

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

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

Case No: 22381

PRE-HEARING STATEMENT

TAP ROCK OPERATING, LLC (“Tap Rock”) provides this pre-hearing statement as required by the rules of the Division.

APPEARANCES

APPLICANT

TAP ROCK RESOURCES, LLC

TAP ROCK’S ATTORNEYS:

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OTHER PARTY

None at this time.

STATEMENT OF THE CASE

In this case, Applicant cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (WC-025 G-07 S243517D; MIDDLE BONE SPRING [98294]) in a standard 240-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 28 and the W/2 NW/4 of Section 33, Township 24 South, Range 35 East in Lea County, New Mexico. The HSU is to be dedicated to the following one and a half-mile well: **Coonskin Fee #111H** well, to be horizontally drilled from an approximate

surface hole location 2303’ FNL and 1143’ FWL of Section 33, T24S-R35E, to an approximate bottom hole location 5’ FNL and 331’ FWL of Section 28, T24S-R35E.

The completed intervals and first and last take points for this well will meet statewide setback requirements for horizontal wells.

Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

The only party sought to be pooled in this proceeding is the New Mexico Department of Transportation (“NMDOT”). Tap Rock NM10 Minerals, LLC has filed a complaint to quiet title against the NMDOT in the Fifth Judicial District Court located in Lea County, New Mexico. Tap Rock Resources, LLC, is the lessee of those minerals owned by Tap Rock NM10 Minerals, LLC. The quiet title suit covers, among other lands, an approximately 1.9-acre mineral tract in the SW/4NW/4 of Section 33, Township 24 South, Range 35 East in Lea County, New Mexico, which is within the proposed HSU. Tap Rock Resources, LLC, as Operator, proposed the Coonskin Fee #111H to the New Mexico Department of Transportation out of an abundance of caution until a Final Judgment is received by the Court. Tap Rock Resources, LLC owns the entirety of the remaining working interest in the proposed HSU.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Landman Erica Hixson	By Affidavit	5-6
Geologist Emily Lange	By Affidavit	5-6

PROCEDURAL MATTERS

Assuming no opposition by time of hearing, Applicant will present these matters by affidavit.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

Sharon T. Shaheen

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 69764

QUESTIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 69764
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	3