CASE NO. 22279

APPLICATION OF TAP ROCK RESOURCES, LLC FOR COMPULSORY POOLING, <u>EDDY COUNTY, NEW MEXICO</u>

EXHIBITS (PART 7)

- A. Application and Proposed Notice
- B. Landman's Affidavit
- C. Geologist's Affidavit
- D. Affidavit of Notice
- E. 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. 22279

APPLICATION

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

- 1. Applicant is a working interest owner in the SE/4 of Section 25 and the E/2 of Section 36, and has the right to drill a well or wells thereon.
- 2. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:
 - (a) the Nailed It Fed. Com. Well No. 123H, with a first take point in Lot 2 of Section 36 and a last take point in the NW/4SE/4 of Section 25;
 - (b) the Nailed It Fed. Com. Well No. 124H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25;
 - (c) the Nailed It Fed. Com. Well No. 153H, with a first take point in Lot 2 of Section 36 and a last take point in the NW/4SE/4 of Section 25;
 - (d) the Nailed It Fed. Com. Well No. 154H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25; and

EXHIBIT

A

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

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

- 3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the SE/4 of Section 25 and the E/2 of Section 36 for the purposes set forth herein.
- 4. Although applicant attempted to obtain to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the SE/4 of Section 25 and the E/2 of Section 36 pursuant to NMSA 1978 §70-2-17.
- 5. The pooling of mineral interests in Bone Spring formation underlying the well unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all uncommitted mineral interests in Bone Spring formation underlying the SE/4 of Section 25 and the E/2 of Section 36:
- B. Designating Tap Rock Operating, LLC as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the costs thereof among the wells' working interest owners;

- Approving actual operating charges and costs charged for supervision, together
 with a provision adjusting the rates pursuant to the COPAS accounting procedure;
 and
- E. Setting a 200% charge for the risk assumed by applicant in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

jamesbruc@aol.com

Attorney for Tap Rock Resources, LLC

Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interest owners in the Bone Spring formation underlying a (proximity tract) horizontal spacing unit comprised of the SE/4 of Section 25 and Lots 1, 2, and the N/2NE/4 (the E/2) of Section 36, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the following wells:

(a) the Nailed It Fed. Com. Well No. 123H, with a first take point in Lot 2 of Section 36 and a last take point in the NW/4SE/4 of Section 25;

(b) the Nailed It Fed. Com. Well No. 124H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25;

(c) the Nailed It Fed. Com. Well No. 153H, with a first take point in Lot 2 of Section 36 and a last take point in the NW/4SE/4 of Section 25;

(d) the Nailed It Fed. Com. Well No. 154H, with a first take point in Lot 1 of Section 36 and a last take point in the NE/4SE/4 of Section 25; and

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

Also to be considered will be the cost of drilling, completing, and equipping 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 11-1/2 miles east of the intersection of U.S. Highway 285 with the New Mexico-Texas border.

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. 22279

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 Landman 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. Chevron USA, Inc. ("Chevron") was contacted regarding the proposed wells. Tap Rock continues to work toward a voluntary agreement with Chevron.
- 7. Tap Rock seeks an order pooling all mineral interests in the WC 015 G06 S242630A Bone Spring Pool (Pool Code 98319) underlying the SE/4 of Section 25 and E/2 Section

36, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. The proposed 320-acre, more or less, spacing unit will be dedicated to the Nailed It Fed Com #123H, #124H, #153H, #154H, #156H wells (the "Wells"), as the defining wells for the units.

- 8. A proposed C-102 for each well is attached as **Exhibit 1.** The Wells will develop the WC 015 G06 S242630A Bone Spring Pool (98319) which is an oil 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 Federal tract and two State tracts.
- 11. The party being pooled and the nature of its interest is found in **Exhibit 4** attached hereto. **Exhibit 4** also includes information regarding working interest owners and overriding royalty interest owners.
 - 12. There are no depth severances in the Bone Spring formation in the proposed HSU.
- 13. 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").
- 14. Tap Rock has made a good faith effort to obtain voluntary joinder of the working interest owner in the proposed Wells.
- 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 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.
- 17. Tap Rock requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.
 - 18. Tap Rock requests that it be designated operator of the Wells.
- 19. The Exhibits to this Affidavit were prepared by me, or compiled from Tap Rock's company business records.
- 20. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
 - 21. 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 and day of November, 2021.

Taylor J Hindes
NOTARY PUBLIC
STATE OF COLORADO

NOTARY ID 20114037710 MY COMMISSION EXPIRES June 10, 2024 Notary Public Johndes

My Commission expires

4

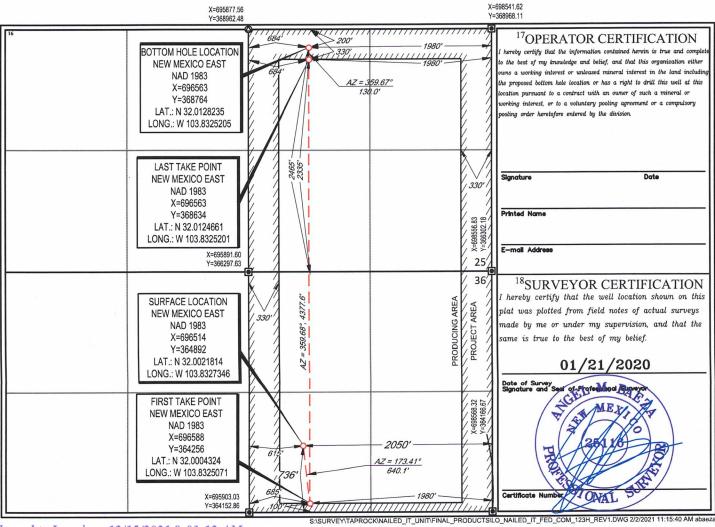
District I 1625 N. French Dr., Ho	bbs NM 88240
Phone: (575) 393-6161	
District II	
ì	
I	1
EXHIBIT	Tank and the
P	

State of New Mexico
ergy, Minerals & Natural Resources
Department
IL 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
---------	--------

		V	VELL LO	OCATIO	N AND ACR	EAGE DEDIC	ATION PLA	T	
	API Number			² Pool Code			³ Pool Na		
⁴ Property C	Code			N	⁵ Property N				Vell Number 123H
70GRID 1 37204			1 10	TAP	ROCK OPER	Name RATING, LLC.			⁹ Elevation 3030
¹⁰ Surface Location									
UL or lot no.	Section 36	Township 26-S	30-E	Lot Idn	Feet from the 736'	North/South line SOUTH	Feet from the 2050'	East/West line EAST	EDDY EDDY
			11	Bottom Ho	ole Location If I	Different From Sur	rface		
UL or lot no.	Section 25	Township 26-S	30-E	Lot Idn	Feet from the 2465'	North/South line	Feet from the 1980'	East/West line EAST	EDDY EDDY
¹² Dedicated Acres	¹³ Joint or 1	Infill 14C	onsolidation Co	de ¹⁵ Ord	ler No.				



<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

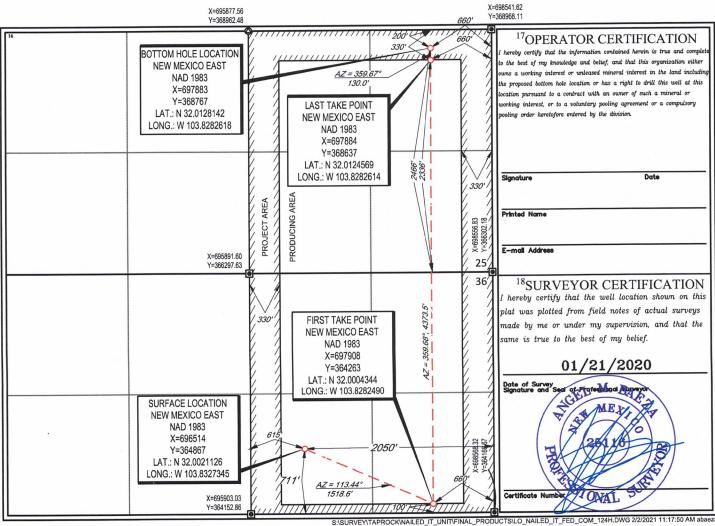
State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

AMENDED REPORT

		V	VELL LC	CATIO	N AND ACF	REAGE DEDICA	ATION PLA	Τ	
	API Number ² Pool Code				³ Pool Name				
⁴ Property C	ode			N	⁵ Property N	FED COM			Vell Number 124H
70GRID N 37204				TAP	ROCK OPE	Name RATING, LLC.			⁹ Elevation 3030
¹⁰ Surface Location							Gt		
UL or lot no.	Section 36	Township 26-S	30-E	Lot Idn —	Feet from the 711'	North/South line	Feet from the 2050'	East/West line EAST	EDDY
11Bottom Hole Location If Different From Surface									
UL or lot no.	Section 25	Township 26-S	30-E	Lot Idn —	Feet from the 2466'	North/South line	Feet from the 660°	East/West line	EDDY
¹² Dedicated Acres	¹³ Joint or l	infill ¹⁴ C	Consolidation Co	de ¹⁵ Ord	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.



