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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. 20599

APPLICATION

Tap Rock Resources, LLC applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 4 and the E/2W/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 E/2W/2 of Section 4 and the E/2W/2 of Section 9, and has the right to drill a well thereon.
2. Applicant proposes to drill the Poseidon State Com. Well No. 202H to a depth sufficient to test the Wolfcamp formation. The E/2W/2 of Section 4 and the E/2W/2 of Section 9 will be dedicated to the wells. The first take point of the well is in the SE/4SW/4 of Section 9 and the last take point is in the NE/4NW/4 of Section 4.
3. Applicant has in good faith sought to obtain voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 4 and the E/2W/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 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

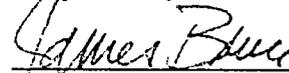
Wolfcamp formation underlying the E/2W/2 of Section 4 and the E/2W/2 of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of mineral interests in the Wolfcamp formation underlying the E/2W/2 of Section 4 and the E/2W/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 Wolfcamp formation underlying the E/2W/2 of Section 4 and the E/2W/2 of Section 9;
- 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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PROPOSED ADVERTISEMENT

Case No. 20599 :

Application of Tap Rock Resources, LLC for a compulsory pooling, Lea County, New Mexico.
Tap Rock Resources, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 4 and the E/2W/2 of Section 9, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Poseidon State Com. Well No. 202H, with a first take point in the SE/4SW/4 of Section 9 and a final take point in the NE/4NW/4 of Section 4. 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 24 miles west-northwest of Jal, New Mexico.