

**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. 22929**

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

<b>Case No.:</b>	<b>22929</b>
<b>Hearing Date:</b>	<b>8/4/2022</b>
Applicant	Tap Rock Operating, LLC
Designated Operator & OGRID	372043
Applicant's Counsel	Michael Rodriguez
Case Title	Application of Tap Rock Operating, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	EOG Resources, Inc.
Well Family	Cold Snack
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	WC-015 G-04 S262502E [98028]
Well Location Setback Rules	Standard
Spacing Unit Size	640 ac
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 ac
Building Blocks	quarter-quarter
Orientation	laydown
Description: TRS/County	S/2 of Sections 13 and 14 , Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes
Proximity Defining Well: if yes, description	The completed interval for the Cold Snack Federal Com #153H will be within 330' of the quarter-quarter line separating the N/2S/2 from the S/2S/2 of Sections 13 and 14 to allow the inclusion of this acreage into a standard horizontal spacing unit.
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Cold Snack Federal Com #153H (API # pending) SHL: 1777 FSL & 315 FWL, Section 14, T25S-R25E BHL: 1599 FSL and 30 FEL of Sec. 13, T25S-R25E Completion Target: Bone Spring (Approx. 7325' TVD)
Well #2	Cold Snack Federal Com #154H (API # pending) SHL: 1777 FSL & 340 FWL, Section 14, T25S-R25E BHL: 331 FSL and 30 FEL of Sec. 13, T25S-R25E Completion Target: Bone Spring (Approx. 7325' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%

<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
<b>Ownership Determination</b>	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined WI	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gross Isopach	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-3
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	Exhibit B-2 (Gun Barrel Diagram)
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Michael Rodriguez
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Michael Rodriguez
<b>Date:</b>	8/2/2022

Tap Rock Operating, LLC  
Case No. 22929  
**Exhibit No. A**

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

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

**CASE NO. 22929**

**SELF-AFFIRMED STATEMENT OF  
MATTHEW PHILLIPS**

1. My name is Matthew Phillips, and I am the land manager at Tap Rock Operating, LLC (“TRO”). I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as a petroleum landman have been accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of TRO’s application and proposed hearing notice are attached as **Exhibit A-1**.

3. In this case, TRO seeks an order pooling all uncommitted interests in the WC-015 G-04 S262502E [98028] within the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit (“Unit”) comprised of the S/2 of Sections 13 and 14, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico.

4. The Unit will be dedicated to the following proposed initial wells (“Wells”):
- Cold Snack Federal Com #153H to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the NE/4SE/4 of Section 13, and
  - Cold Snack Federal Com #154H to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the SE/4SE/4 of Section 13.

5. The completed interval for the Cold Snack Federal Com #153H will be within 330' of the quarter-quarter line separating the N/2S/2 from the S/2S/2 of Sections 13 and 14 to allow the inclusion of this acreage into a standard horizontal spacing unit.

6. **Exhibit A-2** contains Form C-102s for the Wells which demonstrate the completed intervals of the Wells will be orthodox.

7. **Exhibit A-3** contains a plat of the tracts included in the Unit and includes any applicable lease numbers, a recapitulation of the ownership interests within the Unit, and the interests TRO seeks to pool.

8. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

9. TRO conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches.

10. In my opinion, TRO made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact described in **Exhibit A-5**.

11. TRO requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by TRO and other operators in the vicinity.


12. Notice of this application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. **Exhibit A-6** contains a sample of the notice letters, a list of the parties who were notified of this hearing and the status of whether they received notice.

13. Notice of this application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

14. In my opinion, granting TRO's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

15. The attached exhibits were either prepared by me or compiled under my direction and supervision.

16. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 15 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.

  
\_\_\_\_\_  
Matthew Phillips

8/1/22  
\_\_\_\_\_  
Date

Tap Rock Operating, LLC  
Case No. 22929  
Exhibit No. A-1

**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. 22929**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Tap Rock Operating, LLC (“TRO”) (OGRID No. 372043) applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit (“Unit”) comprised of the S/2 of Sections 13 and 14, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico. In support of its application, TRO states:

1. TRO is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following proposed initial wells (“Wells”) which it intends to drill simultaneously:
  - **Cold Snack Federal Com #153H** to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the NE/4SE/4 of Section 13,
  - **Cold Snack Federal Com #154H** to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the SE/4SE/4 of Section 13.
3. The completed interval for the **Cold Snack Federal Com #153H** will be within 330’ of the quarter-quarter line separating the N/2S/2 from the S/2S/2 of Sections 13 and 14 to allow the inclusion of this acreage into a standard horizontal spacing unit.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. To allow TRO to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and TRO should be designated the operator of the Wells and Unit.

WHEREFORE, TRO requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 4, 2022, and after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the initial Wells in the Unit;
- C. Designating TRO as operator of this Unit and the Wells to be drilled thereon;
- D. Authorizing TRO to recover its costs of drilling, equipping and completing the Wells;
- 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% penalty for the risk assumed by TRO in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.



Respectfully submitted,

TAP ROCK OPERATING, LLC

*/s/ Michael Rodriguez*

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Michael Rodriguez

523 Park Point Drive

Golden, CO 80401

(720) 245-2606

[mrodriguez@taprk.com](mailto:mrodriguez@taprk.com)

*Attorney for Tap Rock Operating, LLC*

**Application of Tap Rock Operating, LLC for compulsory pooling, Eddy County, New Mexico.**

Tap Rock Operating, LLC ("TRO") applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the S/2 of Sections 13 and 14, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico. The Unit will be dedicated to the following proposed initial wells ("Wells") which it intends to drill simultaneously:

- Cold Snack Federal Com #153H to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the NE/4SE/4 of Section 13,
- Cold Snack Federal Com #154H to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the SE/4SE/4 of Section 13.

The completed interval for the Cold Snack Federal Com #153H will be within 330' of the quarter-quarter line separating the N/2S/2 from the S/2S/2 of Sections 13 and 14 to allow the inclusion of this acreage into a standard horizontal spacing unit. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Tap Rock Operating, LLC as operator of the Unit and Wells, and a 200% charge for risk involved in drilling and completing the Wells. The Unit is located approximately 3.1 miles south of Whites City, New Mexico.

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

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name		
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>COLD SNACK FED COM</b>			<sup>6</sup> Well Number <b>153H</b>	
<sup>7</sup> OGRID No. <b>372043</b>		<sup>8</sup> Operator Name <b>TAP ROCK OPERATING, LLC.</b>			<sup>9</sup> Elevation <b>3451'</b>	

<sup>10</sup>Surface Location

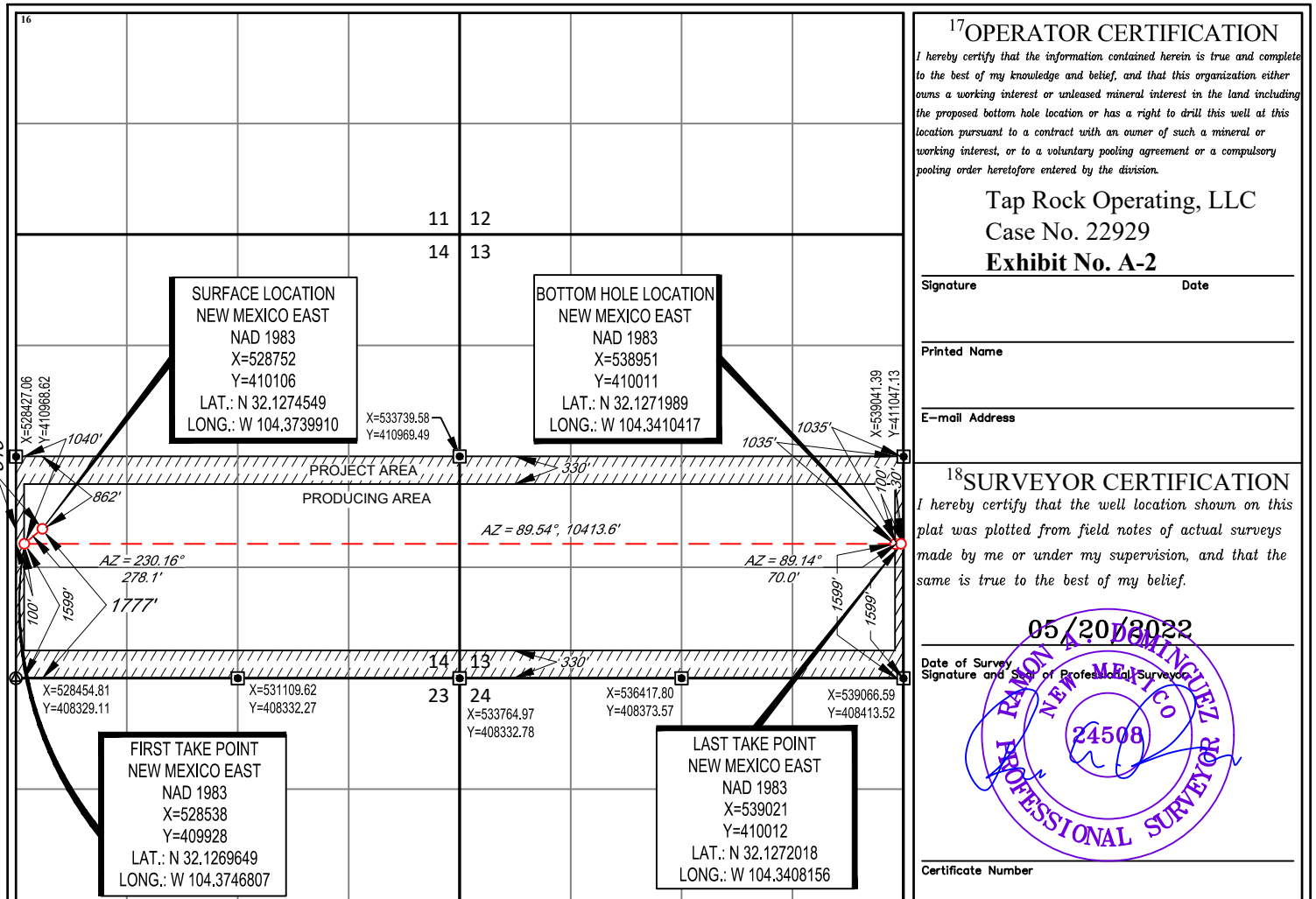
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	14	25-S	25-E	-	1777'	SOUTH	315'	WEST	EDDY

