

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Tap Rock Operating, LLC **OGRID Number:** 372043
Well Name: Mulva Fed Com & Man Hands Fed Com wells **API:** 30-025-47341, et al
Pool: WC-025 G-07 S243517D;MIDDLE BONE SPRING & WC-025 G-09 S243532M;WOLFBONE **Pool Code:** 98294 & 98098

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

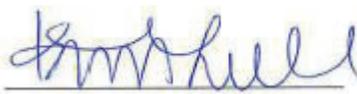
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kaitlyn A. Luck _____
Print or Type Name



Signature

01/08/21 _____
Date

505-954-7286 _____
Phone Number

kaluck@hollandhart.com _____
e-mail Address



Kaitlyn A. Luck
 Phone (505) 954-7286
 KALuck@hollandhart.com

January 08, 2021

VIA ONLINE FILING

Adrienne Sandoval, Director
 Oil Conservation Division
 New Mexico Department of Energy,
 Minerals and Natural Resources
 1220 South Saint Francis Drive
 Santa Fe, New Mexico 87505

Re: Application of Tap Rock Operating, LLC, to authorize pool and lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Mulva Man Hands W2 W2 Tank Battery (CTB A) located in the SE/2 SW/4 of Section 27, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Ms. Sandoval:

Pursuant to 19.15.12.10.B NMAC, **Tap Rock Operating, LLC** (OGRID No. 372043) seeks administrative approval for pool and lease commingling, off-lease storage, off-lease measurement, and off-lease marketing at the Mulva Man Hands W2 W2 Tank Battery of production from the WC-025 S243517D; Middle Bone Spring (98294); and the WC-025 G-09 S243532M; Wolfbone (98098) pools from *all existing and future wells drilled in the following spacing units* with “identical ownership” as those terms are defined in 19.15.12.7 NMAC, as shown on **Exhibit 1**:

(a) The 481.66-acre, more or less, spacing unit in the WC-025 S243517D; Middle Bone Spring pool (98294) underlying the W/2 of Section 34, Township 24 South, Range 35 East, and the NW/4 of Section 3, Township 25 South, Range 35 East. The spacing unit is currently dedicated to the **Mulva Fed Com #111H well** (API No. 30-025-47341), and the **Mulva Fed Com #112H well** (API No. 30-025-47740);

(b) The 240.81-acre, more or less, spacing unit in the WC-025 G-09 S243532M; Wolfbone pool (98098) underlying 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. The spacing unit is currently dedicated to the **Mulva Fed Com #131H well** (API No. 30-025-47342), the **Mulva Fed Com #211H well** (API No. 30-025-47343), the **Mulva Fed Com #215H well** (API No. 30-025-47344);

T 505.988.4421 F 505.983.6043
 110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
 Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

January 08, 2021

Page 2

(c) The 481.66-acre, more or less, spacing unit in the WC-025 G-09 S243532M; Wolfbone pool (98098) underlying the W/2 of Section 34, Township 24 South, Range 35 East, and the NW/4 of Section 3, Township 25 South, Range 35 East. The spacing unit is currently dedicated to the **Mulva Fed Com #132H well** (API No. 30-025-47743), the **Mulva Fed Com #212H well** (API No. 30-025-47787), the **Mulva Fed Com #217H well** (API No. 30-025-47788);

(d) The 640-acre, more or less, spacing unit in the WC-025 G-09 S243532M; Wolfbone pool (98098) underlying the W/2 of Section 34, Township 24 South, Range 35 East, and the NW/4 of Section 3, Township 25 South, Range 35 East. The spacing unit is currently dedicated to the **Man Hands Fed Com #135H well** (API No. 30-025-47290), the **Man Hands Fed Com #137H well** (API No. 30-025-47803), the **Man Hands Fed Com #211H well** (API No. 30-025-47291), the **Man Hands Fed Com #212H well** (API No. 30-025-47804), the **Man Hands Fed Com #215H well** (API No. 30-025-47292), the **Man Hands Fed Com #217H well** (API No. 30-025-47808);

(e) The 640-acre, more or less, spacing unit in the WC-025 S243517D; Middle Bone Spring pool (98294) underlying the W/2 of Section 34, Township 24 South, Range 35 East, and the NW/4 of Section 3, Township 25 South, Range 35 East. The spacing unit is currently dedicated to the **Man Hands Fed Com #111H well** (API No. 30-025-47073), and the **Man Hands Fed Com #112H well** (API No. 30-025-47798); and

(f) Pursuant to 19.15.12.10.C(4)(g), *future spacing units connected to this central tank battery* with notice provided only to the interest owners within these future spacing units.

