

RECEIVED: 11/07/2018	REVIEWER: NAM	TYPE: PLC	APP NO: DMAM18311 59222
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NOV 07 2018 AM 11:22  
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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:** Cosmo K Commingle units **API:**  
**Pool:** Wolfbone Pool Wolfbone Spring **Pool Code:** 98098

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

PLC-538

- 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	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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

11/6/2018

Date

505-988-4421

Phone Number

jlkessler@hollandhart.com

e-mail Address



**Jordan L. Kessler**  
**Associate**  
 Phone (505) 988-4421  
 Fax (505) 983-6043  
 jlkessler@hollandhart.com

November 7, 2018

**VIA HAND DELIVERY**

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

**Re: Application of Tap Rock Operating, LLC for administrative approval to surface commingle (pool commingle) oil and gas production from the spacing units underlying the SW/4NE/4, W/2SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.**

Dear Ms. Riley,

Tap Rock Operating, LLC (OGRID No. 372043) seeks administrative approval to surface commingle (pool commingle) oil and gas production from the WC-025 G-07 S243533G; Middle Bone Spring Pool (98288) and the WC-025 G-09 S243532M; Wolfbone Pool (98098) *from all existing and future wells* drilled in the following spacing Cosmo K Commingle units in Lea County:

(a) Bone Spring pool, SW/4NE/4, W/2SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East: This spacing unit is dedicated to the Cosmo K 24S35E3328 No. 113H (API No. 30-025-44969) well. This well will produce from WC-025 G-07 S243533G; Middle Bone Spring Pool (98288).

(b) Wolfbone pool, SW/4NE/4, W/2SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East: This spacing unit is dedicated to the Cosmo K 24S35E3328 No. 133H (API No. 30-025-44915) well and the Cosmo K 24S35E3328 No. 213H (API No. 30-025-44656) well. These wells will produce from the WC-025 G-09 S243532M; Wolfbone Pool (98098).

Pursuant to NMAC 19.15.12.7, approved spacing units are considered separate leases for surface commingling purposes. Tap Rock seeks authority to surface commingle production between the Wolfbone and Bone Spring pools according to the provisions of NMAC 19.15.12.10.C *from all existing and future wells* in these separate spacing units at a surface facility



located in the SW/4NE/4 (Unit G) of Section 33. Pursuant to 19.15.12.10(C)(4)(g), Tap Rock also seeks authority to commingle production from future wells with notice provided only to interest owners within future leases. Prior to commingling, gas production from each well will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each well will also be separately metered using a turbine meter.

**Exhibit 1** is a land plat showing Tap Rock's current development and gathering system in the subject area. The plat identifies the wellbores, the spacing units, and the common surface facility located in the SW/4NE/4 (Unit G) of Section 33. The lands in the horizontal spacing units are fee lands.

**Exhibit 2** is a completed Application for Surface Commingling Form C-107-B with attachments.

**Exhibit 3** is a C-102 for each of the wells currently drilled within the existing spacing units.

**Exhibit 4** is a diagram of the surface facilities.

**Exhibit 5** is a list of the interest owners affected by this request for approval to surface commingle production. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the Division receives Tap Rock's application.

Thank you for your attention to this matter and please feel free to call if you have any questions and require additional information.

Sincerely,

Jordan L. Kessler  
ATTORNEY FOR  
TAP ROCK OPERATING, LLC

**District I**  
1625 N. French Drive, Hobbs, NM 88240  
**District II**  
811 S. First St., Artesia, NM 88210  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
**District IV**  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Tap Rock Operating  
OPERATOR ADDRESS: 602 Park Point Dr. Suite 200, Golden, CO 80401  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
See Attached				

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: *Bradley Morton* TITLE: Senior Production Engineer DATE: 10.30.18

TYPE OR PRINT NAME Bradley Morton TELEPHONE NO.: 720-460-3518

E-MAIL ADDRESS: bmorton@taprk.com



November 7, 2018

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PARTIES**

**Re: Application of Tap Rock Operating, LLC for administrative approval to surface commingle (pool commingle) oil and gas production from the spacing units underlying the SW/4NE/4, W/2SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced amended 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 at the Division's Santa Fe office located at 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:

