

CASE NOS. 22135 and 22136

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

EXHIBITS

- A. Applications and Proposed Notices
- B. Landman's Affidavit
- C. Geologist's Affidavit
- D. Affidavit of Notice
- E. Pooling Checklists

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

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

Case No. 22135

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W/2W/2 of Section 9, and has the right to drill a well thereon.
2. Applicant proposes to drill The Contest Fed. Com. Well No. 141H to a depth sufficient to test the Bone Spring formation. The W/2W/2 of Section 9 will be dedicated to the well. The well has a first take point in the SW/4SW/4 of Section 9 and a last take point in the NW/4NW/4 of Section 9.
3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 9.
4. Although applicant attempted to obtain to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, 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 Bone Spring formation underlying the W/2W/2 of Section 9, pursuant to NMSA 1978 §70-2-17.

EXHIBIT

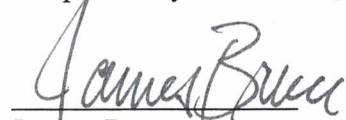
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5. The pooling of mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 9 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted mineral interest owners in the W/2W/2 of Section 9;
- B. Designating Tap Rock Operating, LLC as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the costs thereof among the well's 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, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

jamesbruc@aol.com

Attorney for Tap Rock Resources, LLC

Application of Tap Rock Resources, LLC for a compulsory pooling, Lea County, New Mexico.

Tap Rock Resources, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The unit will be dedicated to The Contest Fed. Com. Well No. 141H, which has a first take point in the SW/4SW/4 of Section 9 and a last take point in the NW/4NW/4 of Section 9. Also to be considered will be the cost of drilling, completing, and equipping the well 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 well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 19 miles northwest of Jal, New Mexico.

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

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

Case No. 22 136

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, and in support thereof, states:

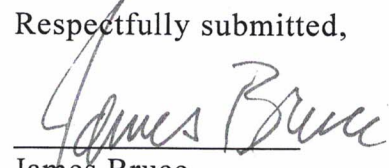
1. Applicant is a working interest owner in the E/2W/2 of Section 9, and has the right to drill a well thereon.
2. Applicant proposes to drill The Contest Fed. Com. Well No. 142H to a depth sufficient to test the Bone Spring formation. The E/2W/2 of Section 9 will be dedicated to the well. The well has a first take point in the SE/4SW/4 of Section 9 and a last take point in the NE/4NW/4 of Section 9.
3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 9.
4. Although applicant attempted to obtain to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, 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 Bone Spring formation underlying the E/2W/2 of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 9 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 interest owners in the E/2W/2 of Section 9;
- B. Designating Tap Rock Operating, LLC as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the costs thereof among the well's 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, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,


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

jamesbruc@aol.com

Attorney for Tap Rock Resources, LLC

Application of Tap Rock Resources, LLC for a compulsory pooling, Lea County, New Mexico.

Tap Rock Resources, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The unit will be dedicated to The Contest Fed. Com. Well No. 142H, which has a first take point in the SE/4SW/4 of Section 9 and a last take point in the NE/4NW/4 of Section 9. Also to be considered will be the cost of drilling, completing, and equipping the well 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 well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 19 miles northwest of Jal, New Mexico.

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

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR STANDARD HORIZONTAL SPACING
AND PRORATION UNITS AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case Nos. 22135 and 22136

AFFIDAVIT OF ERICA HIXSON

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
2. I am employed as a Landman with Tap Rock Operating, LLC ("Tap Rock"), and I am familiar with the subject application and the lands involved.
3. This affidavit is submitted in connection with the filing by Tap Rock of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
5. The purpose of this application is to force pool working interest owners into the horizontal spacing units ("HSUs") described below, and in the wells to be drilled in the units.
6. No opposition is expected. COG Operating, LLC ("COG"), an unleased mineral interest owner, was contacted regarding the proposed well. Tap Rock continues to work toward a voluntary agreement with COG.



7. Tap Rock seeks an order pooling all mineral interests in the Red Hills; Bone Spring North (Pool No. 96434) underlying the W/2W/2 & E/2W/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The proposed 160-acre HSUs will be dedicated to The Contest Fed Com #141H and The Contest Fed Com #142H, respectively, as the defining wells for the units.

1. A proposed C-102 for each well is attached as **Exhibit 1**. The wells will develop the Red Hills; Bone Spring North Pool (Pool No. 96434), which is an oil pool.

2. The proposed surface hole, bottom hole, and first take point for each well can be found in the attached **Exhibit 1**. The proposed total vertical depth for each well can be found in the attached **Exhibit 5**.

3. Tract maps containing the composition of the HSUs is attached hereto as **Exhibit 2** and shows that the HSUs are comprised of two federal tracts and three fee tracts.

4. The party being pooled and the nature of their interest is found in **Exhibit 4** attached hereto.

5. There are no depth severances in the Bone Spring formation in the proposed HSUs.

6. I have conducted a diligent search of the public records in Lea County, New Mexico, where the wells will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. I mailed COG a well proposal, including an Authorization for Expenditure ("AFE"), as well as an offer to lease.

7. Tap Rock has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

8. **Exhibit 5** is a sample proposal letter and the AFE for each of the proposed wells. The estimated cost of each of the wells set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

9. Tap Rock requests overhead and administrative rates of \$7000/month for drilling a well and \$700/month for a producing well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Tap Rock requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

10. Tap Rock requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

11. Tap Rock requests that it be designated operator of the wells.

12. The Exhibits to this Affidavit were prepared by me or compiled from Tap Rock's company business records.

13. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

14. The foregoing is correct and complete to the best of my knowledge and belief.

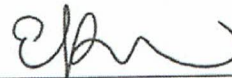
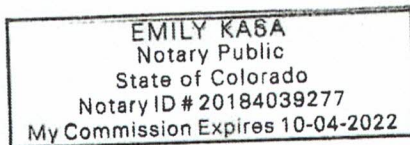
FURTHER AFFIANT SAYETH NAUGHT



Erica Hixson

STATE OF COLORADO)
)ss
COUNTY OF JEFFERSON)

Subscribed to and sworn before me this 7th day of September, 2021.



Notary Public

My Commission expires 10-4-2022.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-46676		² Pool Code 96434	³ Pool Name Red Hills; Bone Spring, North
⁴ Property Code 326773	⁵ Property Name THE CONTEST FED COM		⁶ Well Number 141H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3562'

¹⁰Surface Location

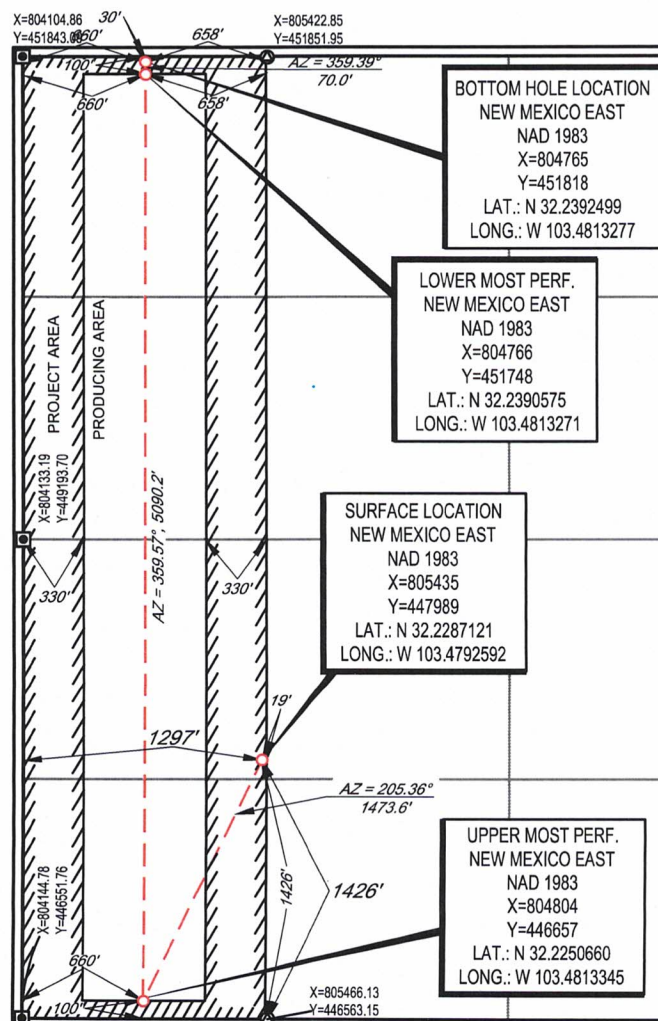
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	9	24-S	34-E	-	1426'	SOUTH	1297'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	24-S	34-E	-	30'	NORTH	660'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁷OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

02/01/21

Date of Survey
Signature and Seal of Professional SurveyorCertificate **Exhibit 1(a)**

S:\SURVEY\TAPROCK\CONTEST_UNIT\FINAL_PRODUCTS\SILO_THE_CON

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-46877	² Pool Code 96434	³ Pool Name Red Hills; Bone Spring, North
⁴ Property Code 326773	⁵ Property Name THE CONTEST FED COM	
⁷ OGRID No. #372043	⁸ Operator Name TAP ROCK OPERATING, LLC.	⁶ Well Number 142H
		⁹ Elevation 3562'

