

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD GAS SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

2017 JUN 19 1:44
CASE NO. 15728

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD GAS SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 15729

MOTION TO CONTINUE

Tap Rock Resources, LLC (“Tap Rock”) moves the Division to continue Case Nos. 15728 and 15729 to the July 6, 2017, Examiner Hearing Docket on the grounds that Mewbourne Oil Company (“Mewbourne”) has failed to engage in good faith efforts to reach a voluntary agreement with Tap Rock. In support of this motion, Tap Rock states as follows:

1. In Case No. 15728, Mewbourne seeks approval of 1) a non-standard spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Section 2 and the E/2 of Section 11, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico; and 2) compulsory pooling the mineral interests in the Wolfcamp formation underlying the non-standard spacing unit. Mewbourne seeks to dedicated the spacing unit to the Hoss 2/11 W2BO Fed. Com No. 1H Well.

2. In Case No. 15729, Mewbourne seeks approval of 1) a non-standard spacing and proration unit in the Bone Spring formation comprised of the W/2 E/2 of Section 2

and the W/2 E/2 of Section 11, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico; and 2) compulsory pooling the mineral interests in the Wolfcamp formation underlying the non-standard spacing unit. Mewbourne seeks to dedicated the spacing unit to the Hoss 2/11 B2BO Fed. Com No. 2H Well.

3. Tap Rock entered into leases with Panhandle Oil and Gas, Inc., Joy Cooksey, and James Cooksey. Tap Rock is a lessee of record and owns an interest in each of the proposed spacing units.

4. Tap Rock's lease with Panhandle Oil and Gas, Inc. was recorded in Eddy County by virtue of a "Memorandum Giving Notice of Paid Up Oil and Gas Lease" on February 23, 2017. *See Attachment A.*

5. Tap Rock's lease with Joy Cooksey was recorded in Eddy County by virtue of a "Memorandum of Oil and Gas Lease" on May 3, 2017. *See Attachment B.*

6. Tap Rock's lease with James Cooksey was recorded in Eddy County by virtue of a "Memorandum of Oil and Gas Lease" on May 3, 2017. *See Attachment C.*

7. All three leases were of record at the time that Mewbourne filed its two compulsory pooling applications with the Division on May 23, 2017.

8. Mewbourne's applications state that "Applicant has sought in good faith to obtain the voluntary joinder of all mineral interest owners in the [subject spacing unit] for the purposes set forth herein." *See Application, ¶ 3.*

9. Tap Rock received a well proposal letter on June 8, 2017, and an AFE on June 15, 2017. Tap Rock has requested, but not yet received, an operating agreement.

10. The Division requires an applicant for compulsory pooling to furnish all interest owners a well proposal letter and AFE thirty days prior to filing a pooling application to satisfy good faith negotiations. See R-13165, ¶ 5(a).

11. While Mewbourne did provide notice of the compulsory pooling hearings to Tap Rock, Mewbourne failed to furnish Tap Rock with a well proposal letter, AFE, or operating agreement form until after the pooling application had been filed. The AFE was only received after multiple requests from Tap Rock, and Tap Rock has still not received an operating agreement. Mewbourne has therefore not engaged in good faith efforts to reach an agreement with Tap Rock prior to filing its pooling application.

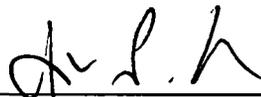
12. Tap Rock requests additional time to review an operating agreement prior to the June 22 hearing.

13. Counsel for Tap Rock does not agree to a continuance.

WHEREFORE, Tap Rock Resources, LLC respectfully requests that the Division continue the hearing in this matter until the July 6, 2017, Examiner Hearing Docket.