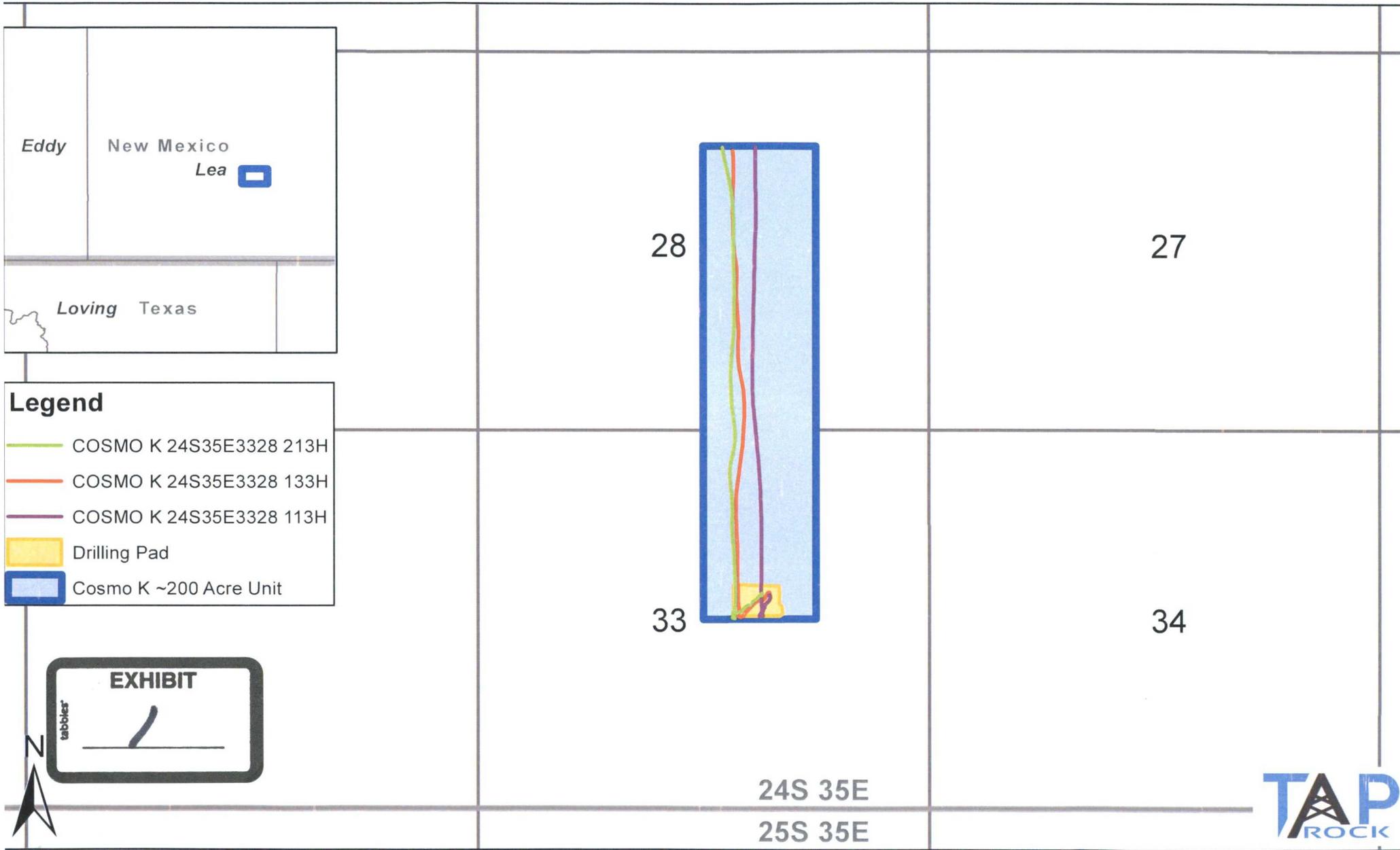
Erica Hixson  
Tap Rock Operating, LLC  
(720) 460-3316  
EHixson@taprk.com