Released to Imaging: 12/15/2021 9:03:12 AM

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

1220 S. St. Francis Dr., Santa Fe, NM 87505

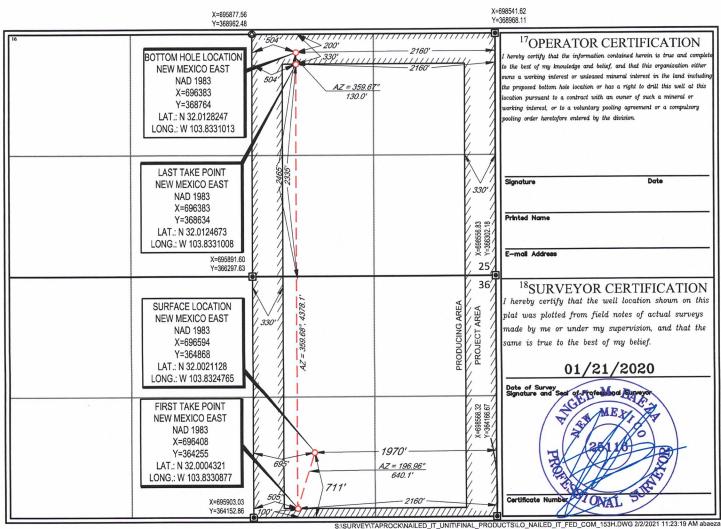
Phone: (505) 476-3460 Fax: (505) 476-3462

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 ¹API Number Well Number Property Name ⁴Property Code 153H NAILED IT FED COM ⁹Elevation Operator Name OGRID No. 3031 TAP ROCK OPERATING, LLC. 372043 ¹⁰Surface Location East/West line County Feet from the North/South line Feet from the UL or lot no. Section Township Range Lot Idn 711' 1970' EAST **EDDY** SOUTH 2 36 26-S 30-E 11 Bottom Hole Location If Different From Surface East/West line County Feet from the Lot Idn Feet from the UL or lot no. Section Township Range SOUTH 2160' EAST **EDDY** 2465' 26-S 30-E 25 Order No. 12Dedicated Acres Consolidation Code



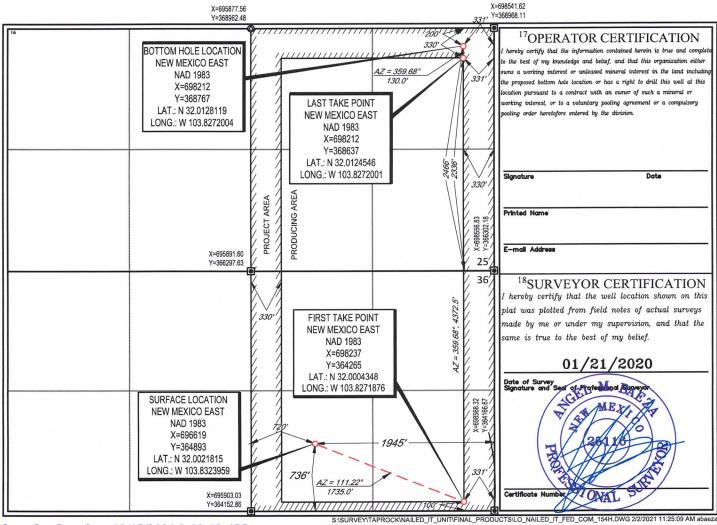
District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis 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

		W	ELL LO	CATIO	N AND ACR	EAGE DEDIC	ATION PLA	Τ	
	API Numbe	r		² Pool Code			³ Pool Na	me	
⁴ Property C	Code			N.	⁵ Property N				Vell Number 154H
70GRID 1 37204				TAP	8Operator N ROCK OPEI	Name RATING, LLC.			Elevation 3031'
3-1-1	-				¹⁰ Surface L	ocation			
UL or lot no.	Section 36	Township 26-S	Range 30-E	Lot Idn	Feet from the 736'	North/South line	Feet from the 1945'	East/West line EAST	EDDY
			¹¹ B	Bottom Ho	le Location If I	Different From Su	rface		
UL or lot no.	Section 25	Township 26-S	Range 30-E	Lot Idn —	Feet from the 2466'	North/South line SOUTH	Feet from the 331'	East/West line EAST	EDDY
12Dedicated Acres	¹³ Joint or	Infill 14Co	nsolidation Cod	le ¹⁵ Ord	er No.				



<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

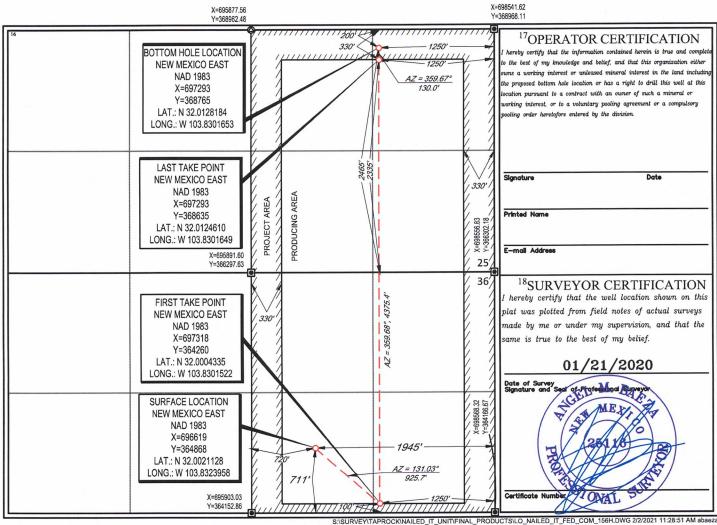
1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

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

		W	ELL LO	CATIO	N AND ACR	EAGE DEDIC			
1	API Number			² Pool Code			³ Pool Na	me	
⁴ Property C	ode	⁵ Property Name					⁶ Well Number		
		NAILED IT FED COM							156H
70GRID N 37204		*Operator Name TAP ROCK OPERATING, LLC. *Soperator Name *Selevation 3031'							
¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	
G	36	26-S	30-E	-	711'	SOUTH	1945'	EAST	EDDY
	11Bottom Hole Location If Different From Surface								
UL or lot no.	Section	Township	Range	Lot Idn		North/South line	Feet from the	East/West	The second secon
I	25	26-S	30-E	- 1	2465'	SOUTH	1250'	EAST	EDDY
¹² Dedicated Acres	¹³ Joint or	Infill 14Co	onsolidation Co	de ¹⁵ Ord	er No.				





