

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

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

Case No. _____

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a (proximity tract) horizontal spacing unit comprised of the W/2 of Section 4 and the W/2 of Section 9, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W/2 of Section 4 and the W/2 of Section 9, and has the right to drill a well thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:

(a) the Poseidon State Com. Well Nos. 101H, 105H, 171H, 181H, and 185H, with first take points in the SW/4SW/4 of Section 9 and last take points in the NW/4NW/4 of Section 4; and

(b) the Poseidon State Com. Well Nos. 102H, 107H, 172H, 175H, 182H, and 187H, with first take points in the SE/4SW/4 of Section 9 and last take points in the NE/4NW/4 of Section 4.

The W/2 of Section 4 and the W/2 of Section 9 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 W/2 of Section 4 and the W/2 of Section 9.

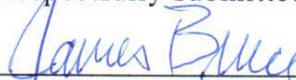
4. Although applicant attempted to obtain to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells., certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the W/2 of Section 4 and the W/2 of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interests in the Bone Spring formation underlying the W/2 of Section 4 and the W/2 of Section 9 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 W/2 of Section 4 and the W/2 of Section 9;
- B. Designating Tap Rock Operating, LLC as operator of the well;
- C. Considering the cost of drilling and completing the wells, and allocating the costs thereof among the wells' working interest owners;
- D. 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 and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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