Oil and gas production from these spacing units will be commingled and sold at the **CTB A** located in the **SE/2 SW/4 of Section 27**. Prior to commingling, gas production from each spacing unit will be separately metered using individual test separators with calibrated orifice meters that are manufactured to AGA specifications. Oil production from each spacing unit will also be separately metered using turbine meters.

Exhibit 2 is a C-102 for each of the wells currently permitted or drilled within the existing spacing units. There are no available production reports for the wells.

Exhibit 3 is a completed Application for Surface Commingling, that also includes a statement from Bill Ramsey, Regulatory Analyst with Tap Rock, identifying each of the wells, the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (attachment A to the statement), and a referenced gas sample (attachment B to the statement).

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January 08, 2021

Page 2

Exhibit 4 is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the Bureau of Land Management since federal lands are involved.

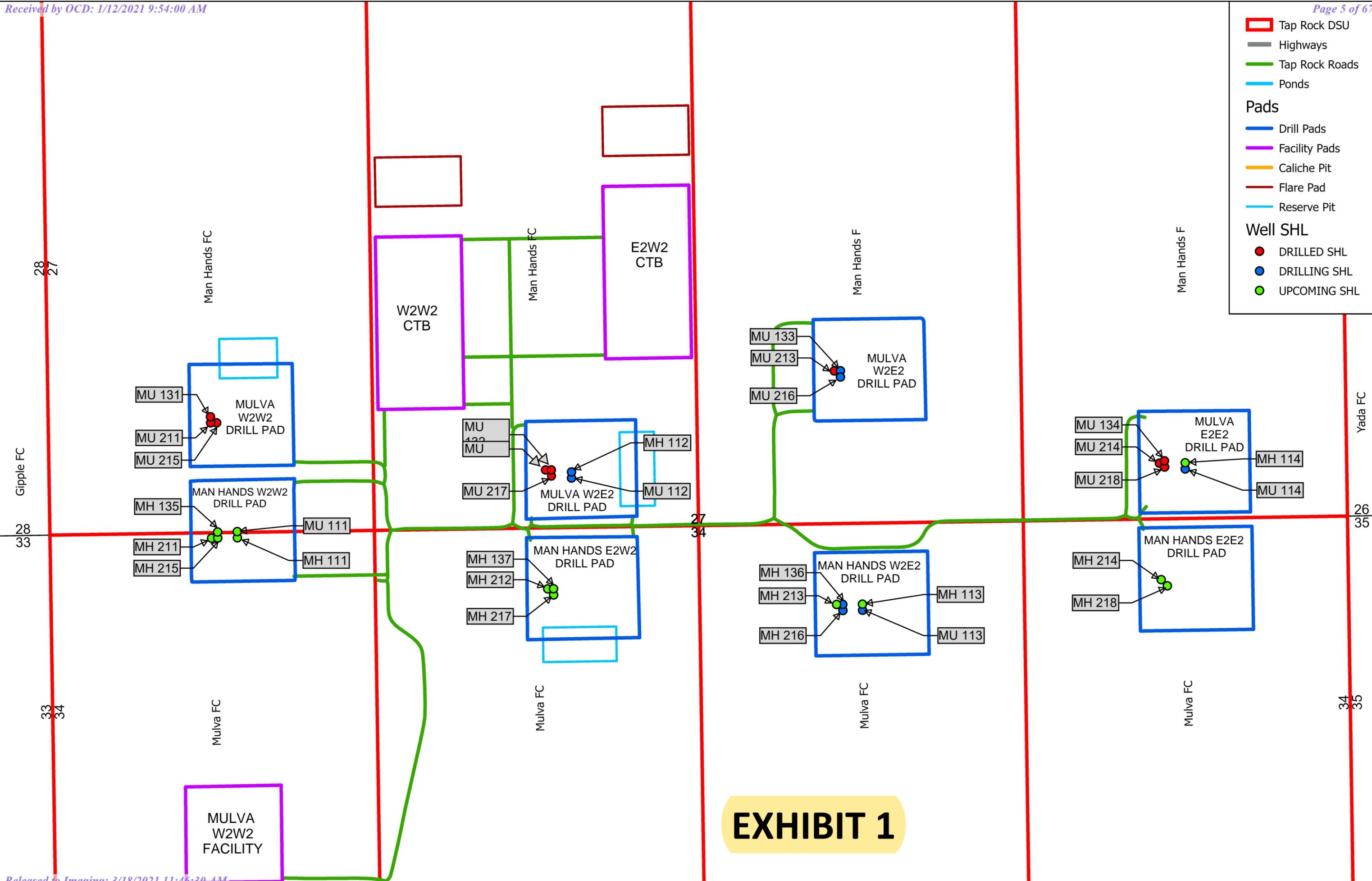
Finally, the proposed communitization agreement for the acreage subject to this application are attached as **Exhibit 5**.