¹⁰Surface Location

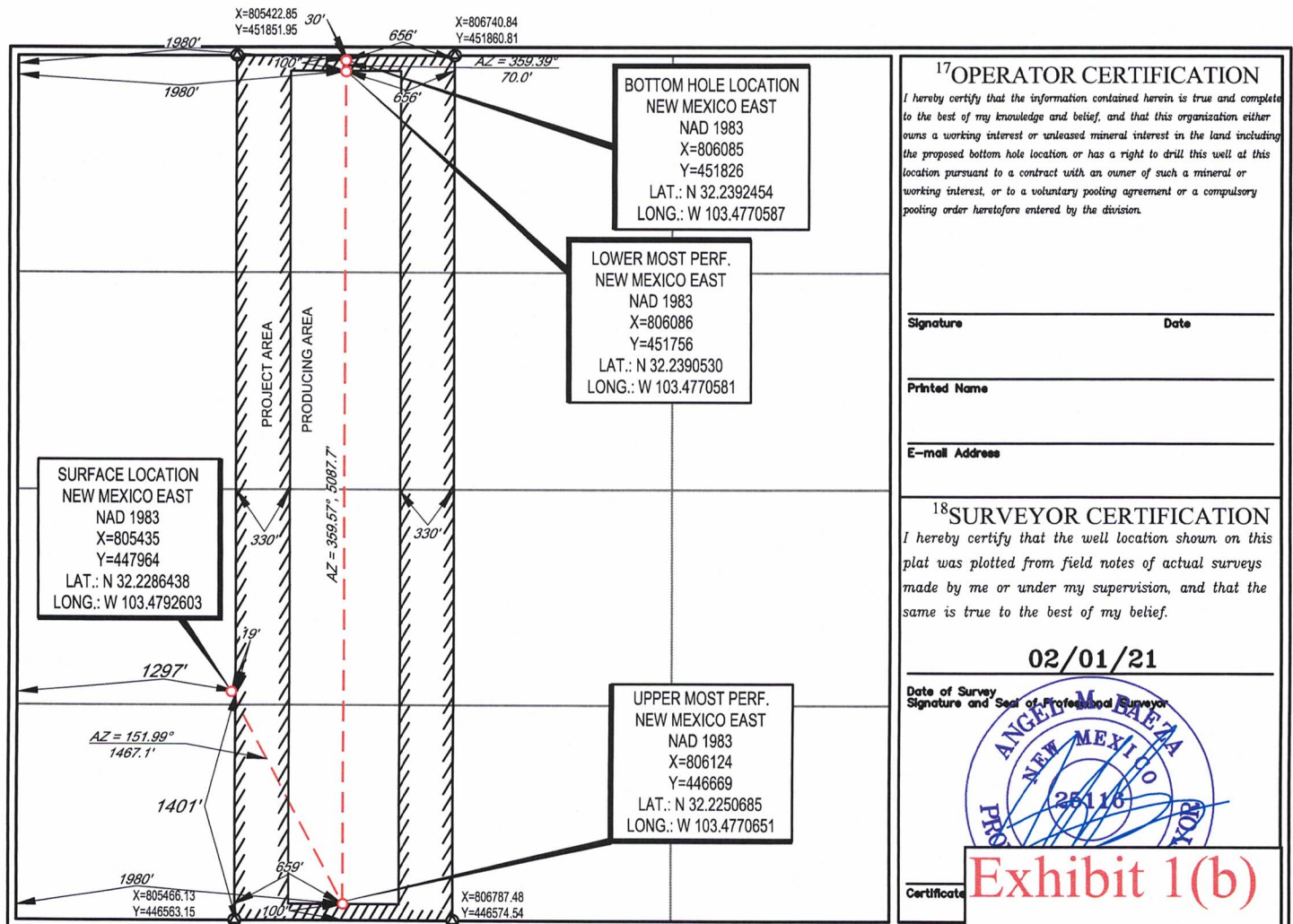
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	9	24-S	34-E	-	1401'	SOUTH	1297'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	9	24-S	34-E	-	30'	NORTH	1980'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Tract Map



Section 9, Township 24 South, Range 34 East, Lea County New Mexico			
Tract One Federal Lease NMNM 013642			
Tract Two Federal Lease NMNM 0554252			
Tract Three Fee Acreage	Tract Four Fee Acreage		
Tract Five Fee Acreage	Tract Three Fee Acreage		



Federal Lease



Fee Acreage

The Contest W2
Horizontal Spacing Units

Exhibit 2
Case No. 22135 & 22136

Tract List



Tract #	Legal	Mineral Ownership Type	Lease Number	Owners
1	N/2NW/4 of Section 9, Township 24 South, Range 34 East	Federal	NMNM 013642	Tap Rock Resources, LLC et al - 100%
2	S/2NW/4 of Section 9, Township 24 South, Range 34 East	Federal	NMNM 0554252	Tap Rock Resources, LLC et al - 100%
3	NW/4SW/4 and SE/4SW/4 of Section 9, Township 24 South, Range 34 East	Fee	N/A	Tap Rock Resources, LLC et al 83.3% COG Operating, LLC - 16.7%
4	NE/4SW/4 of Section 9, Township 24 South, Range 34 East	Fee	N/A	Tap Rock Resources, LLC - 100%
5	SW/4SW/4 of Section 9, Township 24 South, Range 34 East	Fee	N/A	Tap Rock Resources, LLC - 100%

*final interest subject to division order title verification

Exhibit 3
Case No. 22135 & 22136

Working Interest*



Entity	Interest Type	Approximate Percentage*
Tap Rock Resources LLC, et al	Committed Working Interest	95.83%
COG Operating LLC	Uncommitted Unleased Mineral Interest	4.17%
		Total: 100%

*final interest subject to division order title verification

Exhibit 4
Case No. 22135 & 22136



523 Park Point Dr, Suite 200
Golden, CO 80401

April 29, 2021

Via Certified Mail

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND, TX 79701-4882

Re: Well Proposal(s) for:
- THE CONTEST FED COM #141H
- THE CONTEST FED COM #142H
Township 24 South, Range 34 East, Section 9: W/2W/2 (#141H), E/2W/2 (#142H)
Lea County, NM

Dear Working Interest Owner:

Tap Rock Operating, LLC (TRO), as Operator, previously proposed the Contest Fed Com #141H and #142H by letter dated April 23, 2021. That letter contained typos and is hereby rescinded and replaced with this letter. TRO proposes to drill the following Well(s) by pad drilling to prevent waste and protect correlative rights. Accordingly, enclosed for your further handling are our AFE(s) for the following Well(s):

Well Name	Surface Hole Location (SHL)	Bottom Hole Location (BHL)	Formation	True Vertical Depth	Measured Depth
THE CONTEST FED COM #141H	1426' FSL & 1297' FWL	30' FNL & 660" FWL	2nd Bone Spring	10,287	15,697
THE CONTEST FED COM #142H	1401' FSL & 1297' FWL	30' FNL & 1980' FWL	2nd Bone Spring	10,287	15,697

The proposed locations and drilling plans described above are subject to change depending on surface or subsurface issues that may be encountered. TRO will advise you of any such modifications. A separate AFE for facility costs is forthcoming. Your election to participate in the drilling and completion of the proposed wells will also be considered an election to participate in the construction of the production facility.

In the event you elect to participate in the proposed Well(s), please execute the enclosed AFE(s) and return to me within 30 days.

If you do not wish to participate in the Operation, TRO would like to offer the following terms:

- 3 year primary term, Term Assignment
- Royalty equal to the difference between existing burdens and 20%
- \$2,500 per net acre bonus consideration

The Term Assignment offer is subject to the approval of TRO's board and verification of title.

EXHIBIT

Additionally, TRO is open to discuss possible trades or other deal structures related to your interest in the proposed Well(s). If an agreement cannot be reached within 30 days of the date of this letter, TRO will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed Well(s) to allow TRO to move forward with planning and drilling the Well(s).

Should you have any questions regarding the above, please contact the undersigned.

Sincerely,

TAP ROCK OPERATING, LLC

Erica Hixson

Erica Hixson

720-460-3316

ehixson@taprk.com

COG OPERATING LLC hereby elects to:

_____ participate in THE CONTEST FED COM #141H

_____ non-consent THE CONTEST FED COM #141H

_____ participate in THE CONTEST FED COM #142H

_____ non-consent THE CONTEST FED COM #142H

By: _____

Name: _____

Title: _____

Date: _____

TAP ROCK OPERATING, LLC 523 Park Point Dr, Golden, Colorado 80401 Authorization For Expenditure

Name: The Contest Fed Com #141H
AFE #: 0
County: Lea
State: NM

Date: April 23, 2021
MD/TVD: 15697 / 10287
Lateral Length: 4960
Geologic Target: 2nd Bone Spring

Well Description: Drill, complete, and equip a horizontal 2nd Bone Spring well with a 4960 foot lateral.

