Approved

NSL

Order

Michelle Lujan Grisham Governor

Sarah Cottrell Propst Cabinet Secretary

Todd E. Leahy, JD, PhD Deputy Cabinet Secretary Adrienne E. Sandoval, Director Oil Conservation Division



September 28, 2021

Ms. Kaitlyn A. Luck Kaluck@hollandhart.com

NON-STANDARD LOCATION

Administrative Order NSL-8210

Tap Rock Operating, LLC [OGRID 372043] Blue Marlin Federal Com Well No. 212H API No. 30-025-49196

Proposed Location

| - | Footages | Unit/Lot | Sec. | Twsp | Range | County |
|------------------|--------------------|----------|------|------|-------|--------|
| Surface | 285 FSL & 2225 FWL | Ν | 19 | 25S | 36E | Lea |
| First Take Point | 100 FSL & 2530 FWL | Ν | 19 | 25S | 36E | Lea |
| Last Take Point | 100 FNL & 2530 FWL | С | 18 | 25S | 36E | Lea |
| Terminus | 5 FNL & 2530 FWL | С | 18 | 25S | 36E | Lea |

Proposed Horizontal Units

| Description | Acres | Pool | Pool Code |
|-------------------|--------|---------------------|-----------|
| W/2 of Section 19 | 639.04 | Jal; Wolfcamp, West | 33813 |
| W/2 of Section 18 | | _ | |

Reference is made to your application received on September 7, 2021.

You have requested to drill this horizontal well at an unorthodox Gas well location described above in the referenced pool or formation. 19.15.16.15(B)(3)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well's completed interval penetrates, each of which consists of a governmental quarter section or equivalent.

This well's completed interval is as close as 110 feet to the eastern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 18, encroachment to the W/2 E/2Section 19, encroachment to the W/2 E/2 Administrative Order NSL-8210 Tap Rock Operating, LLC September 28th, 2021 Page 2 of 2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location as your preferred well spacing plan in this area. Thereby preventing waste within the Wolfcamp formation underlying the W/2 Section 19 and W/2 Section 18.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, Division approves this unorthodox location.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL Division Director

AES/lrl

cc: Bureau of Land Management – Carlsbad Field Office