CASE NO. 21612

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

EXHIBITS

- A. Application and Proposed Notice
- B. Landman's Affidavit
- C. Geologist's Affidavit
- D. Affidavit of Notice
- E. Affidavit of Publication
- F. Pooling Checklist

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. 21612

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation in a horizontal spacing unit underlying the E/2 of Section 9 and the E/2 of Section 16, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, and in support thereof, states:

- 1. Applicant is a working interest owner in the E/2 of Section 9 and the E/2 of Section 16, 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 Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool):
 - (a) the Schlitz Fed. Com. Well No. 204H, with a first take point in the SE/4SE/4 of Section 16 and the last take point in the NE/4NE/4 of Section 9; and
 - (b) the Schlitz Fed. Com. Well No. 213H, with a first take point in the SW/4SE/4 of Section 16 and the last take point in the NW/4NE/4 of Section 9.
- 3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2 of Section 9 and the E/2 of Section 16 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



Wolfcamp formation underlying the E/2 of Section 9 and the E/2 of Section 16, pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interests in the Wolfcamp 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 Wolfcamp formation underlying the E/2 of Section 9 and the E/2 of Section 16;
- 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;
- 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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

jamesbruc@aol.com

Attorney for Tap Rock Resources, LLC

PROPOSED ADVERTISEMENT

~	TA T	
"MEA	/\/\	
Case	140.	•

Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 9 and the E/2 of Section 16, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:

- (a) the Schlitz Fed. Com. Well No. 204H, with a first take point in the SE/4SE/4 of Section 16 and the last take point in the NE/4NE/4 of Section 9; and
- (b) the Schlitz Fed. Com. Well No. 213H, with a first take point in the SW/4SE/4 of Section 16 and the last take point in the NW/4NE/4 of Section 9.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The well unit is located approximately 5-1/2 miles southeast of Whites City, New Mexico.

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

APPLICATION OF TAP ROCK OPERATING, LLC FOR A STANDARD HORIZONTAL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 21612

AFFIDAVIT OF MATTHEW PHILLIPS

- I, being duly sworn on oath, state the following:
- 1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
- 2. I am employed as a Land Manager with Tap Rock Operating, LLC ("Tap Rock"), and I am familiar with the subject application and the lands involved.
- 3. This affidavit is submitted in connection with the filing by Tap Rock of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
- 4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
- 5. The purpose of this application is to force pool working interest owners into the horizontal spacing unit ("HSU") described below, and in the wells to be drilled in the units.
- 6. No opposition is expected. OXY USA, Inc. ("OXY"), OXY Y-1 Company ("OXY Y-1"), EOG Resources, Inc. ("EOG"), Murchison Oil & Gas, Inc. ("Murchison"), MEC Petroleum Corporation ("MEC"), Cimarex Energy Company ("Cimarex") and McCombs Energy, LLC ("McCombs") were contacted regarding the proposed well. Tap Rock continues to work toward a voluntary agreement with all parties.

EXHIBIT |

- 7. Tap Rock seeks an order pooling all mineral interests in the Purple Sage; Wolfcamp Pool (Pool Code 98220) underlying the E/2 of Section 9 and E/2 Section 16, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. The proposed 640-acre spacing unit will be dedicated to the Schlitz Fed Com #204H and Schlitz Fed Com #213H, as the defining wells (the "Wells") for the HSU.
- 8. A proposed C-102 for each well is attached as **Exhibit 1.** The Wells will develop the Purple Sage; Wolfcamp Pool (Pool Code 98220), which is a gas pool.
- 9. The proposed surface hole, bottom hole, and first take point for each well can be found in the attached **Exhibit 1**. The proposed total vertical depth for each well can be found in the attached **Exhibit 5**.
- 10. A tract map containing the composition of the HSU is attached hereto as Exhibit 2 and shows that the HSU is comprised of one fee tract, two Federal tracts, and two State tracts. Exhibit 2A shows the tracts with mineral interest and Exhibit 2B shows the tracts taking contractual interest into consideration.
 - 11. **Exhibit 3** is a Tract List based on the contractual interest in the HSU.
- 12. The parties being pooled and the nature of their interest are found on the Unit Interest Breakdown on **Exhibit 4** attached hereto. **Exhibit 4** also includes information regarding working interest owners and overriding royalty interest owners.
 - 13. There are no depth severances in the Wolfcamp formation in the proposed HSU.
- 14. I have conducted a diligent search of the public records in Eddy County, New Mexico, where the Wells will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. I mailed all parties well proposals, including an Authorization for Expenditure ("AFE").

- 15. **Exhibit 5** is a sample proposal letter and the AFE for each of the proposed Wells. The estimated cost of each of the wells set forth in the AFE is fair, reasonable, and comparable to the costs of other Wells of similar depths and lengths drilled in this area of New Mexico.
- 16. Tap Rock has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed Wells. **Exhibit 6** is a summary of our communication with each of the parties that we seek to pool.
- 17. Tap Rock requests overhead and administrative rates of \$7000/month for drilling a well and \$700/month for a producing well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Tap Rock requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- 18. Tap Rock requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.
 - 19. Tap Rock requests that it be designated operator of the Wells.
- 20. The Exhibits to this Affidavit were prepared by me, or compiled from Tap Rock's company business records.
- 21. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
 - 22. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

Matthew Phillips

STATE OF COLORADO

)ss

COUNTY OF JEFFERSON)

Subscribed to and sworn before me this \(\subscribed \) day of June, 2021.

RACHELLE REESE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20124064461
NOTARY ID 20124064461

Notary Public

My Commission expires 9 28 2024

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

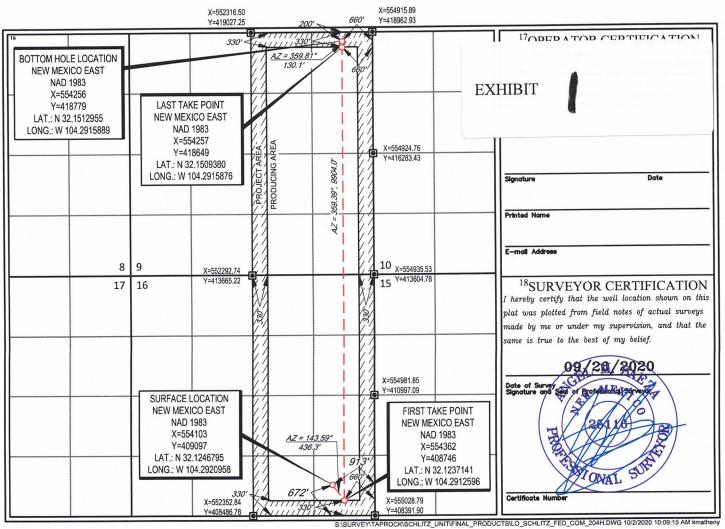
Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

		,	WELL LO	CATIO	N AND ACR	EAGE DEDICA	ATION PLAT	Γ				
	API Number			² Pool Code		³ Pool Name						
⁴ Property C	Code				⁵ Property N				/ell Number 204H			
70GRID 1				TAP	*Operator N ROCK OPER	RATING, LLC.			Elevation 3393'			
					¹⁰ Surface Lo	ocation						
UL or lot no.	Section 16	Township 25-S	Range 26-E	Lot Idn	Feet from the 672'	North/South line SOUTH	Feet from the 913'	East/West line EAST	EDDY			
			11	Bottom Ho	ole Location If D	ifferent From Sur	face					
UL or lot no.	Section 9	Township 25-S	Range 26-E	Lot Idn —	Feet from the 200'	North/South line NORTH	Feet from the 660'	East/West line EAST	EDDY			
¹² Dedicated Acres	¹³ Joint or	Infill 14	⁴ Consolidation Co	de ¹⁵ Ord	ler Nø.							