INTANGIBLE DRILLING COSTS			INTANGIBLE COMPLETION COSTS			INTANGIBLE PRODUCTION COSTS		
COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT
1 1	Land - Legal	10,000	2 1	Land - Legal		3 1	Land - Legal	
1 2	Land - Regulatory	10,000	2 2	Land - Regulatory		3 2	Land - Regulatory	
1 3	Land - Surface Damages	10,000	2 3	Land - Surface Damages		3 3	Land - Surface Damages	
1 4	Land - Survey	10,000	2 4	Land - Survey		3 4	Land - Survey	
1 5	Location/Pit Construction	59,000	2 5	Location/Pit Construction		3 5	Location/Pit Construction	5,000
1 6	Remedial Dirtwork	0	2 6	Remedial Dirtwork		3 6	Remedial Dirtwork	
1 7	Reserve/Frac Pit Closing	0	2 7	Reserve/Frac Pit Closing		3 7	Reserve/Frac Pit Closing	
1 8	Drilling - Contractor	357,422	2 8	Drilling - Contractor		3 8	Drilling - Contractor	
1 9	Mob/Rig Up - Contractor/Trucking	50,000	2 9	Mob/Rig Up - Contractor/Trucking		3 9	Mob/Rig Up - Contractor/Trucking	
1 10	Cementing Services	141,000	2 10	Cementing Services		3 10	Cementing Services	
1 11	Cementing Equipment	30,000	2 11	Cementing Equipment		3 11	Cementing Equipment	
1 12	Bits/Drill Out Assemblies	82,500	2 12	Bits/Drill Out Assemblies	32,472	3 12	Bits/Drill Out Assemblies	
1 13	Fluid Circulation Equipment/Services	51,452	2 13	Fluid Circulation Equipment/Services		3 13	Fluid Circulation Equipment/Services	
1 14	Fluids/Chemicals	81,626	2 14	Fluids/Chemicals	17,438	3 14	Fluids/Chemicals	
1 15	WBM Cuttings/Wastewater Disposal	48,317	2 15	WBM Cuttings/Wastewater Disposal		3 15	WBM Cuttings/Wastewater Disposal	
1 16	OBM Cuttings/Chemical Disposal	0	2 16	OBM Cuttings/Chemical Disposal		3 16	OBM Cuttings/Chemical Disposal	
1 17	Fuel/Power	31,261	2 17	Fuel/Power	145,000	3 17	Fuel/Power	
1 18	Water	35,065	2 18	Water	242,464	3 18	Water	
1 19	Directional Drilling	153,242	2 19	Directional Drilling		3 19	Directional Drilling	
1 20	Mud Logging	13,133	2 20	Mud Logging		3 20	Mud Logging	
1 21	Open/Cased/Production Hole Logs	0	2 21	Open/Cased/Production Hole Logs	8,440	3 21	Open/Cased/Production Hole Logs	
1 22	Coring	0	2 22	Coring		3 22	Coring	
1 23	Geologic Supervision	0	2 23	Geologic Supervision		3 23	Geologic Supervision	
1 24	Engineering Supervision	0	2 24	Engineering Supervision		3 24	Engineering Supervision	
1 25	Consultant Supervision	80,627	2 25	Consultant Supervision	50,000	3 25	Consultant Supervision	15,000
1 26	Freight/Transportation	9,000	2 26	Freight/Transportation	2,000	3 26	Freight/Transportation	5,000
1 27	Labor	96,500	2 27	Labor	9,220	3 27	Labor	28,000
1 28	Supplies - Surface	2,500	2 28	Supplies - Surface	2,000	3 28	Supplies - Surface	
1 29	Supplies - Living Quarters	1,000	2 29	Supplies - Living Quarters	2,000	3 29	Supplies - Living Quarters	
1 30	Rentals - Surface	44,201	2 30	Rentals - Surface	13,040	3 30	Rentals - Surface	
1 31	Rentals - Living Quarters	29,154	2 31	Rentals - Living Quarters	9,680	3 31	Rentals - Living Quarters	
1 32	Rentals - Downhole	16,500	2 32	Rentals - Downhole	0	3 32	Rentals - Downhole	
1 33	Rentals - Pipe & Handling Tools	36,472	2 33	Rentals - Pipe & Handling Tools	0	3 33	Rentals - Pipe & Handling Tools	
1 34	Rentals - Frac Stack		2 34	Rentals - Frac Stack	71,100	3 34	Rentals - Frac Stack	
1 35	Rentals - Frac Tanks	4,597	2 35	Rentals - Frac Tanks	28,145	3 35	Rentals - Frac Tanks	
1 36	Coil Tubing Unit/Workover Rig		2 36	Coil Tubing Unit/Workover Rig	48,898	3 36	Coil Tubing Unit/Workover Rig	83,400
1 37	Wireline/Slickline/Perforating		2 37	Wireline/Slickline/Perforating	115,432	3 37	Wireline/Slickline/Perforating	
1 38	Temporary Packers/Plugs		2 38	Temporary Packers/Plugs	20,000	3 38	Temporary Packers/Plugs	
1 39	High Pressure Pump Truck		2 39	High Pressure Pump Truck	34,980	3 39	High Pressure Pump Truck	
1 40	Stimulation		2 40	Stimulation	596,866	3 40	Stimulation	
1 41	Rentals - Pressure Control		2 41	Rentals - Pressure Control		3 41	Rentals - Pressure Control	
1 42	Flowback Services		2 42	Flowback Services	33,782	3 42	Flowback Services	38,500
1 43	Water Transfer Services		2 43	Water Transfer Services	47,700	3 43	Water Transfer Services	
1 44	Flowback Water Trucking & Disposal		2 44	Flowback Water Trucking & Disposal	8,243	3 44	Flowback Water Trucking & Disposal	0
1 45	Permanent Equipment Installation		2 45	Permanent Equipment Installation		3 45	Permanent Equipment Installation	
1 46	Pipeline Tapping Services		2 46	Pipeline Tapping Services		3 46	Pipeline Tapping Services	
1 47	Plugging & Abandonment	0	2 47	Plugging & Abandonment		3 47	Plugging & Abandonment	
1 53	Overhead	0	2 53	Overhead	10,550	3 53	Overhead	5,500
1 54	Insurance	0	2 54	Insurance		3 54	Insurance	7,095
1 55	Contingency	44,897	2 55	Contingency	62,551	3 55	Contingency	
TOTAL INTANGIBLE DRILLING COSTS:		\$1,541,465	TOTAL INTANGIBLE COMPLETION COSTS:		\$1,612,000	TOTAL INTANGIBLE PRODUCTION COSTS:		\$187,495

TANGIBLE DRILLING COSTS			TANGIBLE COMPLETION COSTS			TANGIBLE PRODUCTION COSTS		
COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT
4 60	Conductor Casing	18,000	5 60	Conductor Casing		6 60	Conductor Casing	
4 61	Surface Casing	46,575	5 61	Surface Casing		6 61	Surface Casing	
4 62	1st Intermediate Casing	115,770	5 62	1st Intermediate Casing		6 62	1st Intermediate Casing	
4 63	2nd Intermediate Casing	0	5 63	2nd Intermediate Casing		6 63	2nd Intermediate Casing	
4 64	Production Casing	313,940	5 64	Production Casing	0	6 64	Production Casing	
4 65	Tubing		5 65	Tubing		6 65	Tubing	50,000
4 66	Wellhead	78,000	5 66	Wellhead	0	6 66	Wellhead	53,500
4 67	Permanent Packers/Hangers/Plugs		5 67	Permanent Packers/Hangers/Plugs		6 67	Permanent Packers/Hangers/Plugs	10,000
4 68	Tanks		5 68	Tanks		6 68	Tanks	
4 69	Production Vessels		5 69	Production Vessels		6 69	Production Vessels	107,000
4 70	Compressors		5 70	Compressors		6 70	Compressors	
4 71	Surface Flowlines		5 71	Surface Flowlines		6 71	Surface Flowlines	50,000
4 72	Gathering Lines		5 72	Gathering Lines		6 72	Gathering Lines	0
4 73	Valves & Controllers		5 73	Valves & Controllers		6 73	Valves & Controllers	
4 74	Artificial Lift Equipment		5 74	Artificial Lift Equipment		6 74	Artificial Lift Equipment	15,000
4 75	Instrumentation & Measurement		5 75	Instrumentation & Measurement		6 75	Instrumentation & Measurement	
4 76	Electrical Grounding/Safety Equipment		5 76	Electrical Grounding/Safety Equipment		6 76	Electrical Grounding/Safety Equipment	
4 77	Permanent Equipment Installation		5 77	Permanent Equipment Installation		6 77	Permanent Equipment Installation	3,500
4 80	Other - Surface		5 80	Other - Surface		6 80	Other - Surface	
4 81	Other - Downhole	15,000	5 81	Other - Downhole		6 81	Other - Downhole	
TOTAL TANGIBLE DRILLING COSTS:		\$587,285	TOTAL TANGIBLE COMPLETION COSTS:		\$0	TOTAL TANGIBLE PRODUCTION COSTS:		\$289,000
TOTAL DRILLING COSTS:		\$2,128,750	TOTAL COMPLETION COSTS:		\$1,612,000	TOTAL PRODUCTION COSTS:		\$476,495
						TOTAL WELL COST:		\$4,217,245

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____	VP - EXPLORATION _____
CFO _____	VP - OPERATIONS _____
VP - LAND & LEGAL _____	SENIOR GEOLOGIST _____

NON OPERATING PARTNER APPROVAL:

COMPANY NAME: _____	
SIGNED BY: _____	TITLE: _____
WORKING INTEREST (%): _____	DATE: _____
TAX ID: _____	APPROVAL: _____

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.

TAP ROCK OPERATING, LLC 523 Park Point Dr, Golden, Colorado 80401 Authorization For Expenditure

Name: The Contest Fed Com #142H
APE #: 0
County: Lea
State: NM

Date: April 23, 2021
MD/TVD: 15697 / 10287
Lateral Length: 4960
Geologic Target: 2nd Bone Spring

Well Description: Drill, complete, and equip a horizontal 2nd Bone Spring well with a 4960 foot lateral.