SE/4 Section 25

Tap Rock Resources, LLC - 100%

NMNM 138850

Tract One

NE/4, Lot 1 Section 36

Tap Rock Resources, LLC - 100% **St NM VB-2192** Tract Two Chevron USA, Inc. - 100% St NM E0-0920 Tract Three

Lot 2 Section 36

Exhibit 4 Case No. 22279

ROCK

Entity	Interest Type	Approximate Percentage
Tap Rock Resources, LLC	Working Interest	91.574202%
Chevron USA, Inc.	Uncommitted Working Interest	8.425798%

	ere	
	ž	
	~	
	491	
	0	
	0	
	0	
	9	
	9	
•	9	
6	Koval	
6		
•		
F		
b		
b		
b		
b		
b		
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
b		0
	riding	0
		0

Tap Rock Minerals, LLC Patrick J. Tower Randall Cate *final interest subject to division order title verification

Nailed It Fed Com #123H, #124H, #153H, #154H, #156H

Unit Interest Breakdown*

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

TAP ROCK RESOURCES, LLC

MATTHEW C. PHILLIPS - LANDMAN MPHILLIPS@TAPRK.COM



July 27, 2021

Via Certified Mail

CHEVRON USA INC P.O. BOX 1635 HOUSTON, TX 77251

Re: Well Proposal(s) for:

- Nailed It Federal Com #121H
- Nailed It Federal Com #122H
- Nailed It Federal Com #123H
- Nailed It Federal Com #124H
- Nailed It Federal Com #151H
- Nailed It Federal Com #152H
- Nailed It Federal Com #153H
- Nailed It Federal Com #154H
- Nailed It Federal Com #155H
- Nailed It Federal Com #156H

Township 26 South, Range 30 East, Sections 25 & 36 Eddy County, New Mexico

Dear Working Interest Owner:

Tap Rock Operating, LLC (TRO), as Operator, hereby proposes to drill the following Well(s). Accordingly, enclosed for your further handling are our AFE(s) for the following Well(s):

Well Name	Surface Hole Location (SHL)	Bottom Hole Location (BHL)	Formation	True Vertical Depth	Measured Depth
NAILED IT FEDERAL COM #121H	330' FSL & 489' FWL Section 36	2464' FSL & 660' FWL Section 25	2nd Bone Spring	9522	14472
NAILED IT FEDERAL COM #122H	205' FSL & 2050' FWL Section 36	2465' FSL & 1980' FWL Section 25	2nd Bone Spring	9522	14472
NAILED IT FEDERAL COM #123H	736' FSL & 2050' FEL Section 36	2465' FSL & 1980' FEL Section 25	2nd Bone Spring	9544	14494
NAILED IT FEDERAL COM #124H	711' FSL & 2050' FEL Section 36	2466' FSL & 660' FEL Section 25	2nd Bone Spring	9544	14494
NAILED IT FEDERAL COM #151H	305' FSL & 489' FWL Section 36	2464' FSL & 331' FWL Section 25	3rd Bone Spring	10177	15027



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

TAP ROCK RESOURCES, LLC

MATTHEW C. PHILLIPS - LANDMAN MPHILLIPS@TAPRK.COM



NAILED IT FEDERAL COM #152H	230' FSL & 2050' FWL Section 36	2465' FSL & 2160' FWL Section 25	3rd Bone Spring	10177	15027
NAILED IT FEDERAL COM #153H	711' FSL & 1970' FEL Section 36	2465' FSL & 2160' FEL Section 25	3rd Bone Spring	10177	15027
NAILED IT FEDERAL COM #154H	736' FSL & 1945' FEL Section 36	2466' FSL & 331' FEL Section 25	3rd Bone Spring	10177	15027
NAILED IT FEDERAL COM #155H	305' FSL & 514' FWL Section 36	2464' FSL & 1250' FWL Section 25	3rd Bone Spring	10177	15027
NAILED IT FEDERAL COM #156H	711' FSL & 1945' FEL Section 36	2465' FSL & 1250' FEL Section 25	3rd Bone Spring	10092	15042

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

Sincerely,

TAP ROCK OPERATING, LLC

Matter C. Acidi

Matthew C. Phillips

720-459-3724

mphillips@taprk.com

TAP ROCK RESOURCES, LLC

MATTHEW C. PHILLIPS - LANDMAN MPHILLIPS@TAPRK.COM

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



CHEVRON USA INC hereby elects to:
participate in the NAILED IT FEDERAL COM #121H non-consent the NAILED IT FEDERAL COM #121H
participate in the NAILED IT FEDERAL COM #122H non-consent the NAILED IT FEDERAL COM #122H
participate in the NAILED IT FEDERAL COM #123H non-consent the NAILED IT FEDERAL COM #123H
participate in the NAILED IT FEDERAL COM #124F
participate in the NAILED IT FEDERAL COM #151H non-consent the NAILED IT FEDERAL COM #151H
participate in the NAILED IT FEDERAL COM #152H non-consent the NAILED IT FEDERAL COM #152H
participate in the NAILED IT FEDERAL COM #153H non-consent the NAILED IT FEDERAL COM #153H
participate in the NAILED IT FEDERAL COM #154H non-consent the NAILED IT FEDERAL COM #154H
participate in the NAILED IT FEDERAL COM #155H non-consent the NAILED IT FEDERAL COM #155H
participate in the NAILED IT FEDERAL COM #156H non-consent the NAILED IT FEDERAL COM #156H
By:
Name:
Title:
Date:

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

Name:	Nailed	It Fed	Com	#123H

AFE #: County: State:

Date: July 27, 2021 MD/TVD: 14494 / 9544 Lateral Length: 4500 Geologic Target: 2nd Bone Spring

Drill, complete, and equip a horizontal 2nd Bone Spring well with a 4500 foot lateral. Well Description: INTANGIBLE PRODUCTION COSTS INTANGIBLE DRILLING COSTS INTANGIBLE COMPLETION COSTS COST CODES COST CODES 3 1 Land - Legal 1 1 Land - Legal 1 Land - Legal Land - Regulatory Land - Regulatory 2 Land - Regulatory Land - Surface Damages Land - Surface Damages 3 Land - Surface Damages Land - Survey Land - Survey 4 Land - Survey Location/Pit Constructio 1 5 Location/Pit Construction 1 6 Remedial Dirtwork 59,00 2 5 Location/Pit Construction Remedial Dirtwork
Reserve/Frac Pit Closing 3 6 Remedial Dirtwork Reserve/Frac Pit Closing 7 Reserve/Frac Pit Closing 2 7 1 8 Drilling - Contractor 8 Drilling - Contractor
Mob/Rig Up - Contractor/Trucking 3 8 Drilling - Contractor Mob/Rig Up - Contractor/Trucking 1 9 Mob/Rig Up - Contractor/Trucking 50,00 10 Cementing Services 2 10 Cementing Services 2 11 Cementing Equipment 10 Cementing Services 141.00 11 Cementing Equipment 1 11 Cementing Equipment 12 Bits/Drill Out Assemblies 2 12 Bits/Drill Out Assemblies 2 13 Fluid Circulation Equipme 32,04 12 Bits/Drill Out Assemblies 63,50 2 13 Fluid Circulation Equipment/Services 2 14 Fluids/Chemicals 13 Fluid Circulation Equipment/Services 1 13 Fluid Circulation Equipment/Services 14 Fluids/Chemicals
15 WBM Cuttings/Wastewater Disposal 1 14 Fluids/Chemicals 74,10 1 15 WBM Cuttings/Wastewater Disposal 1 16 OBM Cuttings/Chemical Disposal 15 WBM Cuttings/Wastewater Disposal
16 OBM Cuttings/Chemical Disposal 44,97 16 OBM Cuttings/Chemical Disposal 17 Fuel/Power Fuel/Power 2 17 Fuel/Power 2 18 Water 17,34 158,70 138,52 18 Water 19 Directional Drilling 1 18 Water
 1
 19
 Directional Drilling