Thank you for your attention to this matter, and please feel free to call if you have any questions or require additional information.

Sincerely,



Kaitlyn A. Luck
ATTORNEY FOR TAP ROCK OPERATING, LLC



Legend

- Tap Rock DSU
- Highways
- Tap Rock Roads
- Ponds

Pads

- Drill Pads
- Facility Pads
- Caliche Pit
- Flare Pad
- Reserve Pit

Well SHL

- DRILLED SHL
- DRILLING SHL
- UPCOMING SHL

EXHIBIT 1

State of New Mexico
 Energy, Minerals & Natural Resources
 Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
 District Office

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
 District II
 811 S. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 -47341		² Pool Code 98294	³ Pool Name WC-025 G-07 S243517D; MIDDLE BONE SP
⁴ Property Code 328302	⁵ Property Name MULVA FED COM		⁶ Well Number 111H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3279'

¹⁰Surface Location

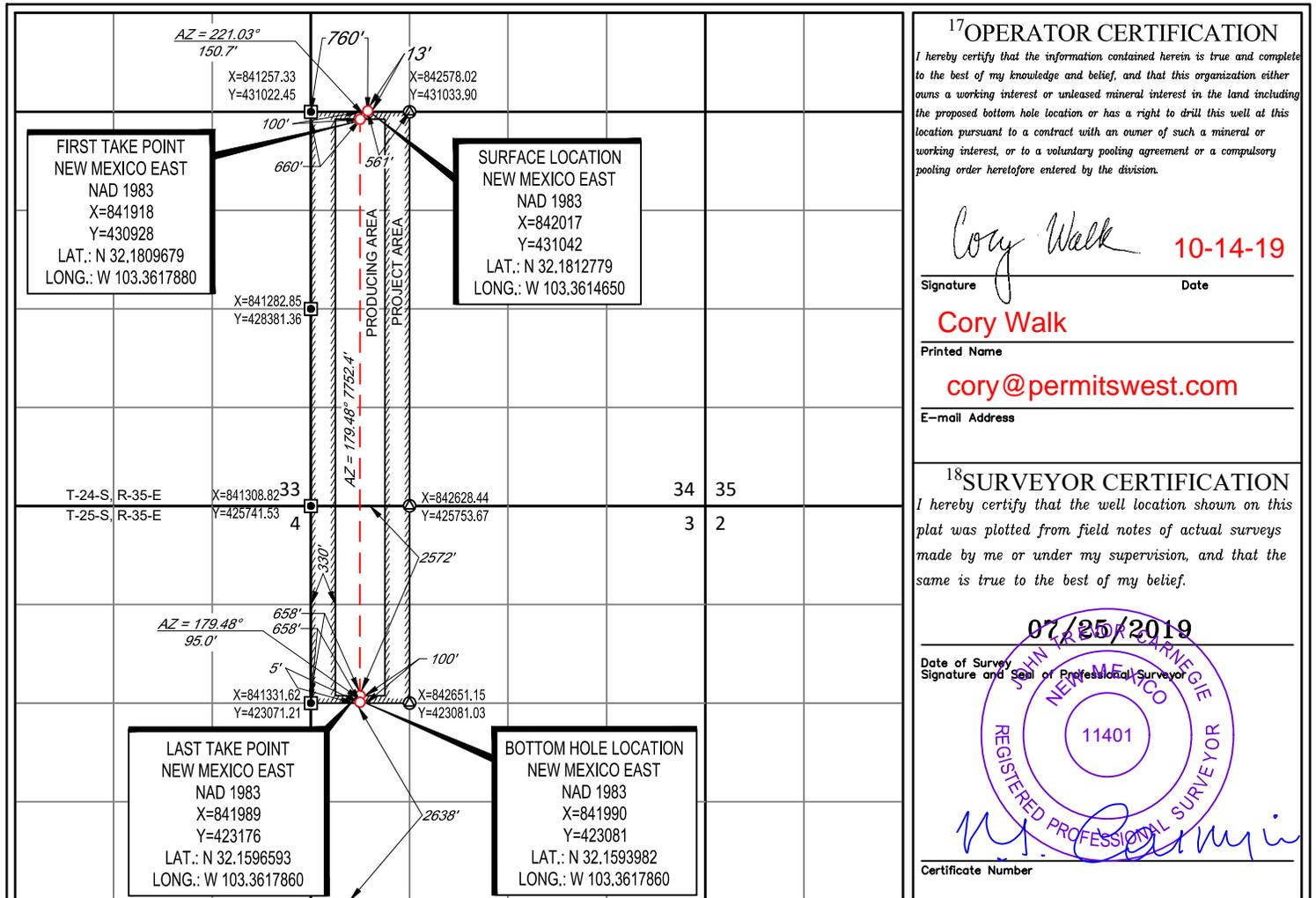
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	24-S	35-E	-	13'	SOUTH	760'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	25-S	35-E	-	2638'	SOUTH	658'	WEST	LEA