<sup>11</sup>Bottom 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
I	13	25-S	25-E	-	1599'	SOUTH	30'	EAST	EDDY

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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1000 Rio Brazos Road, Aztec, NM 87410  
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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

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>COLD SNACK FED COM</b>			<sup>6</sup> Well Number <b>154H</b>
<sup>7</sup> OGRID No. <b>372043</b>		<sup>8</sup> Operator Name <b>TAP ROCK OPERATING, LLC.</b>			<sup>9</sup> Elevation <b>3451'</b>

<sup>10</sup>Surface Location

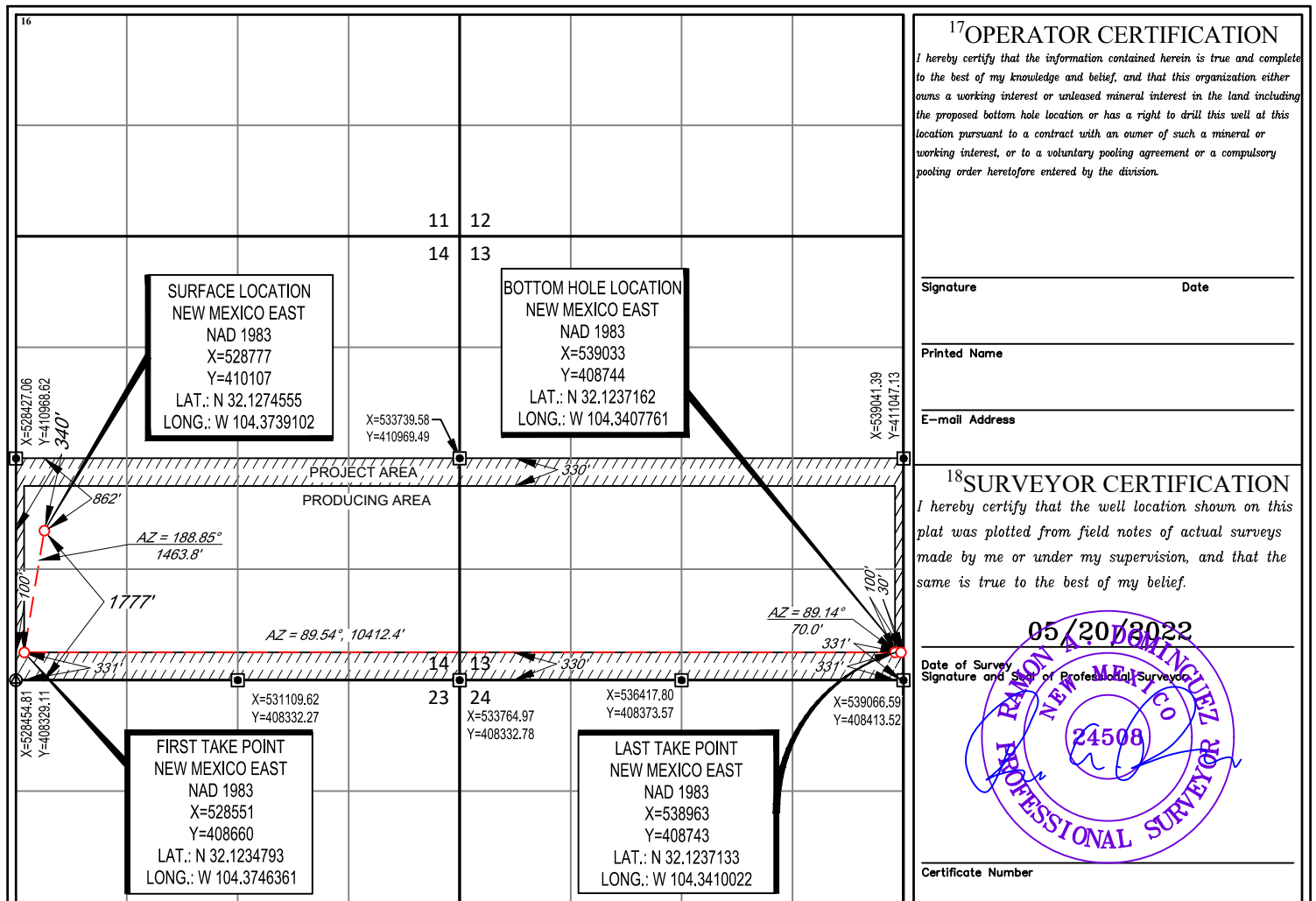
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	14	25-S	25-E	-	1777'	SOUTH	340'	WEST	EDDY

<sup>11</sup>Bottom 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
P	13	25-S	25-E	-	331'	SOUTH	30'	EAST	EDDY

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



<sup>17</sup>OPERATOR 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 \_\_\_\_\_

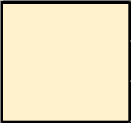
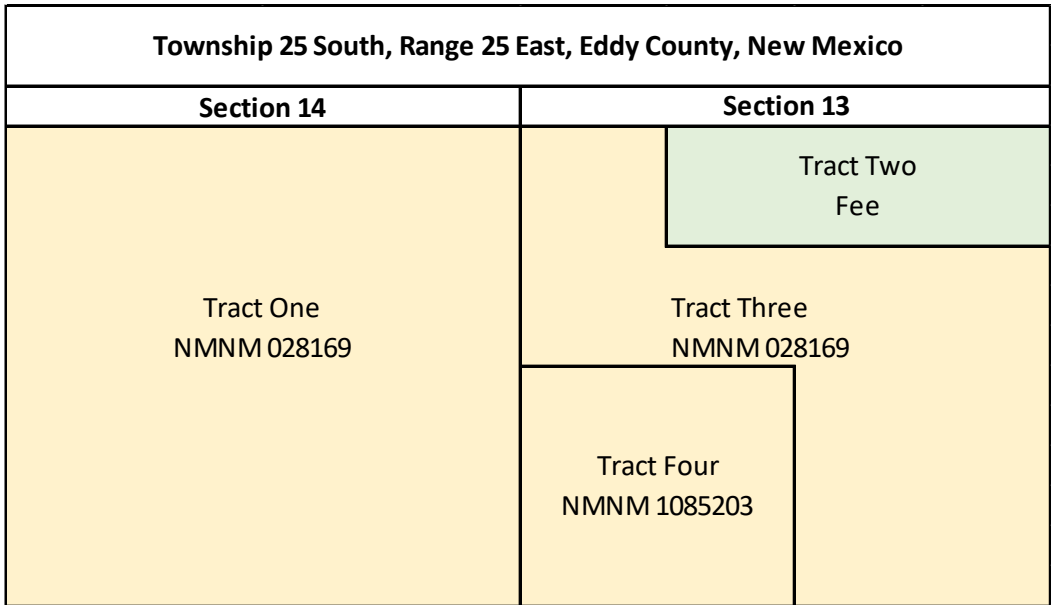
E-mail Address \_\_\_\_\_

<sup>18</sup>SURVEYOR 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.

Date of Survey \_\_\_\_\_ Signature and Seal of Professional Surveyor \_\_\_\_\_

Certificate Number \_\_\_\_\_

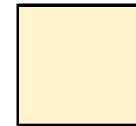
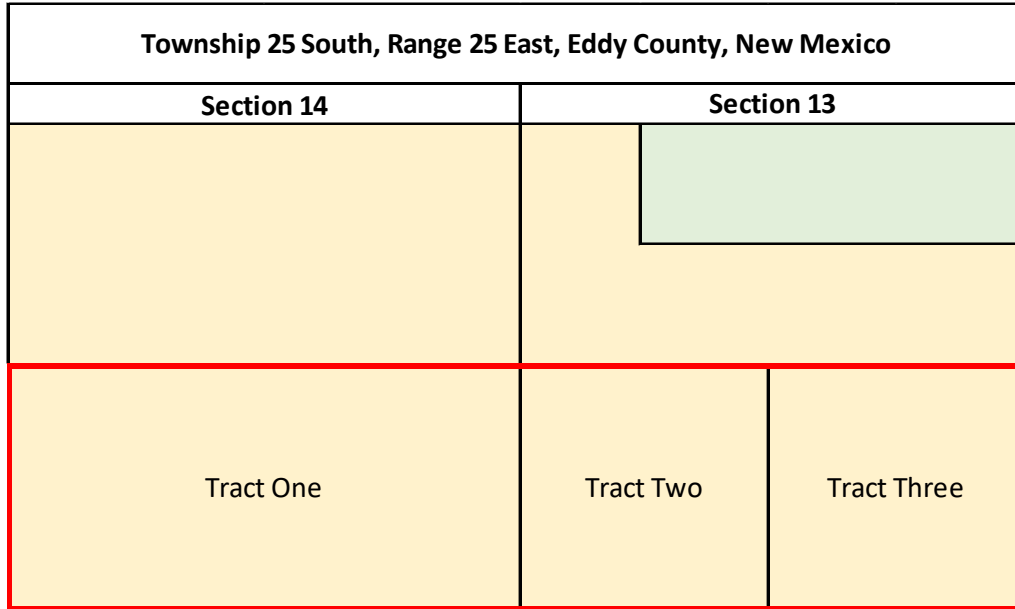


Federal Leases

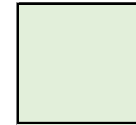


Fee Leases

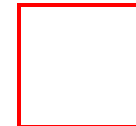
# Cold Snack S/2 Bone Spring Unit Tract Map



Federal Leases



Fee Leases



Cold Snack S2 BS  
HSU

# Tract List - Cold Snack S/2 Bone Spring Unit

Tract #	Legal	Mineral Ownership Type	Lease Number	Owners
1	S/2 Section 14, T25S, R25E, Eddy County, NM	Fed	NMNM 028169	Tap Rock Resources, LLC Brazos Petroleum, Inc. Mark L. Shidler, Inc. Durango Petroleum Corp. Kona, Ltd. Isramco Resources, Inc. Energy Resources, LLC Energy Resource-Group One, Inc. Tap Rock Minerals, LP (ORRI Only) Trachyte Oil Co. (ORRI Only)
2	SW/4 Section 13, T25S, R25E, Eddy County, NM	Fed	NMNM 028169	EOG Resources, Inc. OXY Y-1 Company
3	SE/4 Section 13, T25S, R25E, Eddy County, NM	Fee	NMNM 1085203	Tap Rock Resources, LLC XTO Holdings, Inc.

