

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

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September 4, 2018

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

*Case 16432*

Dear Florene:

Enclosed for filing, on behalf of Tap Rock Resources, LLC, are two applications for compulsory pooling, together with proposed advertisements. Please set the applications for the October 4, 2018 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Tap Rock Resources, LLC

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

**APPLICATION OF TAP ROCK RESOURCES,  
LLC FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.**

Case No. 16432

**APPLICATION**

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying the W/2 of Section 27 and Lots 7-10 (the W/2) of Section 34, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W/2 of Section 27 and the W/2 of Section 34, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation:
  - (a) The Welcome to Golden 26S29E2734 Well No. 201H; and
  - (b) The Welcome to Golden 26S29E2734 Well No. 211H.

The W/2 of Section 27 and the W/2 of Section 34 will be dedicated to the wells to form a 457.78-acre horizontal spacing unit. The wells are horizontal wells, with first take points in the NW/4NW/4 (Unit D) of Section 27, and last take points in Lot 9 (Unit E) of Section 34. The completed intervals of the wells will be orthodox.

3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the W/2 of Section 27 and the W/2 of Section 34 for the purposes set forth herein.

4. 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 pooling all mineral interest owners in the Wolfcamp formation underlying the W/2 of Section 27 and the W/2 of Section 34 pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interests in the Wolfcamp formation underlying the unit 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. Pooling all uncommitted mineral interests in Wolfcamp formation underlying the W/2 of Section 27 and the W/2 of Section 34;
- 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,

A handwritten signature in black ink that reads "James Bruce". The signature is written in a cursive style with a large initial "J" and "B".

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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

*jamesbruc@aol.com*

Attorney for Tap Rock Resources, LLC

PROPOSED ADVERTISEMENT

Case No. 16432:

***Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico.*** Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a 457.78 acre horizontal spacing unit comprised of the W/2 of Section 27 and Lots 7-10 (the W/2) of Section 34, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to (i) the Welcome to Golden 26S29E2734 Well No. 201H, and (ii) the Welcome to Golden 26S29E2734 Well No. 211H, to be drilled to depths sufficient to test the Wolfcamp formation. The wells are horizontal wells, with first take points in the NW/4NW/4 (Unit D) of Section 27, and last take points in Lot 19 (Unit E) of Section 34. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 3-1/2 miles east-northeast of the intersection of U.S. Highway 285 with the New Mexico-Texas border.