 1
 20
 Mud Logging
 85,01 2 19 Directional Drilling 2 20 Mud Logging 2 21 Open/Cased/Production Hole Logs 20 Mud Logging 21 Open/Cased/Production Hole Logs 8,44 21 Open/Cased/Production Hole Logs 2 22 Coring 2 23 Geologic Supervision 1 22 Coring 22 Coring 23 Geologic Supervision 1 23 Geologic Supervision 2 24 Engineering Supervision 2 25 Consultant Supervision 1 24 Engineering Supervision 24 Engineering Supervision 25 Consultant Supervision 15.00 1 25 Consultant Supervision 50,60 3 26 Freight/Transportation 26 Freight/Transportation 26 Freight/Transportation 2,00 2 27 Labor 27 Labor 28.00 1 27 Labor 98,50 3 28 Supplies - Surface 1 28 Supplies - Surface 1 29 Supplies - Living Quarters 2,50 2 Supplies - Surface 2,000 29 Supplies - Living Quarters 2,000 Supplies - Living QuartersRentals - Surface 1,000 2 30 Rentals - Surface 1 30 Rentals - Surface 26,926 13,040 1 31 Rentals - Living Quarters 1 32 Rentals - Downhole 31 Rentals - Living Quarters 32 Rentals - Downhole 31 Rentals - Living Quarters 32 Rentals - Downhole 1 33 Rentals - Pipe & Handling Tools 1 34 Rentals - Frac Stack Rentals - Pipe & Handling Tools 33 Rentals - Pipe & Handling Tools 34 Rentals - Frac Stack 34 Rentals - Frac Stack 1 35 Rentals - Frac Tanks 35 Rentals - Frac Tanks 28,143 35 Rentals - Frac Tanks 1 36 Coil Tubing Unit/Workover Rig 1 37 Wireline/Slickline/Perforating Coil Tubing Unit/Workover Rig Coil Tubing Unit/Workover Rig 3 37 Wireline/Slickline/Perforating 3 38 Temporary Packers/Plugs 3 39 High Pressure Pump Truck 37 Wireline/Slickline/Perforating Temporary Packers/Plugs 1 38 Temporary Packers/Plugs 18,40 1 39 High Pressure Pump Truck 39 High Pressure Pump Truck 34,980 1 40 Stimulation 1 41 Rentals - Pressure Control 2 40 Stimulation 2 41 Rentals - Pressure Control 40 Stimulation 41 Rentals - Pressure Control 1 42 Flowback Services 1 43 Water Transfer Services 42 Flowback Services
43 Water Transfer Services
44 Flowback Water Trucking & Disposal 33,782 3 42 Flowback Services 38,500 43 Water Transfer Services
44 Flowback Water Trucking & Disposal 1 44 Flowback Water Trucking & Disposal 8,24 45 Permanent Equipment Installation 45 Permanent Equipment Installation 45 Permanent Equipment Installation 46 Pipeline Tapping Services 1 46 Pipeline Tapping Services 46 **Pipeline Tapping Services** 1 47 Plugging & Abandonment 47 Plugging & Abandonment 47 Plugging & Abandonment 1 53 Overhead 53 Overhead 53 Overhead 54 Insurance 55 Contingency 1 54 Insurance 54 Insurance Contingency 1 55 Contingency TOTAL INTANGIBLE DRILLING COSTS: \$1,180,045 TOTAL INTANGIBLE COMPLETION COSTS: TOTAL INTANGIBLE PRODUCTION COSTS: \$187,495 \$1,543,501 TANGIBLE DRILLING COSTS TANGIBLE COMPLETION COSTS TANGIBLE PRODUCTION COSTS COST CODES DESCRIPTION COST CODES DESCRIPTION COST CODES DESCRIPTION AMOUNT 4 60 Conductor Casing 4 61 Surface Casing 5 60 Conductor Casing 5 61 Surface Casing 60 Conductor Casing 61 Surface Casing 4 62 1st Intermediate Casing
4 63 2nd Intermediate Casing
4 64 Production Casing
4 65 Tubing 1st Intermediate Casing 62 1st Intermediate Casing 63 2nd Intermediate Casing 5 63 2nd Intermediate Casing 64 Production Casing 65 Tubing 64 Production Casing 65 Tubing 4 65 IUDINg
Wellhead
4 67 Permanent Packers/Hangers/Plugs
4 68 Tanks
4 69 Torduction Vessels
4 70 Compressors 78,00 5 66 Wellhead 66 Wellhead 5 67 Permanent Packers/Hangers/Plugs 67 Permanent Packers/Hangers/Plugs 10,00 6 68 Tanks 5 68 Tanks 69 Production Vessels 70 Compressors 69 Production Vessels 70 Compressors 107,00 4 71 Surface Flowlines 4 72 Gathering Lines 71 Surface Flowlines 72 Gathering Lines 71 Surface Flowline 50,00 72 Gathering Lines 4 73 Valves & Controllers
4 74 Artificial Lift Equipment
4 75 Instrumentation & Measurement 73 Valves & Controllers 73 Valves & Controllers 74 Artificial Lift Equipment 74 Artificial Lift Equipment 15,00 75 Instrumentation & Measurement 75 Instrumentation & Measurement 4 76 Electrical Grounding/Safety Equipm 4 77 Permanent Equipment Installation Electrical Grounding/Safety Equipment Permanent Equipment Installation 76 Electrical Grounding/Safety Equipment Electrical Grounding/Safety Equipment 5 77 Permanent Equipment Installation 4 80 Other - Surface 4 81 Other - Downhole 80 Other - Surface Other - Surface 81 Other - Downhole 15,000 5 81 Other - Downhole TOTAL TANGIBLE DRILLING COSTS: \$523,705 TOTAL TANGIBLE COMPLETION COSTS: TOTAL TANGIBLE PRODUCTION COSTS: TOTAL DRILLING COSTS: \$1,703,750 TOTAL COMPLETION COSTS: \$1,543,501 TOTAL PRODUCTION COSTS: TOTAL WELL COST: \$3,723,746 TAP ROCK RESOURCES COMPANY APPROVAL: NON OPERATING PARTNER APPROVAL: COMPANY NAME: _ VP - EXPLORATION SIGNED BY: TITLE: _ VP - OPERATIONS WORKING INTEREST (%): __ VP - LAND & LEGAL SENIOR GEOLOGIST TAX ID: ____ APPROVAL:

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

Name:	Nailed It Fed Com #124H

AFE #: 0
County: Eddy
State: NM

Date: July 27, 2021 MD/TVD: 14494 / 9544 Lateral Length: 4500 Geologic Target: 2nd Bone Spring

Drill, complete, and equip a horizontal 2nd Bone Spring well with a 4500 foot lateral. Well Description: INTANGIBLE PRODUCTION COSTS INTANGIBLE DRILLING COSTS INTANGIBLE COMPLETION COSTS DESCRIPTION COST CODES DESCRIPTION 3 1 Land - Legal 1 1 Land - Legal 2 1 Land - Legal Land - Regulatory 2 Land - Regulatory 2 Land - Regulatory 3 Land - Surface Damages Land - Surface Damages 10,000 3 Land - Surface Damage: Land - Survey Location/Pit Construction 3 4 Land - Survey 4 Land - Survey 3 5 Location/Pit Construction 3 6 Remedial Dirtwork 1 5 Location/Pit Consti 1 6 Remedial Dirtwork 5 Location/Pit Construction 59,000 5 Remedial Dirtwork
Reserve/Frac Pit Closing 3 7 Reserve/Frac Pit Closing 3 8 Drilling - Contractor 1 7 Reserve/Frac Pit Closing
 1
 8
 Drilling - Contractor

 1
 9
 Mob/Rig Up - Contractor/Trucking
 226,53 8 Drilling - Contractor Mob/Rig Up - Contractor/Trucking Mob/Rig Up - Contractor/Trucking 3 10 Cementing Services 1 10 Cementing Services 1 11 Cementing Equipment 141.00 2 10 Cementing Services 11 Cementing Equipment 3 11 Cementing Equipment 3 12 Bits/Drill Out Assemblies 1 12 Bits/Drill Out Assemblies
1 13 Fluid Circulation Equipment/Services Bits/Drill Out Assemblie: 32,04 63,50 2 12 2 13 Fluid Circulation Equipment/Services 2 14 Fluids/Chemicals 3 13 Fluid Circulation Equipment/Services 3 14 Fluids/Chemicals 3 15 WBM Cuttings/Wastewater Disposal 1 15 WBM Cuttings/Wastewater Disposal
1 16 OBM Cuttings (Ch. 74,10 44,97 15 WBM Cuttings/Wastewater Disposal 16 OBM Cuttings/Chemical Disposal 16 OBM Cuttings/Chemical Disposal 17 Fuel/Power 17 Fuel/Power 17,34 17 Fuel/Power 168,70 18 Water 138,52 18 Water 1 18 Water 2 18 Water 2 19 Directional Drilling 19 Directional Drilling
 1
 19
 Directional Drilling

