



**MONTGOMERY  
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May 1, 2018

**HAND-DELIVERY**

*Case 16165*

Florene Davidson  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: Application of Tap Rock Operating, LLC for a Non-Standard Oil Spacing  
and Proration Unit, Compulsory Pooling, Eddy County, New Mexico**

Dear Ms. Davidson:

Enclosed please find for filing the original and one copy of an Application regarding the above matter. The proposed advertisement will also be emailed to you in Word format. Please set this matter for hearing on the May 31, 2018 examiner docket.

Thank you.

Very truly yours,

Seth C. McMillan

Enclosures

cc: Dana Arnold (via email, w/encs.)

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**REPLY TO:**

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Santa Fe, New Mexico 87501  
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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 NON-STANDARD SPACING AND  
PRORATION UNIT, COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

Case No. 16165

APPLICATION

Tap Rock Operating, LLC ("Tap Rock") applies for an order approving a non-standard spacing and proration unit comprised of the N/2 of Section 6 and the N/2 of Section 5, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation (Purple Sage-Wolfcamp Pool) underlying the non-standard unit, and in support thereof, states:

1. Applicant is the operating affiliate of Tap Rock Resources, LLC.
2. Tap Rock Resources, LLC is an interest owner in the lands that are the subject of this application, and has the right to drill thereon.
3. Applicant proposes to drill its **Pliny the Elder 23S27E0605 #201H** well to a depth sufficient to test the Wolfcamp formation.
4. Applicant seeks to dedicate the N/2 of Section 6 and the N/2 of Section 5 to form a non-standard 640-acre  $\pm$  oil spacing and proration unit (project area) in the Wolfcamp formation. The **Pliny the Elder 23S27E0605 #201H** well is an approximately 2-mile horizontal well with a surface location approximately 870 feet from the north line and 300 feet from the west line of Section 4, and a bottom hole location 330 feet from the north line and 200 feet from the west line of Section 6. The first and last take points for the well will be located within the designated setbacks for the pool for the well's project area.

5. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the proposed project area for the purposes set forth herein.

6. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, 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 Wolfcamp formation. Applicant seeks to dedicate the N/2 of Section 6 and the N/2 of Section 5, pursuant to NMSA 1978, §§ 70-2-17, 18.

7. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the N/2 of Section 6 and the N/2 of Section 5 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 31, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit and pooling all mineral interests in the N/2 of Section 6 and the N/2 of Section 5, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico;

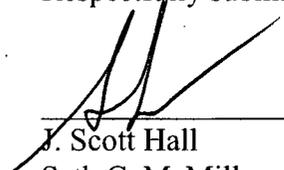
B. Designating Applicant as operator of the well;

C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners or mineral 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 involved in drilling and completing the well in the event a working interest owner or mineral interest owner elects not to participate in the wells.

Respectfully submitted,



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*Attorneys for Tap Rock Operating, LLC*

Case No. 16165 *Application of Tap Rock Operating, LLC for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order approving a non-standard spacing and proration unit comprised of the N/2 of Section 6 and the N/2 of Section 5, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation (Purple Sage-Wolfcamp Pool) underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Pliny the Elder 23S27E0605 #201H** well to be drilled from an orthodox location approximately 870 feet from the north line and 330 feet from the west line of Section 4, Township 23 South, Range 27 East, to a bottom hole location approximately 330 feet from the north line and 200 feet from the west line of Section 6, Township 23 South, Range 27 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 7 miles southwest of downtown Carlsbad, New Mexico.