

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

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

CASE NO. _____

APPLICATION

Tap Rock Operating, LLC, OGRID No. 372043 (“Tap Rock” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 640-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the S/2 of Sections 3 and 4, Township 25 South, Range 25 East, N.M.P.M., Eddy County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Cottonwood Draw; Bone Spring Pool [97494], designated as an oil pool, underlying said HSU.

In support of its Application, Tap Rock states the following:

1. Tap Rock and/or its affiliates are working interest owners in the Application Lands and have the right to drill the well thereon as the designated Operator of the Application Lands.
2. Tap Rock seeks to dedicate all of the Application Lands to form a 640-acre, more or less, HSU.
3. Tap Rock seeks to dedicate the above-referenced HSU to the following proposed well:
 - A. **Beer 30 Fed Com 154H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 3, Township 25 South, Range 25 East, to a bottom hole location in the Cottonwood Draw;

Bone Spring Pool in the SW/4 SW/4 (Unit M) of Section 4, Township 25 South, Range 25 East.

4. The well is orthodox in its location as defined by 19.15.16.15.(C) NMAC, and the take points and lateral comply with statewide rules for setbacks.

5. Tap Rock has made good faith efforts to obtain voluntary agreement from all interest owners in the Cottonwood Draw; Bone Spring Pool underlying the proposed spacing unit, but has been unable to secure agreement from all parties to participate in the drilling of the well or otherwise commit their interests.

6. The pooling of all interests in the Cottonwood Draw; Bone Spring Oil Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of oil and gas underlying the Application Lands, Tap Rock requests that all uncommitted interests in this HSU be pooled and that Tap Rock be designated as the operator of the proposed horizontal well and HSU.

WHEREFORE, Tap Rock requests this Application be set for hearing on May 7, 2026, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in Cottonwood Draw; Bone Spring Oil Pool underlying the HSU within the Application Lands;
- B. Approving the **Beer 30 Fed Com 154H** as the initial well for the HSU;
- C. Designating Tap Rock as operator of the HSU and the horizontal well to be drilled thereon;

- D. Authorizing Tap Rock to recover its costs of drilling, completing, and equipping the well;
- E. 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
- F. Imposing a 200% charge for the risk assumed by Tap Rock in drilling, equipping, and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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Application of Tap Rock Operating, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 640-acre, more or less, standard horizontal spacing and proration unit composed of the S/2 of Sections 3 and 4, Township 25 South, Range 25 East, N.M.P.M, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Cottonwood Draw; Bone Spring Pool [97494], designated as an oil pool, underlying said HSU. The proposed well to be dedicated to the horizontal spacing unit is the: **Beer 30 Fed Com 154H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 3, Township 25 South, Range 25 East, to a bottom hole location in the Cottonwood Draw; Bone Spring Pool in the SW/4 SW/4 (Unit M) of Section 4, Township 25 South, Range 25 East, N.M.P.M., Eddy County, NM. The well is orthodox in location, and the take points and lateral comply with statewide rules. The well and lands are located approximately 1.2 miles south of Whites City, New Mexico.