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October 2, 2018

Case 16489

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

Dear Florene:

Enclosed for filing, on behalf of Tap Rock Resources, LLC, is an application for compulsory pooling, together with a proposed advertisement. Please set the application for the November 1, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Tap Rock Resources, LLC

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

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

Case No. 16489

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying the E/2 of Section 29 and Lots 3-5 and the NW/4NE/4 (the E/2) of Section 32, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E/2 of Section 29 and the E/2 of Section 32, and has the right to drill a well thereon.

2. Applicant proposes to drill the Eddie Scott 26S28E2932 Well No. 244H to a depth sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool). The E/2 of Section 29 and the E/2 of Section 32 will be dedicated to the well to form a 450.95-acre horizontal spacing unit. The well is a horizontal well, with a first take point in the NE/4NE/4 of Section 29 and a final take point in Lot 4 of Section 32. The completed interval of the well will be orthodox.

3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2 of Section 29 and the E/2 of Section 32 for the purposes set forth herein.

4. Although applicant attempted to obtain 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

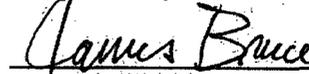
Wolfcamp formation underlying the E/2 of Section 29 and the E/2 of Section 32 pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interests in the Wolfcamp formation underlying the unit 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 Wolfcamp formation underlying the E/2 of Section 29 and the E/2 of Section 32;
- B. Designating Tap Rock Operating, LLC as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the costs thereof among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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Attorney for Tap Rock Resources, LLC

PROPOSED ADVERTISEMENT

Case No. 16489:

Application of Tap Rock Resources, LLC for a compulsory pooling, Eddy County, New Mexico. Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a 450.95 acre horizontal spacing unit comprised of the E/2 of Section 29 and Lots 3-5 and the NW/4NE/4 (the E/2) of Section 32, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the Eddie Scott 26S28E2932 Well No. 244H, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a first take point in the NE/4NE/4 of Section 29 and a last take point in Lot 4 of Section 32. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Tap Rock Operating, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles west-northwest of the intersection of U.S. Highway 285 with the New Mexico-Texas border.

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