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 II
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

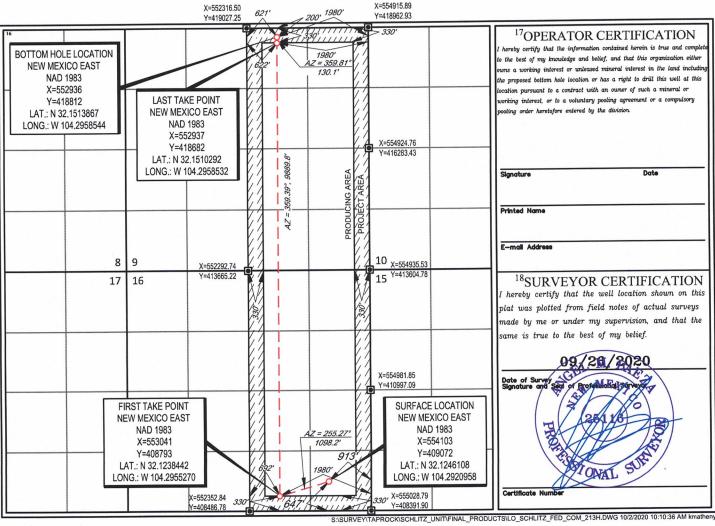
State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

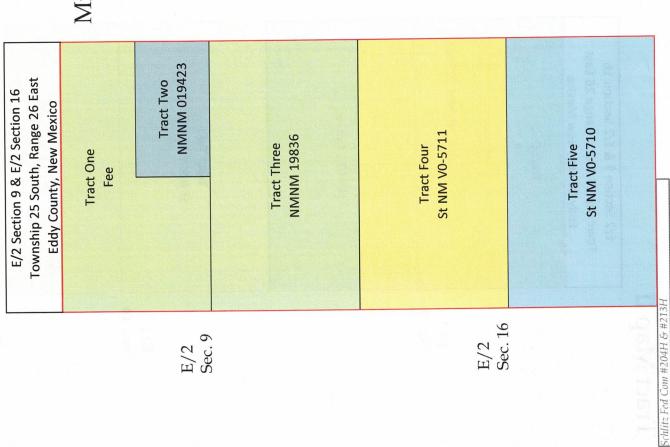
Phone: (505) 476-3460	Fax: (505) 47		VELL LC	CATIO	N AND ACRI	EAGE DEDIC	ATION PLAT	Γ	
	API Number			² Pool Code			³ Pool Nar	ne	
⁴ Property C	ode				⁵ Property No.				ell Number 213H
70GRID N				TAP	ROCK OPER	ame ATING, LLC.			Elevation 3393'
					¹⁰ Surface Lo	cation			Country
UL or lot no.	Section 16	Township 25-S	Range 26-E	Lot Idn	Feet from the 647'	North/South line SOUTH	Feet from the 913'	East/West line EAST	EDDY
			11	Bottom Ho	ole Location If D	ifferent From Sur	face		
UL or lot no.	Section 9	Township 25-S	Range 26-E	Lot Idn	Feet from the 200'	North/South line	Feet from the 1980'	East/West line EAST	EDDY
¹² Dedicated Acres	¹³ Joint or	Infill 14C	Consolidation Co	de ¹⁵ Oro	der 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.





Mineral ownership



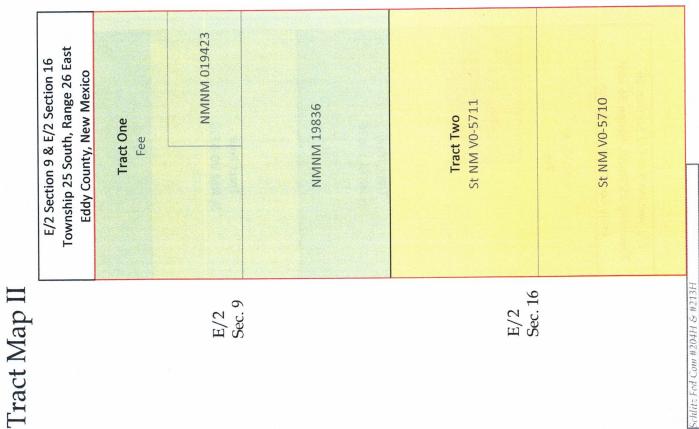
Tract Map I

Exhibit 2 Case No. 21612



calculations on following slides Contractual Interest - Interest broken out by tract numbers

illustrated on this map



Released to Imaging: 7/14/2021 9:30:15 AM



T T

			lase Ammagr	Owners
I ract #	# regal	Ownership Type		
1	E/2 Section 9, Township 25	N/2NE/4,	NMNM 019423	Tap Rock Resources, LLC
	South, Kange 20 East, Eddy County, NM	SW/4NE/4- Fee	NMNM 19836	EOG Resources, Inc.
		SE/4NE/4,		OXY Y-1 Company
		SE/4 - Federal		OXY USA, Inc.
				Murchison Oil & Gas, LLC
				MEC Petroleum Corporation
				Cimarex Energy Company
2	E/2 Section 16, Township	NE/4 - State	St NM V0-5711	Tap Rock Resources, LLC
	25 South, Range 20 East, Eddy County, NM	SE/4 - State	St NM V0-5710	EOG Resources, Inc.
				OXY Y-1 Company
				OXY USA, Inc.

*final interest subject to division order title verification

Schlitz Fed Com #204H & #213H

Exhibit 4 Case No. 21612

Approximate Percentage 35.983072% 23.229167% 12.850261% 15.625000% 3.229167% 1.406250% 0.156250% **Uncommitted Working Interest Uncommitted Working Interest Uncommitted Working Interest Uncommitted Working Interest Uncommitted Working Interest** Uncommitted Working Interest Interest Type Working Interest **MEC Petroleum Corporation** Cimarex Energy Company Murchison Oil & Gas, LLC Tap Rock Resources, LLC EOG Resources, Inc. OXY Y-1 Company OXY USA, Inc. Entity

Overriding Royalty Interest

Tap Rock Minerals, LLC Chevron USA, Inc. Gloster Production Properties, LP CM Royalties, LP *final interest subject to division order title verification

Unit Interest Breakdown*

TAP ROCK OPERATING



September 28, 2020

Via Certified Mail; Return Receipt Requested Address List Attached

EXHIBIT 5

Re:

Schlitz Well Proposals

Section 9 and 16, Township 25 South, Range 26 East

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 are AFEs dated September 28, 2020 for the following:

Well Name	Surface Hole	Bottom Hole Location	Formation	TVD	MD
, 1	Location (SHL)	(BHL)		(Feet)	(Feet)
Schlitz Fed Com	SE/4SE/4 Sec. 16,	200' FNL & 660' FEL	Wolfcamp A	8,570'	18,770'
#204H	T25S, R26E	Sec. 9, T25S, R26E			
Schlitz Fed Com	SE/4SE/4 Sec. 16,	200' FNL & 1980' FEL	Wolfcamp A	8,745	18,945'
#213H	T25S, R26E	Sec. 9, T25S, R26E			
Schlitz Fed Com	SW/4SW/4 Sec. 16,	200' FNL & 1980' FWL	Wolfcamp A	8,570'	18,770'
#202H	T25S, R26E	Sec. 9, T25S, R26E		5 L = 5	
Schlitz Fed Com	SW/4SW/4 Sec. 16,	200' FNL & 660' FWL	Wolfcamp A	8,745'	18,945'
#211H	T25S, R26E	Sec. 9, T25S, R26E		1 5	

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.