- Parties in red are subject to pooling.
- \* Final interest subject to division order title verification

# Cold Snack 5/2 Bone Spring Unit Interest Breakdown\*

Entity	Interest Type	Approximate Percentage
Tap Rock Resources, LLC	Working Interest	46.625%
XTO Holdings, Inc.	Uncommitted Working Interest	12.50%
EOG Resources, Inc.	Uncommitted Working Interest	17.00%
OXY Y-1 Company	Uncommitted Working Interest	8.00%
Brazos Petroleum, Inc.	Uncommitted Working Interest	3.125%
Mark L. Shidler, Inc.	Uncommitted Working Interest	2.6875%
Durango Petroleum Corp.	Uncommitted Working Interest	2.6875%
Kona, Ltd.	Uncommitted Working Interest	2.34375%
Isramco Resources, Inc.	Uncommitted Working Interest	2.34375%
Energy Resources, LLC	Uncommitted Working Interest	2.015625%
Energy Resource-Group One, LLC	Uncommitted Working Interest	0.671875%
Tap Rock Minerals, LP	ORRI Only	0%
Trachyte Oil Co.	ORRI Only	0%
	TOTAL	100%

- Parties in red are subject to pooling.
- \* Final interest subject to division order title verification



**TAP ROCK RESOURCES, LLC**  
 MATTHEW C. PHILLIPS - LANDMAN  
 MPHILLIPS@TAPRK.COM

523 PARK POINT DRIVE, SUITE 200 - GOLDEN, COLORADO 80401



May 10, 2022  
 Via Certified Mail

Tap Rock Operating, LLC  
 Case No. 22929  
**Exhibit No. A-4**

BRAZOS PETROLEUM INC  
 PO BOX 951  
 GRAHAM, TX 76450

**Re: Well Proposal(s) for:**  
 - Cold Snack Federal Com #153H  
 - Cold Snack Federal Com #154H  
 - Cold Snack Federal Com #213H  
 - Cold Snack Federal Com #214H  
 - Cold Snack Federal Com #233H  
 - Cold Snack Federal Com #234H  
**Township 25 South, Range 25 East, Sections 13 and 14: S/2**  
**Eddy County, New Mexico**  
 (the "Wells")

Dear Working Interest Owner:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the following Wells by pad drilling to prevent waste and protect correlative rights. Accordingly, enclosed for your further handling are our AFEs for the following Wells:

Well Name	Surface Hole Location (SHL)	Bottom Hole Location (BHL)	Formation	True Vertical Depth	Measured Depth
COLD SNACK FEDERAL COM #153H	NW/4SW/4 of Section 14	1,599' FSL & 30' FEL of Section 13	3rd Bone Spring	7,325'	17,525'
COLD SNACK FEDERAL COM #154H	NW/4SW/4 of Section 14	330' FSL & 30' FEL of Section 13	3rd Bone Spring	7,325'	17,525'
COLD SNACK FEDERAL COM #213H	NW/4SW/4 of Section 14	2,259' FSL & 100' FEL of Section 13	Wolfcamp	8,200'	18,400'
COLD SNACK FEDERAL COM #214H	NW/4SW/4 of Section 14	660' FSL & 100' FEL of Section 13	Wolfcamp	8,200'	18,400'
COLD SNACK FEDERAL COM #233H	NW/4SW/4 of Section 14	1,624' FSL & 100' FEL of Section 13	Wolfcamp	8,875'	19,075'
COLD SNACK FEDERAL COM #234H	NW/4SW/4 of Section 14	330' FSL & 100' FEL of Section 13	Wolfcamp	8,875'	19,075'

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.

**TAP ROCK RESOURCES, LLC**

MATTHEW C. PHILLIPS - LANDMAN  
MPHILLIPS@TAPRK.COM

523 PARK POINT DRIVE, SUITE 200 - GOLDEN, COLORADO 80401



In the event you elect to participate in the proposed Well(s), please execute the enclosed AFEs and return to me within 30 days. TRO is proposing to drill these wells under the terms of the enclosed AAPL Form 610-1989 Operating Agreement. This Operating Agreement covers S/2 of Sections 13 and 14, Township 25 South, Range 25 East, Eddy County, New Mexico, Eddy County, New Mexico.

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%
- \$500 per net acre bonus consideration

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

Additionally, TRO is open to discuss possible trades or other deal structures related to your interest in the proposed Wells. If an agreement cannot be reached within 30 days of your receipt 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 Wells to allow TRO to move forward with planning and drilling the Wells.

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

Sincerely,

**TAP ROCK OPERATING, LLC**

A handwritten signature in blue ink that reads "Matthew C. Phillips". The signature is written in a cursive, flowing style.

**Matthew C. Phillips**

720-459-3724

mphilips@taprk.com

## TAP ROCK OPERATING, LLC

523 Park Point Dr, Golden, Colorado 80401  
Authorization For Expenditure

Name: Cold Snack Fed Com #153H  
AFE #: 0  
County: Eddy  
State: NM

Date: May 9, 2022  
MD/TVD: 17525 / 7325  
Lateral Length: 9750  
Geologic Target: 3rd Bone Spring

Well Description: **Drill, complete, and produce a horizontal 3rd Bone Spring well with a 9750 foot lateral.**

### INTANGIBLE DRILLING COSTS

COST CODES	DESCRIPTION	AMOUNT
1 1	Land - Legal	10,000
1 2	Land - Regulatory	10,000
1 3	Land - Surface Damages	10,000
1 4	Land - Survey	10,000
1 5	Location/Pit Construction	59,000
1 6	Remedial Dirtwork	0
1 7	Reserve/Frac Pit Closing	0
1 8	Drilling - Contractor	381,018
1 9	Mob/Rig Up - Contractor/Trucking	50,000
1 10	Cementing Services	141,000
1 11	Cementing Equipment	30,000
1 12	Bits/Drill Out Assemblies	70,500
1 13	Fluid Circulation Equipment/Services	56,185
1 14	Fluids/Chemicals	82,764
1 15	WBM Cuttings/Wastewater Disposal	34,988
1 16	OBM Cuttings/Chemical Disposal	29,250
1 17	Fuel/Power	65,014
1 18	Water	35,096
1 19	Directional Drilling	154,794
1 20	Mud Logging	23,113
1 21	Open/Cased/Production Hole Logs	0
1 22	Coring	0
1 23	Geologic Supervision	0
1 24	Engineering Supervision	0
1 25	Consultant Supervision	81,309
1 26	Freight/Transportation	9,000
1 27	Labor	98,500
1 28	Supplies - Surface	2,500
1 29	Supplies - Living Quarters	1,000
1 30	Rentals - Surface	44,594
1 31	Rentals - Living Quarters	29,371
1 32	Rentals - Downhole	2,000
1 33	Rentals - Pipe & Handling Tools	36,841
1 34	Rentals - Frac Stack	0
1 35	Rentals - Frac Tanks	4,644
1 36	Coil Tubing Unit/Workover Rig	0
1 37	Wireline/Slickline/Perforating	0
1 38	Temporary Packers/Plugs	0
1 39	High Pressure Pump Truck	0
1 40	Stimulation	0
1 41	Rentals - Pressure Control	0
1 42	Flowback Services	0
1 43	Water Transfer Services	0
1 44	Flowback Water Trucking & Disposal	0
1 45	Permanent Equipment Installation	0
1 46	Pipeline Tapping Services	0
1 47	Plugging & Abandonment	0
1 53	Overhead	0
1 54	Insurance	20,000
1 55	Contingency	47,474

