

**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. _____

APPLICATION

Tap Rock Operating, LLC (“Tap Rock”), OGRID No. 372043, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, seeking an order pooling all mineral interests in the Bone Spring formation (WC-025 G-09 S263527D; BONE SPRING [98143]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Sections 16 and 21, Township 26 South, Range 35 East in Lea County, New Mexico. In support of its application, Tap Rock states as follows:

1. Tap Rock is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Tap Rock proposes to drill the following four (4) two-mile wells in the proposed HSU:
 - **Talco State Fed Com 111H** well, to be horizontally drilled from an approximate surface hole location 435’ FNL and 1188’ FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5’ FSL and 331’ FWL of Section 21, T26S-R35E.
 - **Talco State Fed Com 112H** well, to be horizontally drilled from an approximate surface hole location 410’ FNL and 1214’ FWL of Section 16, T26S-R35E, to an

approximate bottom hole location 5' FSL and 1650' FWL of Section 21, T26S-R35E.

- **Talco State Fed Com 125H** well, to be horizontally drilled from an approximate surface hole location 410' FNL and 1189' FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5' FSL and 1050' FWL of Section 21, T26S-R35E.
- **Talco State Fed Com 127H** well, to be horizontally drilled from an approximate surface hole location 435' FNL and 1214' FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5' FSL and 2310' FWL of Section 21, T26S-R35E.

3. The Talco State Fed Com 125H well is a proximity well located within the W/2 W/2 of Sections 16 and 21, T26S-R35E. Its completed interval will be less than 330' from the E/2 W/2 of Sections 16 and 21. Tap Rock therefore proposes to include the E/2 W2 of Sections 16 and 21, T26S-R35E as proximity tracts under 19.15.16.15(B)(1)(b) NMAC.

4. The first and last take points and completed intervals meet the setback requirements set forth in the statewide rules for horizontal oil wells.

5. Tap Rock has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

6. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to permit Tap Rock to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Tap Rock should be designated the operator of the HSU.

WHEREFORE, Tap Rock requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 7, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Sections 16 and 21, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico.

B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;

C. Allowing the drilling of the Talco State Fed Com 111H well, Talco State Fed Com 112H well, Talco State Fed Com 125H well, and the Talco State Fed Com 127H well in the proposed HSU.

D. Designating Tap Rock as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Tap Rock to recover its costs of drilling, equipping and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Tap Rock in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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Application of Tap Rock Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (WC-025 G-09 S263527D; BONE SPRING [98143]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Sections 16 and 21, Township 26 South, Range 35 East in Lea County, New Mexico. The HSU is to be dedicated to the following two-mile wells: (1) **Talco State Fed Com #111H** well, to be horizontally drilled from an approximate surface hole location 435’ FNL and 1188’ FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5’ FSL and 331’ FWL of Section 21, T26S-R35E; (2) **Talco State Fed Com #112H** well, to be horizontally drilled from an approximate surface hole location 410’ FNL and 1214’ FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5’ FSL and 1650’ FWL of Section 21, T26S-R35E; (3) **Talco State Fed Com #125H** well, to be horizontally drilled from an approximate surface hole location 410’ FNL and 1189’ FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5’ FSL and 1050’ FWL of Section 21, T26S-R35E; (4) **Talco State Fed Com #127H** well, to be horizontally drilled from an approximate surface hole location 435’ FNL and 1214’ FWL of Section 16, T26S-R35E, to an approximate bottom hole location 5’ FSL and 2310’ FWL of Section 21, T26S-R35E. The Talco State Fed Com #125H well is a proximity well located within the W/2 W/2 of Sections 16 and 21. Its completed interval will be less than 330’ from the E/2 W/2 of Sections 16 and 21. The E/2 W/2 of Sections 16 and 21 is therefore included in the HSU under 19.15.16.15(B)(1)(b) NMAC as proximity tracts. The first and last take points and completed intervals meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 12 miles southwest of Jal, New Mexico.