In the event you elect to participate in the proposed Wells, please execute the enclosed AFEs and return to me within 30 days. TRO is proposing to drill these wells under the terms of the AAPL Form 610-1989 Operating Agreement which will be provided after an election to participate is received. This Operating Agreement will be limited to the Wolfcamp formation and cover Section 9 (All) and Section 16 (All), Township 25 South, Range 26 East, 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%

TAP ROCK OPERATING



• \$1,000 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 the date 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

Matthew C. Phillips Senior Landman Office: 720-459-3724 mphillips@taprk.com

TAP ROCK OPERATING, LLC

523 Park Point Dr, Ste. 200, Golden, Colorado 80401 **Authorization For Expenditure**

Name:	Schlitz Fed	Com #204H
AEE #.	n	

County:

Date: October 6, 20 MD/TVD: 18770 / 8570 Lateral Length: 9750 Geologic Target: Wolfcamp A

Drill, complete, and equip a horizontal Wolfcamp A well with a 9750 foot lateral. Well Description: INTANGIBLE PRODUCTION COSTS INTANGIBLE COMPLETION COSTS INTANGIBLE DRILLING COSTS MOUNT AMOUNT COST CODES DESCRIPTION COST CODES DESCRIPTION 1 Land - Legal 1 1 Land - Legal 1 Land - Legal 10,000 3 2 Land - Regulatory 3 3 Land - Surface Damages 2 Land - Regulatory 1 2 Land - Regulatory 3 Land - Surface Damages Land - Surface Damages 3 4 Land - Survey 3 5 Location/Pit Construction 4 Land - Survey Land - Survey 5,00 2 5 Location/Pit Construction 2 6 Remedial Dirtwork 140,000 1 5 Location/Pit Construction Remedial Dirtwork 1 6 Remedial Dirtwork
1 7 Reserve/Frac Pit Closing 3 7 Reserve/Frac Pit Closing Reserve/Frac Pit Closing Drilling - Contractor 8 Drilling - Contractor
 1
 8
 Drilling - Contractor

 1
 9
 Mob/Rig Up - Contractor/Trucking
 316,0 2 8 3 9 Mob/Rig Up - Contractor/Trucking Mob/Rig Up - Contractor/Trucking 123,25 2 10 Cementing Services 3 10 Cementing Services 1 10 Cementing Services 1 11 Cementing Equipmen 3 11 Cementing Equipment 3 12 Bits/Drill Out Assemblies 2 11 Cementing Equipment 2 12 Bits/Drill Out Assemblies 38,71 12 Bits/Drill Out Assemblies 3 13 Fluid Circulation Equipment/Services 3 14 Fluids/Chemicals 1 13 Fluid Circulation Equipment/Services
1 14 Fluids/Chemicals 2 13 Fluid Circulation Equipment/Services 54.88 2 14 Fluids/Chemicals 2 15 WBM Cuttings/Wastewater Disposal 34,00 3 15 WBM Cuttings/Wastewater Disposal 1 15 WBM Cuttings/Wastewater Disposal 263,25 3 16 OBM Cuttings/Chemical Disposal 1 16 OBM Cuttings/Chemical Disposal OBM Cuttings/Chemical Disposal 282,10 3 17 Fuel/Power 2 17 Fuel/Power 1 17 Fuel/Power 1 18 Water 88,825 3 18 Water 2 18 Water 2 19 Directional Drilling 2 20 Mud Logging 3 19 Directional Drilling 19 Directional Drilling 134,033 3 20 Mud Logging 3 21 Open/Cased/Production Hole Logs 1 20 Mud Logging 1 21 Open/Cased/Production Hole Logs 2 21 Open/Cased/Production Hole Logs 8,44 3 22 Coring 3 23 Geologic Supervision 1 22 Coring 1 23 Geologic Supervision 2 22 Coring 2 23 Geologic Supervision 2 24 Engineering Supervision 3 24 Engineering Supervision 1 24 Engineering Supervision 1 25 Consultant Supervision 3 25 Consultant Supervision 3 26 Freight/Transportation 75,60 2 25 Consultant Supervision 2 26 Freight/Transportation 2,00 26 Freight/Transportation 20,00 3 27 Labor 3 28 Supplies - Surface 85,00 1 27 Labor 2 27 Labor 28 Supplies - Surface 2,000 2,50 1 28 Supplies - Surface 3 29 Supplies - Living Quarters 3 30 Rentals - Surface 2,000 1 29 Supplies - Living Quarters 1 30 Rentals - Surface 1.000 2 29 Supplies - Living Quarters 2 30 Rentals - Surface 2 31 Rentals - Living Quarters 18,840 34,465 14,080 3 31 Rentals - Living Quarters 1 31 Rentals - Living Quarters 1 32 Rentals - Downhole 20,430 3 32 Rentals - Downhole 32 Rentals - Downhole 33 Rentals - Pipe & Handling Tools 33 Rentals - Pipe & Handling Tools 33 Rentals - Pipe & Handling Tools 3 34 Rentals - Frac Stack Rentals - Frac Stack 34 Rentals - Frac Stack 3 35 Rentals - Frac Tanks 35 Rentals - Frac Tanks 36 Coil Tubing Unit/Workover Rig 37 Wireline/Slickline/Perforating 35 Rentals - Frac Tanks 29,12 Coil Tubing Unit/Workover Rig Wireline/Slickline/Perforating 89,47 83,40 36 Coil Tubing Unit/Workover Rig 2 37 Wireline/Slickline/Perforating 2 38 Temporary Packers/Plugs 37 Temporary Packers/Plugs High Pressure Pump Truck 3 38 3 39 38 Temporary Packers/Plugs 39 High Pressure Pump Truck 39 High Pressure Pump Truck 40 Stimulation 52,47 Stimulation 40 Stimulation 3 41 Rentals - Pressure Control 41 Rentals - Pressure Control 41 Rentals - Pressure Control 52,500 3 42 Flowback Services 42 Flowback Services 46.715 42 Flowback Services Water Transfer Services
Flowback Water Trucking & Disposal 43 Water Transfer Services
44 Flowback Water Trucking & Disposal 2 43 Water Transfer Services 30,002 44 Flowback Water Trucking & Disposal 45 Permanent Equipment Installation 3 44 3 45 Permanent Equipment Installation
3 46 Pipeline Tapping Services 45 Permanent Equipment Installation 46 Pipeline Tapping Services
47 Plugging & Abandonment Pipeline Tapping Services 1 46 3 47 Plugging & Abandonment 1 47 Plugging & Abandonment 3 53 Overhead 5.50 1 53 Overhead 53 Overhead 54 Insurance 54 Insurance 54 Insurance 55 Contingency 1 55 Contingency 2 55 Contingency TOTAL INTANGIBLE PRODUCTION COSTS: \$315,042 TOTAL INTANGIBLE COMPLETION COSTS: \$3,558,750 TOTAL INTANGIBLE DRILLING COSTS: \$1,882,794 TANGIBLE COMPLETION COSTS TANGIBLE PRODUCTION COSTS TANGIBLE DRILLING COSTS COST CODES COST CODES DESCRIPTION COST CODES DESCRIPTION 6 60 Conductor Casing 6 61 Surface Casing 60 Conductor Casing 5 60 Conductor Casing 61 Surface Casing 5 61 Surface Casing 6 62 1st Intermediate Casing 6 63 2nd Intermediate Casing 5 62 1st Intermediate Casing 62 1st Intermediate Casing 62,525 241,897 348,683 63 2nd Intermediate Casing 5 63 2nd Intermediate Casing 5 64 Production Casing 6 64 Production Casing 64 Production Casing 6 65 Tubing 65 Tubing 66 Wellhead 5 65 Tubing 43,500 5 66 Wellhead 5 67 Permanent Packers/Hangers/Plugs 6 66 Wellhead 6 67 Permanen 6 67 Permanent Packers/Hangers/Plugs 6 68 Tanks 10,00 4 67 Permanent Packers/Hangers/Plugs 4 68 Tanks 5 68 Tanks 5 69 Production Vessels 6 69 Production Vessels 6 70 Compressors 69 Production Vessels 70 Compressors 5 70 Compressors 5 71 Surface Flowlines 71 Surface Flowlines 72 Gathering Lines 4 71 Surface Flowlines 72 Gathering Lines 72 Gathering Lines 5 73 Valves & Controllers 5 74 Artificial Lift Equipment 6 73 Valves & Controllers 4 73 Valves & Controllers 4 74 Artificial Lift Equipme 6 74 Artificial Lift Equipment 6 75 Instrumentation & Measurement 15,00 74 Artificial Lift Equipment
75 Instrumentation & Measurement 5 75 Instrumentation & Measurement 5 76 Electrical Grounding/Safety Equipment 76 Electrical Grounding/Safety Equipment 76 Electrical Grounding/Safety Equipment 77 Permanent Equipment Installation 6 77 Permanent Equipment Installation Permanent Equipment Installation Other - Surface Other - Surface 4 80 Other - Surface 4 81 Other - Downhole 81 Other - Downhole 5 81 Other - Downhole TOTAL TANGIBLE COMPLETION COSTS: TOTAL TANGIBLE PRODUCTION COSTS: \$285,500 TOTAL TANGIBLE DRILLING COSTS: \$678,456 TOTAL PRODUCTION COSTS: \$600,542 TOTAL COMPLETION COSTS: \$3,558,750 TOTAL DRILLING COSTS: \$2,561,250 TOTAL WELL COST: \$6,720,542 NON OPERATING PARTNER APPROVAL: TAP ROCK RESOURCES COMPANY APPROVAL COMPANY NAME: VP - EXPLORATION SIGNED BY: TITLE: VP - OPERATIONS DATE:

WORKING INTEREST (%): __

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.