TOTAL INTANGIBLE DRILLING COSTS: \$1,629,954

### INTANGIBLE COMPLETION COSTS

COST CODES	DESCRIPTION	AMOUNT
2 1	Land - Legal	
2 2	Land - Regulatory	
2 3	Land - Surface Damages	
2 4	Land - Survey	
2 5	Location/Pit Construction	
2 6	Remedial Dirtwork	
2 7	Reserve/Frac Pit Closing	
2 8	Drilling - Contractor	
2 9	Mob/Rig Up - Contractor/Trucking	
2 10	Cementing Services	
2 11	Cementing Equipment	
2 12	Bits/Drill Out Assemblies	38,714
2 13	Fluid Circulation Equipment/Services	
2 14	Fluids/Chemicals	34,000
2 15	WBM Cuttings/Wastewater Disposal	
2 16	OBM Cuttings/Chemical Disposal	
2 17	Fuel/Power	458,500
2 18	Water	297,338
2 19	Directional Drilling	
2 20	Mud Logging	
2 21	Open/Cased/Production Hole Logs	8,440
2 22	Coring	
2 23	Geologic Supervision	
2 24	Engineering Supervision	
2 25	Consultant Supervision	85,200
2 26	Freight/Transportation	2,000
2 27	Labor	4,920
2 28	Supplies - Surface	2,000
2 29	Supplies - Living Quarters	2,000
2 30	Rentals - Surface	18,840
2 31	Rentals - Living Quarters	14,080
2 32	Rentals - Downhole	0
2 33	Rentals - Pipe & Handling Tools	0
2 34	Rentals - Frac Stack	87,563
2 35	Rentals - Frac Tanks	29,120
2 36	Coil Tubing Unit/Workover Rig	89,472
2 37	Wireline/Slickline/Perforating	263,600
2 38	Temporary Packers/Plugs	46,550
2 39	High Pressure Pump Truck	57,160
2 40	Stimulation	2,168,374
2 41	Rentals - Pressure Control	
2 42	Flowback Services	50,451
2 43	Water Transfer Services	71,550
2 44	Flowback Water Trucking & Disposal	11,852
2 45	Permanent Equipment Installation	
2 46	Pipeline Tapping Services	
2 47	Plugging & Abandonment	
2 53	Overhead	15,825
2 54	Insurance	
2 55	Contingency	138,668

TOTAL INTANGIBLE COMPLETION COSTS: \$3,996,217

### INTANGIBLE PRODUCTION COSTS

COST CODES	DESCRIPTION	AMOUNT
3 1	Land - Legal	
3 2	Land - Regulatory	
3 3	Land - Surface Damages	
3 4	Land - Survey	
3 5	Location/Pit Construction	5,000
3 6	Remedial Dirtwork	
3 7	Reserve/Frac Pit Closing	
3 8	Drilling - Contractor	
3 9	Mob/Rig Up - Contractor/Trucking	
3 10	Cementing Services	
3 11	Cementing Equipment	
3 12	Bits/Drill Out Assemblies	
3 13	Fluid Circulation Equipment/Services	
3 14	Fluids/Chemicals	
3 15	WBM Cuttings/Wastewater Disposal	
3 16	OBM Cuttings/Chemical Disposal	
3 17	Fuel/Power	
3 18	Water	
3 19	Directional Drilling	
3 20	Mud Logging	
3 21	Open/Cased/Production Hole Logs	
3 22	Coring	
3 23	Geologic Supervision	
3 24	Engineering Supervision	
3 25	Consultant Supervision	18,500
3 26	Freight/Transportation	15,000
3 27	Labor	38,000
3 28	Supplies - Surface	
3 29	Supplies - Living Quarters	
3 30	Rentals - Surface	9,800
3 31	Rentals - Living Quarters	
3 32	Rentals - Downhole	
3 33	Rentals - Pipe & Handling Tools	
3 34	Rentals - Frac Stack	12,950
3 35	Rentals - Frac Tanks	15,000
3 36	Coil Tubing Unit/Workover Rig	34,500
3 37	Wireline/Slickline/Perforating	5,500
3 38	Temporary Packers/Plugs	
3 39	High Pressure Pump Truck	
3 40	Stimulation	
3 41	Rentals - Pressure Control	
3 42	Flowback Services	58,600
3 43	Water Transfer Services	
3 44	Flowback Water Trucking & Disposal	65,960
3 45	Permanent Equipment Installation	
3 46	Pipeline Tapping Services	
3 47	Plugging & Abandonment	
3 53	Overhead	0
3 54	Insurance	
3 55	Contingency	12,528

TOTAL INTANGIBLE PRODUCTION COSTS: \$291,338

### TANGIBLE DRILLING COSTS

COST CODES	DESCRIPTION	AMOUNT
4 60	Conductor Casing	24,000
4 61	Surface Casing	37,210
4 62	1st Intermediate Casing	70,725
4 63	2nd Intermediate Casing	241,003
4 64	Production Casing	461,609
4 65	Tubing	
4 66	Wellhead	78,000
4 67	Permanent Packers/Hangers/Plugs	
4 68	Tanks	
4 69	Production Vessels	
4 70	Compressors	
4 71	Surface Flowlines	
4 72	Gathering Lines	
4 73	Valves & Controllers	
4 74	Artificial Lift Equipment	
4 75	Instrumentation & Measurement	
4 76	Electrical Grounding/Safety Equipment	
4 77	Permanent Equipment Installation	
4 80	Other - Surface	
4 81	Other - Downhole	15,000

TOTAL TANGIBLE DRILLING COSTS: \$927,547

TOTAL DRILLING COSTS: \$2,557,500

### TANGIBLE COMPLETION COSTS

COST CODES	DESCRIPTION	AMOUNT
5 60	Conductor Casing	
5 61	Surface Casing	
5 62	1st Intermediate Casing	
5 63	2nd Intermediate Casing	
5 64	Production Casing	0
5 65	Tubing	
5 66	Wellhead	0
5 67	Permanent Packers/Hangers/Plugs	
5 68	Tanks	
5 69	Production Vessels	
5 70	Compressors	
5 71	Surface Flowlines	
5 72	Gathering Lines	
5 73	Valves & Controllers	
5 74	Artificial Lift Equipment	
5 75	Instrumentation & Measurement	
5 76	Electrical Grounding/Safety Equipment	
5 77	Permanent Equipment Installation	
5 80	Other - Surface	
5 81	Other - Downhole	

TOTAL TANGIBLE COMPLETION COSTS: \$0

TOTAL COMPLETION COSTS: \$3,996,217

### TANGIBLE PRODUCTION COSTS

COST CODES	DESCRIPTION	AMOUNT
6 60	Conductor Casing	
6 61	Surface Casing	
6 62	1st Intermediate Casing	
6 63	2nd Intermediate Casing	
6 64	Production Casing	
6 65	Tubing	126,000
6 66	Wellhead	62,100
6 67	Permanent Packers/Hangers/Plugs	0
6 68	Tanks	
6 69	Production Vessels	160,000
6 70	Compressors	
6 71	Surface Flowlines	50,000
6 72	Gathering Lines	0
6 73	Valves & Controllers	0
6 74	Artificial Lift Equipment	28,500
6 75	Instrumentation & Measurement	
6 76	Electrical Grounding/Safety Equipment	
6 77	Permanent Equipment Installation	5,000
6 80	Other - Surface	
6 81	Other - Downhole	

TOTAL TANGIBLE PRODUCTION COSTS: \$431,600

TOTAL PRODUCTION COSTS: \$722,938

TOTAL WELL COST: \$7,276,655

**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: Cold Snack Fed Com #154H  
AFE #: 0  
County: Eddy  
State: NM

Date: May 9, 2022  
MD/TVD: 17525 / 7325  
Lateral Length: 9750  
Geologic Target: 3rd Bone Spring

Well Description: **Drill, complete, and produce a horizontal 3rd Bone Spring well with a 9750 foot lateral.**

### INTANGIBLE DRILLING COSTS

COST CODES	DESCRIPTION	AMOUNT
1 1	Land - Legal	10,000
1 2	Land - Regulatory	10,000
1 3	Land - Surface Damages	10,000
1 4	Land - Survey	10,000
1 5	Location/Pit Construction	59,000
1 6	Remedial Dirtwork	0
1 7	Reserve/Frac Pit Closing	0
1 8	Drilling - Contractor	381,018
1 9	Mob/Rig Up - Contractor/Trucking	50,000
1 10	Cementing Services	141,000
1 11	Cementing Equipment	30,000
1 12	Bits/Drill Out Assemblies	70,500
1 13	Fluid Circulation Equipment/Services	56,185
1 14	Fluids/Chemicals	82,764
1 15	WBM Cuttings/Wastewater Disposal	34,988
1 16	OBM Cuttings/Chemical Disposal	29,250
1 17	Fuel/Power	65,014
1 18	Water	35,096
1 19	Directional Drilling	154,794
1 20	Mud Logging	23,113
1 21	Open/Cased/Production Hole Logs	0
1 22	Coring	0
1 23	Geologic Supervision	0
1 24	Engineering Supervision	0
1 25	Consultant Supervision	81,309
1 26	Freight/Transportation	9,000
1 27	Labor	98,500
1 28	Supplies - Surface	2,500
1 29	Supplies - Living Quarters	1,000
1 30	Rentals - Surface	44,594
1 31	Rentals - Living Quarters	29,371
1 32	Rentals - Downhole	2,000
1 33	Rentals - Pipe & Handling Tools	36,841
1 34	Rentals - Frac Stack	
1 35	Rentals - Frac Tanks	4,644
1 36	Coil Tubing Unit/Workover Rig	
1 37	Wireline/Slickline/Perforating	
1 38	Temporary Packers/Plugs	
1 39	High Pressure Pump Truck	
1 40	Stimulation	
1 41	Rentals - Pressure Control	
1 42	Flowback Services	
1 43	Water Transfer Services	
1 44	Flowback Water Trucking & Disposal	
1 45	Permanent Equipment Installation	
1 46	Pipeline Tapping Services	
1 47	Plugging & Abandonment	0
1 53	Overhead	0
1 54	Insurance	20,000
1 55	Contingency	47,474

