

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

**APPLICATION OF TAP ROCK RESOURCES, LLC
TO ALLOW IT TO DRILL INFILL WELLS UNDER
DIVISION ORDER NO. R-20538, LEA COUNTY,
NEW MEXICO.**

Case No. _____

APPLICATION

Tap Rock Resources, LLC applies for an order allowing it to drill infill wells in the Bone Spring formation underlying a (proximity tract) horizontal spacing unit comprised of the E/2W/2 and the W/2E/2 of Section 11, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E/2W/2 and the W/2E/2 of Section 11.
2. The Bone Spring formation underlying the E/2W/2 and the W/2E/2 of Section 11 is subject to compulsory pooling order No. R-20538 issued to COG Operating LLC.
3. Under NMAC 19.15.13.9 through 11, applicant proposes to drill the Mandelbaum Fee Well Nos. 122H, 123H, 142H, 143H, 192H, and 193H to a depth sufficient to test the Bone Spring formation, and dedicate the E/2W/2 and the W/2E/2 of Section 11 to the wells.
4. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2W/2 and the W/2E/2 of Section 11.
5. Although applicant attempted to obtain to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order allowing it to drill the above wells in the Bone

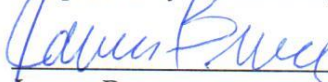
Spring formation underlying the E/2W/2 and the W/2E/2 of Section 11, pursuant to NMSA 1978 §70-2-17.

6. The drilling of the infill wells in the Bone formation underlying the E/2W/2 and the W/2E/2 of Section 11 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Allowing it to drill infill wells Bone Spring formation underlying the E/2W/2 and the W/2E/2 of Section 11;
- B. Designating Tap Rock Operating, LLC as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the costs thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk assumed by applicant in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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