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**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. 20320

PRE-HEARING STATEMENT

Tap Rock Operating, LLC provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

Tap Rock Operating, LLC

APPLICANT'S ATTORNEYS

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OPPONENT

None

OPPONENT'S ATTORNEYS

n/a

STATEMENT OF THE CASE

In this case, Applicant seeks an order from the Division (1) creating a standard 160-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 W/2 of Section 13, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all

uncommitted interests in the Bone Spring formation (Hay Hollow Bone Spring North Pool; Pool code [30216]) underlying the standard unit. The HSU is to be dedicated to the proposed **Delirium State Com #131H well**, to be horizontally drilled from an approximate surface location 334' FSL and 876' FWL of Section 13 to a bottom hole location 5' FNL and 990' FWL of Section 13. This is the "defining well" for this unit.

The completed intervals and first and last take points for this well are within the setbacks required by the statewide rules. The wells and lands are located approximately 7 miles Southwest of Malaga, New Mexico.

Also to be considered will be the costs of drilling and completing the wells 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 wells.

PROPOSED EVIDENCE

<u>APPLICANT'S WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Matt Phillips, Land	20 min.	6
Adam Smith, Geologist	20 min.	4

PROCEDURAL MATTERS

This matter may be consolidated with Case No. 20321 for purposes of hearing.
Assuming no opposition by time of hearing, Tap Rock will present these matters by affidavit.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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