TOTAL INTANGIBLE DRILLING COSTS: \$1,629,954

### INTANGIBLE COMPLETION COSTS

COST CODES	DESCRIPTION	AMOUNT
2 1	Land - Legal	
2 2	Land - Regulatory	
2 3	Land - Surface Damages	
2 4	Land - Survey	
2 5	Location/Pit Construction	
2 6	Remedial Dirtwork	
2 7	Reserve/Frac Pit Closing	
2 8	Drilling - Contractor	
2 9	Mob/Rig Up - Contractor/Trucking	
2 10	Cementing Services	
2 11	Cementing Equipment	
2 12	Bits/Drill Out Assemblies	38,714
2 13	Fluid Circulation Equipment/Services	
2 14	Fluids/Chemicals	34,000
2 15	WBM Cuttings/Wastewater Disposal	
2 16	OBM Cuttings/Chemical Disposal	
2 17	Fuel/Power	458,500
2 18	Water	297,338
2 19	Directional Drilling	
2 20	Mud Logging	
2 21	Open/Cased/Production Hole Logs	8,440
2 22	Coring	
2 23	Geologic Supervision	
2 24	Engineering Supervision	
2 25	Consultant Supervision	85,200
2 26	Freight/Transportation	2,000
2 27	Labor	4,920
2 28	Supplies - Surface	2,000
2 29	Supplies - Living Quarters	2,000
2 30	Rentals - Surface	18,840
2 31	Rentals - Living Quarters	14,080
2 32	Rentals - Downhole	0
2 33	Rentals - Pipe & Handling Tools	0
2 34	Rentals - Frac Stack	87,563
2 35	Rentals - Frac Tanks	29,120
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2 38	Temporary Packers/Plugs	46,550
2 39	High Pressure Pump Truck	57,160
2 40	Stimulation	2,168,374
2 41	Rentals - Pressure Control	
2 42	Flowback Services	50,451
2 43	Water Transfer Services	71,550
2 44	Flowback Water Trucking & Disposal	11,852
2 45	Permanent Equipment Installation	
2 46	Pipeline Tapping Services	
2 47	Plugging & Abandonment	
2 53	Overhead	15,825
2 54	Insurance	
2 55	Contingency	138,668

TOTAL INTANGIBLE COMPLETION COSTS: \$3,996,217

### INTANGIBLE PRODUCTION COSTS

COST CODES	DESCRIPTION	AMOUNT
3 1	Land - Legal	
3 2	Land - Regulatory	
3 3	Land - Surface Damages	
3 4	Land - Survey	
3 5	Location/Pit Construction	5,000
3 6	Remedial Dirtwork	
3 7	Reserve/Frac Pit Closing	
3 8	Drilling - Contractor	
3 9	Mob/Rig Up - Contractor/Trucking	
3 10	Cementing Services	
3 11	Cementing Equipment	
3 12	Bits/Drill Out Assemblies	
3 13	Fluid Circulation Equipment/Services	
3 14	Fluids/Chemicals	
3 15	WBM Cuttings/Wastewater Disposal	
3 16	OBM Cuttings/Chemical Disposal	
3 17	Fuel/Power	
3 18	Water	
3 19	Directional Drilling	
3 20	Mud Logging	
3 21	Open/Cased/Production Hole Logs	
3 22	Coring	
3 23	Geologic Supervision	
3 24	Engineering Supervision	
3 25	Consultant Supervision	18,500
3 26	Freight/Transportation	15,000
3 27	Labor	38,000
3 28	Supplies - Surface	
3 29	Supplies - Living Quarters	
3 30	Rentals - Surface	9,800
3 31	Rentals - Living Quarters	
3 32	Rentals - Downhole	
3 33	Rentals - Pipe & Handling Tools	
3 34	Rentals - Frac Stack	12,950
3 35	Rentals - Frac Tanks	15,000
3 36	Coil Tubing Unit/Workover Rig	34,500
3 37	Wireline/Slickline/Perforating	5,500
3 38	Temporary Packers/Plugs	
3 39	High Pressure Pump Truck	
3 40	Stimulation	
3 41	Rentals - Pressure Control	
3 42	Flowback Services	58,600
3 43	Water Transfer Services	
3 44	Flowback Water Trucking & Disposal	65,960
3 45	Permanent Equipment Installation	
3 46	Pipeline Tapping Services	
3 47	Plugging & Abandonment	
3 53	Overhead	0
3 54	Insurance	
3 55	Contingency	12,528

TOTAL INTANGIBLE PRODUCTION COSTS: \$291,338

### TANGIBLE DRILLING COSTS

COST CODES	DESCRIPTION	AMOUNT
4 60	Conductor Casing	24,000
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4 63	2nd Intermediate Casing	241,003
4 64	Production Casing	461,609
4 65	Tubing	
4 66	Wellhead	78,000
4 67	Permanent Packers/Hangers/Plugs	
4 68	Tanks	
4 69	Production Vessels	
4 70	Compressors	
4 71	Surface Flowlines	
4 72	Gathering Lines	
4 73	Valves & Controllers	
4 74	Artificial Lift Equipment	
4 75	Instrumentation & Measurement	
4 76	Electrical Grounding/Safety Equipment	
4 77	Permanent Equipment Installation	
4 80	Other - Surface	
4 81	Other - Downhole	15,000

TOTAL TANGIBLE DRILLING COSTS: \$927,547

TOTAL DRILLING COSTS: \$2,557,500

### TANGIBLE COMPLETION COSTS

COST CODES	DESCRIPTION	AMOUNT
5 60	Conductor Casing	
5 61	Surface Casing	
5 62	1st Intermediate Casing	
5 63	2nd Intermediate Casing	
5 64	Production Casing	0
5 65	Tubing	
5 66	Wellhead	0
5 67	Permanent Packers/Hangers/Plugs	
5 68	Tanks	
5 69	Production Vessels	
5 70	Compressors	
5 71	Surface Flowlines	
5 72	Gathering Lines	
5 73	Valves & Controllers	
5 74	Artificial Lift Equipment	
5 75	Instrumentation & Measurement	
5 76	Electrical Grounding/Safety Equipment	
5 77	Permanent Equipment Installation	
5 80	Other - Surface	
5 81	Other - Downhole	

TOTAL TANGIBLE COMPLETION COSTS: \$0

TOTAL COMPLETION COSTS: \$3,996,217

### TANGIBLE PRODUCTION COSTS

COST CODES	DESCRIPTION	AMOUNT
6 60	Conductor Casing	
6 61	Surface Casing	
6 62	1st Intermediate Casing	
6 63	2nd Intermediate Casing	
6 64	Production Casing	
6 65	Tubing	126,000
6 66	Wellhead	62,100
6 67	Permanent Packers/Hangers/Plugs	0
6 68	Tanks	
6 69	Production Vessels	160,000
6 70	Compressors	
6 71	Surface Flowlines	50,000
6 72	Gathering Lines	0
6 73	Valves & Controllers	0
6 74	Artificial Lift Equipment	28,500
6 75	Instrumentation & Measurement	
6 76	Electrical Grounding/Safety Equipment	
6 77	Permanent Equipment Installation	5,000
6 80	Other - Surface	
6 81	Other - Downhole	

TOTAL TANGIBLE PRODUCTION COSTS: \$431,600

TOTAL PRODUCTION COSTS: \$722,938

TOTAL WELL COST: \$7,276,655

#### 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.

Entity	Communication
XTO Holdings, Inc.	5/10/22 – Sent well proposals and JOA 5/14/22 – Proposals delivered 7/21/22 – XTO requests technical contact for evaluation 7/22/22 - TRR requests that XTO submit technical questions for review, no response
MRC Permian Company	5/10/22 – Sent well proposals and JOA 5/13/22 – Proposals delivered
Featherstone Development Corporation	5/10/22 – Sent well proposals and JOA 5/16/22 – Proposals delivered 5/17/22 – Featherstone confirms receipt and indicates they will likely participate
Brazos Petroleum, Inc.	5/10/22 – Sent well proposals and JOA 5/21/22 – Proposals delivered
Mark L. Shidler	5/10/22 – Sent well proposals and JOA 6/23/22 – Election to participate received 8/1/22 – Waiting on executed JOA
Durango Petroleum Corp.	5/10/22 – Sent well proposals and JOA 5/21/22 – Proposals delivered 5/23/22 – Election to participate received 8/1/22 – Waiting on executed JOA
Kona, Ltd.	5/10/22 – Sent well proposals and JOA 6/24/22 – Kona confirms receipt and requests information pertaining to wells + WI/NRI 7/1/22 – TRR provides answers to Kona’s questions 7/19/22 – Election to participate received 8/1/22 – Waiting on executed JOA

• \* Final interest subject to division order title verification

# Summary of Communication Continued

Entity	Communication
Isramco Resources, Inc.	5/10/22 - Sent well proposals and JOA 5/14/22 - Proposals delivered
Energy Resources, LLC	5/10/22 - Sent well proposals and JOA 6/17/22 - Delivery confirmed 7/13/22 - Energy Resources requests offer for alternative deal structure pursuant to language in proposal letter 8/1/22 - TRR evaluating
Energy Resources Group-One, LLC	5/10/22 - Sent well proposals and JOA 6/17/22 - Delivery confirmed 7/13/22 - Energy Resources requests offer for alternative deal structure pursuant to language in proposal letter 8/1/22 - TRR evaluating
EOG Resources, Inc.	5/5/22 - Sent well proposals and JOA 5/14/22 - Proposals received 8/1/22 - EOG requests updated spud date via telephone, TRR provides; EOG-TRR continuing to explore potential deals involving this acreage
OXY Y-1 Company	5/10/22 - Sent well proposals and JOA 5/14/22 - Proposals received 5/25/22 - OXY sends AFE questions to TRR 6/30/22 - TRR provides response 7/6/22 - OXY requests additional copy of JOA, TRR provides 7/20/22 - OXY requests confirmation of previously provided response to AFE questions, TRR confirms on 7/22/20

- \* Final interest subject to division order title verification

TAP ROCK OPERATING, LLC  
MICHAEL RODRIGUEZ – ATTORNEY  
MDRODRIGUEZ@TAPRK.COM

523 PARK POINT DRIVE, SUITE 200 - GOLDEN, COLORADO 80401



July 14, 2022

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL INTERESTED PARTIES SUBJECT TO NOTICE**

**Re: Case Nos. 22929, 22932 - Applications of Tap Rock Operating, LLC for Compulsory Pooling, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on August 4, 2022, beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter later. Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. MST, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about the subject applications, please contact the following:

