

**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. 20676

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying the E/2 of Section 23, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico, and in support thereof, states:

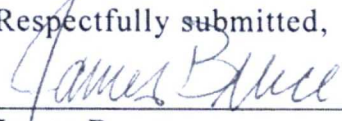
1. Applicant is a working interest owner in the E/2 of Section 23, and has the right to drill a well thereon.
2. Applicant proposes to drill the Painted Pole Fed. Com. Well No. 234H to a depth sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool). The E/2 of Section 23 will be dedicated to the well to form a 320-acre horizontal spacing unit. The well has a surface location in the SE/4SE/4 of adjoining Section 14, with a first take point in the NE/4NE/4 and a final take point in the SE/4SE/4 of Section 23.
3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2 of Section 23.
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 Wolfcamp formation underlying the E/2 of Section 23 pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interests in the Wolfcamp formation underlying the 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 Wolfcamp formation underlying the E/2 of Section 23;
- B. Designating Tap Rock Operating, LLC as operator of the well;
- C. Considering the cost of drilling and completing 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 and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,


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