_ SENIOR GEOLOGIST

VP - LAND & LEGAL

TAP ROCK OPERATING, LLC

523 Park Point Dr, Ste. 200, Golden, Colorado 80401 Authorization For Expenditure

Name:	Schlitz	Fed	Com	#213H
AFE#:	0			

County: Eddy State: NM

Date: October 6, 2020 MD/TVD: 18945 / 8745 Lateral Length: 9750 Geologic Target: Wolfcamp A

	INTERIOR DE DEUTE					INTANGIBLE COMPLETION COSTS				INTANGIBLE PRODUCTION COSTS	
	INTANGIBLE DRILLING COSTS DESCRIPTION	AMOUNT	cos	т сор	ES	DESCRIPTION COSTS	AMOUNT	cos	CODE		AMOUNT
DES	Land - Legal	10,000	2	1		and - Legal		3	1	Land - Legal	
	Land - Regulatory	5,000	2	2		and - Regulatory		3	2	Land - Regulatory Land - Surface Damages	
	Land - Surface Damages	20,000	2	3		and - Surface Damages and - Survey		3	3	Land - Survey	
4	Land - Survey Location/Pit Construction	10,000	2	5		ocation/Pit Construction		3	5	Location/Pit Construction	5,000
6	Remedial Dirtwork	0	2	6		Remedial Dirtwork		3	6	Remedial Dirtwork	
	Reserve/Frac Pit Closing	0	2	7		Reserve/Frac Pit Closing		3	7	Reserve/Frac Pit Closing	
8	Drilling - Contractor	312,041	2	8		Orilling - Contractor		3	8	Drilling - Contractor Mob/Rig Up - Contractor/Trucking	
	Mob/Rig Up - Contractor/Trucking	123,250	2	9		Mob/Rig Up - Contractor/Trucking		3	9	Cementing Services	
	Cementing Services	0	2	10		Cementing Services Cementing Equipment		3	11	Cementing Equipment	
	Cementing Equipment Bits/Drill Out Assemblies	0	2	12		Bits/Drill Out Assemblies	38,714	3	12		
	Fluid Circulation Equipment/Services	54,206	2	13	3	Fluid Circulation Equipment/Services		3	13	Fluid Circulation Equipment/Services Fluids/Chemicals	
14	Fluids/Chemicals	321,750	2	14		Fluids/Chemicals	34,000	3	14		
15	WBM Cuttings/Wastewater Disposal	263,250	2	15		WBM Cuttings/Wastewater Disposal DBM Cuttings/Chemical Disposal		3	16		
16	OBM Cuttings/Chemical Disposal Fuel/Power	97,500 88,030	2	17		Fuel/Power	282,100	3	17		
	Water	0	2	18		Water	474,300	3	18	Water	
19	Directional Drilling	132,363	2	19		Directional Drilling		3	19	Directional Drilling Mud Logging	
20	Mud Logging	9,888	2	20		Mud Logging Open/Cased/Production Hole Logs	8,440	3	21		
21	Open/Cased/Production Hole Logs Coring	0	2	2		Coring	0,110	3	22		
23	Geologic Supervision	0	2	2		Geologic Supervision		3	23		
24	Engineering Supervision	0	2	2	4	Engineering Supervision		3	24		22.50
25	Consultant Supervision	79,227	2	2		Consultant Supervision	75,600	3	25		22,50 10,00
26	Freight/Transportation	20,000	2			Freight/Transportation	2,000	3	26		85,00
27	Labor Supplies Surface	2 500	2			Labor Supplies - Surface	12,970 2,000	3	28		
28 29	Supplies - Surface Supplies - Living Quarters	1,000	2			Supplies - Living Quarters	2,000	3	29	Supplies - Living Quarters	4
30	Rentals - Surface	34,036	2	3	0	Rentals - Surface	18,840	3	30		
31	Rentals - Living Quarters	20,247	2			Rentals - Living Quarters	14,080	3	31		
32	Rentals - Downhole	0	2			Rentals - Downhole	0	3	32		
33	Rentals - Pipe & Handling Tools	0	2			Rentals - Pipe & Handling Tools Rentals - Frac Stack	87,541	3	34		
34 35	Rentals - Frac Stack Rentals - Frac Tanks		2			Rentals - Frac Tanks	29,120	3	35		
36	Coil Tubing Unit/Workover Rig		2			Coil Tubing Unit/Workover Rig	89,472	3	36		83,40
37	Wireline/Slickline/Perforating		2		7	Wireline/Slickline/Perforating	223,531	3	37		
38	Temporary Packers/Plugs		2			Temporary Packers/Plugs	39,200 52,470	3	38		
39	High Pressure Pump Truck Stimulation		2			High Pressure Pump Truck Stimulation	1,799,818	3	40		
40	Rentals - Pressure Control		2		_	Rentals - Pressure Control	-,,	3	41		
42	Flowback Services		2		2	Flowback Services	46,715	3	42		52,50
43	Water Transfer Services		2			Water Transfer Services	71,550	3	43		30,00
44	Flowback Water Trucking & Disposal		2			Flowback Water Trucking & Disposal	11,852	3	44		30,00
45	Permanent Equipment Installation		2			Permanent Equipment Installation Pipeline Tapping Services		3	45		
46	Pipeline Tapping Services Plugging & Abandonment	0	2			Plugging & Abandonment		3	47		-1
53	Overhead	6,303	2			Overhead	15,825	3	53	Overhead	5,50
54	Insurance	34,101	2		4	Insurance		3	54		
55	Contingency	89,235	2	5	5	Contingency	126,612	3	55	The second secon	\$315,042
	TOTAL INTANGIBLE DRILLING COSTS:	\$1,873,925				TOTAL INTANGIBLE COMPLETION COSTS:	, \$3,338,/30			TOTAL INTANGIBLE PRODUCTION COSTS:	9323,072
	TANGIBLE DRILLING COSTS	*****		st co	nr-	TANGIBLE COMPLETION COSTS DESCRIPTION	AMOUNT		ST COD	TANGIBLE PRODUCTION COSTS DESCRIPTION	AMOUNT
60	Conductor Casing	AMOUNT	5	1	DES	Conductor Casing	AMOUNT	6			AMOUNT
61	Surface Casing	25,352	5	6	51	Surface Casing		6	61		
62	1st Intermediate Casing	62,525	5	6		1st Intermediate Casing		6	62		
63	2nd Intermediate Casing	247,484	5			2nd Intermediate Casing		6			
64	Production Casing	351,964	5			Production Casing	0	6			50.00
65 66	Tubing Wellhead	0	5		55 56	Tubing Wellhead	0	6	66		43,50
67	Permanent Packers/Hangers/Plugs	U	5			Permanent Packers/Hangers/Plugs		6	67	1101111111	10,00
68	Tanks		5	6	8	Tanks		6	68		
69	Production Vessels		5		9	Production Vessels		6	69		107,00
70	Compressors		5		70	Compressors Surface Flowlines		6	70	Compressors Surface Flowlines	50,00
71 72	Surface Flowlines Gathering Lines		5			Surface Flowlines Gathering Lines		6	-		10,00
73	Valves & Controllers		5			Valves & Controllers		6			
74	Artificial Lift Equipment		5	7	74	Artificial Lift Equipment		6	_		15,00
75	Instrumentation & Measurement		5			Instrumentation & Measurement		6			
76	Electrical Grounding/Safety Equipment		5			Electrical Grounding/Safety Equipment		6			
77	Permanent Equipment Installation		5		77 30	Permanent Equipment Installation Other - Surface	_	6	77		
80	Other - Surface Other - Downhole		5			Other - Downhole		6	-		
	TOTAL TANGIBLE DRILLING COSTS:	\$687,325				TOTAL TANGIBLE COMPLETION COSTS	: \$0			TOTAL TANGIBLE PRODUCTION COSTS:	\$285,500
	TOTAL DRILLING COSTS:					TOTAL COMPLETION COSTS	: \$3,558,750			TOTAL PRODUCTION COSTS:	\$600,542
	TAP ROCK RESOURCES (VAL:					NC	N OP	TOTAL WELL COST:	\$6,720,54
								col	MPANY	NAME:	
	CEO VP -	EXPLORATION									
	CFO VP -					_	SIGNED BY: _			TITLE:	

AFE is an estimate only. By signing this AFE, you agree to pay your proportionate share of the actual costs.

