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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

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

Case No. 16433

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Tap Rock Resources, LLC as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

APPLICANT'S ATTORNEY

Tap Rock Resources, LLC

James Bruce

P.O. Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attention:

Erica Hixson

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a 441.71 acre horizontal spacing unit comprised of the E/2 of Section 27 and Lots 5, 6, 11, and 12 (the E/2) of Section 34, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the Welcome to Golden 26S29E2734 Well No. 244H, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a first take point in the NE/4NE/4 (Unit A) of Section 27, and a last take point in Lot 12 (Unit H) of Section 34. Also to be considered will be the cost of drilling and completing the well 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 well, and a 200% charge for the risk involved in drilling and completing the well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u> <u>EST. TIME</u> <u>EXHIBITS</u>

Erica Hixson 20 min. Approx. 6 (landman)

Adam Smith 20 min. Approx. 4 (geologist)

OPPONENT

<u>WITNESSES</u> <u>EST. TIME</u> <u>EXHIBITS</u>

PROCEDURAL MATTERS

Respectfully submitted,

James Bruce

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Attorney for Tap Rock Resources, LLC