Respectfully submitted,

HOLLAND & HART LLP



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Jordan L. Kessler
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Santa Fe, New Mexico 87504
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com

ATTORNEYS FOR TAP ROCK RESOURCES, LLC

CERTIFICATE OF SERVICE

I hereby certify that on June 19, 2017, I served a copy of the foregoing document to the following via electronic mail to:

Jim Bruce
PO Box 1056
Santa Fe, New Mexico 87501
(505) 982-2043
jamesbruc@aol.com

**ATTORNEY FOR MEWBOURNE OIL
COMPANY**



Michael H. Feldewert
Jordan L. Kessler

9939304_1

**MEMORANDUM GIVING NOTICE OF
PAID UP OIL AND GAS LEASE**

STATE OF NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS THAT:

COUNTY OF EDDY

PANHANDLE OIL AND GAS INC. (the "Lessor"), whose address is 5400 N. Grand Blvd., Suite 300, Oklahoma City, Ok 73112, and Tap Rock Resources, LLC, (the "Lessee"), whose address is 602 Park Point Drive, Suite 200, Golden, Colorado 80401, have entered into a Paid Up Oil and Gas Lease (the "Agreement") dated February 6, 2017 ("Effective Date").

The Agreement is for a primary term of three (3) years from the Effective Date, and covers and includes that certain tract of land, together with any reversionary rights therein, situated in the County of Eddy State of New Mexico, described as follows, to-wit:

SE/4 NE/4 of Section 11 Township 25 South, Range 28 East containing 40.00 acres, more or less, (the "Lands").

In the Agreement, Lessor has granted Lessee the sole and exclusive right to investigate, explore, prospect, drill, and operate for and produce oil, gas and associated hydrocarbons on the Lands. A fully executed copy of the Agreement is in possession of Lessor and Lessee.

This Memorandum is signed by Lessor and Lessee as of the date of acknowledgment of their signatures below, but is effective for all purposes as of the Effective Date.

LESSOR:

PANHANDLE OIL AND GAS, INC.

Shelly Quimby
By: Shelly Quimby

Its: Manager Land, Acquisitions and Divestitures

LESSEE:

Tap Rock Resources, LLC

Clayton Sperich
By: Clayton Sperich

Its: Vice President - Land Legal

Reception: 1702048 Book: 1092 Page: 0078 Page: 2
Recorded: 02/23/2017 01:11 PM Fee: \$25.00
Eddy County, New Mexico - Robin Van Natta, County Clerk



Please Return to:
ONSHORE LAND SERVICES
8205 Camp Bowie West, Suite 203
Fort Worth, TX 76116

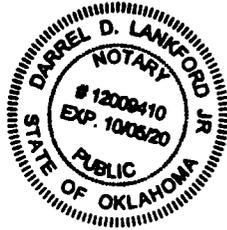
{Acknowledgements}

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on February 7, 2017 by Shelly Quimby, as Manager Land, Acquisitions and Divestitures of Parkhandle Oil and Gas Inc. an Oklahoma corporation.

[Signature]
Notary Public, State of OK

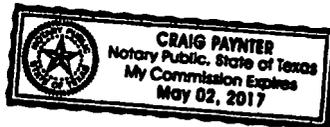


STATE OF Texas

COUNTY OF Harris

This instrument was acknowledged before me on February 15th, 2016 by Clayton Sparich, as Vice President - Land & Legal of Top Rock Resources, LLC, a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public, State of _____



Please Return to:
ONSHORE LAND SERVICES
8205 Camp Bowie West, Suite 203
Fort Worth, TX 76116

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF OIL AND GAS LEASE

STATE OF NEW MEXICO §
COUNTY OF EDDY §

WHEREAS, James Monroe Cooksey III, (hereinafter called Lessor), whose address is: P.O. Box 103, Malaga, NM 88263, and Tap Rock Resources, LLC, (hereinafter called Lessee), whose address is 602 Park Point Drive, Suite 200, Golden, Colorado 80401 have entered into an Oil and Gas Lease dated April 23rd, 2017, (the Lease), and;

WHEREAS, the Lessee and Lessor have mutually agreed not to record the Lease in its entirety in the records of Eddy County, and instead have agreed to record this Memorandum of Lease;