INTANGIBLE DRILLING COSTS			INTANGIBLE COMPLETION COSTS			INTANGIBLE PRODUCTION COSTS		
COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT	COST CODES	DESCRIPTION	AMOUNT
1 1	Land - Legal	10,000	2 1	Land - Legal		3 1	Land - Legal	
1 2	Land - Regulatory	10,000	2 2	Land - Regulatory		3 2	Land - Regulatory	
1 3	Land - Surface Damages	10,000	2 3	Land - Surface Damages		3 3	Land - Surface Damages	
1 4	Land - Survey	10,000	2 4	Land - Survey		3 4	Land - Survey	
1 5	Location/Pit Construction	59,000	2 5	Location/Pit Construction		3 5	Location/Pit Construction	5,000
1 6	Remedial Dirtwork	0	2 6	Remedial Dirtwork		3 6	Remedial Dirtwork	
1 7	Reserve/Frac Pit Closing	0	2 7	Reserve/Frac Pit Closing		3 7	Reserve/Frac Pit Closing	
1 8	Drilling - Contractor	357,422	2 8	Drilling - Contractor		3 8	Drilling - Contractor	
1 9	Mob/Rig Up - Contractor/Trucking	50,000	2 9	Mob/Rig Up - Contractor/Trucking		3 9	Mob/Rig Up - Contractor/Trucking	
1 10	Cementing Services	141,600	2 10	Cementing Services		3 10	Cementing Services	
1 11	Cementing Equipment	30,000	2 11	Cementing Equipment		3 11	Cementing Equipment	
1 12	Bits/Drill Out Assemblies	82,500	2 12	Bits/Drill Out Assemblies	32,472	3 12	Bits/Drill Out Assemblies	
1 13	Fluid Circulation Equipment/Services	51,452	2 13	Fluid Circulation Equipment/Services		3 13	Fluid Circulation Equipment/Services	
1 14	Fluids/Chemicals	81,626	2 14	Fluids/Chemicals	17,438	3 14	Fluids/Chemicals	
1 15	WBM Cuttings/Wastewater Disposal	48,317	2 15	WBM Cuttings/Wastewater Disposal		3 15	WBM Cuttings/Wastewater Disposal	
1 16	OBM Cuttings/Chemical Disposal	0	2 16	OBM Cuttings/Chemical Disposal		3 16	OBM Cuttings/Chemical Disposal	
1 17	Fuel/Power	31,261	2 17	Fuel/Power	145,000	3 17	Fuel/Power	
1 18	Water	35,065	2 18	Water	242,464	3 18	Water	
1 19	Directional Drilling	153,242	2 19	Directional Drilling		3 19	Directional Drilling	
1 20	Mud Logging	13,133	2 20	Mud Logging		3 20	Mud Logging	
1 21	Open/Cased/Production Hole Logs	0	2 21	Open/Cased/Production Hole Logs	8,440	3 21	Open/Cased/Production Hole Logs	
1 22	Coring	0	2 22	Coring		3 22	Coring	
1 23	Geologic Supervision	0	2 23	Geologic Supervision		3 23	Geologic Supervision	
1 24	Engineering Supervision	0	2 24	Engineering Supervision		3 24	Engineering Supervision	
1 25	Consultant Supervision	80,627	2 25	Consultant Supervision	50,000	3 25	Consultant Supervision	15,000
1 26	Freight/Transportation	9,600	2 26	Freight/Transportation	2,000	3 26	Freight/Transportation	5,000
1 27	Labor	98,500	2 27	Labor	9,220	3 27	Labor	28,000
1 28	Supplies - Surface	2,500	2 28	Supplies - Surface	2,000	3 28	Supplies - Surface	
1 29	Supplies - Living Quarters	1,000	2 29	Supplies - Living Quarters	2,000	3 29	Supplies - Living Quarters	
1 30	Rentals - Surface	44,201	2 30	Rentals - Surface	13,040	3 30	Rentals - Surface	
1 31	Rentals - Living Quarters	29,154	2 31	Rentals - Living Quarters	9,680	3 31	Rentals - Living Quarters	
1 32	Rentals - Downhole	16,500	2 32	Rentals - Downhole	0	3 32	Rentals - Downhole	
1 33	Rentals - Pipe & Handling Tools	36,472	2 33	Rentals - Pipe & Handling Tools	0	3 33	Rentals - Pipe & Handling Tools	
1 34	Rentals - Frac Stack		2 34	Rentals - Frac Stack	71,100	3 34	Rentals - Frac Stack	
1 35	Rentals - Frac Tanks	4,597	2 35	Rentals - Frac Tanks	28,145	3 35	Rentals - Frac Tanks	
1 36	Coil Tubing Unit/Workover Rig		2 36	Coil Tubing Unit/Workover Rig	48,898	3 36	Coil Tubing Unit/Workover Rig	83,400
1 37	Wireline/Slickline/Perforating		2 37	Wireline/Slickline/Perforating	115,432	3 37	Wireline/Slickline/Perforating	
1 38	Temporary Packers/Plugs		2 38	Temporary Packers/Plugs	20,000	3 38	Temporary Packers/Plugs	
1 39	High Pressure Pump Truck		2 39	High Pressure Pump Truck	34,980	3 39	High Pressure Pump Truck	
1 40	Stimulation		2 40	Stimulation	596,866	3 40	Stimulation	
1 41	Rentals - Pressure Control		2 41	Rentals - Pressure Control		3 41	Rentals - Pressure Control	
1 42	Flowback Services		2 42	Flowback Services	33,782	3 42	Flowback Services	38,500
1 43	Water Transfer Services		2 43	Water Transfer Services	47,700	3 43	Water Transfer Services	
1 44	Flowback Water Trucking & Disposal		2 44	Flowback Water Trucking & Disposal	8,243	3 44	Flowback Water Trucking & Disposal	0
1 45	Permanent Equipment Installation		2 45	Permanent Equipment Installation		3 45	Permanent Equipment Installation	
1 46	Pipeline Tapping Services		2 46	Pipeline Tapping Services		3 46	Pipeline Tapping Services	
1 47	Plugging & Abandonment	0	2 47	Plugging & Abandonment		3 47	Plugging & Abandonment	
1 53	Overhead	0	2 53	Overhead	10,550	3 53	Overhead	5,500
1 54	Insurance	0	2 54	Insurance		3 54	Insurance	
1 55	Contingency	44,897	2 55	Contingency	62,551	3 55	Contingency	7,095
TOTAL INTANGIBLE DRILLING COSTS:		\$1,541,465	TOTAL INTANGIBLE COMPLETION COSTS:		\$1,612,000	TOTAL INTANGIBLE PRODUCTION COSTS:		\$187,495

TANGIBLE DRILLING COSTS			TANGIBLE COMPLETION COSTS			TANGIBLE PRODUCTION COSTS		
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4 61	Surface Casing	46,575	5 61	Surface Casing		6 61	Surface Casing	
4 62	1st Intermediate Casing	115,770	5 62	1st Intermediate Casing		6 62	1st Intermediate Casing	
4 63	2nd Intermediate Casing	0	5 63	2nd Intermediate Casing		6 63	2nd Intermediate Casing	
4 64	Production Casing	313,940	5 64	Production Casing	0	6 64	Production Casing	
4 65	Tubing		5 65	Tubing		6 65	Tubing	50,000
4 66	Wellhead	78,000	5 66	Wellhead	0	6 66	Wellhead	53,500
4 67	Permanent Packers/Hangers/Plugs		5 67	Permanent Packers/Hangers/Plugs		6 67	Permanent Packers/Hangers/Plugs	10,000
4 68	Tanks		5 68	Tanks		6 68	Tanks	
4 69	Production Vessels		5 69	Production Vessels		6 69	Production Vessels	107,000
4 70	Compressors		5 70	Compressors		6 70	Compressors	
4 71	Surface Flowlines		5 71	Surface Flowlines		6 71	Surface Flowlines	50,000
4 72	Gathering Lines		5 72	Gathering Lines		6 72	Gathering Lines	0
4 73	Valves & Controllers		5 73	Valves & Controllers		6 73	Valves & Controllers	
4 74	Artificial Lift Equipment		5 74	Artificial Lift Equipment		6 74	Artificial Lift Equipment	15,000
4 75	Instrumentation & Measurement		5 75	Instrumentation & Measurement		6 75	Instrumentation & Measurement	
4 76	Electrical Grounding/Safety Equipment		5 76	Electrical Grounding/Safety Equipment		6 76	Electrical Grounding/Safety Equipment	
4 77	Permanent Equipment Installation		5 77	Permanent Equipment Installation		6 77	Permanent Equipment Installation	3,500
4 80	Other - Surface		5 80	Other - Surface		6 80	Other - Surface	
4 81	Other - Downhole	15,000	5 81	Other - Downhole		6 81	Other - Downhole	
TOTAL TANGIBLE DRILLING COSTS:		\$587,285	TOTAL TANGIBLE COMPLETION COSTS:		\$0	TOTAL TANGIBLE PRODUCTION COSTS:		\$289,000
TOTAL DRILLING COSTS:		\$2,128,750	TOTAL COMPLETION COSTS:		\$1,612,000	TOTAL PRODUCTION COSTS:		\$476,495
						TOTAL WELL COST:		\$4,217,245

TAP ROCK RESOURCES COMPANY APPROVAL:

CEO _____ VP - EXPLORATION _____

CFO _____ VP - OPERATIONS _____

VP - LAND & LEGAL _____ SENIOR GEOLOGIST _____

NON OPERATING PARTNER APPROVAL:

COMPANY NAME: _____

SIGNED BY: _____ TITLE: _____

WORKING INTEREST (%): _____ DATE: _____

TAX ID: _____ APPROVAL: _____

APE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.

