

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

**APPLICATION OF TAP ROCK OPERATING, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Tap Rock Operating, LLC (“Tap Rock”), OGRID No. 372043, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, seeking an order pooling all mineral interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) [98220]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Section 10, Township 24 South, Range 27 East in Eddy County, New Mexico. In support of its application, Tap Rock states as follows:

1. Tap Rock is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Tap Rock proposes to drill the following four (4) one-mile wells in the proposed HSU:
 - **Silver Bullet State Com 211H** well, targeting the Wolfcamp A, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SW4 SW4 of Section 10, all in Township 24 South, Range 27 East.
 - **Silver Bullet State Com 212H** well, targeting the Wolfcamp A, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SE4 SW4 of Section 10, all in Township 24 South, Range 27 East.

- **Silver Bullet State Com 221H** well, targeting the Wolfcamp B-L, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SW4 SW4 of Section 10, all in Township 24 South, Range 27 East.
 - **Silver Bullet State Com 222H** well, targeting the Wolfcamp B-L, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SE4 SW4 of Section 10, all in Township 24 South, Range 27 East.
3. The first and last take points and completed intervals meet the setback requirements set forth in the statewide rules for horizontal gas wells.
 4. 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 HSU.
 5. Approval of the HSU and the pooling of all mineral interest owners in the Wolfcamp formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 6. 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 HSU.

WHEREFORE, Tap Rock requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 5, 2022, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 10, Township 24 South, Range 27 East, NMPM, in Eddy County, New Mexico.
- B. Pooling all mineral interests in the Wolfcamp formation underlying the HSU;
- C. Allowing the drilling of the Silver Bullet State Com 211H well, Silver Bullet State Com 212H well, Silver Bullet State Com 221H well, and the Silver Bullet State Com 222H well in the proposed HSU.
- D. Designating Tap Rock as operator of the 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 operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, 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 wells 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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Application of Tap Rock Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) [98220]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Section 10, Township 24 South, Range 27 East in Eddy County, New Mexico. The HSU is to be dedicated to the following one-mile wells: (1) **Silver Bullet State Com #211H** well, targeting the Wolfcamp A, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SW4 SW4 of Section 10, all in Township 24 South, Range 27 East; (2) **Silver Bullet State Com #212H** well, targeting the Wolfcamp A, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SE4 SW4 of Section 10, all in Township 24 South, Range 27 East; (3) **Silver Bullet State Com #221H** well, targeting the Wolfcamp B-L, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SW4 SW4 of Section 10, all in Township 24 South, Range 27 East; (4) **Silver Bullet State Com #222H** well, targeting the Wolfcamp B-L, to be horizontally drilled from a surface hole location in the SE4 SW4 of Section 3 to a bottom hole location in the SE4 SW4 of Section 10, all in Township 24 South, Range 27 East. The first and last take points and completed intervals meet the setback requirements set forth in the statewide rules for horizontal gas wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 6 miles southwest of Loving, New Mexico.