NOW, THEREFORE, in consideration of the valuable consideration given this date, the receipt and sufficiency of which is hereby acknowledged, and of the other terms of the lease, Lessor hereby grants, leases, and lets unto the Lessee for the purpose of exploring, drilling, operating for and producing oil and gas from the following described land in Eddy County, New Mexico:

Township 25 South, Range 28 East, N.M.P.M
Section 11: N/2 NE/4 & S/2 NE4 &
Section 14: NE/4 NE/4

All in accordance with the terms and conditions of the Lease, the Lease shall be effective for a primary term of Three (3) years from the date of the Lease or as long thereafter as oil or gas or other substances covered thereby are produced from said land. Should there be any conflict between this Memorandum of Lease and the Lease herein referred to, then in all cases, the Lease shall take precedence.

The provisions hereof shall extend to and be binding upon the heirs, successors and legal representatives and assigns of the parties hereto.

EXECUTED this 26th day of April, 2017

LESSOR:

James Monroe Cooksey III

PRINTED NAME: James Monroe Cooksey III.

ACKNOWLEDGMENT

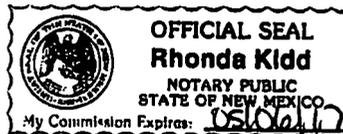
STATE OF NEW MEXICO:
COUNTY OF EDDY

This Instrument was acknowledged before me this 26th day of April, 2017,
By James Monroe Cooksey III.

Rhonda Kidd

Notary Public, State of New Mexico

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8205 Camp Bowie West, Suite 203
Fort Worth, TX 76116



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Eddy County, New Mexico - Robin Van Natta, County Clerk AS

ATTACHMENT B

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF OIL AND GAS LEASE

STATE OF NEW MEXICO §
COUNTY OF EDDY §

WHEREAS, Joy Elizabeth Cooksey, (hereinafter called Lessor), whose address is: P.O. Box 45., Carlsbad, NM 88220, and Tap Rock Resources, LLC, (hereinafter called Lessee), whose address is 602 Park Point Drive, Suite 200, Golden, Colorado 80401 have entered into an Oil and Gas Lease dated April 23rd, 2017, (the Lease), and;

WHEREAS, the Lessee and Lessor have mutually agreed not to record the Lease in its entirety in the records of Eddy County, and instead have agreed to record this Memorandum of Lease;

NOW, THEREFORE, in consideration of the valuable consideration given this date, the receipt and sufficiency of which is hereby acknowledged, and of the other terms of the lease, Lessor hereby grants, leases, and lets unto the Lessee for the purpose of exploring, drilling, operating for and producing oil and gas from the following described land in Eddy County, New Mexico:

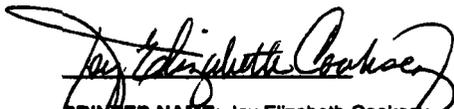
Township 25 South, Range 28 East, N.M.P.M
Section 11: N/2 NE/4 & S/2 NE4 &
Section 14: NE/4 NE/4

All in accordance with the terms and conditions of the Lease, the Lease shall be effective for a primary term of Three (3) years from the date of the Lease or as long thereafter as oil or gas or other substances covered thereby are produced from said land. Should there be any conflict between this Memorandum of Lease and the Lease herein referred to, then in all cases, the Lease shall take precedence.

The provisions hereof shall extend to and be binding upon the heirs, successors and legal representatives and assigns of the parties hereto.

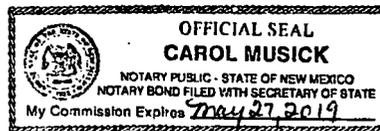
EXECUTED this 23rd day of April, 2017

LESSOR:


PRINTED NAME: Joy Elizabeth Cooksey

ACKNOWLEDGMENT

STATE OF New Mexico
COUNTY OF Eddy



This instrument was acknowledged before me this 23rd day of April, 2017,
By Joy Elizabeth Cooksey

Notary Public, State of New Mexico
Carol Musick

Please Return to:
ONSHORE LAND SERVICES
8205 Camp Bowie West, Suite 203
Fort Worth, TX 76116