¹² Dedicated Acres 240.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cory Walk **10-14-19**
 Signature Date

Cory Walk
 Printed Name
cory@permitswest.com
 E-mail Address

¹⁸SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

07/25/2019
 Date of Survey

 Signature and Seal of Professional Surveyor
John R. Carnegie
 Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47740	² Pool Code 98294	³ Pool Name WC-025 G-07 S243517D; MIDDLE BONE SP
⁴ Property Code 328302	⁵ Property Name MULVA FED COM	
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.	⁶ Well Number 112H
⁹ Elevation 3281'		

¹⁰Surface Location

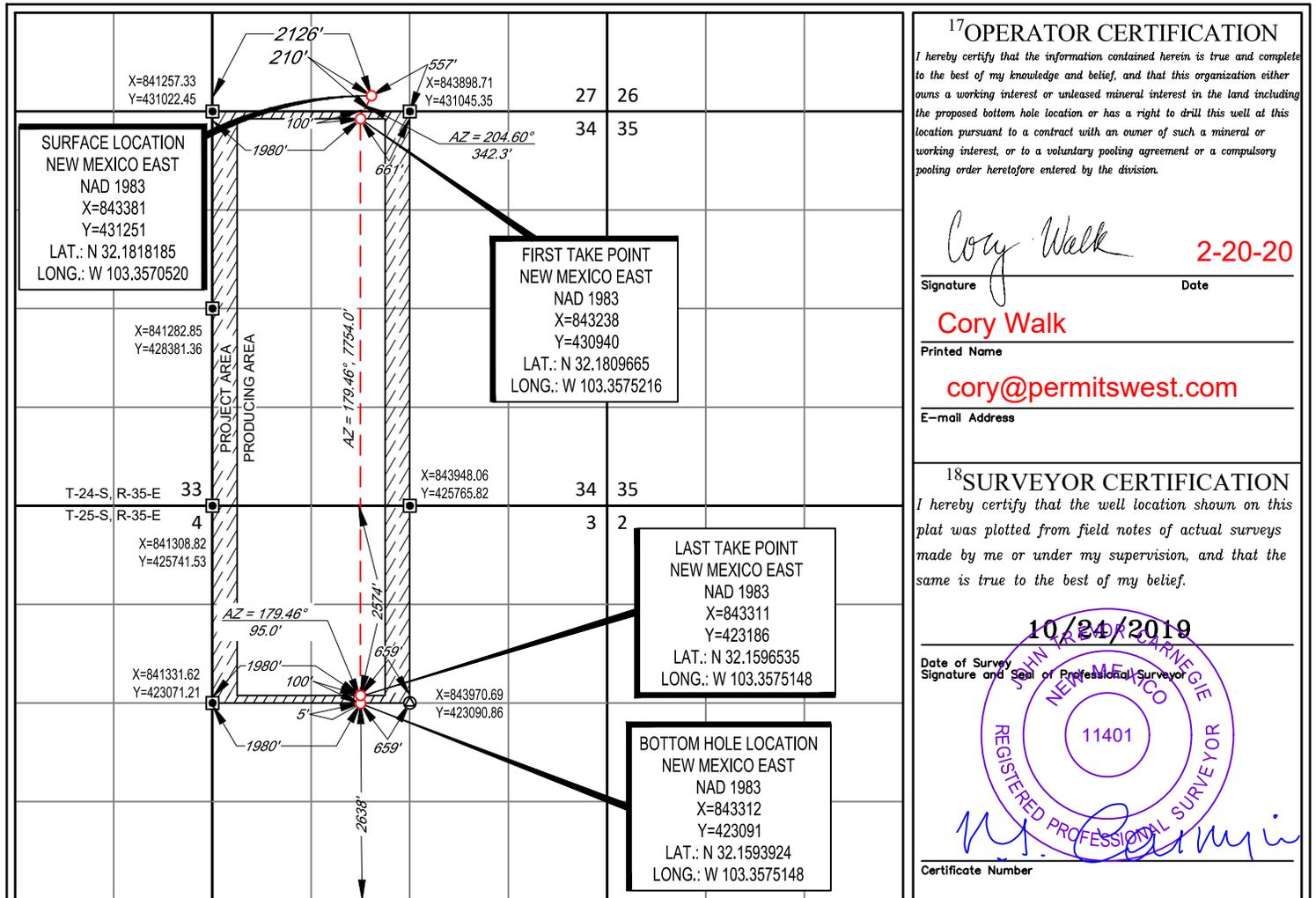
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	24-S	35-E	-	210'	SOUTH	2126'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	3	25-S	35-E	-	2638'	SOUTH	1980'	WEST	LEA

¹² Dedicated Acres 481.66	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cory Walk **2-20-20**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
E-mail Address

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

10/24/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401

[Signature]
Certificate Number

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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OCD - HOBBS
06/17/2020
RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 47342		² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328302	⁵ Property Name MULVA FED COM		⁶ Well Number 131H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3281'