Matthew Phillips  
Tap Rock Operating, LLC  
720-459-3724  
mphillips@taprk.com

Thank you,

/s/ Michael Rodriguez

Michael Rodriguez  
ATTORNEY FOR TAP ROCK OPERATING, LLC

Tap Rock Operating, LLC  
Case No. 22929  
Exhibit No. A-6

Class	TrackingNo	ToName	DeliveryAddress	City	State	Zip	MailDate	USPS_Status
Certified with Return Receipt (Si 9414811898765876285197		EOG Resources, Inc.	5509 Champions Dr	Midland	TX	79706-2843	07/14/2022	Your item was picked up at a postal facility at 7:46 am on July 19, 2022 in MIDLAND, TX 79702.
Certified with Return Receipt (Si 9414811898765876285043		XTO Holdings, LLC	22777 Springwoods Village Pkwy	Spring	TX	77389-1425	07/14/2022	Your item was delivered to an individual at the address at 8:37 am on July 18, 2022 in SPRING, TX 77389.
Certified with Return Receipt (Si 9414811898765876285142		Brazos Petroleum, Inc.	PO Box 951	Graham	TX	76450-0951	07/14/2022	This is a reminder to pick up your item before August 1, 2022 or your item will be returned on August 2, 2022. Please pick up the item at the GRAHAM, TX 76450 Post Office.
Certified with Return Receipt (Si 9414811898765876285173		Durango Petroleum Corp.	PO Box 4848	Wichita Falls	TX	76308-0848	07/14/2022	Your item was picked up at the post office at 9:33 am on July 20, 2022 in WICHITA FALLS, TX 76308.
Certified with Return Receipt (Si 9414811898765876285364		Energy Resources Group One, Inc.	1601 E 19th St	Edmond	OK	73013-6620	07/14/2022	Your item was delivered to the front desk, reception area, or mail room at 11:13 am on July 18, 2022 in EDMOND, OK 73013.
Certified with Return Receipt (Si 9414811898765876285302		Energy Resources, LLC	1601 E 19th St	Edmond	OK	73013-6620	07/14/2022	Your item was delivered to the front desk, reception area, or mail room at 11:13 am on July 18, 2022 in EDMOND, OK 73013.
Certified with Return Receipt (Si 9414811898765876285340		Isramco Resources, LLC	4801 Woodway Dr Ste 100E	Houston	TX	77056-1816	07/14/2022	Your item was delivered to the front desk, reception area, or mail room at 12:25 pm on July 18, 2022 in HOUSTON, TX 77057.
Certified with Return Receipt (Si 9414811898765876285371		Kona, Ltd.	1302 West Ave	Austin	TX	78701-1716	07/14/2022	Your item was delivered to the front desk, reception area, or mail room at 11:25 am on July 19, 2022 in AUSTIN, TX 78701.
Certified with Return Receipt (Si 9414811898765876285050		Mark L. Shidler, Inc.	1313 Campbell Rd Bldg D	Houston	TX	77055-6458	07/14/2022	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
Certified with Return Receipt (Si 9414811898765876285029		OXY Y-1 Co.	5 Greenway Plz Ste 110	Houston	TX	77046-0521	07/14/2022	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on July 18, 2022 at 12:08 pm.



# Affidavit of Publication

Tap Rock Operating, LLC

Case No. 22929

Exhibit No. A-7

STATE OF NEW MEXICO  
COUNTY OF LEA

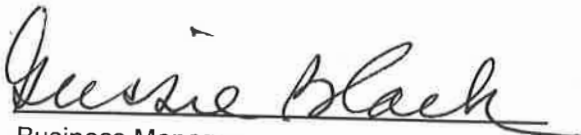
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
July 20, 2022

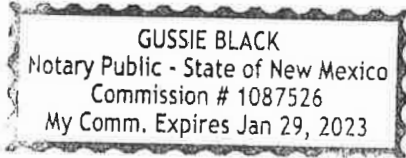
and ending with the issue dated  
July 20, 2022.

  
Publisher

Sworn and subscribed to before me this  
20th day of July 2022.

  
Business Manager

My commission expires  
January 29, 2023  
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

**LEGAL NOTICE**  
July 20, 2022

To all interested parties subject to notice including: EOG Resources, Inc.; Brazos Petroleum, Inc.; Durango Petroleum Corp.; Energy Resources Group One, Inc.; Energy Resources, LLC; Isramco Resources, LLC; Kona, Ltd.; Mark L. Shidler, Inc.; OXY Y-1 Co.; XTO Holdings, LLC; and their successors or assigns. On August 4, 2022, the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Tap Rock Operating, LLC in Case No. 22929. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the [OCD Hearings website](https://www.emnrd.nm.gov/ocd/hearing-info/): <https://www.emnrd.nm.gov/ocd/hearing-info/>. Tap Rock Operating, LLC ("TRO") applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the S/2 of Sections 13 and 14, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico. The Unit will be dedicated to the following proposed initial wells ("Wells") which it intends to drill simultaneously:

- Cold Snack Federal Com #153H to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the NE/4SE/4 of Section 13,
- Cold Snack Federal Com #154H to be horizontally drilled from a surface hole location in the NW/4SW/4 of Section 14 to a bottom hole location in the SE/4SE/4 of Section 13.

The completed interval for the Cold Snack Federal Com #153H will be within 330' of the quarter-quarter line separating the N/2S/2 from the S/2S/2 of Sections 13 and 14 to allow the inclusion of this acreage into a standard horizontal spacing unit. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Tap Rock Operating, LLC as operator of the Unit and Wells, and a 200% charge for risk involved in drilling and completing the Wells. The Unit is located approximately 3.1 miles south of Whites City, New Mexico.  
#37870

67117307

00268979

MICHAEL RODRIGUEZ  
TAP ROCK OPERATING LLC  
523 PARK POINT DR  
GOLDEN, CO 80401

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

APPLICATIONS OF TAP ROCK  
OPERATING, LLC FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 22929, 22930

SELF-AFFIRMED STATEMENT OF  
ELI DENBESTEN

1. I am over the age of 18 and have personal knowledge of the matters stated herein. I am employed as a petroleum geologist for Tap Rock Operating, LLC (“Tap Rock”) and am familiar with the subject application and the geology matters involved. I have testified before the New Mexico Oil Conservation Division in the past and my credentials as an expert in petroleum geology matters was accepted and made a matter of record.

2. **Exhibit B-1** is a Project Locator Map depicting the location of the Horizontal Spacing Units (“Units”) in the Delaware Basin within Sections 13 and 14, Township 25 South, Range 25 East, dedicated to the Cold Snack Federal Com #151H, 152H, 153H, and 154H wells (the “Wells”).

3. **Exhibit B-2** is a Gun Barrel Diagram showing the planned Bone Spring horizontal spacing for the Wells. A nearby type log has been included to show approximate depths and reservoir quality of the landing zones.

4. **Exhibit B-3** is a Bone Spring structure map in subsea vertical depth. This map shows the location of the Units outlined by red boxes. The surface/bottom hole locations of the Wells are shown, zoomed in, to the right. The contour intervals are 25 feet each. Structure is down dipping from west east through the Units. The orientation of the Wells will be approximately perpendicular to the down dipping structure. There are no nearby wells within the map extent that have targeted the equivalent interval in the Bone Spring. The vertical wells

controlling the structure map have the subsea vertical depth posted in black. The subsequent cross-section from A-A' is also identified. I do not observe any faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval utilizing horizontal wells.

5. **Exhibit B-4** is a Bone Spring Stratigraphic Cross Section (flattened on the 3<sup>rd</sup> Bone Spring Sand). The exhibit contains a gamma ray log, deep resistivity log, and porosity track for each well. This exhibit identifies the key tops used to evaluate reservoirs and landing targets for the Wells. The peach circle on the depth track of Well 3 shows the landing target interval for the Wells.

6. **Exhibit B-5** is an Isopach Map of the targeted interval. This map shows the location of the Units outlined by red boxes. The surface/bottom hole location of the Wells are shown, zoomed in, to the right. The anticipated gross thickness of the Bone Spring interval is 3025-3100' throughout the Units. The contour intervals are 25'. The location of the previous cross-section from A-A' is also shown on this map.

7. Based on my geologic study of the area, I conclude the following:

- a. The Units are 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 Units will contribute more or less equally to production;
- d. The preferred well orientation in this area is east-west since the inferred orientation of the maximum horizontal stress is roughly north-south.

8. The attached Exhibits were either prepared by me, compiled under my direction and supervision, or compiled from company business records.

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

10. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 9 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.

