

**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. _____

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 16 and the E/2W/2 of Section 21, Township 26 South, Range 35 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 16 and the E/2W/2 of Section 21, and has the right to drill a well thereon.
2. Applicant proposes to drill the Talco State Fed. Com. Well No. 112H to a depth sufficient to test the Bone Spring formation. The E/2W/2 of Section 16 and the E/2W/2 of Section 21 will be dedicated to the well. The well has a first take point in the NE/4NW/4 of Section 16 and a last take point in the SE/4SW/4 of Section 21.
3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 16 and the E/2W/2 of Section 21.
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

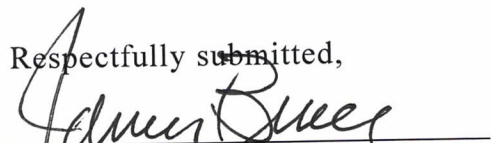
Spring formation underlying the E/2W/2 of Section 16 and the E/2W/2 of Section 21, pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 16 and the E/2W/2 of Section 21 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 16 and the E/2W/2 of Section 21;
- 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,



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