

**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 TO CONSIDER:**

**Case No. 21367
Order No. R-21445**

**APPLICATION OF TAP ROCK OPERATING LLC FOR APPROVAL OF THE
SEINFELD UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing August 6, 2020 at Santa Fe, New Mexico, before Examiner Kathleen Murphy.

NOW, on this 17th day of September 2020, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Oil Conservation Division (“OCD”) has jurisdiction of this case and its subject matter.

(2) Tap Rock Operating LLC (“Tap Rock” or Applicant”) seeks approval of the Seinfeld Federal Exploratory Unit (“Unit”) consisting of 4,043.44 acres (more or less) of the following Federal and Fee lands situated in Lea County, New Mexico:

Township 24 South, Range 35 East, NMPM

Section 22: All

Section 26: All

Section 27: All

Section 28: E/2E/2, SW/4NE/4, and W/2SE/4

Section 33: E/2E/2 and W/2NE/4

Section 34: All

Section 35: All

Township 25 South, Range 35 East, NMPM

Section 3: Lots 1-4, S/2N/2

(3) Unitized Interval: All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

(4) The Applicant presented testimony and exhibits as follows.

a. The Seinfeld Unit is a Federal "Exploratory Unit" and all formations are unitized. All pre-existing or future vertical wells are excluded from the agreement.

b. The Unit is comprised of eight (8) federal tracts totaling 2360 acres and one patented (fee) tract of 1683.44 acres

c. The Unit obligation well is the Gipple Federal Com Well No. 214H (API No. 30-025-46671) in Unit P, Section 33, Township 24 South, Range 35 East, N.M.P.M. This well will develop the WC-025-G-09-S24S3532M; Wolfbone Pool (Pool Code 98098) which is an oil pool.

d. The Agreement has provisions for expansion or contraction.

e. Tap Rock has received preliminary approval of the Unit from the Bureau of Land Management (BLM).

f. The Oil Conservation Division is recognized in the agreement as another agency, in addition to the, necessary for approval of the agreement and the conservation provisions.

g. Notice was provided of this application to the working interest owners, royalty owners, and overriding royalty owners within the Unit area.

(5) MRC Permian, Monticello Minerals LLC and Franklin Mountain Energy entered an appearance and was represented at hearing by counsel but did not oppose the application. No other party appeared at the hearing or otherwise opposed this application.

(6) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(7) The approval of the Unit Agreement will serve to prevent waste and protect correlative rights within the lands assigned to the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Unit Agreement for the Seinfeld Federal Exploratory Unit [NMNM141169X] ("Unit") executed by Tap Rock Operating, LLC is hereby approved for all oil and gas in the Unitized Interval underlying the following described 4043.44 acres (more or less) of Federal and Fee lands situated in Lea County, New Mexico:

Township 24 South, Range 35 East, NMPM

Section 22: All

Section 26: All

Section 27: All

Section 28: E/2E/2, SW/4NE/4, and W/2SE/4

Section 33: E/2E/2 and W/2NE/4

Section 34: All

Section 35: All

Township 25 South, Range 35 East, NMPM

Section 3: Lots 1-4, S/2N/2

(2) Unitized Interval: All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

(3) The plan contained in the Seinfeld Unit Agreement for the development and operation of the above-described unit area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(4) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(5) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area submitted and approved by the BLM for the Unit shall be submitted annually to the OCD for review.

(6) This order shall become effective upon the approval of the unit agreement by the BLM. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(7) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'ASD', is written over a horizontal line.

ADRIENNE SANDOVAL
Director