
22 publication.

23 And I'd like to point out that within
24 Exhibit A8, I apologize for how small the font is.
25 I had some technical difficulties with adjusting

1 that, so I can certainly provide a larger image of
2 that if the Division would like. But there were
3 eight entities that notice was returned as
4 undeliverable, however, three of those eight
5 actually received notice due to Tap Rock sending out
6 notice to additional addresses for those entities,
7 so there is a total of five undelivered entities.

8 And then we published notice of hearing
9 (audio cut out) like Ms. Hardy indicated earlier, I
10 also had an issue publishing the notice of hearing
11 about the ten-day deadline despite multiple attempts
12 over the course of a few days to meet that deadline
13 with the publication and request that this case be
14 taken under advisement and exhibits accepted and the
15 cases be continued to the June 16th docket for our
16 notice to run.

17 And, additionally, to echo Mr. Rankin,
18 this prior case as well, Tap Rock also requests that
19 these orders be expedited due to the timing of
20 operation in these wells.

21 With that, I stand for questions.

22 Thank you.

23 HEARING OFFICER BRANCARD: Thank you.

24 Mr. Garcia, questions?

25 TECHNICAL HEARING EXAMINER GARCIA: Have

1 the original wells been drilled under the existing
2 order?

3 MR. RODRIGUEZ: They have been spudded. I
4 don't believe completion has taken place.

5 TECHNICAL HEARING EXAMINER GARCIA: When
6 were they spudded?

7 MR. RODRIGUEZ: I'm not sure. I can get
8 that information for you. I do know that they were
9 spudded but that's as far as I know.

10 TECHNICAL HEARING EXAMINER GARCIA: I
11 guess I'm just curious if they're still in their
12 year timeline of spudding to be completed.

13 MR. RODRIGUEZ: Yes. I believe that
14 they -- there shouldn't be a problem with the
15 deadline. I believe all these wells have been
16 spudded. Tap Rock has an interest in every tract,
17 they just have not moved forward with the
18 completion.

19 TECHNICAL HEARING OFFICER GARCIA: So I
20 understand that pooling additional parties, coming
21 to hearing, but the additional wells, wouldn't those
22 be better suited as in-field wells if these have
23 already been drilled or are being drilled, I guess.

24 MR. RODRIGUEZ: Yes, they're being drilled
25 and the idea is that it's more economic that way, it

1 prevents economic waste by back-shoring these wells.

2 TECHNICAL HEARING EXAMINER GARCIA: Yeah,
3 I guess I would have to check, but I mean adding
4 these wells to the order makes them initial wells,
5 which would be based off of that old order's
6 timelines because, I mean, you're not asking for any
7 extensions or, I mean, this order was issued
8 7/16/2021, so I guess I'm just curious on the
9 timelines there.

10 MR. RODRIGUEZ: I believe if there is
11 amended orders issued prior to that date, it is
12 July 16th, 2022, they should still meet the one-year
13 drilling deadline.

14 TECHNICAL HEARING EXAMINER GARCIA: Okay.
15 I believe that's all my questions.

16 MR. RODRIGUEZ: Thank you.

17 HEARING OFFICER BRANCARD: Thank you.

18 Are there any other interested parties for
19 Cases 22856, 2257?

20 Hearing none, the exhibits will be
21 admitted into the record. These cases are continued
22 to June 16, to fill out the notice requirements.

23 MR. RODRIGUEZ: Thank you.

24 HEARING OFFICER BRANCARD: Thank you.

25 (Matter concluded.)

REPORTER'S CERTIFICATE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
License Expires: 12-31-2022