Sincerely,



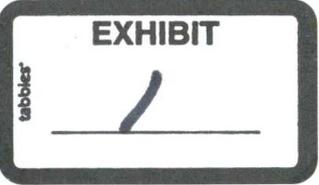
Jordan L. Kessler  
ATTORNEY FOR  
TAP ROCK OPERATING, LLC

# Cosmo K Land Plat



**Legend**

- COSMO K 24S35E3328 213H
- COSMO K 24S35E3328 133H
- COSMO K 24S35E3328 113H
- Drilling Pad
- Cosmo K ~200 Acre Unit



Southeast New Mexico

Date: 10/25/2010

BRADLEY MORTON  
SENIOR PRODUCTION ENGINEER  
DIRECT: (720) 480-3518  
BMORTON@TAPRK.COM



October 30, 2018

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: Application of Tap Rock Operating, LLC for administrative approval for approval to surface commingle (pool commingle) oil and gas production from the spacing units comprised of W/2 NE/4 of 33, W/2 SE/4 and the SW/4NE/4 of 28, LEA County, New Mexico (the "Lands")**

To Whom This May Concern,

Tap Rock Operating, LLC ("Tap Rock"), OGRID No. 372043, requests to commingle current oil and gas production from three (3) distinct wells located on the Lands and future production from the Lands as described herein. All wells will be metered through individual liquid coriolis flow meters for oil and ultrasonic flow meters for gas. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the gas gathering line. Each well on the Lands will have its own test separator with a coriolis flow meter for oil and ultrasonic flow meter for gas manufactured and assembled in accordance with the American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

Gas samples are obtained at the time of the meter testing and calibration and the composition and heating value are determined by a laboratory in accordance with the American Petroleum Institute (API) specifications to ensure accurate volume and energy (MMBTU) determinations. We have attached a sample gas analysis from the one producing well on the Lands at **Exhibit B**. (If Available)

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. The PFD shows that the water, oil and gas leave the wellbore and flow into a wellhead test separator which separates each stream. The oil is measured via the coriolis flow meter on each individual well and is calibrated periodically by a third-party measurement company for accuracy. After the oil is individually metered by coriolis flow meters at each well it can be commingled into a heater treater then into the stock tanks or, each well can be isolated into its own individual tank for testing purposes. The gas is measured on a volume and MMBTU basis by an ultrasonic flow meter on each individual well and supporting EFM equipment in accordance with API Chapter 21.1. The gas is then sent into a gathering line where it is commingled with each of the other well's metered gas. The gathering line is then metered by another ultrasonic flow meter at the tank battery check meter to show the total volume of gas leaving the tank battery. The

tank battery meter is tested and calibrated in accordance with industry specifications and volume and energy and determined on an hourly, daily and monthly basis. Once the gas exits the final tank battery sales check it travels directly into a third-party sales connect meter. The third-party gas gatherer has its own meter that measures the gas for custody transfer and that meter is also calibrated periodically to ensure measurement accuracy.

In conclusion, all the oil and gas produced on the Lands is and will be metered separately at each wellhead and allocated using accurate measurement equipment according to API specifications.

Regards,

TAP ROCK OPERATING, LLC

A handwritten signature in black ink, appearing to read 'B. Morton', with a stylized flourish at the end.

Bradley Morton  
Senior Production Engineer

**APPLICATION FOR POOL COMMINGLE, STORAGE AND SALES FOR OIL AND GAS PRODUCTION AT NEWMAN CTB**

Well Name	API	Surface Location	Pool		Date Online	Oil (MBOD)	Gas (MCFD)	Gravity	BTU/cf
COSMO K 24S35E33Z8 #113H	30-025-44969	G-33-24S-35E	98288	WC-025 G-07 S243533G; MIDDLE BONE SP	12.1.18	*1155	*2950	*46	*1250
COSMO K 24S35E33Z8 #133H	30-025-44915	G-33-24S-35E	98098	WC-025 G-09 S243532M; WOLFBONE	12.1.18	*1311	*1369	*46	*1250
COSMO K 24S35E33Z8 #213H	30-025-44656	G-33-24S-35E	98098	WC-025 G-09 S243532M; WOLFBONE	12.1.18	*1325	*1341	*46	*1250

\* Estimated 6 mo. avg. production & est. oil and gas properties based on off sets