Exhibit 6 Case No. 21612

Summary of Communication

	Comminication
Farty	Communication
EOG Resources, Inc.	9/28/20 – Sent well proposals 10/12/20 – EOG confirms receipt; proposes trade 10/21/20 – Tap Rock and EOG discuss potential trade via Microsoft Teams meeting; EOG is following up with management regarding structure 11/17/20 – Tap Rock follows up with EOG regarding the trade via email – no response
	1/18/21 – Call with EOG regarding trade; awaiting confirmation of NRI and moving forward with discussions 4/21/21 – Tap Rock provides EOG with acreage numbers for trade proposal; follow up email sent 6/2 6/2/21 – EOG responds and says they will discuss and get back in touch
OXY Y-1 Company	9/28/20 – Sent well proposals 10/19/20 – OXY Y-1 forwards operations inquiries, asks for confirmation of working interest 10/29/20 – Tap Rock provides working interest and answers operations inquiries 1/11/21 – OXY provides requested revisions to JOA; Tap Rock reviewing
OXY USA, Inc.	9/28/20 – Sent well proposals 10/19/20 – OXY USA forwards operations inquiries, asks for confirmation of working interest 10/29/20 – Tap Rock provides working interest and answers operations inquiries 1/11/21 – OXY provides requested revisions to JOA; Tap Rock reviewing
Murchison Oil & Gas, LLC	9/28/20 – Sent well proposals 10/21/20 – Murchison confirms receipt of proposals, forwards operations inquiries and requests confirmation of working interest 10/27/20 – Tap Rock confirms working interest 11/3/20 – Tap Rock provides JOA form per Murchison's request 11/3/20 – Tap Rock answers operations inquiries 11/1/20 – Murchison requests delaying election until closer to actual spud date for wells, Tap Rock agrees to allow option to participate under JOA but notes that party will be pooled for protection 2/3/21 – Tap Rock provides updated spud dates upon request
MEC Petroleum Corporation	9/28/20 - Sent well proposals 10/5/20 - MEC confirms receipt of proposals; requests working interest confirmation 10/5/20 - Tap Rock confirms MEC working interest 10/5/20 - Tap Rock confirms MEC working interest 10/20/20 - MEC requests delaying election until closer to actual spud date for wells, Tap Rock agrees to allow option to participate under JOA but notes that party will be pooled for protection 6/2/21 - MEC requests updated timing on spud/first production; Tap Rock provides
Cimarex Energy Company	10/21/20 – Sent well proposals 11/2/20 – Cimarex confirms receipt of proposals 11/3/20 – Phone conversation to discuss proposals – no further communication 12/30/20 – Tap Rock follows up with Cimarex after continuance filed; Cimarex responds with request for updating timing 12/30/20 – Tap Rock follows up with Cimarex after continuance filed; Cimarex responds with request for updating 1/18/21 – Cimarex asks Tap Rock for Term Assignment; Tap Rock currently evaluating
	7

Summary of Communication

imarex Energy Company (cont'd.) 5/27/21 - Cimarex requests WI/NRI calculations and Contract Area structure for JOA; Tap Rock provides 6/8/21 - Cimarex confirms original Term Assignment offer and requests updated spud dates; Tap Rock coprovides spud dates	Communication 5/27/21 - Cimarex requests WI/NRI calculations and Contract Area structure for JOA; Tap Rock provides 5/8/21 - Cimarex confirms original Term Assignment offer and requests updated spud dates; Tap Rock confirms structure and provides spud dates
--	---

Exhibit 6 Case No. 21612

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

APPLICATION OF TAP ROCK OPERATING, LLC
FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO
Case No. 21612

AFFIDAVIT OF MATTHEW JONES

I, being duly sworn on oath, state the following:

- 1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
- 2. I am employed as a petroleum geologist for Tap Rock Operating, LLC ("Tap Rock"), and I am familiar with the subject applications and the geology involved.
- 3. This affidavit is submitted in connection with the filing by Tap Rock of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
- 4. I have not previously testified before the New Mexico Oil Conservation Division. I hold a bachelor's degree in Chemistry and a master's degree in Geology from New Mexico State University. Since 2009 I have been employed as a petroleum geologist for several large independent and small private oil and gas companies. Much of my professional work since 2015 has focused on the Delaware Basin of New Mexico and Texas.
- 5. **Exhibit 7** is a Project Locator Map depicting the location of the Horizontal Spacing Unit ("HSU") within the Delaware Basin. Within Sections 9 & 16 of 25S 26E, are the Schlitz Fed Com #204H and #213H wells (the "Wells").
- 6. **Exhibit 8** is a Gun Barrel Diagram showing the planned Wolfcamp horizontal spacing for the Wells. This diagram shows the projected development of the two Wolfcamp Wells.

EXHIBIT

A nearby type log has been included (for log descriptions, see Exhibit 10 below) to show approximate depths and reservoir quality of the selected landing zones.

- 7. **Exhibit 9** is a Wolfcamp A Structure Map. This map shows the location of the Schlitz Fed Com E/2 HSU outlined by the red box. The surface/bottom hole locations of the Wells are shown, zoomed in, to the right. The map is the top of the Wolfcamp A formation in sub-sea vertical depth. The contour intervals are 25 feet each. There is a monoclinal dip down to the east. The orientation of the Wells will each be approximately along strike. There are no horizontal wells in the direct vicinity that have targeted similar intervals within the Wolfcamp formation. However, there are horizontal wells shown on the map that are Wolfcamp producers in different intervals. The vertical wells controlling the structure map have the sub-sea vertical depth posted in maroon. The subsequent cross-section from A-A' (**Exhibit 10**) is also identified to locate our closest control on the reservoir properties for the Wells. I do not observe any faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with a horizontal well.
- Wolfcamp surface). For each well, track 1 has a gamma ray log with interpreted color fill for lithology and scaled from 0 to 150 api units. For gamma ray, the blue colors indicate carbonate, yellow to orange are sandstone/siltstones, and the darker browns are shale facies. Track 2 has the deep resistivity log, scaled from 2 ohmm to 2000 ohmm. The red shading cutoff is at 10 ohmm or less to help identify the more siliciclastic rocks. Track 3 is the porosity track and contains the red neutron porosity curve and the blue density porosity curve, both scaled from 25% to 0%. The gray shading is separation of neutron and density porosity curves and typically interpreted as increasing clay content with increasing separation. The purple shading on the density porosity curve highlights anything greater than 8% porosity. This cutoff indicates the best rock properties for

reservoir evaluation. The cross-section identifies the key tops used to evaluate reservoirs and landing targets for the Wells. Peach circles on the depth track of Well 3 show the landing target intervals for the Wells.

- 9. **Exhibit 11** is an Isopach Map of the Gross Wolfcamp interval. This map shows the location of the Schlitz Fed Com E/2 outlined by the red box. The surface/bottom hole locations of the Wells are shown, zoomed in, to the right. The anticipated gross thickness of the interval is 2,100-2,175 feet throughout the HSU. The contour intervals are 25°. As previously stated, there are no horizontal wells that have targeted this specific interval in the direct vicinity, but all the horizontals shown on the map are landed in the Wolfcamp formation in different intervals. The location of the previous cross-section from A-A' is also shown on this map.
 - 10. Based on my geologic study of the area, I conclude the following:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter section in the HSU will contribute more or less equally to production.
 - d. The preferred well orientation in this area is south-north. This is because the inferred orientation of the maximum horizontal stress is roughly northwest-southeast.
- 11. **Exhibit 12** shows a Simplified Wellbore Diagram for each of the Wells in the HSU and demonstrate that the first and last take points for each well will be standard.
- 12. The Exhibits to this Affidavit were prepared by me, or compiled from Tap Rock's company business records.