¹⁰Surface Location

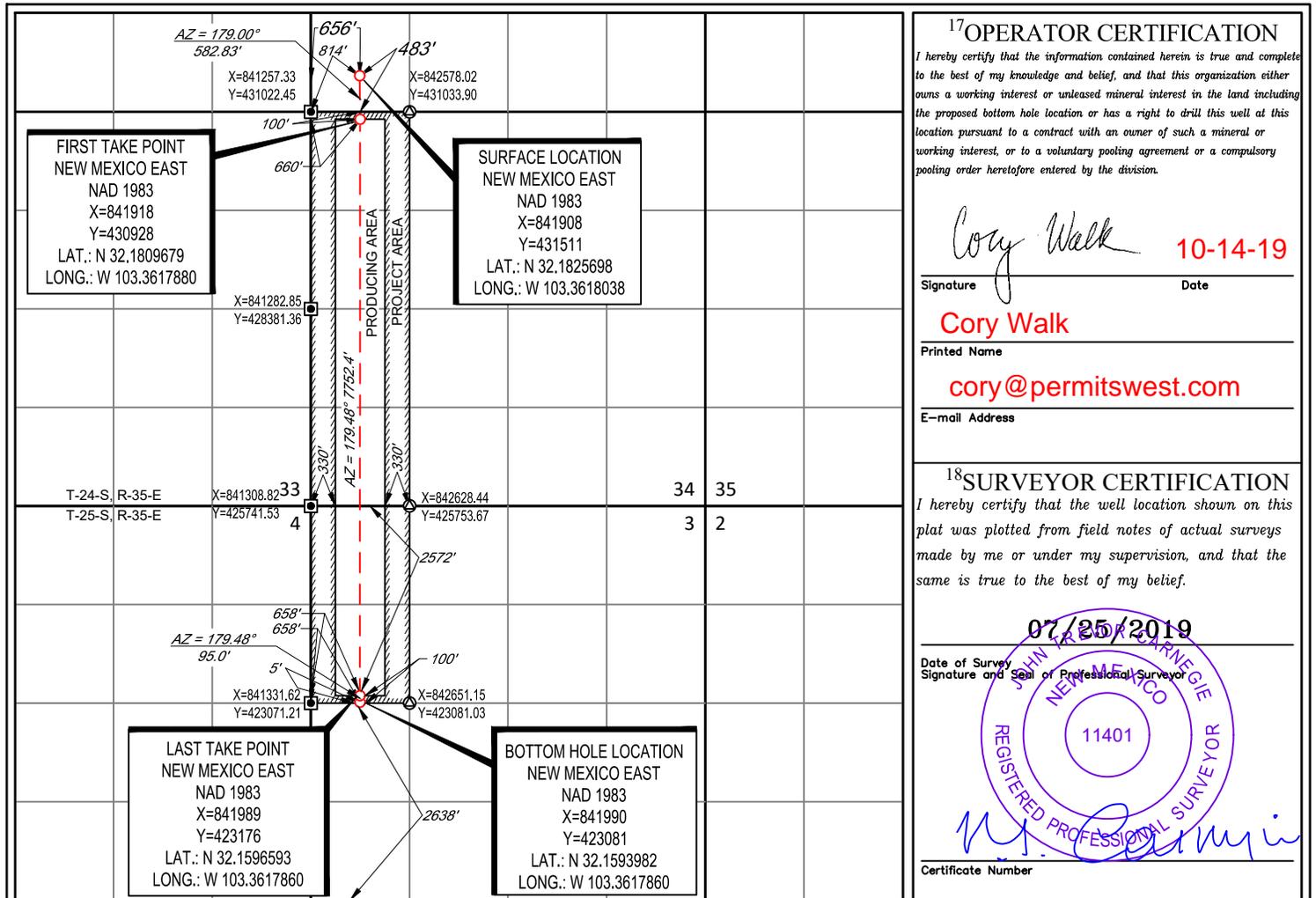
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	24-S	35-E	-	483'	SOUTH	656'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	25-S	35-E	-	2638'	SOUTH	658'	WEST	LEA

¹² Dedicated Acres 240.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR CERTIFICATION

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Cory Walk **10-14-19**
Signature Date

Cory Walk
Printed Name

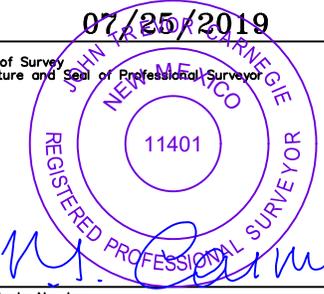
cory@permitswest.com
E-mail Address

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07/25/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor



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1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47743		² Pool Code 98098		³ Pool Name WC-025 G-09 S243532M; WOLFBONE	
⁴ Property Code 328302		⁵ Property Name MULVA FED COM		⁶ Well Number 132H	
⁷ OGRID No. 372043		⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3281'	