 1
 20
 Mud Logging
 85,01 20 Mud Logging 2 20 Mud Logging 2 21 Open/Cased/Production Hole Logs 8,44 21 Open/Cased/Production Hole Logs 1 21 Open/Cased/Production Hole Logs 2 22 Coring 2 23 Geologic Supervision 2 24 Engineering Street 1 22 Coring 3 22 Coring 23 Geologic Supervision 24 Engineering Supervision 1 23 Geologic Supervision 1 24 Engineering Supervision 1 25 Consultant Supervision 2 24 Engineering Supervision 2 25 Consultant Supervision 25 Consultant Supervision 15,00 26 Freight/Transportation 1 26 Freight/Transportation 9,00 26 Freight/Transportation 2,00 1 27 Labor 27 Labor 27 Labor 28,00 28 Supplies - Surface 2,000 2 28 Supplies - Surface 1 28 Supplies - Surface 1 29 Supplies - Living Quarters 29 Supplies - Living Quarters 30 Rentals - Surface 2.00 3 29 Supplies - Living Quarters 30 Rentals - Surface 1 30 Rentals - Surface 1 31 Rentals - Living Quarters 1 32 Rentals - Downhole 31 Rentals - Living Quarters 32 Rentals - Downhole 3 31 Rentals - Living Quarters 9,680 32 Rentals - Downhole 33 Rentals - Pipe & Handling Tools 33 Rentals - Pipe & Handling Tools 20,23 33 Rentals - Pipe & Handling Tools 1 34 Rentals - Frac Stack Rentals - Frac Stack 34 Rentals - Frac Stack 35 Rentals - Frac Tanks 35 Rentals - Frac Tanks 1 35 Rentals - Frac Tanks 28,14 36 Coil Tubing Unit/Workover Rig 37 Wireline/Slickline/Perforating 38 Temporary Packers/Plugs 1 36 Coil Tubing Unit/Work Coil Tubing Unit/Workover Rig 46,14 83,44 1 37 Wireline/Slickline/Perforating 2 37 Wireline/Slickline/Perforating 38 Temporary Packers/Plugs 39 High Pressure Pump Truck 38 Temporary Packers/Plugs 18,40 39 High Pressure Pump Truck 1 39 High Pressure Pump Truck 1 40 Stimulation 1 41 Rentals - Pressure Control 40 Stimulation 40 Stimulation 41 Rentals - Pressure Control 41 Rentals - Pressure Control 42 Flowback Services 38,500 1 42 Flowback Services 42 Flowback Services 1 43 Water Transfer Services 43 Water Transfer Services
44 Flowback Water Trucking & Disposal 43 Water Transfer Services
44 Flowback Water Trucking & Disposal 1 44 Flowback Water Trucking & Disposal 8,243 1 45 Permanent Equipment Installation 1 46 Pipeline Tapping Services Permanent Equipment Installation Pipeline Tapping Services 45 Permanent Equipment Installation Pipeline Tapping Services 1 47 Plugging & Abandonment 1 53 Overhead 47 Plugging & Abandonment 47 Plugging & Abandonment 53 Overhead 54 Insurance 53 Overhead 1 54 Insurance 1 55 Contingency Insurance 55 Contingency 58,928 55 Contingency TOTAL INTANGIBLE DRILLING COSTS: \$1,180,045 TOTAL INTANGIBLE COMPLETION COSTS: \$1,543,501 TOTAL INTANGIBLE PRODUCTION COSTS: \$187,495 TANGIBLE DRILLING COSTS TANGIBLE PRODUCTION COSTS TANGIBLE COMPLETION COSTS COST CODES DESCRIPTION COST CODES DESCRIPTION COST CODES DESCRIPTION AMOUNT 4 60 Conductor Casing 4 61 Surface Casing 5 60 Conductor Casing 5 61 Surface Casing 60 Conductor Casing 61 Surface Casing 4 62 1st Intermediate Casing 4 63 2nd Intermediate Casing 62 1st Intermediate Casing 63 2nd Intermediate Casing 62 1st Intermediate Casing 63 2nd Intermediate Casing 4 64 Production Casing 4 65 Tubing 4 66 Wellhead 5 64 Production Casing 6 64 Production Casing 5 65 Tubing 5 66 Wellhead 65 Tubing 78,00 66 Wellhead 4 67 Permanent Packers/Hangers/Plugs 4 68 Tanks Permanent Packers/Hangers/Plugs 67 Permanent Packers/Hangers/Plugs 10,00 68 Tanks 5 68 Tanks 4 69 Production Ve 4 70 Compressors 69 Production Vessels 5 69 Production Vessels 5 70 Compressors 69 Production Vessels 107,00 70 Compressors 4 71 Surface Flowlines 71 Surface Flowlines 71 Surface Flowlines 50,00 4 72 Gathering Lines 4 73 Valves & Controllers 72 Gathering Lines Gathering Lines 72 73 Valves & Controllers 73 Valves & Controllers 4 74 Artificial Lift Equipment
4 75 Instrumentation & Measurement Artificial Lift Equipment Instrumentation & Measurement 74 Artificial Lift Equipment 75 Instrumentation & Measurement 15.00 75 Electrical Grounding/Safety Equipment 76 77 Electrical Grounding/Safety Equipment 76 Electrical Grounding/Safety Equipment 4 77 Permanent Equipment Installation Permanent Equipment Installation Permanent Equipment Installation 80 Other - Surface 80 Other - Surface 80 Other - Surface 81 Other - Downhole 81 Other - Downhole 81 Other - Downhole TOTAL TANGIBLE DRILLING COSTS: TOTAL TANGIBLE COMPLETION COSTS: TOTAL TANGIBLE PRODUCTION COSTS: \$289,000 \$523,705 TOTAL DRILLING COSTS: \$1,703,750 TOTAL COMPLETION COSTS: \$1,543,501 TOTAL PRODUCTION COSTS: \$476,495 TOTAL WELL COST: \$3,723,746 TAP ROCK RESOURCES COMPANY APPROVAL: NON OPERATING PARTNER APPROVAL: COMPANY NAME: TITLE: VP - OPERATIONS DATE: WORKING INTEREST (%): _ VP - LAND & LEGAL SENIOR GEOLOGIST TAX ID: APPROVAL:

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

Name:	Nailed It Fed Com #153H	

AFE #: 0 County: Eddy Date: July 27, 2021 MD/TVD: 15027 / 10077 Lateral Length: 4500 Geologic Target: 3rd Bone Spring

Drill, complete, and equip a horizontal 3rd Bone Spring well with a 4500 foot lateral. **Well Description:** INTANGIBLE PRODUCTION COSTS INTANGIBLE DRILLING COSTS INTANGIBLE COMPLETION COSTS AMOUNT COST CODES DESCRIPTION 2 1 Land - Legal 3 1 Land - Legal 1 1 Land - Legal Land - Regulatory 2 2 Land - Regulatory 2 Land - Regulatory 10,00 3 Land - Surface Damages Land - Surface Damages Land - Surface Damages 4 Land - Survey Land - Survey 1 4 Land - Survey 10,00 5 Location/Pit Construction 1 5 Location/Pit Construction 1 6 Remedial Dirtwork 2 5 Location/Pit Construction 2 6 Remedial Dirtwork 2 7 Reserve/Frac Pit Closing 3 6 Remedial Dirtwork 3 7 Reserve/Frac Pit Closing Drilling - Contractor