- 13. The granting of this Application is in the interests of conservation and the prevention of waste.
 - 14. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

MATTHEW JONES

STATE OF COLORADO

)ss

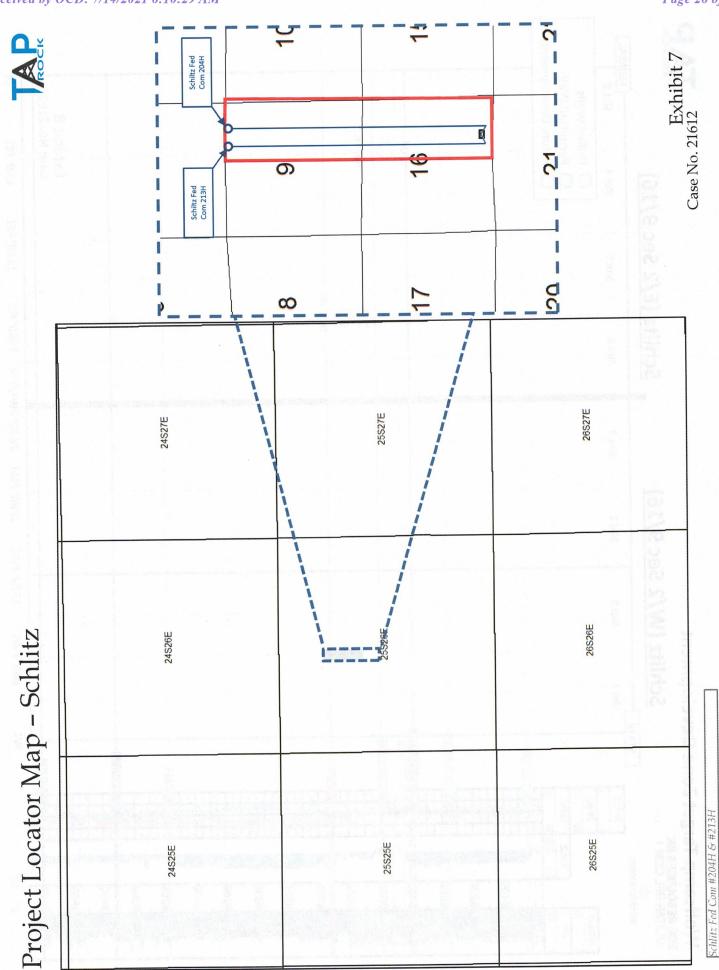
COUNTY OF JEFFERSON)

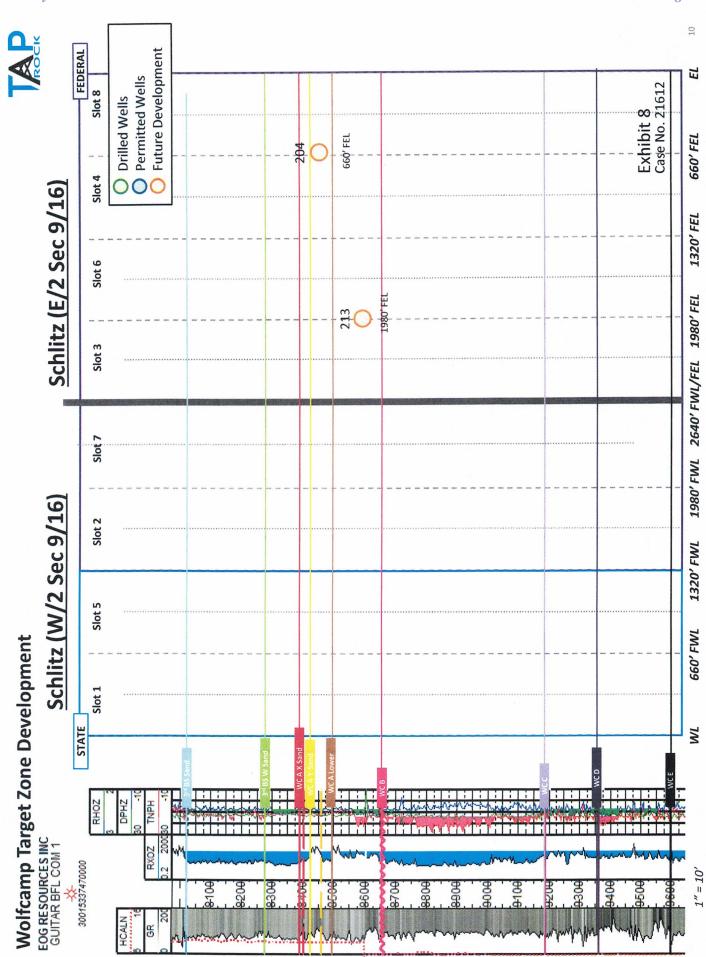
Subscribed to and sworn before me this <u>15</u> day of June, 2021.

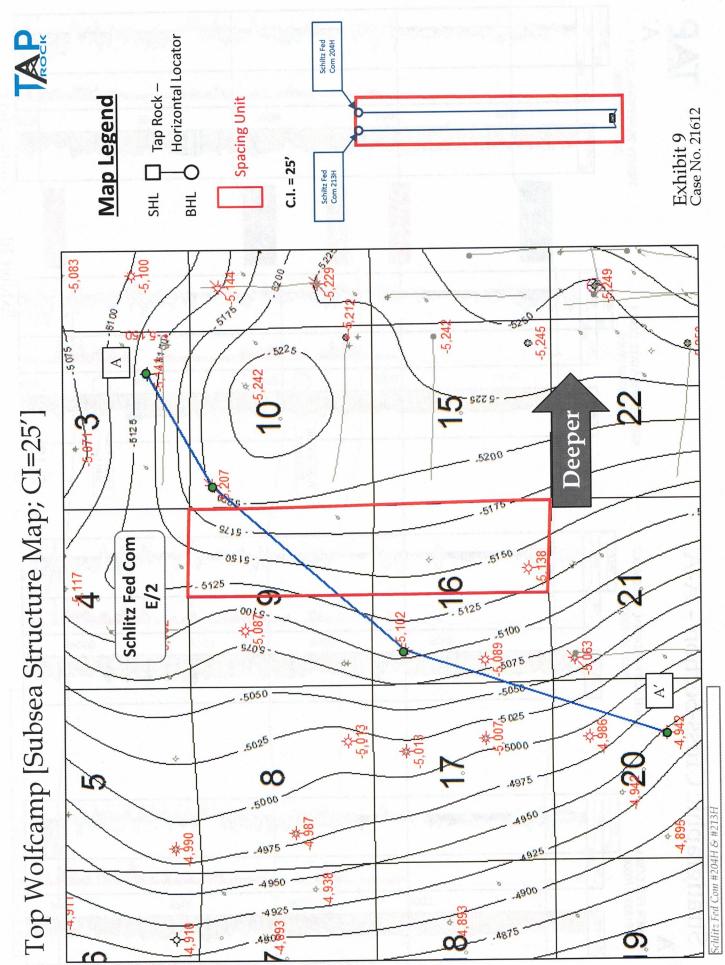
RACHELLE REESE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20124064461
MY COMMISSION EXPIRES SEPTEMBER 28, 2024