¹⁰Surface Location

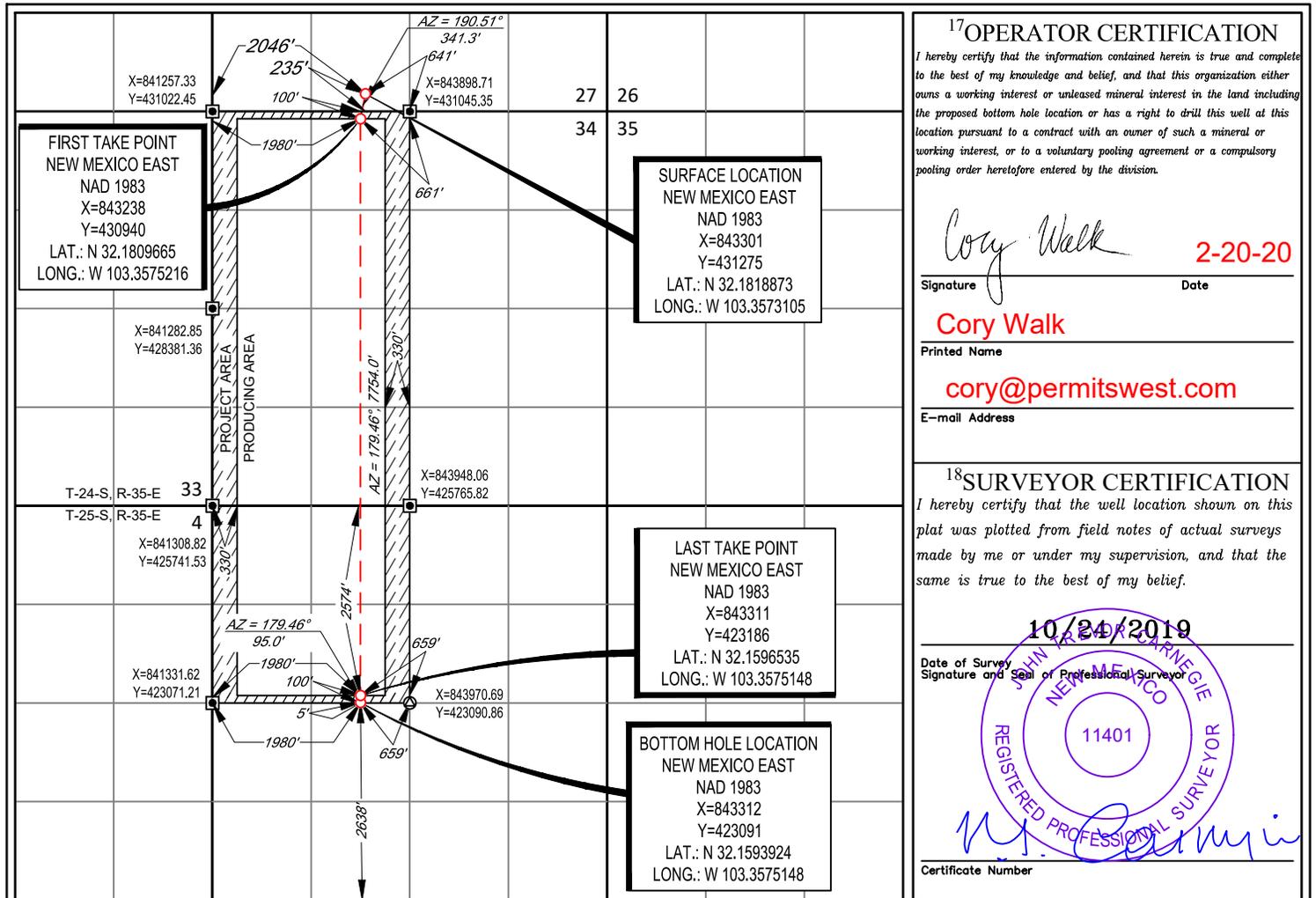
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	24-S	35-E	-	235'	SOUTH	2046'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	3	25-S	35-E	-	2638'	SOUTH	1980'	WEST	LEA

¹² Dedicated Acres 481.66	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Cory Walk **2-20-20**
Signature Date

Cory Walk
Printed Name
cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

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10/24/2019
Date of Survey
M. J. Carnegie
Signature and Seal of Professional Surveyor
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401
M. J. Carnegie
Certificate Number

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1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47787		² Pool Code 98098		³ Pool Name WC-025 G-09 S243532M; WOLFBONE	
⁴ Property Code 328302		⁵ Property Name MULVA FED COM		⁶ Well Number 212H	
⁷ OGRID No. 372043		⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3282'	