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

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR STANDARD HORIZONTAL SPACING
AND PRORATION UNITS AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case Nos. 22135 and 22136

AFFIDAVIT OF EMILY LANGE

I, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Tap Rock Operating, LLC ("Tap Rock"), and I am familiar with the subject applications and the geology involved.
3. This affidavit is submitted in connection with the filing by Tap Rock of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
 - a. I hold a Bachelor's degree in Geology from the University of Southern California, which I completed in 2012. I am currently working towards a Master's degree in Geology at Southern Methodist University.
 - b. I have been employed as a petroleum geologist since 2013. I have worked in New Mexico since 2015.

EXHIBIT

C

5. **Exhibit 6** is a Project Locator Map depicting the location of the Horizontal Spacing Units (“HSUs”) within the Delaware Basin. Within Section 9 of Township 24 South, Range 34 East are The Contest Fed Com #141H and #142H wells (the “Wells”).

6. **Exhibit 7** is a Gun Barrel Diagram showing the planned Bone Spring horizontal spacing for the Wells. This diagram shows the development of the two Bone Spring Wells spaced 1,320’ away from each other. A nearby type log has been included (for log descriptions, see Exhibit 9 below) to show approximate depths and reservoir quality of the selected landing zones.

7. **Exhibit 8** is a Bone Spring Structure Map. This map shows the location of the HSUs outlined by the red boxes. The surface/bottom hole locations of the Wells are shown, zoomed in, to the right. The map is the top of the First Bone Spring Sand formation in sub-sea vertical depth. The contour intervals are 25’ feet each. There is a monoclinial dip down to the southeast. The orientation of the Wells will each be approximately along strike. Horizontal wells in the direct vicinity that have targeted similar intervals are indicated with light blue circles. The vertical wells controlling the structure map are indicated with a purple circle, and have their sub-sea vertical depths posted in red. The subsequent cross-section from A-A’ is also identified to locate our closest control on the reservoir properties for the Wells. I do not observe any faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with a horizontal well.

8. **Exhibit 9** is a Bone Spring Stratigraphic Cross Section (flattened on the First Bone Spring Sand surface). Wells 1 & 4 display a triple combo log. Wells 2 & 3 do not have a full porosity site but are utilized here to show correlation of our target intervals across the HSUs. Track 1 has a gamma ray log with interpreted color fill for lithology and scaled from -50 to 150 api units. For gamma ray, the blue colors indicate carbonates, yellow to orange are sandstone/siltstones, and

the darker browns are shale facies. Track 2 has the deep resistivity log, scaled from 2 ohmm to 2000 ohmm. The pink shading cutoff is at 20 ohmm or more to help identify water versus oil-prone rock. Track 3 is the porosity track and contains the blue neutron porosity curve and the red density porosity curve, both scaled from 0.25 to 0. The track is shaded gray when neutron porosity has values higher than density porosity, indicating zones with increased clay content. The purple shading on the density porosity curve highlights anything greater than 0.08 porosity. This cutoff is used to help indicate the best rock properties for reservoir evaluation. The cross-section identifies the key tops used to evaluate reservoirs and landing targets for the Wells. The tan circle on the depth track of Well 4 shows the landing target interval for the Wells. The targeted reservoir has a thickness of approximately 2,900' and thickens down to the southwest.

9. **Exhibit 10** is an Isopach Map of the Gross Bone Spring interval. This map shows the location of the HSU's outlined by the red boxes. The surface/bottom hole locations of the Wells are shown, zoomed in, to the right. The anticipated gross thickness of the interval is ~2,900' throughout the HSUs. The contour intervals are 100'. Horizontal wells in the direct vicinity that have targeted similar intervals are indicated with light blue circles. The vertical wells controlling the isopach map are indicated with a purple circle, and have their thicknesses posted in red. The location of the previous cross-section from A-A' is also shown on this map.

10. Based on my geologic study of the area, I conclude the following:
- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

d. The preferred well orientation in this area is south-north. This is because the inferred orientation of the maximum horizontal stress is roughly northwest-southeast.

11. **Exhibit 11** shows a Simplified Wellbore Diagram for each of the Wells in the HSU and demonstrate that the first and last take points for each well will be standard.

12. The Exhibits to this Affidavit were prepared by me, or compiled from Tap Rock's company business records.

13. The granting of this Application is in the interests of conservation and the prevention of waste.

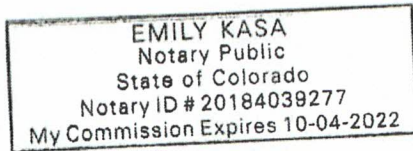
14. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

Emily Lange
EMILY LANGE

STATE OF COLORADO)
)ss
COUNTY OF JEFFERSON)

Subscribed to and sworn before me this 2nd day of September, 2021.



Elisa
Notary Public

My Commission expires 10-4-2022.