Notary Public

My Commission expires 9 20 20







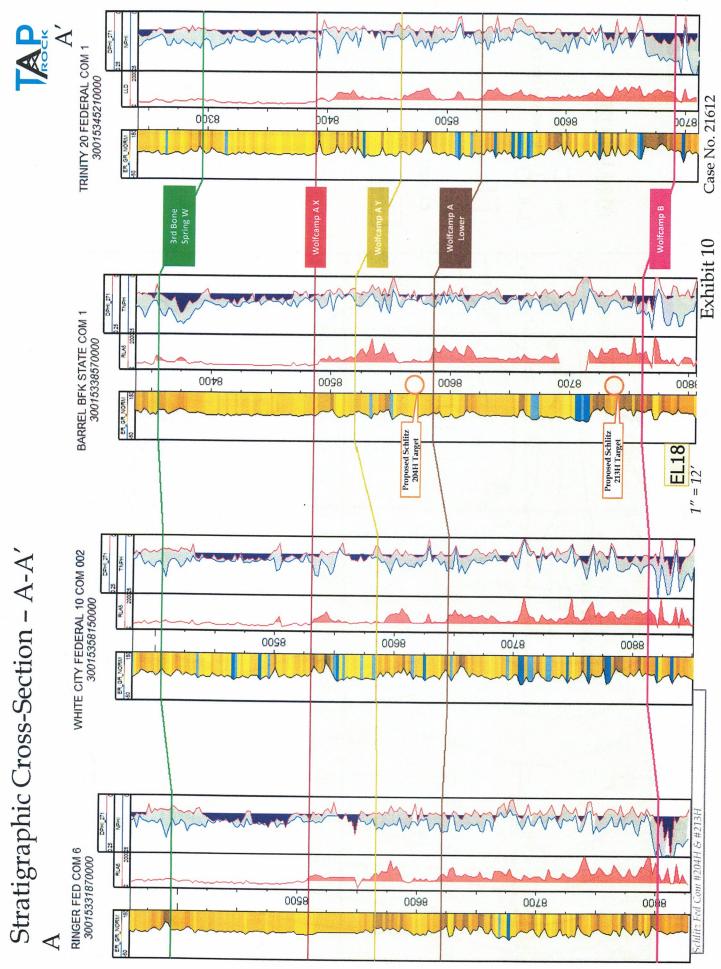
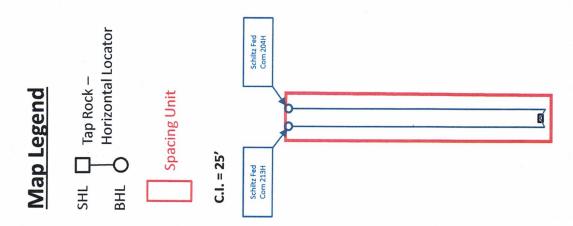
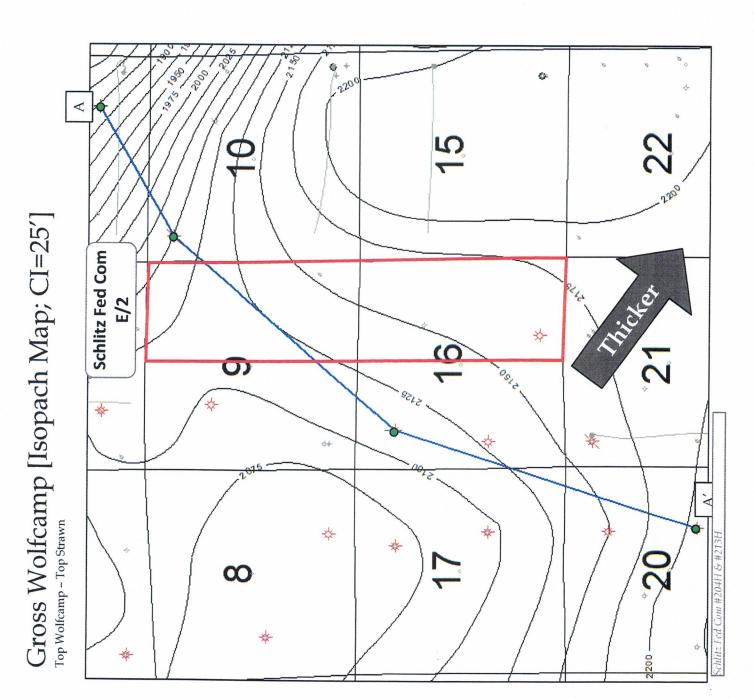


Exhibit 11 Case No. 21612









Schlitz Fed Com 204H (2 mile S-N Lateral)

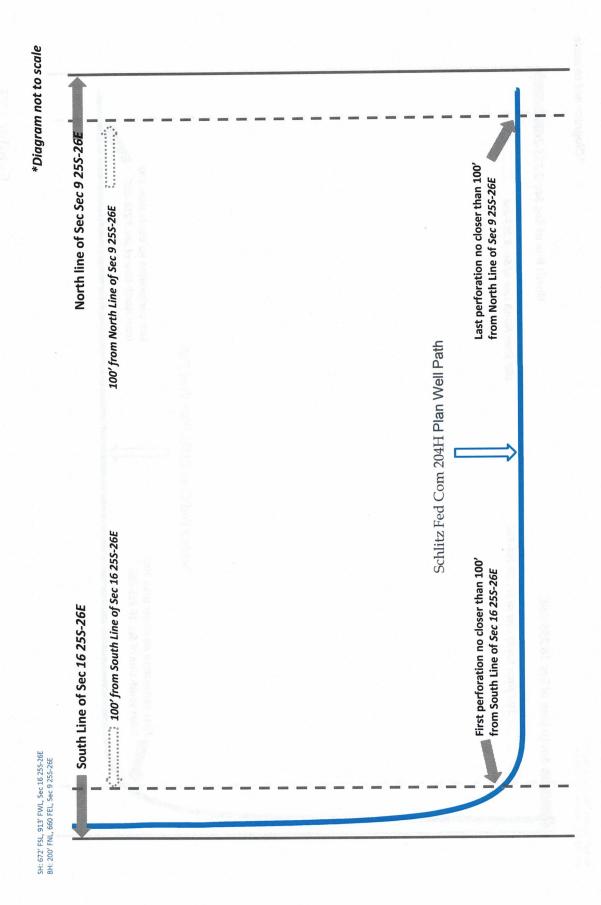


Exhibit 12A

Case No. 21612

Schlitz Fed Com #204H & #213H

Case No. 21612

Schlitz Fed Com 213H (2 mile S-N Lateral)





Schlitz Fed Com #204H & #213H

Released to Imaging: 7/14/2021 9:30:15 AM

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

APPLICATIONS OF TAP ROCK RESOURCES, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Case Nos. 21611 and 21612

SEE THE INC.
COUNTY OF SANTA FE)
) ss. STATE OF NEW MEXICO)
James Bruce deposes and states:
1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Tap Rock Resources, LLC.
3. Tap Rock Resources, LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the applications filed herein.
4. Notice of the applications was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letters and certified return receipts are attached hereto as Attachment A.
5. Tap Rock Resources, LLC has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 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. Date:
EXHIBIT

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

December 17, 2020



CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of the following applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Tap Rock Resources, LLC:

- 1. Case No. 21611, regarding two Wolfcamp wells in the W/2 of Section 9 and the W/2 of Section 16;
- 2. Case No. 21612, regarding two Wolfcamp wells in the E/2 of Section 9 and the E/2 of Section 16;
- 3. Case No. 21613, regarding two Wolfcamp wells in the W/2 of Section 8 and the W/2 of Section 17; and
- 4. Case No. 21614, regarding two Wolfcamp wells in the E/2 of Section 8 and the E/2 of Section 17,

All in Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, January 7, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, http://emnrd.state.nm.us/OCD/announcements.html.

You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

Released to Imaging: 7/14/2021 9:30:15 AM

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, December 31, 2020. This statement may be filed online with the Division at <u>ocd.hearings@state.nm.us</u>, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

ames Bruce

Attorney for Tap Rock Resources, LLC

EXHIBIT A

OXY USA Inc. OXY Y-1 Company 5 Greenway Plaza, Ste. 110 Houston, TX 77046

EOG Resources, Inc. 5509 Champions Dr. Midland, TX 79706

Murchison Oil & Gas, Inc. Legacy Tower One 7250 Dallas Parkway, Ste. 1400 Plano, TX 75024

MEC Petroleum Corp. 414 W. Texas Ave. Midland, TX 79701

McCombs Energy, LLC 5599 San Felipe, Ste. 1200 Houston, TX 77056 Postmark Here

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COMPLETE THIS	A. Signature	B. Received by (Printed Name)	D. Is delivery addr		3 Service Type	Collect on Delivery Collect on Delivery	4 0 (over \$500)
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, -	City, State, ZIP+4°	
	PS Form 3800, April 2015 PSN 7530-02-000-9047	See Reverse for Instructions



JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

December 17, 2020

<u>CERTIFIED MAIL – RETURN RECEIPT REQUESTED</u>

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of the following applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Tap Rock Resources, LLC:

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- 2. Case No. 21612, regarding two Wolfcamp wells in the E/2 of Section 9 and the E/2 of Section 16,

All in Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, January 7, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, http://emnrd.state.nm.us/OCD/announcements.html.

