

**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”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Middle Bone Spring formation ([98288] WC-025 G-07 S243533G) in a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 24 South, Range 35 East, and the W/2 NW/4 of Section 3, Township 25 South, Range 35 East, NMPM, 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 horizontally drill the **Mulva Fed Com #111H** well from an approximate surface hole location 13’ FSL and 760’ FWL of Section 27-T24S-R35E, to an approximate bottom hole location 2638’ FSL and 658’ FWL of Section 3-T25S-R35E.
3. The completed intervals and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.
4. 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.

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

6. 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 February 6, 2020, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 24 South, Range 35 East, and the W/2 NW/4 of Section 3, Township 25 South, Range 35 East, NMPM, in Lea County, New Mexico;

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

C. Allowing the drilling of the Mulva Fed Com #111H 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,

MONTGOMERY & ANDREWS, P.A.

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