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, 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

HOBBS OCD  
JUL 02 2018

RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 70-025-44969	<sup>2</sup> Pool Code 98288	<sup>3</sup> Pool Name WC-046207 S247537G; MIDDLE BONE 5P
<sup>4</sup> Property Code 321012	<sup>5</sup> Property Name COSMO K 24S35E3328	<sup>6</sup> Well Number 113H
<sup>7</sup> GRID No. 372043	<sup>8</sup> Operator Name TAP ROCK OPERATING, LLC.	<sup>9</sup> Elevation 3289'

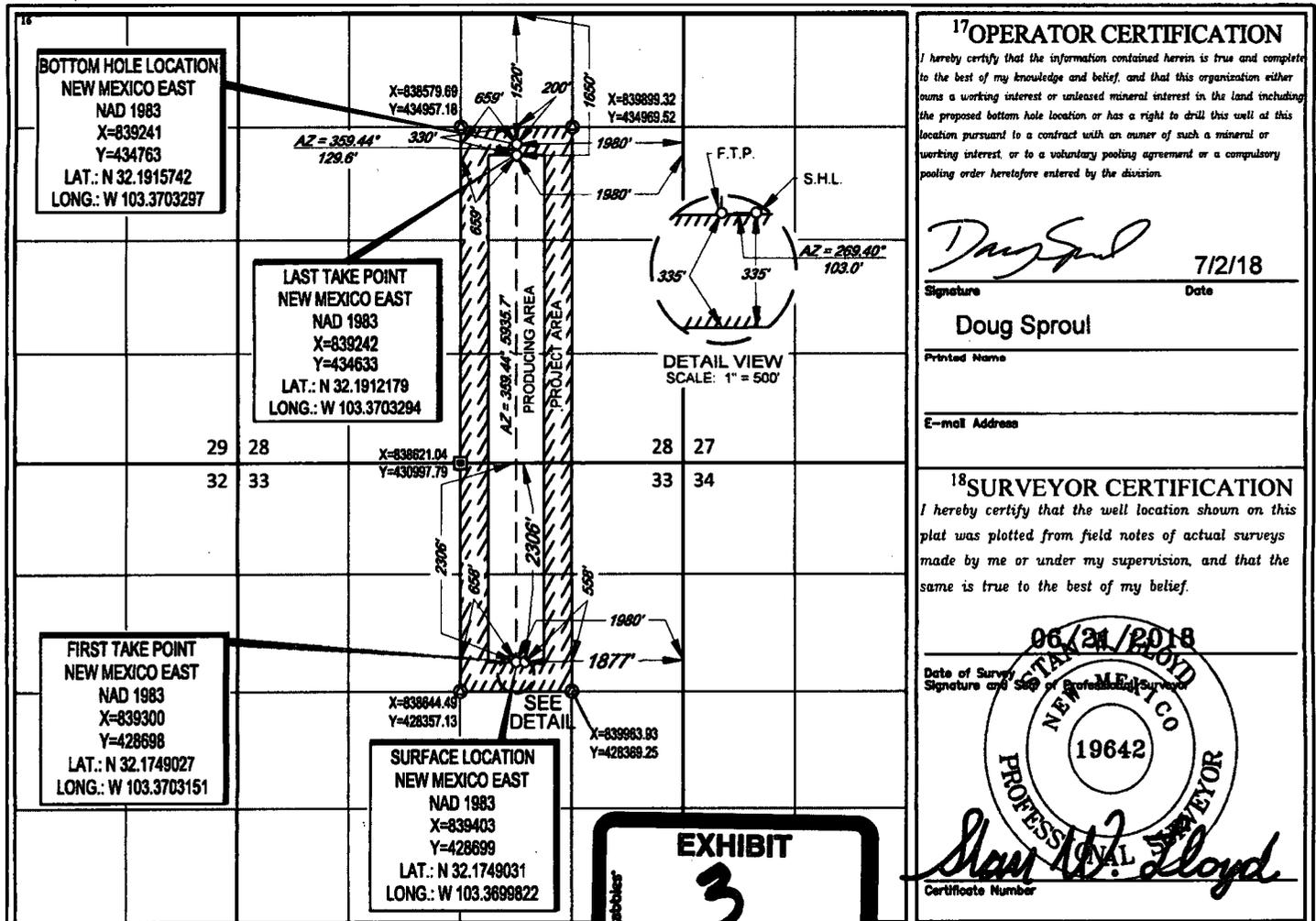
<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	33	24-S	35-E	-	2306'	NORTH	1877'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	28	24-S	35-E	-	1520'	NORTH	1980'	EAST	LEA

