

RECEIVED: 8/25/2017	REVIEWER: LRL	TYPE: NSP	APP NO: PKSC.1724240540
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Tap Rock Operating, LLC **OGRID Number:** 372043
Well Name: Nailed It State Com No. 1 **API:** _____
Pool: Purple Sage-Wolfcamp Gas Pool **Pool Code:** 98220

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☒ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☒ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler

Print or Type Name

Signature

August 25, 2017

Date

505-988-4421

Phone Number

jkessler@hollandhart.com

e-mail Address



August 25, 2017

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OCD
2017 AUG 25 P 2:21

Re: Application of Tap Rock Operating, LLC for administrative approval of a 128.4-acre non-standard spacing and proration unit in the E/2 of Irregular Section 36, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Mr. Catanach:

Pursuant to Rule 3 of the Special Rules for the Purple Sage-Wolfcamp Gas Pool and NMAC 19.15.15.11.B(2), Tap Rock Operating, LLC ("Tap Rock") (OGRID No. 372043) seeks administrative approval of a 128.4-acre non-standard gas spacing and proration unit comprised of the E/2 of Irregular Section 36, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. The proposed non-standard spacing and proration unit will be dedicated to the **Nailed It State Com No. 1**, a vertical well to be drilled 330 feet from the South line, 990 feet from the East line (Lot 1) of Irregular Section 36.

The **Nailed It State Com No. 1** will develop the Wolfcamp formation (Purple Sage; Wolfcamp Gas Pool (98220)). Pursuant to the Special Rules for the Purple Sage-Wolfcamp Gas Pool, set forth in Order No. R-14262, wells within the Purple Sage Pool must be spaced on 320-acres. Rule 3 of the Special Rules for Order R-14262 permit exceptions as allowed in Division rules. The Division rules, 19.15.15.11.B(2) authorize administrative approval of non-standard spacing units when the non-standard spacing unit consists of a single quarter-quarter section or lot or quarter-quarter sections or lots joined by a common side and the non-standard spacing unit lies wholly within a single half section if the well is in a pool for which 320 acres is the standard spacing unit size.¹ The proposed non-standard spacing unit consists of adjoining lots and is located wholly within a single half-section.

¹ Section 36 is an irregular correction section bordering Texas. The proposed non-standard spacing unit is not less than 70 percent of the size of a standard spacing unit and therefore does not require approval due to the variation in the legal subdivision of the public lands survey.

HOLLAND & HART^{LLP}



Tap Rock seeks approval of this non-standard spacing unit to most efficiently develop the Wolfcamp in this area. All interest owners in the E/2 also own working interests in the W/2 of Irregular Section 36, though the ownership percentage is not identical. The interest owners have previously been made aware of Tap Rock's proposed development plan in the E/2 of Irregular Section 36. Tap Rock intends to further develop its acreage in both the E/2 and the W/2 of Irregular Section 36 with stand-up horizontal wells.

Exhibit A is a copy of the Well Location and Acreage Dedication Plat (Form C-102) for the **Nailed It State Com No. 1**.

Exhibit B is a copy showing the proposed vertical well and the proposed spacing unit in the E/2 of Irregular Section 36, marked as Tract 1 and highlighted in yellow. Tract 2 is the area affected by the administrative application. Outlined in red in Chevron's ownership percent in each spacing unit. The other interest owners' percentages (Tap Rock, RSC, and PT) are also noted on this exhibit. Tap Rock, RSC, and PT are signatories of a joint operating agreement covering this acreage.

Exhibit C is a list of parties in the W/2 of Irregular Section. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application. A courtesy copy of this application has also been provided to the State Land Office.

Your attention to this matter is appreciated.

Sincerely,

Jordan L. Kessler

ATTORNEY TAP ROCK OPERATING, LLC

cc: New Mexico State Land Office
310 Old Santa Fe Trail, P.O. Box 1148
Santa Fe, New Mexico 87504-1148

NM OIL CONSERVATION

ARTESIA DISTRICT

AUG 14 2017

District I
1633 N. French Dr., Hobbs, NM 88240
Phone: (575) 993-6161 Fax: (575) 993-0720
District II
911 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Artesia, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3463

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-44384	Pool Code 98220	Pool Name Purple Sage Wellcamp (gas)
Property Code 319398	Property Name NAILED IT STATE COM	Well Number 1
Operator No. 372043	Operator Name TAP ROCK OPERATING LLC	Elevation 3037.8'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	36	26 SOUTH	30 EAST, N.M.P.M.		330'	SOUTH	990'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 128.40		Joint or Infill	Consolidation Code	Order No.					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Aaron Byrd</u> Date: <u>8/9/2017</u> Printed Name: <u>Aaron Byrd</u> E-mail Address: <u>abyrd@taprk.com</u>
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from the records of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: <u>JUNE 28, 2017</u> Signature and Seal: <u>Tommy J. Paul</u> Professional Surveyor Certificate Number: <u>15079</u> WO# 170628WL (KA)

District I
1635 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 E. First St., Aramis, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name NAILED IT STATE COM	Well Number 1
OGRID No.	Operator Name TAP ROCK OPERATING LLC	Elevation 3037.8'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	36	26 SOUTH	30 EAST, N.M.P.M.		330'	SOUTH	990'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County								
<table border="1"> <tr> <td>Dedicated Acres</td> <td>Joint or Infill</td> <td>Consolidation Code</td> <td>Order No.</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>										Dedicated Acres	Joint or Infill	Consolidation Code	Order No.				
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.														