Project Locator Map – The Contest

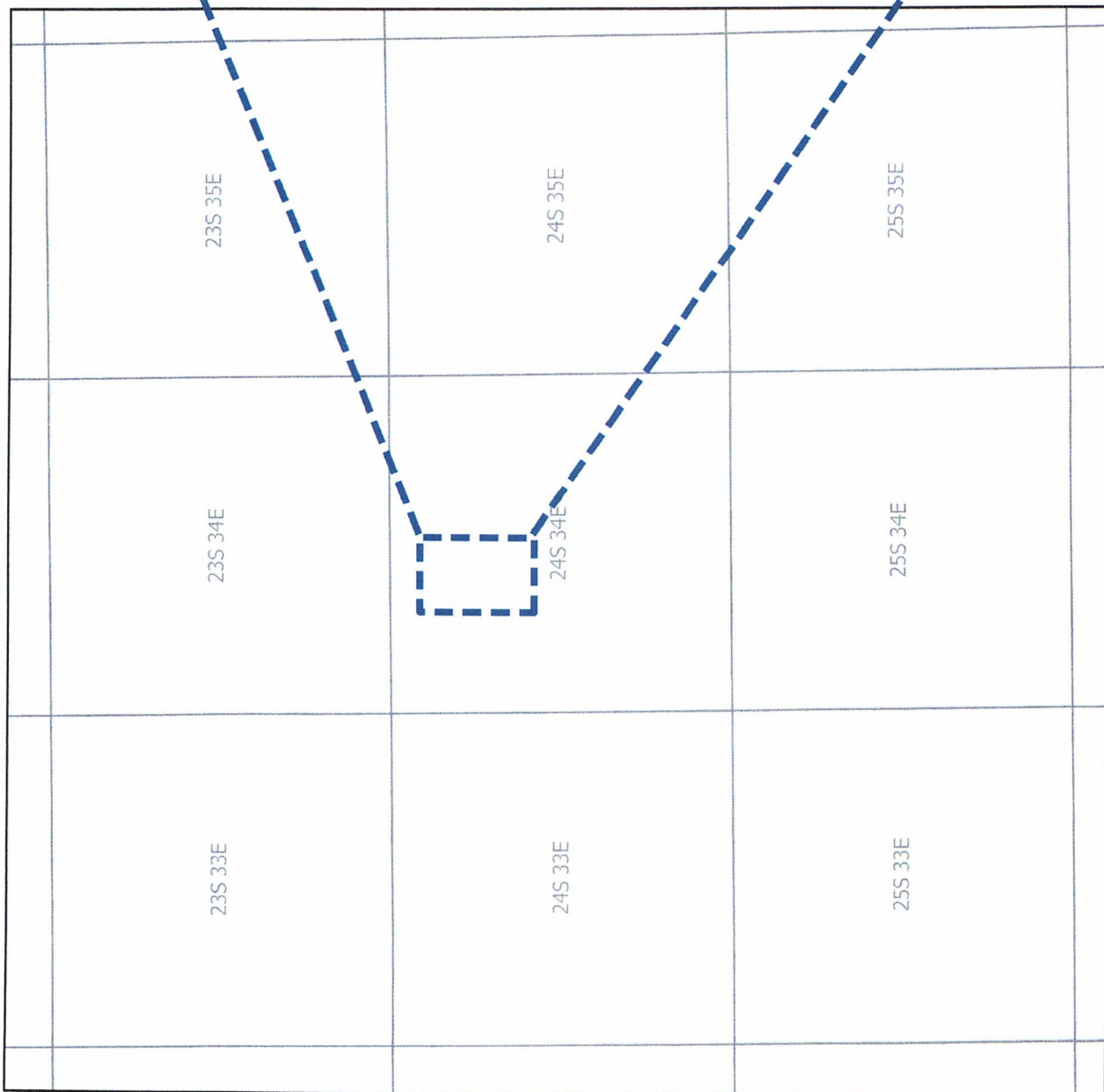


Exhibit 6
Case No. 22135 & 22136

The Contest Fed Com 141H & 142H

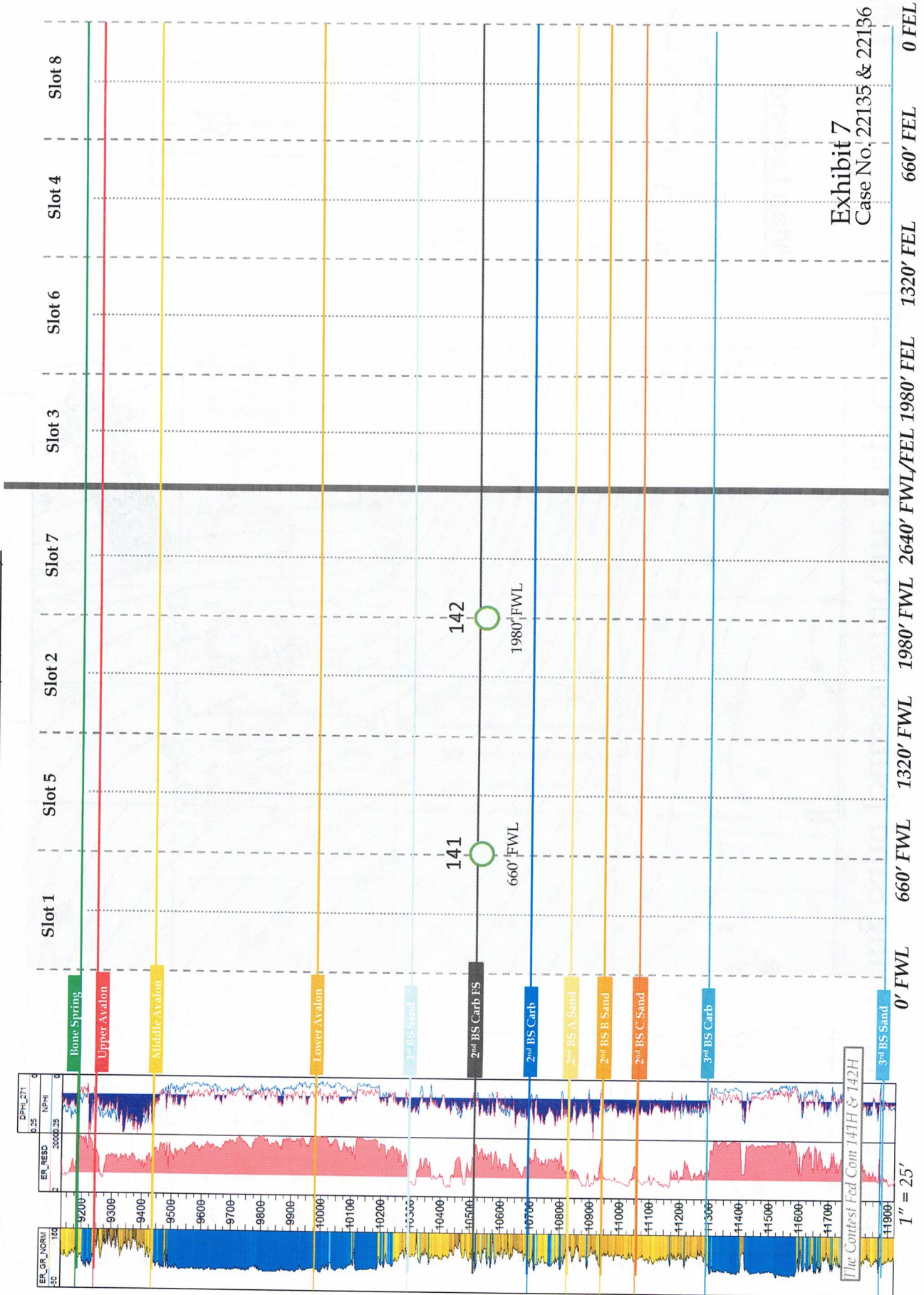


Bone Spring Target Zone Development

Buckeye 001

30025275720000

The Contest Fed Com (W/2 Sec 9)



Top First Bone Spring Sand [Subsea Structure Map; CI=25']

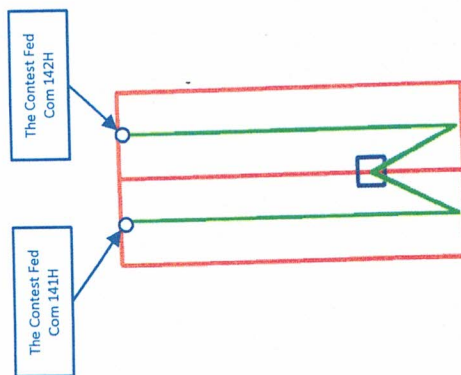


Map Legend

SHL Tap Rock –
Horizontal Locator

BHL

Horizontal Spacing Units



The Contest Fed Com 141H & 142H

Exhibit 8
Case No. 22135 & 22136

Stratigraphic Cross-Section – A-A' – Bone Spring

TAP
ROCK

A

A'

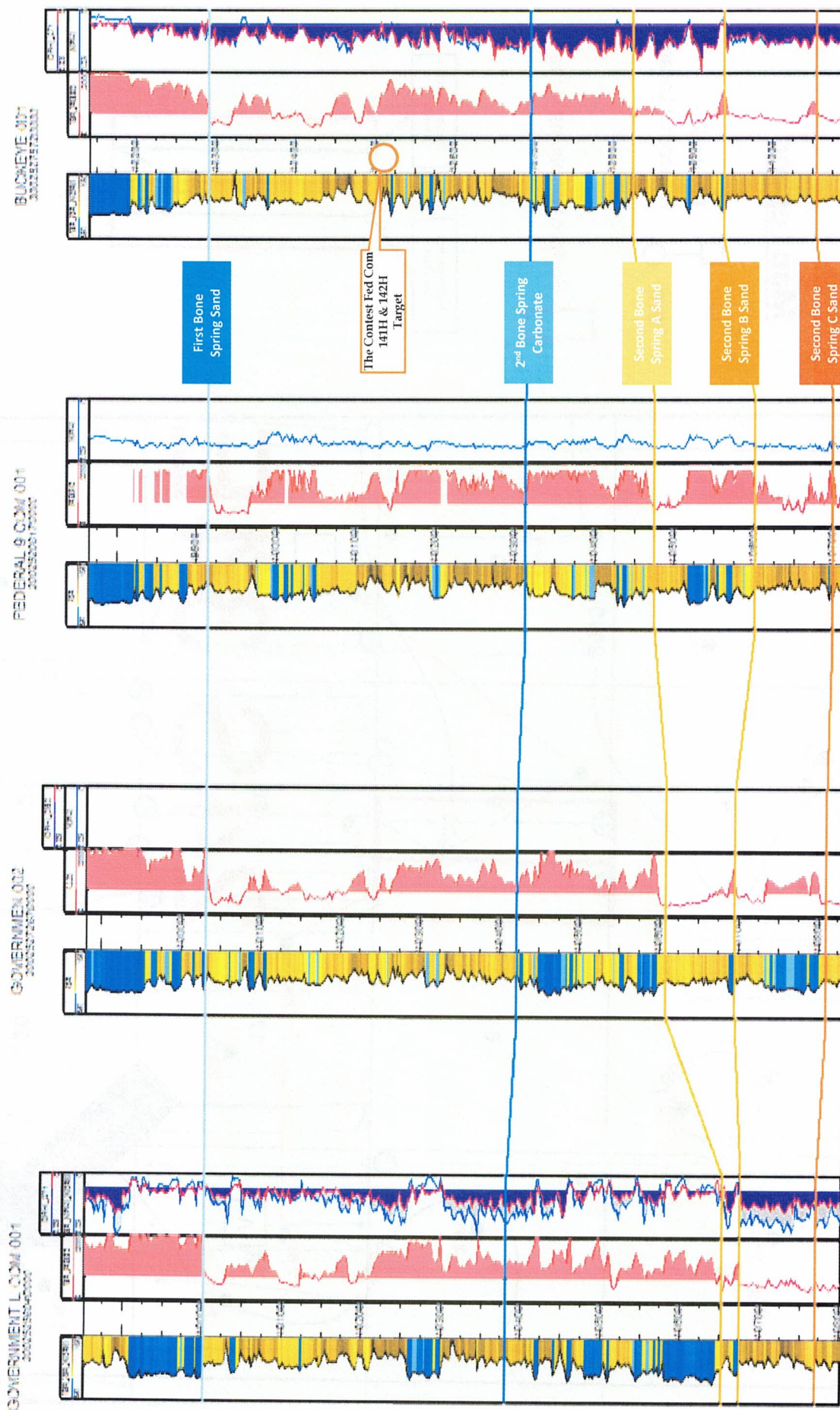


Exhibit 9
Case No. 22135 & 22136

The Contest Fed Com 141H & 142H

1" = 10'



Gross Bone Spring [Isopach Map; CI=100']

