

**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. _____

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation in a (proximity tract) horizontal spacing unit underlying the SE/4 of Section 25 and Lots 1, 2, and the N/2NE/4 (the E/2) of Section 36, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SE/4 of Section 25 and the E/2 of Section 36, 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 Bone Spring formation:
 - (a) the Nailed It Fed. Com. Well No. 123H, with a first take point in Lot 2 of Section 36 and a last take point in the NW/4SE/4 of Section 25;
 - (b) the Nailed It Fed. Com. Well No. 124H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25;
 - (c) the Nailed It Fed. Com. Well No. 153H, with a first take point in Lot 2 of Section 36 and a last take point in the NW/4SE/4 of Section 25;
 - (d) the Nailed It Fed. Com. Well No. 154H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25; and

(e) the Nailed It Fed. Com. Well No. 156H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25. This is the proximity tract well.

The SE/4 of Section 25 and the E/2 of Section 36 will be dedicated to the wells

3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the SE/4 of Section 25 and the E/2 of Section 36 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 Bone Spring formation underlying the SE/4 of Section 25 and the E/2 of Section 36 pursuant to NMSA 1978 §70-2-17.

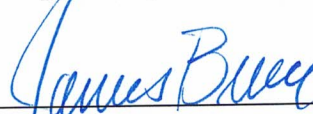
5. The pooling of mineral interests in Bone Spring formation underlying the well unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all uncommitted mineral interests in Bone Spring formation underlying the SE/4 of Section 25 and the E/2 of Section 36;
- B. Designating Tap Rock Operating, LLC as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping 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, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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