<sup>11</sup> Dedicated Acres 200	<sup>12</sup> Joint or Infill	<sup>13</sup> Consolidation Code	<sup>14</sup> 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.



<sup>17</sup>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.

*Doug Sproul* 7/2/18  
Signature Date

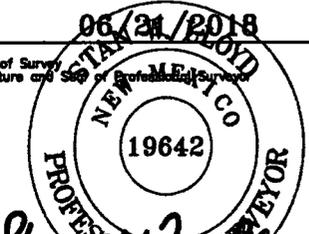
Doug Sproul  
Printed Name

E-mail Address

<sup>18</sup>SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

06/21/2018  
Date of Survey  
Signature and Seal of Professional Surveyor



*Shawn W. Lloyd*  
Certificate Number

EXHIBIT  
3

District I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, 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

HOBBS CCD  
JUN 25 2018  
RECEIVED

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-44915</b>	Pool Code <b>98098</b>	Pool Name <b>WC-025 E-09 524332M; U/L 524332M</b>
Property Code <b>321012</b>	Property Name <b>COSMO K 24S35E3328</b>	Well Number <b>133H</b>
GRID No. <b>372043</b>	Operator Name <b>TAP ROCK OPERATING, LLC.</b>	Elevation <b>3289'</b>

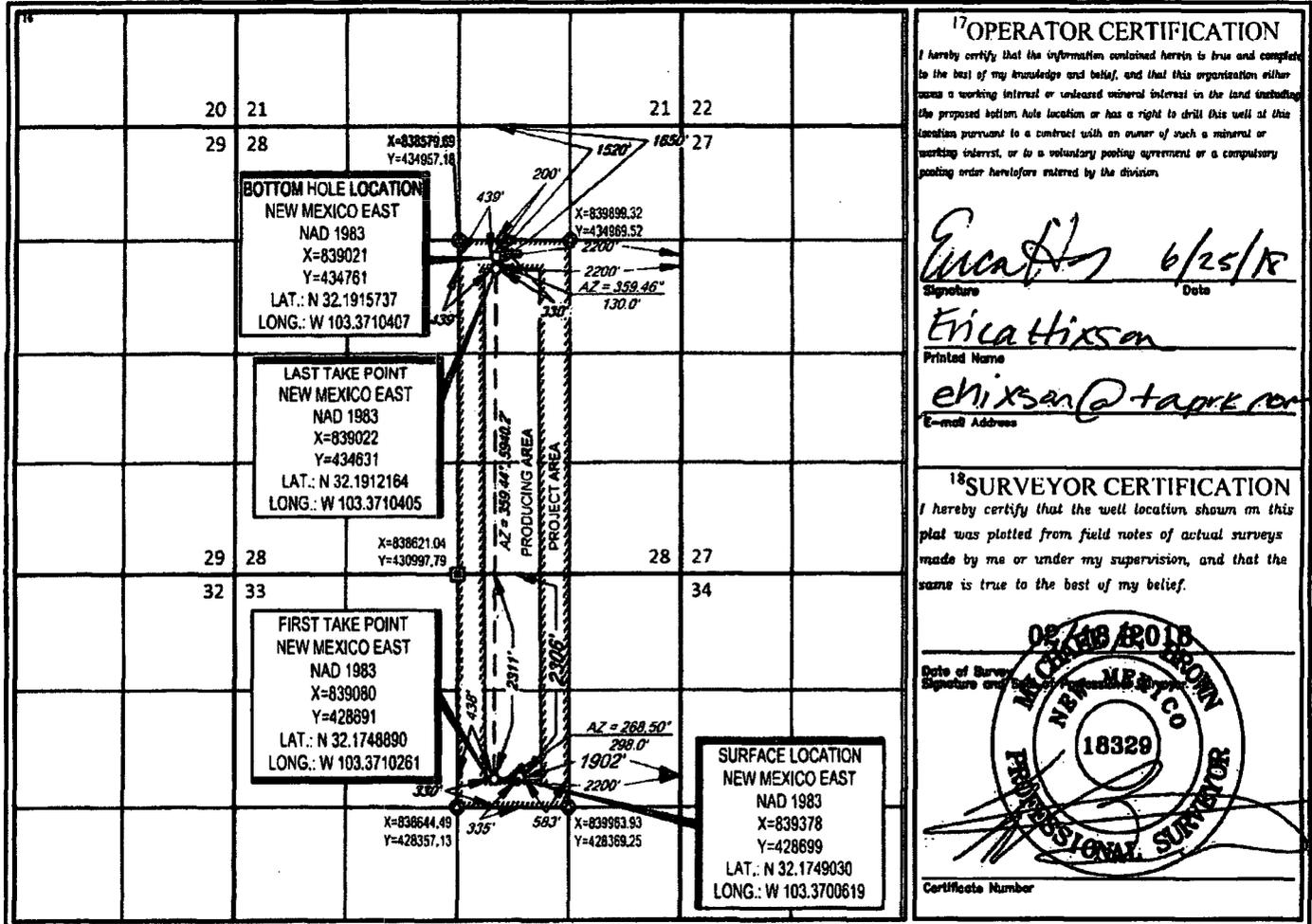
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>G</b>	<b>33</b>	<b>24-S</b>	<b>35-E</b>	<b>-</b>	<b>2306'</b>	<b>NORTH</b>	<b>1902'</b>	<b>EAST</b>	<b>LEA</b>