Top Bone Spring - Bottom Bone Spring

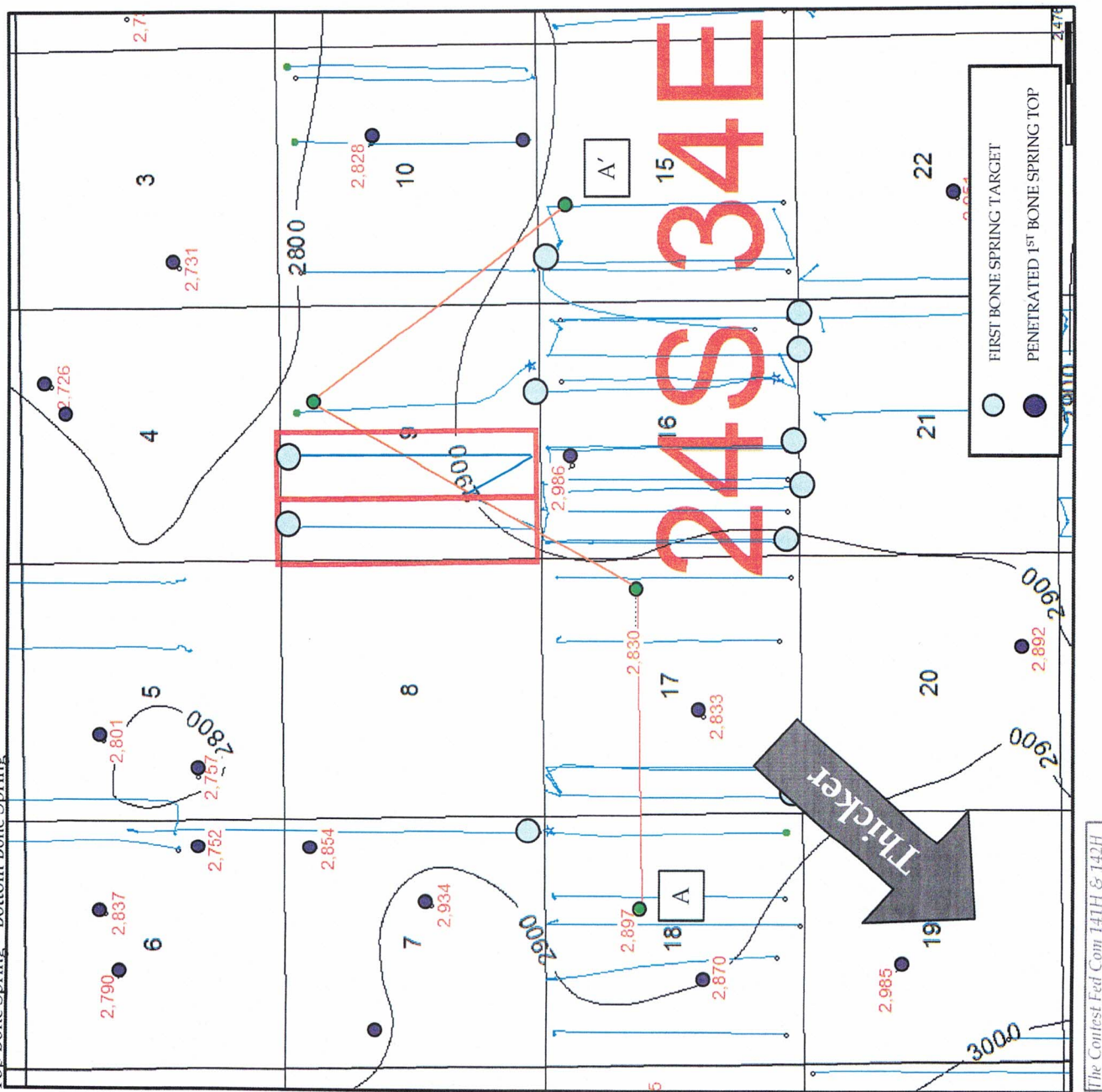


Exhibit 10
Case No. 22135 & 22136

The Contest Fed Com 141H (1 mile S-N Lateral)



SH: 1426' FSL, 1297' FWL, Sec 9-24S-34E
BH: 30' FNL, 660' FWL, Sec 9-24S-34E

**Diagram not to scale*

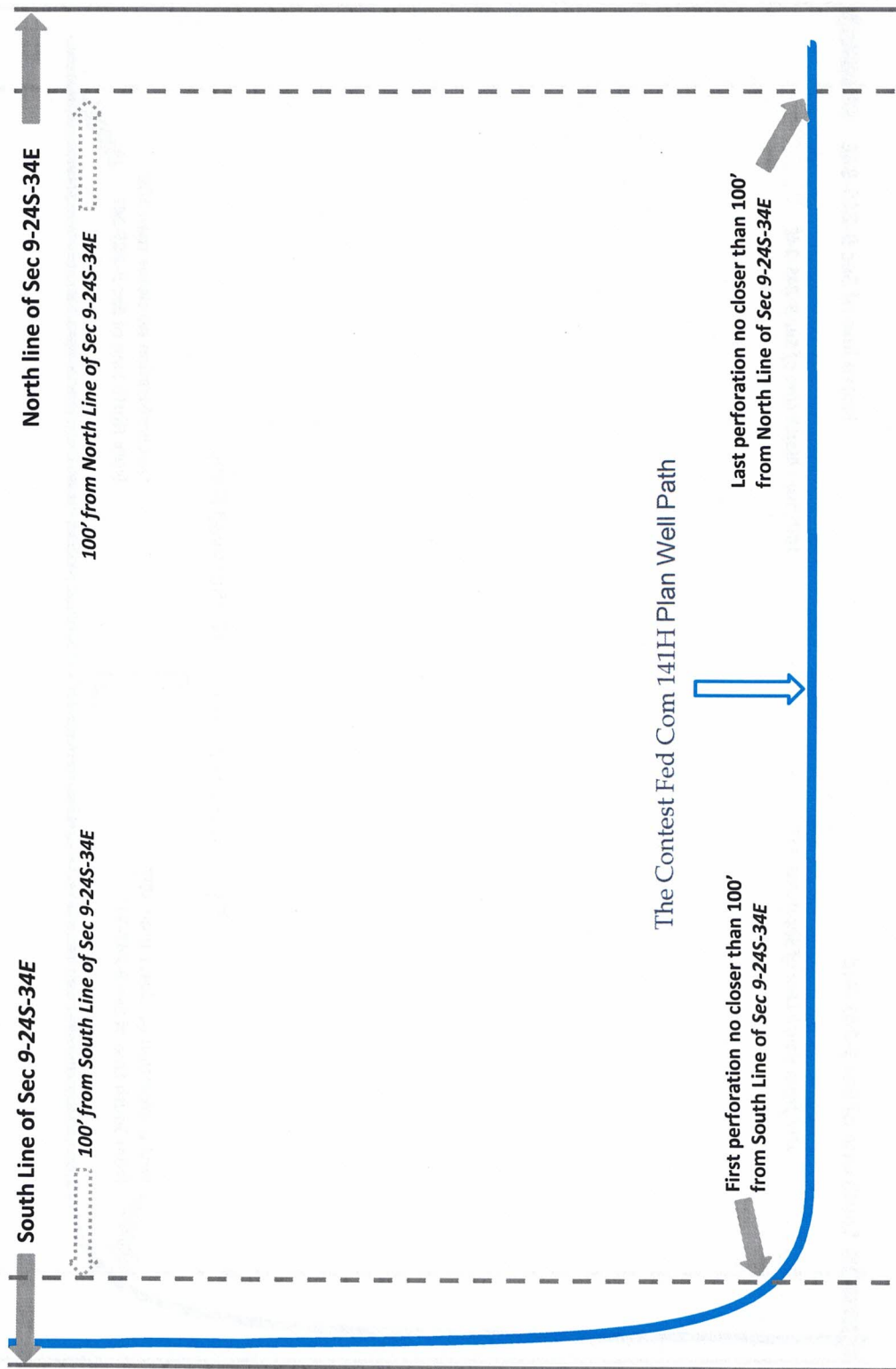


Exhibit 11(a)
Case No. 22135 & 22136

The Contest Fed Com 141H

The Contest Fed Com 142H (1 mile S-N Lateral)