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Aaron Byrd</u> 8/9/2017 Signature Date</p> <p><u>Aaron Byrd</u> Printed Name</p> <p><u>abyrd@taprock.com</u> E-mail Address</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from the records of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p><u>ERRY J. AS</u> Date of Survey</p> <p><u>ERRY J. AS</u> Signature and Seal of Professional Surveyor</p> <p>15079 Certificate Number</p> <p>7/13/2017 Date</p> <p>WO# 170628WL (KA)</p>

EXHIBIT
A

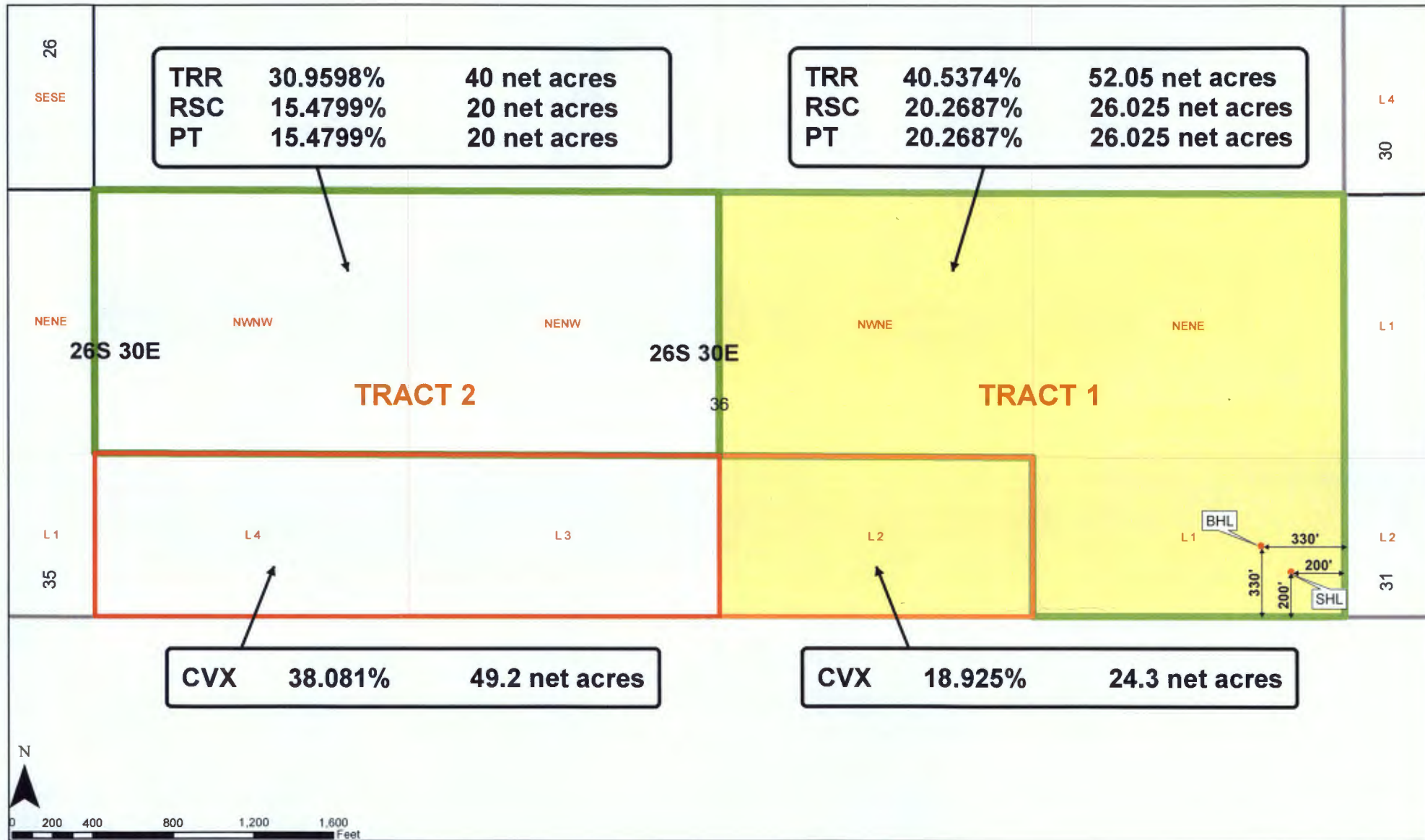


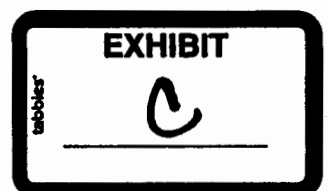
Exhibit C

Tract 2

Chevron U.S.A. Inc.
P.O. Box 1635
Houston, Texas 77251
70171450000083778109

RSC Resources, L.P.
6824 Island Circle
Midland, TX 79707
70171450000083778183

PT Resources, L.P.
1904 Western Drive
Midland, TX 79705
70171450000083778206



HOLLAND & HART LLP



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

August 25, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of Tap Rock Operating, LLC for administrative approval of a 128.4-acre non-standard spacing and proration unit in the E/2 of Irregular Section 36, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Erica Hixson
(720) 460-3316
ehixson@taprk.com

Sincerely,

Jordan L. Kessler

ATTORNEY TAP ROCK OPERATING, LLC

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☎

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Wednesday, October 18, 2017 11:22 AM
To: 'Jordan L. Kessler'
Cc: Podany, Raymond, EMNRD; McMillan, Michael, EMNRD; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; 'lisa@rwbyram.com'; Holm, Anchor E.; Martin, Ed; Sharp, Karen, EMNRD
Subject: APPROVED NSP-2076_Tap Rock Operating, LLC_Nailed It State Com No. 1_SEC 36 26S 30E
Attachments: NSP-2076.pdf

Importance: High

Ms. Jordan L. Kessler

The following administrative order has been issued and will soon be available on the Division's web site: <http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

NSP-2076

Tap Rock Operating, LLC

API #: 30-015-44384

WELL: Nailed It State Com No. 1.

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>