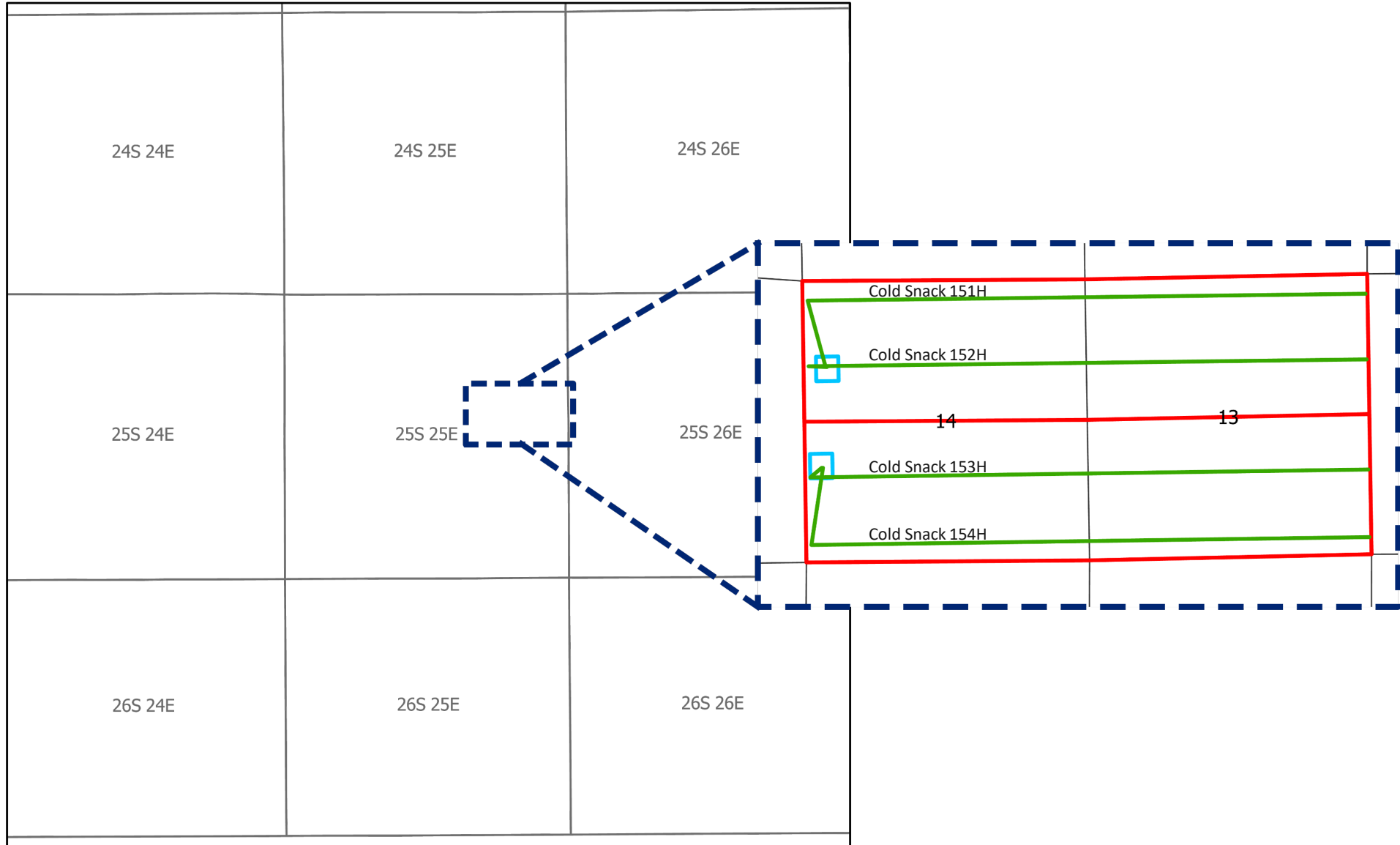


Eli DenBesten

7-29-2022

Date

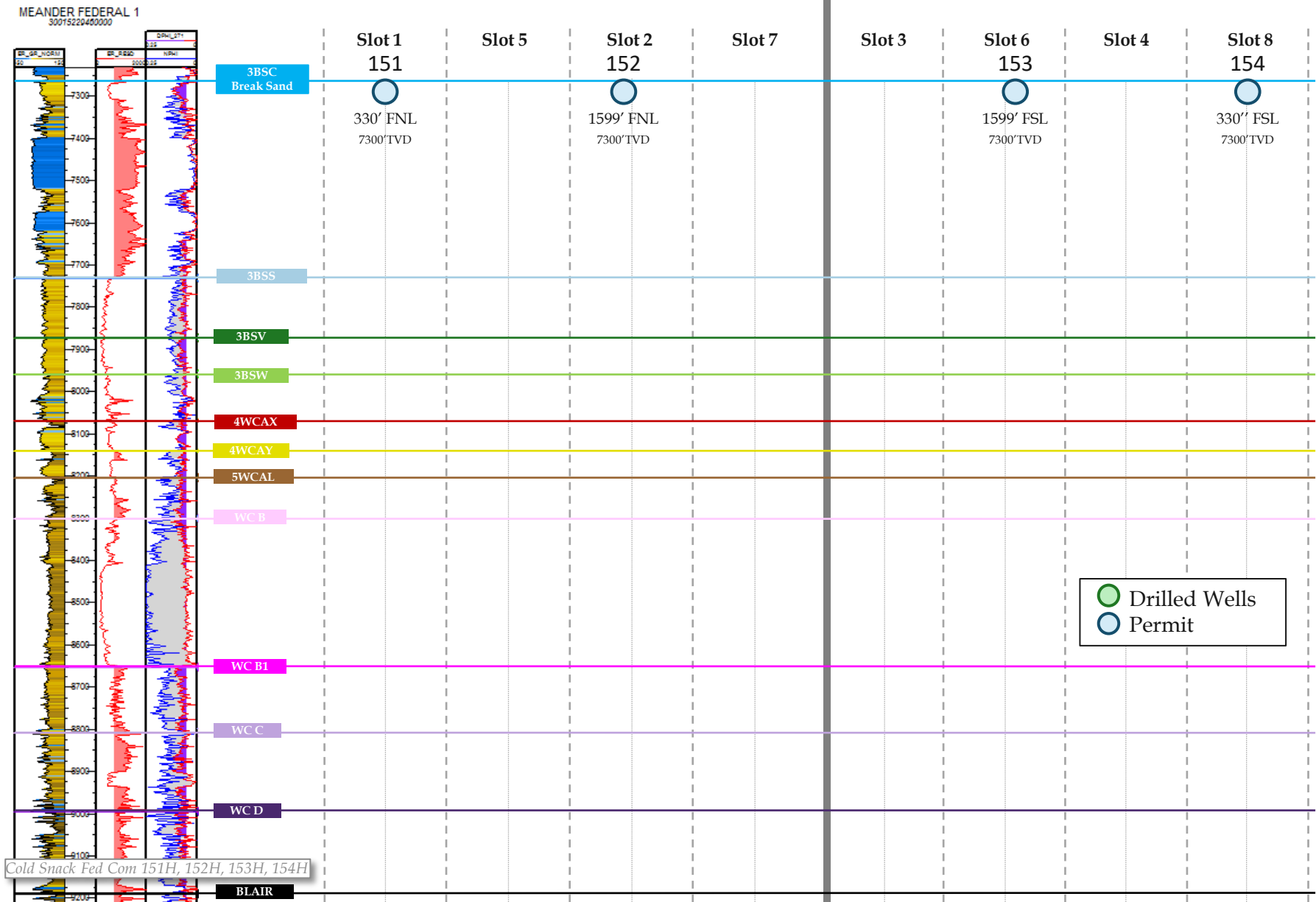
# Project Locator Map - Cold Snack Fed Com 151H, 152H, 153H, 154H



Tap Rock Operating, LLC  
Case No. 22929  
**Exhibit No. B-1**

Cold Snack (N/2 Sec 14/13)

Cold Snack (S/2 Sec 14,13)





Cold Snack Fed Com 151H, 152H, 153H, 154H

BLAIR

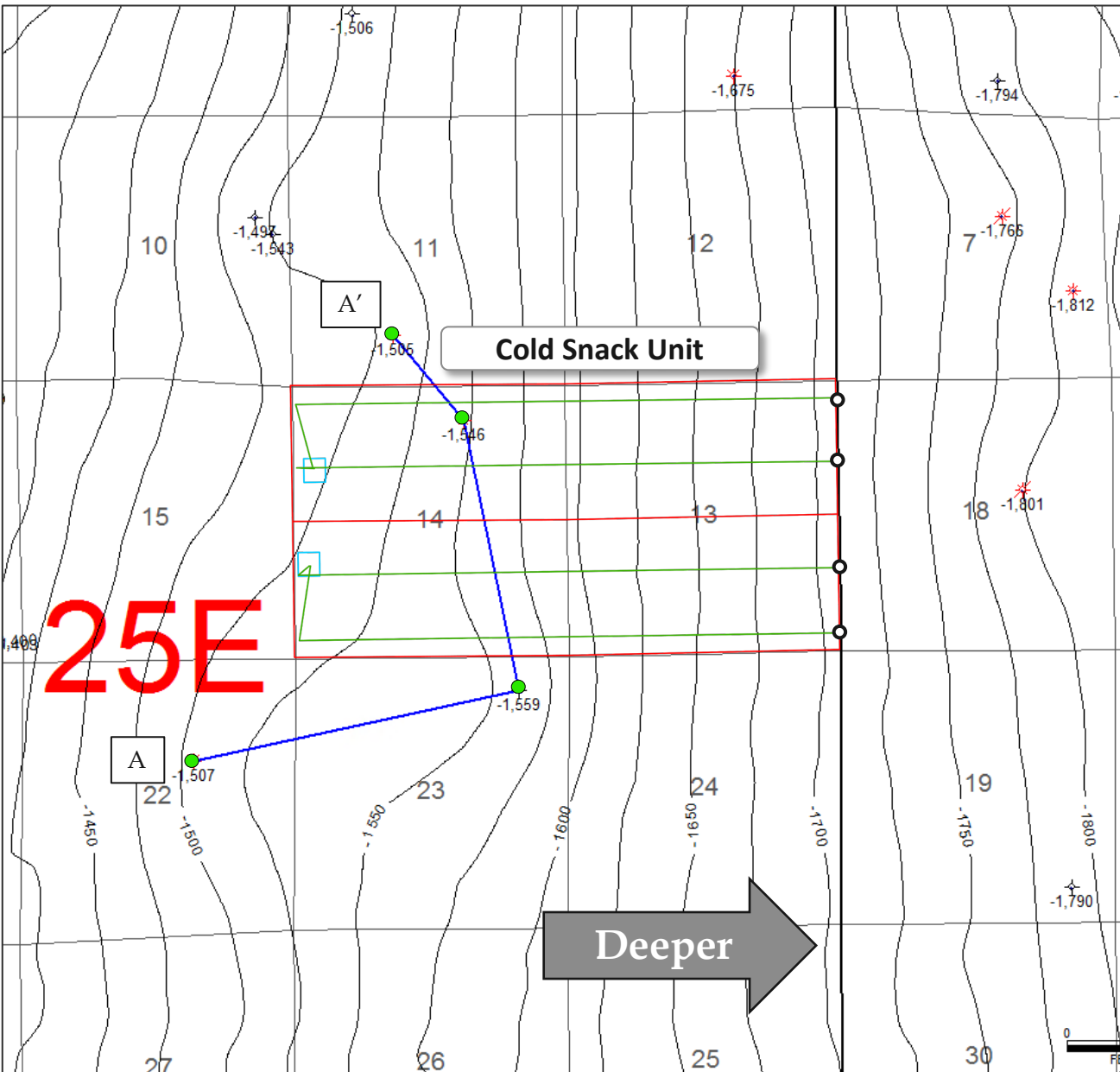
# Top Bone Spring Sand [Subsea Structure Map; CI=25']

