

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

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 20207

APPLICATION

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Tap Rock Operating, LLC ("Tap Rock"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Sections 28 and 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Bone Spring formation (WC-025 G-09 S243532M; WOLFBONE pool [98098]) underlying the standard unit. In support of its application, Tap Rock states:

1. Tap Rock is a working interest owner in the proposed standard horizontal spacing unit ("HSU") and has the right to drill thereon.
2. Tap Rock proposes to dedicate the above-referenced standard horizontal spacing and proration unit for its proposed **Gipple Fed Com #134H well**, to be horizontally drilled from an approximate surface location 175' FSL and 695' FEL of Section 33 to a bottom hole location 5' FNL and 660' FEL of Section 28. This is the "defining well" for this unit.
3. Also to be drilled is the following infill well: **Gipple Fed Com #138H well**, to be horizontally drilled from an approximate surface location 175' FSL and 645' FEL of Section 33 to a bottom hole location 5' FNL and 51' FEL of Section 28.



4. The completed intervals and first and last take points for these wells are within the setbacks required by statewide pool rules.

5. Tap Rock has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject HSU.

6. Approval of the standard HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. In order to permit Tap Rock to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Tap Rock should be designated the operator of the proposed HSU.

WHEREFORE, Tap Rock requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 24, 2019, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Sections 28 and 33, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the Bone Spring formation in the standard HSU;

C. Designating the **Gipple Fed Com #134H well** as the defining well for the standard HSU and allowing the drilling of the **Gipple Fed Com #138H well** as an infill well;

D. Designating Tap Rock as operator of this standard HSU and the wells to be drilled thereon;

E. Authorizing Tap Rock to recover its costs of drilling, equipping and completing the wells;

F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Tap Rock in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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