Mob/Rig Up - Contractor/Trucking 3 B Drilling - Contractor Mob/Rig Up - Contractor/Trucking 9 Mob/Rig Up - Contractor/Trucking 50.00 1 10 Cementing Services 1 11 Cementing Equipment 2 10 Cementing Services 2 11 Cementing Equipment 3 10 Cementing Services 141,000 3 11 Cementing Equipment 3 12 Bits/Drill Out Assemblies 30,000 1 12 Bits/Drill Out Assemblies
1 13 Fluid Circulation Equipment/Services 12 Bits/Drill Out Assemblies 32,04 13 Fluid Circulation Equipment/Services 13 Fluid Circulation Equipment/Services 35.01 14 Fluids/Chemicals 16,31 68.70 2 14 Fluids/Chemicals WBM Cuttings/Wastewater Disposal
OBM Cuttings/Chemical Disposal 15 WBM Cuttings/Wastewater Disposal 15 3 16 OBM Cuttings/Chemical Disposal 13,500 16 1 17 Fuel/Power Fuel/Power Water 168,70 3 17 Fuel/Power 3 18 Water 3 19 Directional Drilling 138,52 1 18 Water 1 19 Directional Drilling 2 18 33,66 83,35 19 **Directional Drilling** Mud Logging 3 20 Mud Logging 3 21 Open/Cased/Production Hole Logs 20 Mud Logging 2 20 Open/Cased/Production Hole Logs 21 Open/Cased/Production Hole Logs 21 8,44 3 22 Coring 3 23 Geologic Supervision 2 22 Coring 1 22 Coring 2 24 Engineering Supervision
2 25 Consultant Supervision
2 26 Freight/Transact 1 23 Geologic Supervision 1 24 Engineering Supervision 3 24 Engineering Supervision 3 25 Consultant Supervision 1 25 Consultant Supervision 1 26 Freight/Transportation 1 27 Labor 50,00 49,87 3 26 Freight/Transportation 5,00 2 27 Labor 98,50 1 28 Supplies - Surface 1 29 Supplies - Living Quarters 28 Supplies - Surface 29 Supplies - Living Quarters 3 28 Supplies - Surface 2,000 3 29 Supplies - Living Quarters 3 30 Rentals - Surface 2 29 1 30 Rentals - Surface 1 31 Rentals - Living Quarters 26,50 30 Rentals - Surface 13,040 3 31 Rentals - Living Quarters 3 32 Rentals - Downhole 2 31 Rentals - Living Quarters 32 Rentals - Downhole
 33 Rentals - Pipe & Handling Tools
 34 Rentals - Frac Charl. 32 Rentals - Downhole Rentals - Pipe & Handling Tools 33 Rentals - Pipe & Handling Tools 34 Rentals - Frac Stack 34 Rentals - Frac Stack Rentals - Frac Tanks
Coil Tubing Unit/Workover Rig 1 35 Rentals - Frac Tanks 28.145 35 Rentals - Frac Tanks 36 Coil Tubing Unit/Workover Rig 83,40 1 36 Coil Tubing Unit/Workover Rig 1 37 Wireline/Slickline/Perforating 2 46,141 1 37 Wireline/Slickline/Perforating 1 38 Temporary Packers/Plugs 37 Wireline/Slickline/Perforating 38 Temporary Packers/Plugs 37 Wireline/Slickline/Perforating 38 Temporary Packers/Plugs 18,40 39 High Pressure Pump Truck 40 Stimulation High Pressure Pump Truck 34,980 39 High Pressure Pump Truck Stimulation 40 Stimulation 41 Rentals - Pressure Control 2 40 Stimulation 2 41 Rentals - Pressure Control 1 41 Rentals - Pressure Control 1 42 Flowback Services 1 43 Water Transfer Services 42 Flowback Services 43 Water Transfer Services 42 Flowback Services 43 Water Transfer Services 33,782 38,500 Flowback Water Trucking & Disposal Permanent Equipment Installation 44 Flowback Water Trucking & Disposal 1 44 Flowback Water Trucking & Disposal 1 45 Permanent Equipment Installation 44 8,243 45 Permanent Equipment Installation 1 46 Pipeline Tapping Services 1 47 Plugging & Abandonment 46 Pipeline Tapping Services 46 Pipeline Tapping Services 2 47 Plugging & Abandonment 2 53 Overhead 47 Plugging & Abandonment 53 Overhead 1 53 Overhead 10,550 54 Insurance 54 Insurance 55 Contingency 1 55 Contingency 55 Contingency TOTAL INTANGIBLE DRILLING COSTS: \$1,183,185 TOTAL INTANGIBLE COMPLETION COSTS: \$1,543,501 TOTAL INTANGIBLE PRODUCTION COSTS: \$187,495 TANGIBLE DRILLING COSTS TANGIBLE COMPLETION COSTS **TANGIBLE PRODUCTION COSTS** DESCRIPTION COST CODES COST CODES DESCRIPTION 5 60 Conductor Casing 5 61 Surface Casing 6 60 Conductor Casing
6 61 Surface Casing 4 62 1st Intermediate Casing 4 63 2nd Intermediate Casing 1st Intermediate Casing 62 1st Intermediate Casing 5 63 2nd Intermediate Casing 6 63 2nd Intermediate Casing 4 63 Znd intermediate Casing
4 64 Production Casing
4 65 Tubing
4 66 Wellhead
67 Permanent Packers/Hangers/Plugs
4 68 Tanks
4 69 Production Vessels 6 64 Production Casing 6 65 Tubing 64 Production Casing 65 Tubing 5 66 Wellhead 5 67 Permanent Packers/Hangers/Plugs 6 66 Wellhead 6 67 Permanent Packers/Hangers/Plugs 10,00 68 Tanks 6 68 Tanks 5 69 Production Vessels 69 Production Vessels 107,0 70 Compressors 70 Compressors 71 Surface Flowlin 6 71 Surface Flowlines 6 72 Gathering Lines 5 72 Gathering Lines Valves & Controllers Artificial Lift Equipment 73 Valves & Controllers
 74 Artificial Lift Equipment 15,00 74 Instrumentation & Measurement Electrical Grounding/Safety Equipment Instrumentation & Measurement Electrical Grounding/Safety Equipment 75 75 76 77 Permanent Equipment Installation 77 Permanent Equipment Installation 77 Permanent Equipment Installation 80 Other - Surface Other - Surface Other - Surface 4 81 Other - Downhole 15,000 5 81 Other - Downhole 81 Other - Downhole TOTAL TANGIBLE DRILLING COSTS: \$545,565 TOTAL TANGIBLE COMPLETION COSTS: \$0 TOTAL TANGIBLE PRODUCTION COSTS: \$289,000 TOTAL DRILLING COSTS: \$1,728,750 TOTAL COMPLETION COSTS: \$1,543,501 TOTAL PRODUCTION COSTS: \$476,495 TOTAL WELL COST: \$3,748,746 TAP ROCK RESOURCES COMPANY APPROVAL: NON OPERATING PARTNER APPROVAL: COMPANY NAME: CEO VP - EXPLORATION SIGNED BY: TITLE: VP - OPERATIONS WORKING INTEREST (%): __ DATE: SENIOR GEOLOGIST VP - LAND & LEGAL __ APPROVAL: ___

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

Name: Nailed It Fed Com #154H AFE #: 0

County: Eddy State: NM Date: July 27, 2021 MD/TVD: 15027 / 10077 Lateral Length: 4500 Geologic Target: 3rd Bone Spring

Drill, complete, and equip a horizontal 3rd Bone Spring well with a 4500 foot lateral. **Well Description** INTANGIBLE PRODUCTION COSTS INTANGIBLE COMPLETION COSTS INTANGIBLE DRILLING COSTS COST CODES DESCRIPTION AMOUNT COST CODES DESCRIPTIO 3 1 Land - Legal 1 Land - Legal 2 Land - Regulatory 2 1 Land - Legal 3 2 Land - Regulatory Land - Regulatory 3 3 Land - Surface Damages 3 4 Land - Survey Land - Surface Damages 1 3 Land - Surface Damages 10,00 1 4 Land - Survey 1 5 Location/Pit Construction 4 Land - Survey 2 5 Location/Pit Construction Location/Pit Construction 5,00 3 6 Remedial Dirtwork
 1
 7
 Reserve/Frac Pit Closing

 1
 8
 Drilling - Contractor
 Remedial Dirtwork 6 Remedial Dirtwork Reserve/Frac Pit Closing 7 Reserve/Frac Pit Closing 3 8 Drilling - Contractor 1 8 Drilling - Contractor 1 9 Mob/Rig Up - Contractor/Trucking 223,34 2 8 Drilling - Contractor 3 9 Mob/Rig Up - Contractor/Trucking 2 9 Mob/Rig Up - Contractor/Trucking 2 10 Cementing Services 10 Cementing Services 1 10 Cementing Services 141,00 2 11 Cementing Equipment 2 12 Bits/Drill Out Assemblies 3 11 Cementing Equipment 1 11 Cementing Equipment 12 Bits/Drill Out Assemblies 32,04 1 12 Bits/Drill Out Assemblies 63,500 2 13 Fluid Circulation Equipment/Services 2 14 Fluids/Chemicals 3 13 Fluid Circulation Equipment/Services 13 Fluid Circulation Equipment/Services 3 14 Fluids/Chemicals 3 15 WBM Cuttings/Wastewater Disposal 1 14 Fluids/Chemicals 68,70 1 15 WBM Cuttings/Wastewater Disposal 1 16 OBM Cuttings/Chemical Disposal 47.37 15 WBM Cuttings/Wastewater Disposal OBM Cuttings/Chemical Disposal 3 16 OBM Cuttings/Chemical Disposal 3 17 Fuel/Power 13,500 1 17 Fuel/Power 1 18 Water 1 19 Directional Drilling 168,70 2 17 Fuel/Power 2 18 Water 2 19 Directional Drilling 138,52 3 18 Water 3 19 Directional Drilling 3 20 Mud Logging 83,35
 1
 20
 Mud Logging