## Map Legend

SHL  Tap Rock –  
BHL  Horizontal Locator

 Spacing Unit

C.I. = 25'



Tap Rock Operating, LLC  
Case No. 22929  
Exhibit No. B-3



# Stratigraphic Cross-Section - A-A'

A

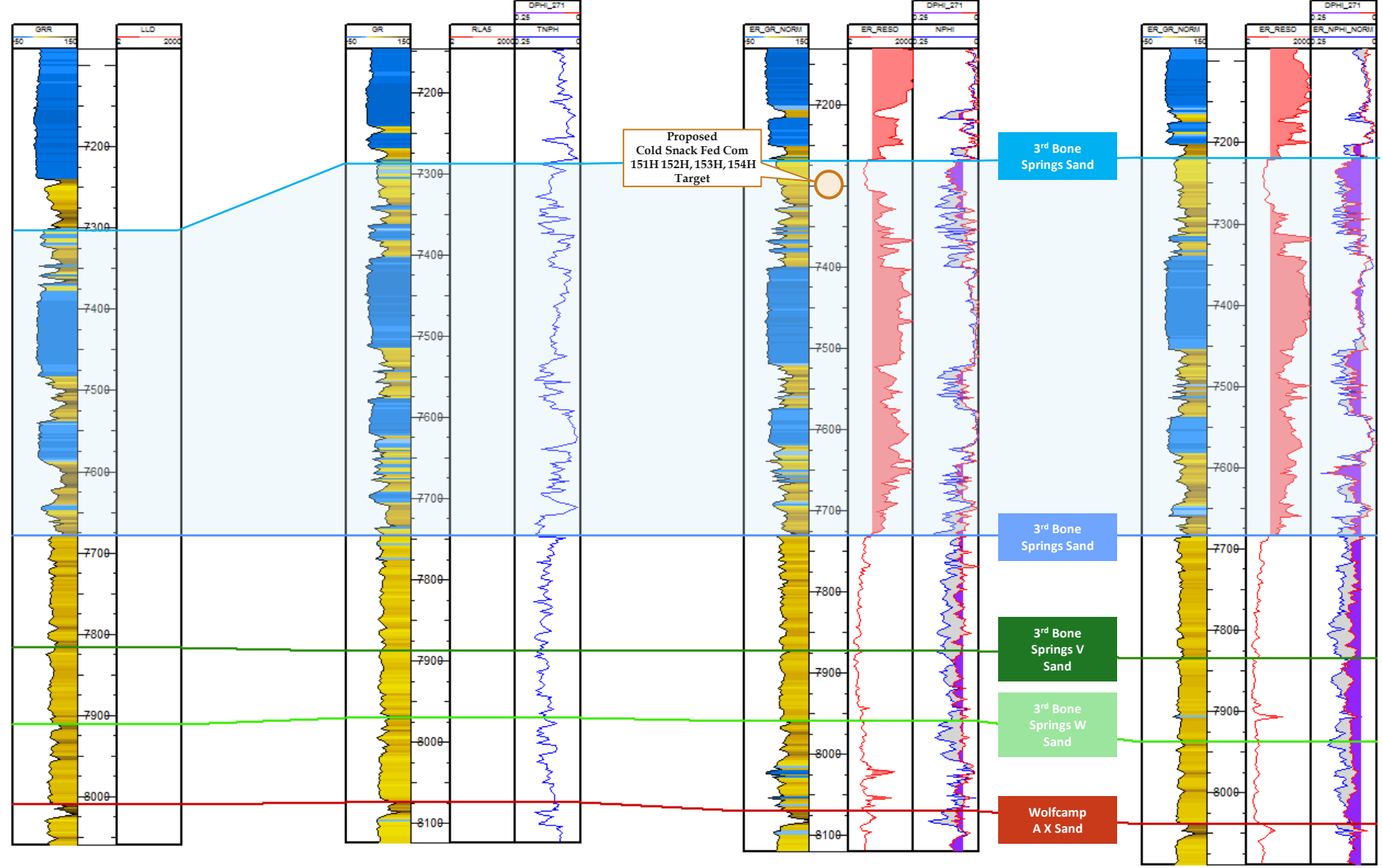
A'

EAST CHOSA DRAW FED 1  
30015240570000

WHITE CITY-FEDERAL 1  
30015203460000

MEANDER FEDERAL 1  
30015229460000



WILD HOG '11' FEDERAL 1  
30015319430000





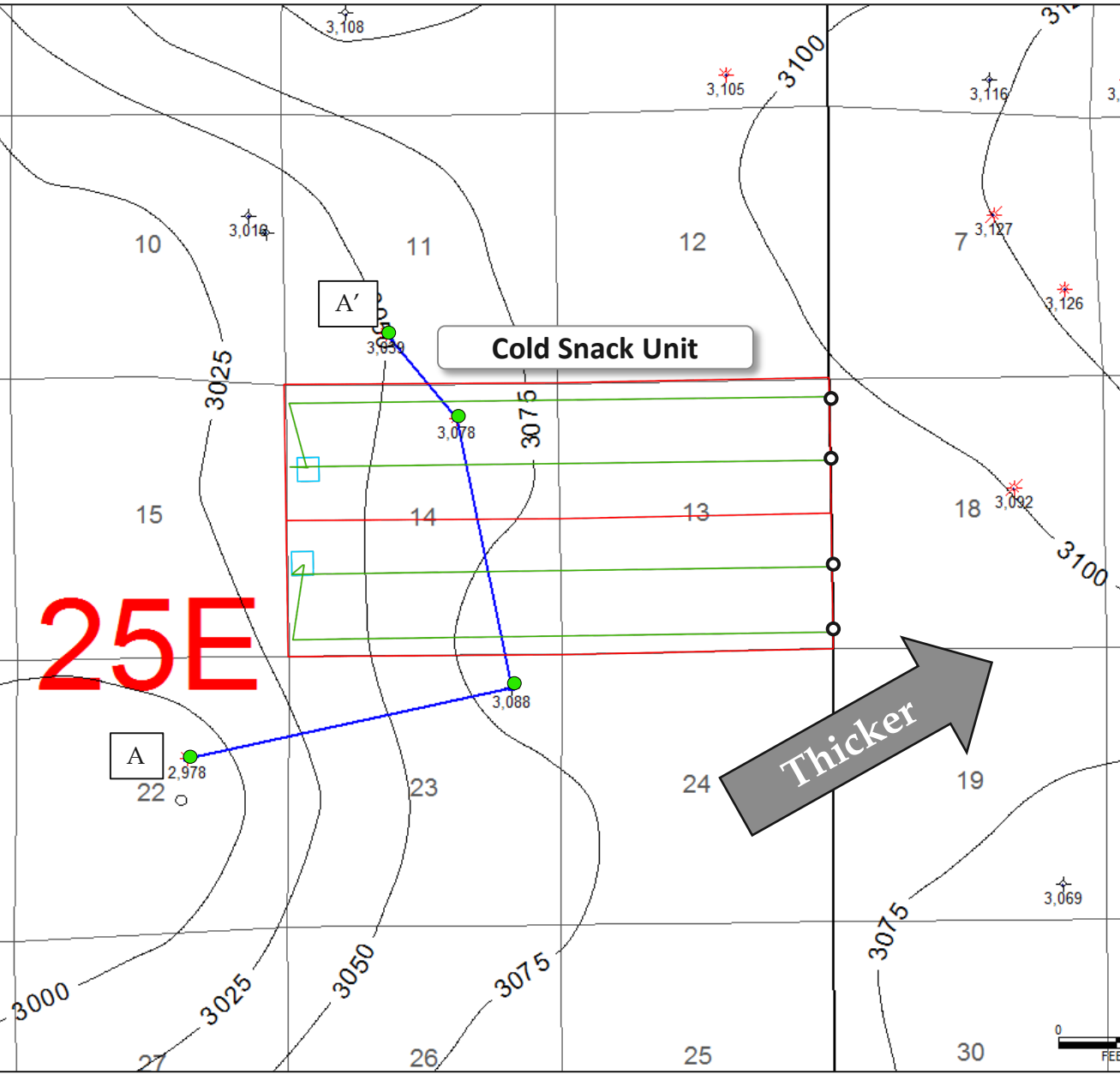
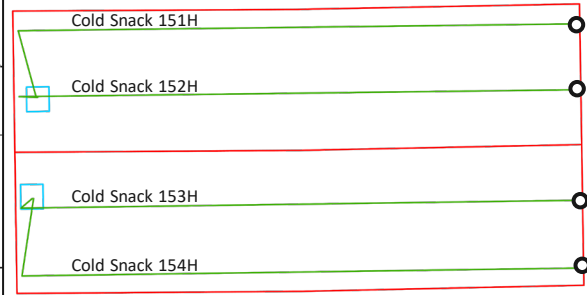
Top Bone Spring - Top Wolfcamp

### Map Legend

SHL  Tap Rock –  
BHL  Horizontal Locator

 Spacing Unit

C.I. = 25'



25E

Thicker