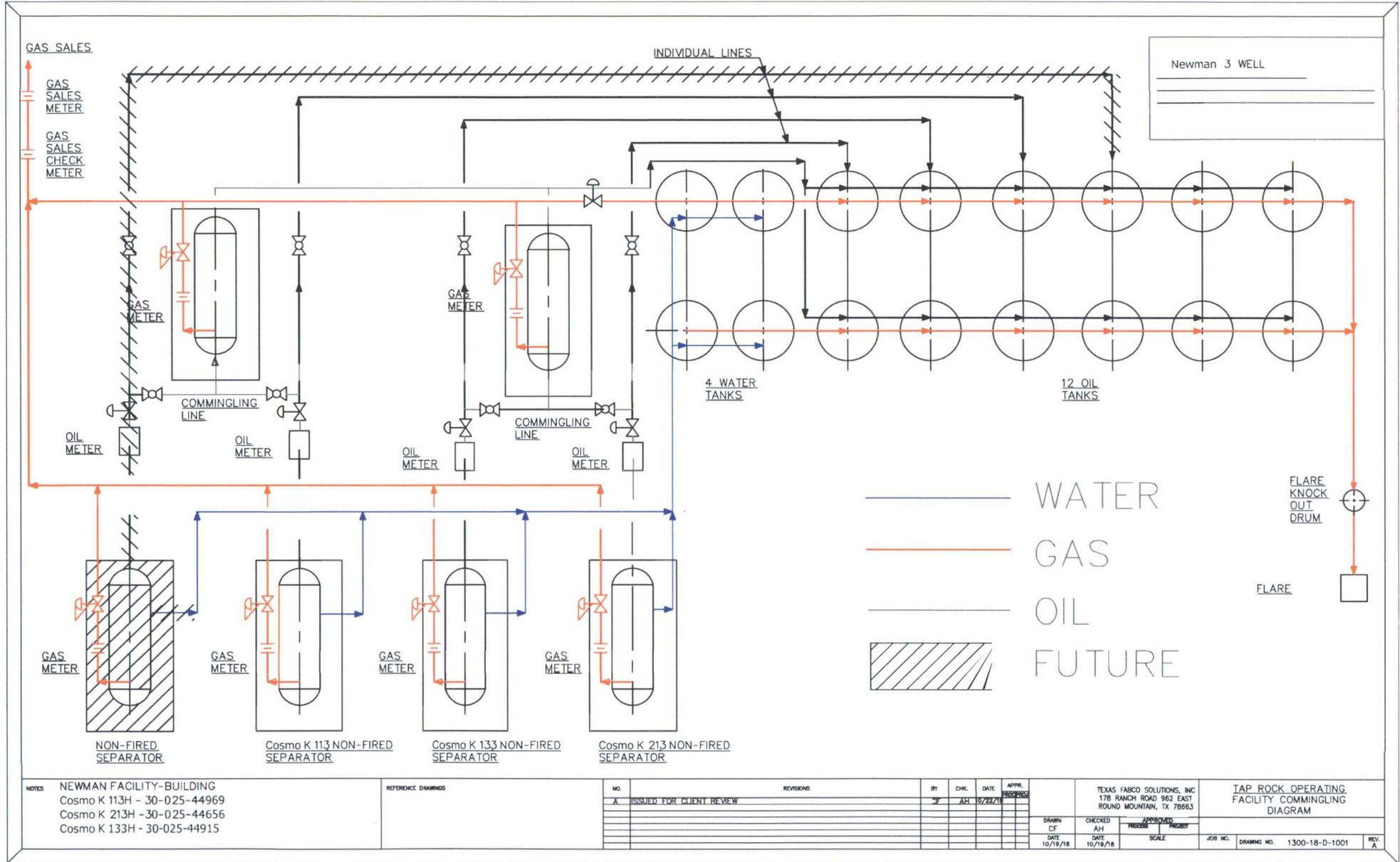
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>G</b>	<b>28</b>	<b>24-S</b>	<b>35-E</b>	<b>-</b>	<b>1520'</b>	<b>NORTH</b>	<b>2200'</b>	<b>EAST</b>	<b>LEA</b>