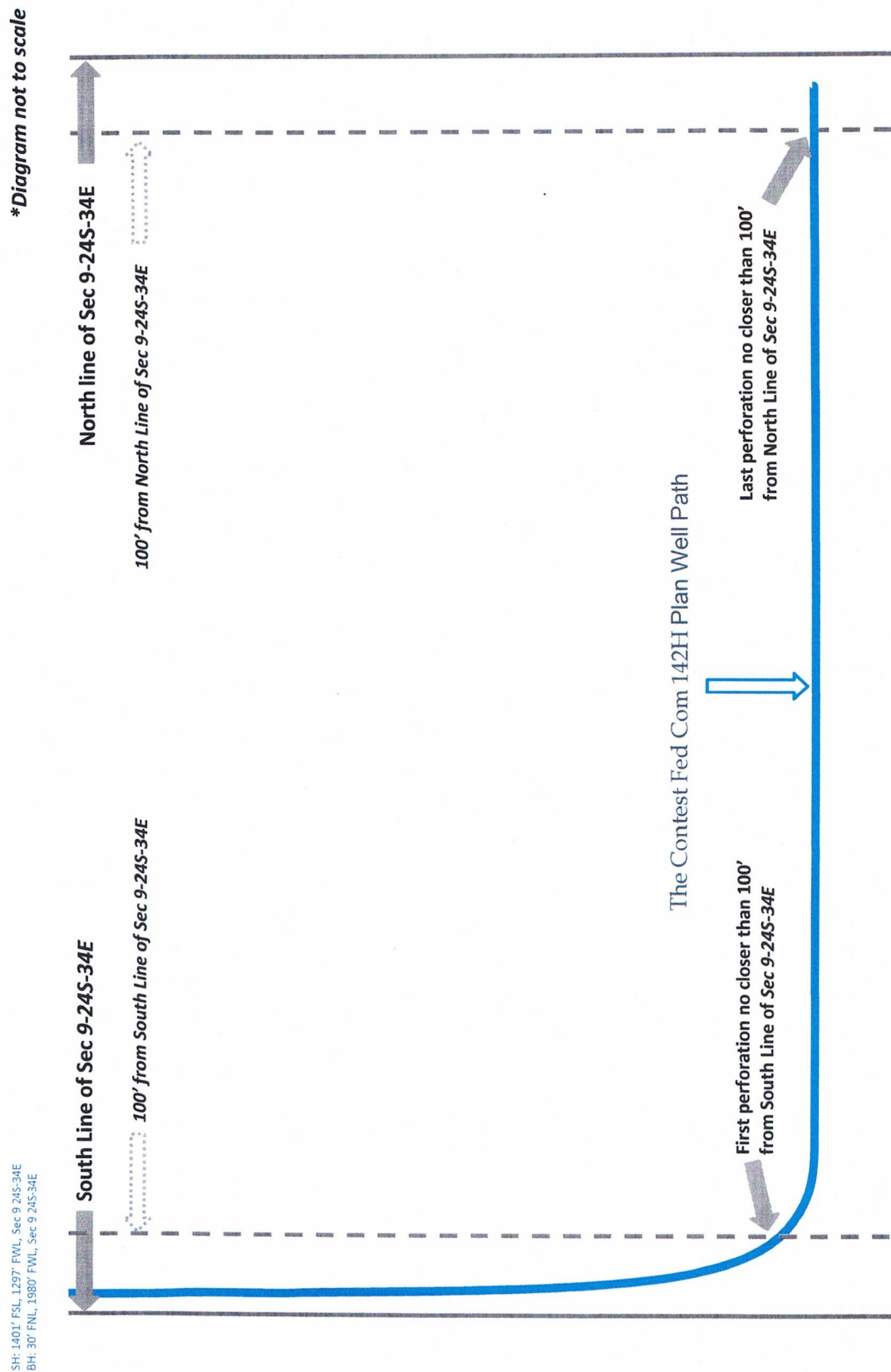


Exhibit 11(b)
Case No. 22135 & 22136

The Contest Fed Com 142H

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

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

Case No. 22135

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

Case No. 22135

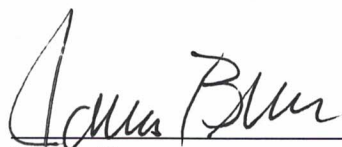
SELF-AFFIRMED STATEMENT OF NOTICE

COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Tap Rock Resources, LLC.
3. Tap Rock Resources, LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owner, at its last known address, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.
5. Tap Rock Resources, LLC has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 9/7/21


James Bruce

EXHIBIT

7

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

August 19, 2021

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

COG Operating LLC
600 West Illinois Avenue
Midland, Texas 79701

Ladies and gentlemen:

Enclosed are copies of the following applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Tap Rock Resources, LLC:

1. Case No. 22135, regarding the Bone Spring formation in the W/2W/2 of Section 9, Township 24 South, Range 34 East NMPM; and
2. Case No. 22136, regarding the Bone Spring formation in the E/2W/2 of Section 9, Township 24 South, Range 34 East NMPM.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, September 9, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>.

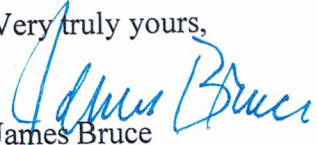
You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, September 2, 2021. This statement may be filed online with the Division at ocd.hearings@state.nm.us, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of

ATTACHMENT

A

any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Tap Rock Resources, LLC

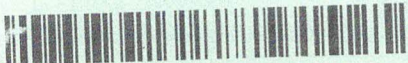
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Certified Mail Fee \$ _____ Extra Services & Fees (check box, add fee as appropriate) ☐ Return Receipt (hardcopy) \$ _____ ☐ Return Receipt (electronic) \$ _____ ☐ Certified Mail Restricted Delivery \$ _____ ☐ Adult Signature Required \$ _____ ☐ Adult Signature Restricted Delivery \$ _____ Postage \$ _____ Total Postage and Fees \$ _____ Sent To COG Operating LLC 600 West Illinois Avenue Midland, Texas 79701 Street and Apt. No., or P.O. Box _____ City, State, ZIP+4® _____	Postmark Here
--	------------------

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY		
■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: COG Operating LLC 600 West Illinois Avenue Midland, Texas 79701  9590 9402 6769 1074 5746 84 2. <u>7020 2450 0002 1364 7533</u>	A. Signature ☒ <i>[Signature]</i> ☐ Agent ☐ Addressee B. Received by (Printed Name) <i>Caroline V.</i> C. Date of Delivery _____ D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☒ No 3. Service Type <table style="width: 100%;"> <tr> <td style="vertical-align: top;"> ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☒ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery </td> <td style="vertical-align: top;"> ☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery </td> </tr> </table> ☐ Restricted Delivery (over \$500)	☐ Adult Signature ☐ Adult Signature Restricted Delivery ☒ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery	☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery
☐ Adult Signature ☐ Adult Signature Restricted Delivery ☒ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery	☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery		

PS Form 3811, July 2020 PSN 7530-02-000-9053

TR - The Court Domestic Return Receipt

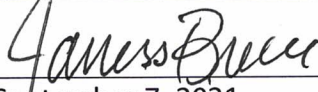
COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case:	22135
Date	September 23, 2021
Applicant	Tap Rock Resources, LLC
Designated Operator & OGRID (affiliation if applicable)	Tap Rock Operating, LLC/OGRID No. 372043 The operator is the operating entity for applicant
Applicant's Counsel:	James Bruce
Case Title:	Application of Tap Rock Resources, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	The Contest Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	Red Hills; Bone Spring, North (Pool Code 96434)
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2W/2 §9-24S-34E, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibits B-2 and B-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	The Contest Fed. Com. Well No. 141H API No. 30-025-46676 SHL: 1426 FSL & 1297 FWL §9 BHL: 30 FNL & 660 FWL §9 FTP: 100 FSL & 660 FWL §9 LTP: 100 FNL & 660 FWL §9 Formation: Bone Spring/TVD 10287 feet/MD 15697 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See Above

EXHIBIT

E

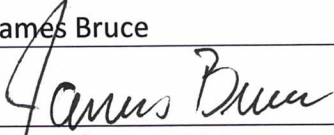
APE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit B page 3
Requested Risk Charge	Cost + 200%/Exhibit B page 3
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B-2
Tract List (including lease numbers and owners)	Exhibits B-2 and B-3
Pooled Parties (including ownership type)	Exhibit B-3
Unlocatable Parties to be Pooled	
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit B-5
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit B-3
Chronology of Contact with Non-Joined Working Interests	Exhibit B
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit B-5
Cost Estimate to Equip Well	Exhibit B-5
Cost Estimate for Production Facilities	Exhibit B-5
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-6
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-7
Well Orientation (with rationale)	Standup/Exhibit C
Target Formation	Bone Spring
HSU Cross Section	Exhibit C-9
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit B-1
Tracts	Exhibit B-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits B-2 and B-3
General Location Map (including basin)	Exhibit C-6
Well Bore Location Map	Exhibit C-6, 7, and 8
Structure Contour Map - Subsea Depth	Exhibit C-8
Cross Section Location Map (including	Exhibit C-8

Cross Section (including Landing Zone)	Exhibit C-9
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	September 7, 2021

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case:	22136
Date	September 23, 2021
Applicant	Tap Rock Resources, LLC
Designated Operator & OGRID (affiliation if applicable)	Tap Rock Operating, LLC/OGRID No. 372043 The operator is the operating entity for applicant
Applicant's Counsel:	James Bruce
Case Title:	Application of Tap Rock Resources, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	The Contest Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	Red Hills; Bone Spring, North (Pool Code 96434)
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2W/2 §9-24S-34E, NMPPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibits B-2 and B-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	The Contest Fed. Com. Well No. 142H API No. 30-025-46676 SHL: 1401 FSL & 1297 FWL §9 BHL: 30 FNL & 1980 FWL §9 FTP: 100 FSL & 1980 FWL §9 LTP: 100 FNL & 1980 FWL §9 Formation: Bone Spring/TVD 10287 feet/MD 15697 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See Above

APE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit B page 3
Requested Risk Charge	Cost + 200%/Exhibit B page 3
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B-2
Tract List (including lease numbers and owners)	Exhibits B-2 and B-3
Pooled Parties (including ownership type)	Exhibit B-3
Unlocatable Parties to be Pooled	
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit B-5
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit B-3
Chronology of Contact with Non-Joined Working Interests	Exhibit B
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit B-5
Cost Estimate to Equip Well	Exhibit B-5
Cost Estimate for Production Facilities	Exhibit B-5
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-6
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-7
Well Orientation (with rationale)	Standup/Exhibit C
Target Formation	Bone Spring
HSU Cross Section	Exhibit C-9
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit B-1
Tracts	Exhibit B-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits B-2 and B-3
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Well Bore Location Map	Exhibit C-6, 7, and 8
Structure Contour Map - Subsea Depth	Exhibit C-8
Cross Section Location Map (including	Exhibit C-8

Wells)	
Cross Section (including Landing Zone)	Exhibit C-9
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	September 7, 2021