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identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

James Bruce

Attorney for Tap Rock Resources, LLC

EXHIBIT A

Cimarex Energy Co. Suite 600 600 North Marienfeld Midland, Texas 79701

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Cimarex Energy Co. Suite 600 600 North Marienfeld Midland, Texas 79701	A. Signature X Agent Addresse B. Fleceived by (Printed Name) C. Date of Deliver A B. J.
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JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

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(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

January 11, 2021

<u>CERTIFIED MAIL – RETURN RECEIPT REQUESTED</u>

To: Persons on Exhibit A

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- 4. Case No. 21614, regarding two Wolfcamp wells in the E/2 of Section 8 and the E/2 of Section 17,

all in Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, February 18, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, http://emnrd.state.nm.us/OCD/announcements.html. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

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Very truly yours,

James Bruce

Attorney for Tap Rock Resources, LLC

EXHIBIT A

McCombs Energy, LLC Suite 403 750 East Mulberry Avenue San Antonio, Texas 78212

Domestic Mail Only For delivery information, visit our website at www.usps.com°. Certified Mail Fee \$ Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) S	
Certified Mail Fee \$ Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) \$	
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☐ Return Receipt (electronic) \$ Postmark ☐ Certified Mail Restricted Delivery \$ Here ☐ Adult Signature Required \$ ☐ ☐ Adult Signature Restricted Delivery \$ ☐	
Postage	
Postage Total Postage and Fees McCombs Energy, LLC Suite 403 Sent To Suite 403 750 East Mulberry Avenue San Antonio, Texas 78212 City, State, ZIP+4	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instruction	000

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	DELIVERY
 Complete items 1, ≥, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X Sarah O'Shaughnessy B. Received by (Printed Name) Sarah O'Shaughnessy	☐ Agent ☐ Addressee
McCombs Energy, LLC Suite 403 750 East Mulberry Avenue San Antonio, Texas 78212	D. Is delivery address different fro If YES, enter delivery address	
9590 9402 5941 0062 9289 85	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery	☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricte Delivery ☐ Return Receipt for Merchandise
7020 0640 0000 1385 66	ry Restricted Delivery	☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Carlsbad Current Argus.

Affidavit of Publication Ad # 0004525794 This is not an invoice

JAMES BRUCE ATTORNEY AT LAW POBOX 1056

SANTA FE, NM 87504

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

12/25/2020

Legal Clerk

Subscribed and sworn before me this December 25, 2020:

State of WI, County of Brown
NOTARY PUBLIC

My commission expires

NOTICE

To: OXY USA Inc., OXY Y-1 Company, EOG Resources, Inc., Murchison Oil & Gas, Inc., MEC Petroleum Corp., Cimarex Energy Co., and McCombs Energy, LLC, or your successors or assigns: Tap Rock Resources, LLC has filed four applications with the New Mexico Oil Conservation Division seeking the pooling of the Wolfcamp formation in the following well units:

- 1. Case No. 21611, regarding two Wolfcamp wells in the W/2 of Section 9 and the W/2 of Section 16;
- 2. Case No. 21612, regarding two Wolfcamp wells in the E/2 of Section 9 and the E/2 of Section 16;
- 3. Case No. 21613, regarding two Wolfcamp wells in the W/2 of Section 8 and the W/2 of Section 17; and
- 4. Case No. 21614, regarding two Wolfcamp wells in the E/2 of Section 8 and the E/2 of Section 17,

All in Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, January 7, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, http://emnrd.state.nm.us/OCD/announcements.html. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, December 31, 2020. This statement must be filed with the Division's Santa Fe office at ocd.hearings@state.nm.us. It should include: The names of the party and its attorney; a concise statement of the case; the name(s) of the witnesses(es) 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 need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, jamesbruc@aol.com.
#4525794, Current Argus, December 25, 2020

VICKY FELTY Notary Public State of Wisconsin EXHIBIT

Ad # 0004525794 PO #: # of Affidavits1

This is not an invoice

COMPULSORY POOLING APPLICATION CHECKLIST

Case:	21612		
Date	July 15, 2021		
Applicant	Tap Rock Resources, LLC		
Designated Operator & OGRID	Tap Rock Operating, LLC/OGRID No. 372043		
(affiliation if applicable)	The operator is the operating entity for applicant		
	James Bruce		
Applicant's Counsel: Case Title:	Application of Tap Rock Resources, LLC for Compulsory Pooling, Eddy		
Case Title.	County, New Mexico		
Entries of Appearance/Intervenors:			
Well Family	Schlitz Wells		
Formation/Pool			
Formation Name(s) or Vertical Extent:	Wolfcamp formation		
Primary Product (Oil or Gas):	Gas		
Pooling this vertical extent:	Wolfcamp formation		
Pool Name and Pool Code:	Wolfcamp; Purple Sage (Pool Code 98220)		
Well Location Setback Rules:	Purple Sage Special Rules and current horizontal well rules		
Spacing Unit Size:	Half section/320 acres		
Spacing Unit			
Type (Horizontal/Vertical)	Horizontal		
Size (Acres)	640 acres		
Building Blocks:	320 acres		
Orientation:	South-North		
Description: TRS/County	E/2 §9 and E/2 §16-25S-26E, NMPM		
Standard Horizontal Well Spacing Unit	Yes		
(Y/N), If No, describe			
Other Situations			
Depth Severance: Y/N. If yes, description	No		
Proximity Tracts: If yes, description	No EXHIBIT /~		
Proximity Defining Well: if yes,			
description			
Applicant's Ownership in Each Tract	Exhibits B-3 and B-4		
Well(s)			
Name & API (if assigned), surface and	Schlitz Fed. Com. Well No. 204H		
bottom hole location, footages,	API No. 30-015-Pending		
completion target, orientation,	SHL: 672 FSL & 913 FEL §16		
completion status (standard or non-	BHL: 200 FNL & 660 FEL §9		
standard)	FTP: 330 FSL & 660 FEL §16		
	LTP: 330 FNL & 660 FEL §9		
	Formation: Wolfcamp/TVD 8570 feet/MD 18770 feet		
	₹		

Received by OCD: 7/14/2021 6:10:29 AM	Schlitz Fed. Com. Well No. 213H API No. 30-015-Pending SHL: 647 FSL & 913 FEL §16 BHL: 200 FNL & 1980 FEL §9 FTP: 330 FSL & 1980 FEL §16 LTP: 330 FNL & 1980 FEL §9 Formation: Wolfcamp/TVD 8745 feet/MD 18945 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See Above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit B, page 3
Requested Risk Charge	Cost + 200%/Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A
Proof of Mailed Notice of Hearing (20	
days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10	
days before hearing)	
Ownership Determination	
Land Ownership Schematic of the	
Spacing Unit	Exhibit B-2
Tract List (including lease numbers and	
owners)	Exhibits B-3 and B-4
Pooled Parties (including ownership	
type)	Exhibit B-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including	
percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit B-5
List of Interest Owners (i.e. Exhibit A of	
JOA)	Exhibit B- 4
Chronology of Contact with Non-Joined Working Interests	Exhibit B
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit B-5
Cost Estimate to Equip Well	Exhibit B-5
Cost Estimate for Production Facilities	Exhibit B-5
Geology	
Summary (including special	
considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-7
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-8
Well Orientation (with rationale)	Standup/Exhibit C
Released to Imaging: 7/14/2021 9:30:15 AM	

Received by OCD: 7/14/2021 6:10:29 AM Target Formation	Wolfcamp	Page 50 of
HSU Cross Section	Exhibit C-8	
Depth Severance Discussion	Not Applicable	
Forms, Figures and Tables		
C-102	Exhibit B-1	
Tracts	Exhibit B-2	
Summary of Interests, Unit	5 1 11 12	
Recapitulation (Tracts)	Exhibits B-3 and B-4	
General Location Map (including basin)	Exhibit C-7	
Well Bore Location Map	Exhibit C-8	
Structure Contour Map - Subsea Depth	Exhibit C-9	
Cross Section Location Map (including		ν.
wells)	Exhibit C-10	
Cross Section (including Landing Zone)	Exhibit C-10	
Additional Information		
CERTIFICATION: I hereby certify that the		
information provided in this checklist is		
complete and accurate.		
Printed Name (Attorney or Party		
Representative):	James Bruce	
Signed Name (Attorney or Party Representative):	James Brew	
Date:	July 13, 2021	