Dedicated Acres <b>200</b>	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.







NOTES  
 NEWMAN FACILITY-BUILDING  
 Cosmo K 113H - 30-025-44969  
 Cosmo K 213H - 30-025-44656  
 Cosmo K 133H - 30-025-44915

REFERENCE DRAWINGS

NO.	REVISIONS	BY	CHK	DATE	APPR.
A	ISSUED FOR CLIENT REVIEW	JF	AH	10/22/18	

TEXAS FABCO SOLUTIONS, INC  
 178 RANCH ROAD 962 EAST  
 ROUND MOUNTAIN, TX 78663

DESIGN: CF  
 CHECKED: AH  
 DATE: 10/19/18

APPROVED: [Signature]  
 PROJECT: [Signature]  
 SCALE: [Signature]

**TAP ROCK OPERATING FACILITY COMMINGLING DIAGRAM**

JOB NO. DRAWING NO. 1300-18-D-1001 REV. A



**Exhibit 5**

New Mexico Ten, LLLP (RI)  
P.O. Box 305  
Cedar Hill, TX 75104





# Shipment Confirmation Acceptance Notice

## A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Tap Rock - Cosmo K Commingle  
CM# 93477.0001 20181107  
New Mexico Ten LLLP

Shipment Date: 11/06/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

## B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0011 1611 02



Firm Mailing Book For Accountable Mail

Name and Address of Sender  
 Holland & Hart LLP  
 110 N Guadalupe St # 1  
 Santa Fe NM 87501

- Check type of mail or service
- Adult Signature Required
  - Adult Signature Restricted Delivery
  - Certified Mail
  - Certified Mail Restricted Delivery
  - Collect on Delivery (COD)
  - Insured Mail
  - Priority Mail
  - Priority Mail Express
  - Registered Mail
  - Return Receipt for Merchandise
  - Signature Confirmation
  - Signature Confirmation Restricted Delivery

Affix Stamp Here  
 (if issued as an international certificate of mailing or for additional copies of this receipt).  
 Postmark with Date of Receipt.

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1. 9214 8901 9403 8374 8998 20	NEW MEXICO TEN LLLP (RI) PO Box 305 CEDAR HILL TX 75106-0305	1.63	3.45	Handling Charge - if Registered and over \$50,000 in value							1.50				

Total Number of Pieces Listed by Sender  
 1

Total Number of Pieces Received at Post Office

Postmaster, Per (Name of receiving employee)