 1
 21
 Open/Cased/Production Hole Logs
 2 20 Mud Logging 2 21 Open/Cased/Production Hole Logs 8,4 3 21 Open/Cased/Production Hole Logs 1 22 Coring 1 23 Geologic Supervision 1 24 Engineering Supervision 22 Coring 23 Geologic Supervision 3 22 Coring 3 23 Geologic Supervision 3 24 Engineering Supervision 24 Engineering Supervision
 25 Consultant Supervision
 26 Freight/Transport 2 24 2 25 24 Engineering Supervision 25 Consultant Supervision 3 25 Consultant Supervision 3 26 Freight/Transportation 2 26 Freight/Transportation 9,000 2 27 Labor 2 28 Supplies - Surface 27 Labor 3 27 Labor 3 28 Supplies - Surface 1 28 Supplies - Surface 1 29 Supplies - Living Q 2,000 1 29 Supplies - Living Quarters 1 30 Rentals - Surface 2 29 Supplies - Living Quarters 2 30 Rentals - Surface 2,000 3 29 Supplies - Living Quarters 3 30 Rentals - Surface 3 31 Rentals - Living Quarters 13,040 1 31 Rentals - Living Quarters 1 32 Rentals - Downhole 19,376 2 31 Rentals - Living Quarters 9,680 2 32 Rentals - Downhole 2 33 Rentals - Pipe & Handling Tools 3 32 Rentals - Downhole 3 33 Rentals - Pipe & Handling Tools 1 33 Rentals - Pipe & Handling Tools 19,83 1 34 Rentals - Frac Stack 1 35 Rentals - Frac Tanks 3 34 Rentals - Frac Stack Rentals - Frac Stack 3 35 Rentals - Frac Tanks 36 Coil Tubing Unit/Workover Rig
 37 Wireline/Slickline/Perforating
 38 Temporary Packers/Pluss 35 Rentals - Frac Tanks 28,145 36 Coil Tubing Unit/Workover Rig 37 Wireline/Slickline/Perforating 38 Temporary Packers/Plugs 3 36 Coil Tubing Unit/Workover Rig 83,40 46,142 3 37 Wireline/Slickline/Perforating 3 38 Temporary Packers/Plugs | 1 38 | Temporary Packers/Plugs | 1 39 | High Pressure Pump Truck | 1 40 | Stimulation | 18,40 39 High Pressure Pump Truck 39 High Pressure Pump Truck 40 Stimulation 612,031 3 40 Stimulation 41 Rentals - Pressure Control 41 Rentals - Pressure Control 42 Flowback Services 3 41 Rentals - Pressure Control 1 41 Rentals - Pressure C 1 42 Flowback Services 3 42 Flowback Services
 1
 43
 Water Transfer Services

 1
 44
 Flowback Water Trucking & Disposal
 43 Water Transfer Services
44 Flowback Water Trucking & Disposal 3 43 Water Transfer Services 8,24 3 44 Flowback Water Trucking & Disposal 3 45 Permanent Equipment Installation 1 45 Permanent Equipment Installation 1 46 Pipeline Tapping Services 45 Permanent Equipment Installation 2 46 Pipeline Tapping Services 2 47 Plugging & Abandonment 3 46 Pipeline Tapping Services 3 47 Plugging & Abandonment 1 47 Plugging & Abandonment 1 53 Overhead 1 54 Insurance 53 Overhead 10,5 3 53 Overhead 5.50 3 54 Insurance 54 Insurance 1 55 Contingency 55 Contingency 58,928 3 55 Contingency TOTAL INTANGIBLE DRILLING COSTS: \$1,183,185 TOTAL INTANGIBLE COMPLETION COSTS: \$1,543,501 TOTAL INTANGIBLE PRODUCTION COSTS: \$187,495 TANGIBLE DRILLING COSTS TANGIBLE COMPLETION COSTS TANGIBLE PRODUCTION COSTS AMOUNT COST CODES DESCRIPTION AMOUNT COST CODES DESCRIPTION COST CODES DESCRIPTION 60 Conductor Casing 61 Surface Casing 60 Conductor Casing 61 Surface Casing 60 Conductor Casing 61 Surface Casing 4 62 1st Intermediate Casing 62 1st Intermediate Casing 6 62 1st Intermediate Casing 91,20 63 2nd Intermediate Casing 6 63 2nd Intermediate Casing 311,74 64 Production Casing 6 64 Production Casing 6 65 Tubing 6 66 Wellhead 66 Wellhead 5 67 Permanent Packers/Hangers/Plugs 5 68 Tanks 6 67 Permanent Packers/Hangers/Plugs 6 68 Tanks 10,00 4 69 Production Vessels 4 70 Compressors 69 Production Vessels 6 69 Production Vessels 107,00 6 70 Compressors 6 71 Surface Flowlines 70 Compressors 4 71 Surface Flowlines 4 72 Gathering Lines 50,00 71 Surface Flowlines 72 Gathering Lines 72 Gathering Lines 73 Valves & Controllers Gathering Lines 4 73 Valves & Controllers 5 73 Valves & Controllers 4 74 Artificial Lift Equipment 4 75 Instrumentation & Measurement 74 Artificial Lift Equipment
75 Instrumentation & Measurement 74 Artificial Lift Equipment 15,00 75 Instrumentation & Measurement 75 4 76 Electrical Grounding/Safety Equipment 4 77 Permanent Equipment Installation 76 Electrical Grounding/Safety Equipment 6 76 Electrical Grounding/Safety Equipment Permanent Equipment Installation Permanent Equipment Installation 4 80 Other - Surface 4 81 Other - Downhole 80 Other - Surface 5 80 Other - Surface 15,000 5 81 Other - Downhole 6 81 Other - Downhole TOTAL TANGIBLE DRILLING COSTS: \$545,565 TOTAL TANGIBLE COMPLETION COSTS: TOTAL TANGIBLE PRODUCTION COSTS: \$289,000 TOTAL DRILLING COSTS: \$1,728,750 TOTAL COMPLETION COSTS: \$1,543,501 TOTAL PRODUCTION COSTS: \$476,495 TOTAL WELL COST: \$3,748,746 TAP ROCK RESOURCES COMPANY APPROVAL: NON OPERATING PARTNER APPROVAL: COMPANY NAME: __ VP - EXPLORATION TITLE: VP - OPERATIONS WORKING INTEREST (%): __ DATE: _ VP - LAND & LEGAL SENIOR GEOLOGIST TAX ID: APPROVAL:

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

Name:	Nailed It Fed Com #156H
A FF 4.	0

AFE #: 0
County: Eddy
State: NM

Date: July 27, 2021 MD/TVD: 15042 / 10092 Lateral Length: 4500 Geologic Target: 3rd Bone Spring

Drill, complete, and equip a horizontal 3rd Bone Spring well with a 4500 foot lateral. Well Description: INTANGIBLE PRODUCTION COSTS INTANGIBLE COMPLETION COSTS INTANGIBLE DRILLING COSTS COST CODES DESCRIPTION COST CODES DESCRIPTION 1 Land - Legal 2 1 Land - Legal 1 1 Land - Legal 2 Land - Regulatory Land - Regulatory 1 2 Land - Regulatory Land - Surface Damages Land - Surface Damages Land - Surface Damages 10,000 4 Land - Survey Land - Survey 4 Land - Survey Location/Pit Construction Location/Pit Construction 1 5 Location/Pit Construction 3 6 Remedial Dirtwork
3 7 Reserve/Frac Pit Closing 1 6 Remedial Dirtwork
1 7 Reserve/Frac Pit Closing Remedial Dirtwork Reserve/Frac Pit Closing
 3
 8
 Drilling - Contractor

 3
 9
 Mob/Rig Up - Contractor/Trucking

 1
 8
 Drilling - Contractor

 1
 9
 Mob/Rig Up - Contractor/Trucking
 2 8 Drilling - Contractor Mob/Rig Up - Contractor/Trucking 3 10 Cementing Services 3 11 Cementing Equipment 1 10 Cementing Services
1 11 Cementing Equipment
1 12 Bits/Drill Out Assemblies 2 10 Cementing Services 141,00 2 11 Cementing Equipment 2 12 Bits/Drill Out Assemblies 32,04 12 Bits/Drill Out Assemblies 63,50 13 Fluid Circulation Equipment/Services 13 Fluid Circulation Equipment/Services 1 13 Fluid Circulation Equipment/Services 34.99 2 14 Fluids/Chemicals 2 15 WBM Cuttings/Wastewater Disposal 16,313 3 14 Fluids/Chemicals 68,7 1 14 Fluids/Chemicals 3 15 WBM Cuttings/Wastewater Disposal 3 16 OBM Cuttings/Chemical Disposal 1 15 WBM Cuttings/Wastewater Disposal 1 16 OBM Cuttings/Chemical Disposal 47,43 2 16 OBM Cuttings/Chemical Disposal 2 17 Fuel/Power 17 Fuel/Power 1 17 Fuel/Power 16,98 18 Water 2 18 Water 2 19 Directional Drilling 2 20 Mud Logging 1 18 Water 1 19 Directional Drilling 138,52 19 Directional Drilling 20 Mud Logging
 1
 20
 Mud Logging

 1
 21
 Open/Cased/Production Hole Logs
 3 21 Open/Cased/Production Hole Logs 21 Open/Cased/Production Hole Logs 8,44 3 22 Coring 1 22 Coring 1 23 Geologic Supervision 2 22 Coring 23 Geologic Supervision 24 Engineering Supervision 3 Geologic Supervision 3 24 Engineering Supervision 3 25 Consultant Supervision 1 24 Engineering Supervision 1 25 Consultant Supervision 25 Consultant Supervision 26 Freight/Transportation 50,00 49,8 3 26 Freight/Transportation 3 27 Labor 5,0 1 26 Freight/Transportation 9,00 1 27 Labor 1 28 Supplies - Surface 27 Labor 28 Supplies - Surface 29 Supplies - Living Quarters 28 Supplies - Surface 2,00 1 29 Supplies - Living Quarters 1 30 Rentals - Surface 1.000 29 Supplies - Living Quarters 2,000 3 Rentals - Surface 13,040 30 Rentals - Surface 26,482 3 31 Rentals - Living Quarters 1 31 Rentals - Living Quarters 1 32 Rentals - Downhole 19,357 2 31 Rentals - Living Quarters 32 Rentals - Downhole 3 32 Rentals - Downhole 3 33 Rentals - Pipe & Handling Tools 3 34 Rentals - Frac Stack 33 Rentals - Pipe & Handling Tools 1 33 Rentals - Pipe & Handling Tools 19,81 1 34 Rentals - Frac Stack 1 35 Rentals - Frac Tanks 34 Rentals - Frac Stack 35 Rentals - Frac Tanks 2,498 Rentals - Frac Tanks 3 36 Coil Tubing Unit/Workover Rig 83,4 1 36 Coil Tubing Unit/Workover Rig 1 37 Wireline/Slickline/Perforating 36 37 Coil Tubing Unit/Workover Rig 46,142 Wireline/Slickline/Perfo 37 Wireline/Slickline/Perforating 3 38 Temporary Packers/Plugs 1 38 Temporary Packers/Plugs 1 39 High Pressure Pump Truck 38 Temporary Packers/Plugs 18,40 39 High Pressure Pump Truck 40 Stimulation 34,98 3 39 High Pressure Pump Truck 3 40 Stimulation 1 40 Stimulation 3 41 Rentals - Pressure Control 3 42 Flowback Services 1 41 Rentals - Pressure Control
1 42 Flowback Services 41 Rentals - Pressure Control 3 42 Flowback Services 3 43 Water Transfer Services 38,500 42 Flowback Services
 1
 43
 Water Transfer Services

 1
 44
 Flowback Water Trucking & Disposal
 43 Water Transfer Services 47,70 44 Flowback Water Trucking & Disposal 3 44 Flowback Water Trucking & Disposal 3 45 Permanent Equipment Installation 1 45 Permanent Equipment Installation 45 Permanent Equipment Installation | 3 | 46 | Pipeline Tapping Services | 3 | 47 | Plugging & Abandonment | 3 | 53 | Overhead | 3 | 54 | Insurance | 3 | 55 | Contingency | 1 46 Pipeline Tapping Services 1 47 Plugging & Abandonment 46 Pipeline Tapping Services 47 Plugging & Abandonment 53 Overhead 54 Insurance 53 Overhead 1 54 Insurance 1 55 Contingency 34,453 55 Contingency TOTAL INTANGIBLE PRODUCTION COSTS: \$187,495 TOTAL INTANGIBLE DRILLING COSTS: \$1,182,885 TOTAL INTANGIBLE COMPLETION COSTS: \$1,543,501 TANGIBLE PRODUCTION COSTS TANGIBLE DRILLING COSTS TANGIBLE COMPLETION COSTS COST CODES 6 60 Conductor Casing 6 61 Surface Casing 4 60 Conductor Casing 4 61 Surface Casing 5 60 Conductor Casing 61 Surface Casing 62 1st Intermediate Casing 62 1st Intermediate Casing 4 62 1st Intermediate Casing 91,20 4 63 2nd Intermediate Casing 4 64 Production Casing 63 2nd Intermediate Casing 64 Production Casing 6 63 2nd Intermediate Casing 6 64 Production Casing 4 65 Tubing 4 66 Wellhead 5 65 Tubing 5 66 Wellhead 5 67 Permanent Packers/Hangers/Plugs 6 65 Tubing 6 66 Wellhead 6 67 Permanent Packers/Hangers/Plugs 4 67 Permanent Packers/Hangers/Plugs 4 68 Tanks 4 69 Production Vessels 68 Tanks 69 Production Vessels 6 68 Tanks 6 69 Production Vessels 5 6 70 Compressors 6 71 Surface Flowlines 6 72 Gathering Lines 4 70 Compressors 4 71 Surface Flowlines 70 Compressors 71 Surface Flowlines 72 Gathering Lines 72 Gathering Lines 4 73 Valves & Controllers 6 73 Valves & Controllers 6 74 Artificial Lift Equipment 73 Valves & Controllers 15,00 4 74 Artificial Lift Equipment 5 74 Artificial Lift Equipment 4 75 Instrumentation & Measurement
4 76 Electrical Grounding/Safety Equipment 75 Instrumentation & Measurement 76 Electrical Grounding/Safety Equipment 6 75 Instrumentation & Measurement 6 76 Electrical Grounding/Safety Equipment 77 Permanent Equipment Installation Permanent Equipment Installation 6 77 Permanent Equipment Installation Other - Surface 4 80 Other - Surface 5 80 Other - Surface 4 81 Other - Downhole 15,000 81 Other - Downhole 6 81 Other - Downhole TOTAL TANGIBLE PRODUCTION COSTS: \$289,000 TOTAL TANGIBLE COMPLETION COSTS: TOTAL TANGIBLE DRILLING COSTS: \$545,865 \$0 TOTAL PRODUCTION COSTS: \$476,495 TOTAL COMPLETION COSTS: \$1,543,501 TOTAL DRILLING COSTS: \$1,728,750 TOTAL WELL COST: \$3,748,746 NON OPERATING PARTNER APPROVAL: TAP ROCK RESOURCES COMPANY APPROVAL: COMPANY NAME: _ VP - EXPLORATION TITLE: VP - OPERATIONS _ WORKING INTEREST (%): DATE: _ SENIOR GEOLOGIST APPROVAL: _ TAX ID: ____

Summary of Communication

Party	Commingation
Chevron USA. Inc.	7/28/21 - Sent well proposals
	8/4/21 - Proposals delivered
	8/26/21 - Chevron confirms receipt of proposals and requests extension to elect until 9/25/21; Tap Rock agrees to extend
	election period
	8/27/21 - Chevron requests well specific information; Tap Rock provides response to questions and sends form JOA
	9/21/21 - Tap Rock follows up on well questions; no response from Chevron

Released to Imaging: 12/15/2021 9:03:12 AM