¹⁰Surface Location

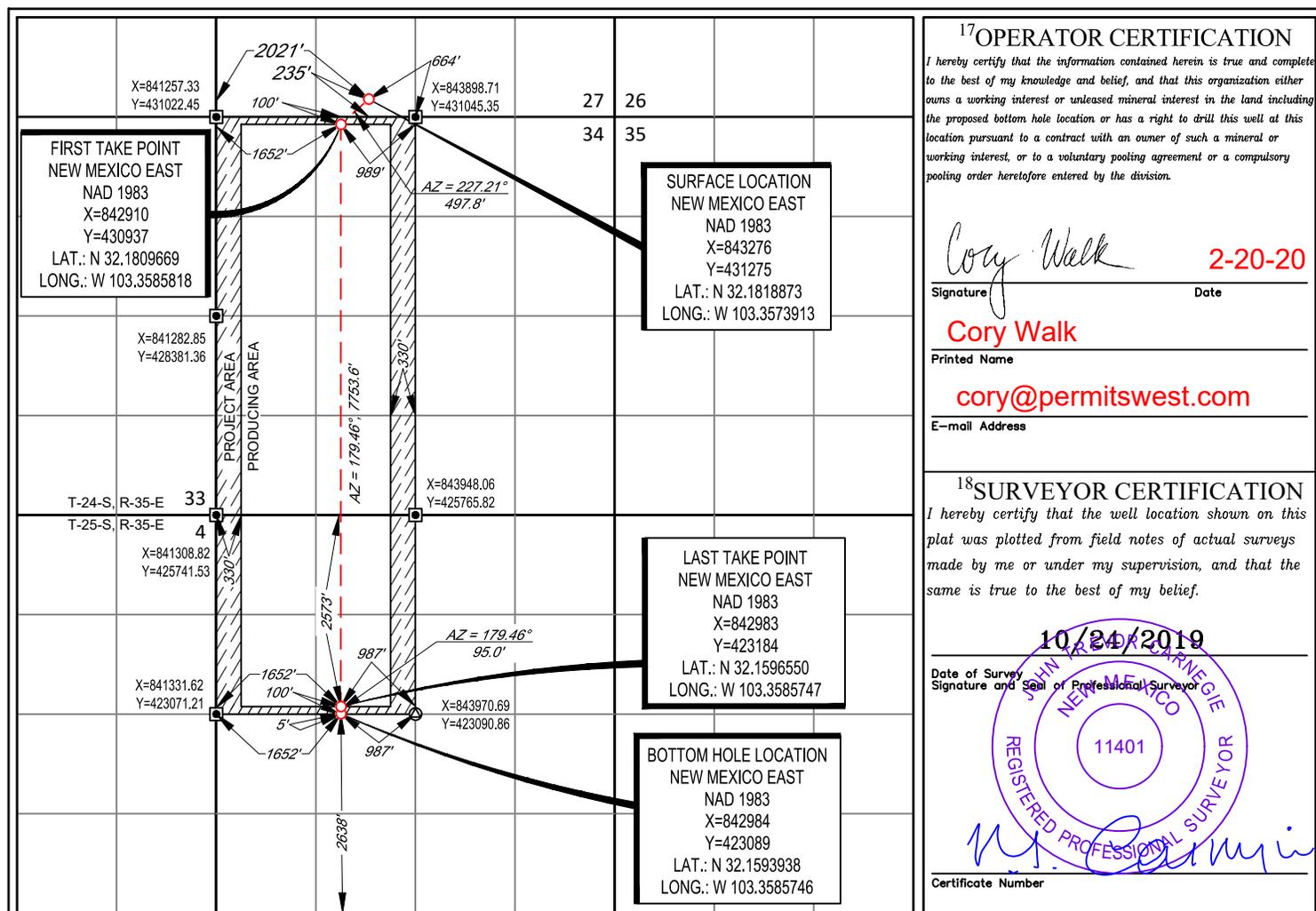
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	24-S	35-E	-	235'	SOUTH	2021'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	3	25-S	35-E	-	2638'	SOUTH	1652'	WEST	LEA

¹² Dedicated Acres 481.66	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Cory Walk **2-20-20**
Signature Date

Cory Walk
Printed Name

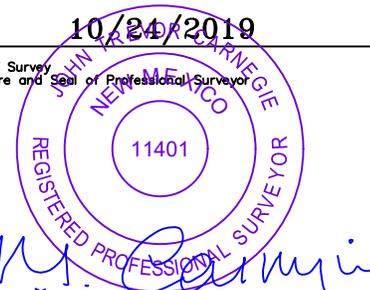
cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

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10/24/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor



11401
Certificate Number

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FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OCD - HOBBS
06/17/2020
RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 47344		² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328302	⁵ Property Name MULVA FED COM		⁶ Well Number 215H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3280'

¹⁰Surface Location

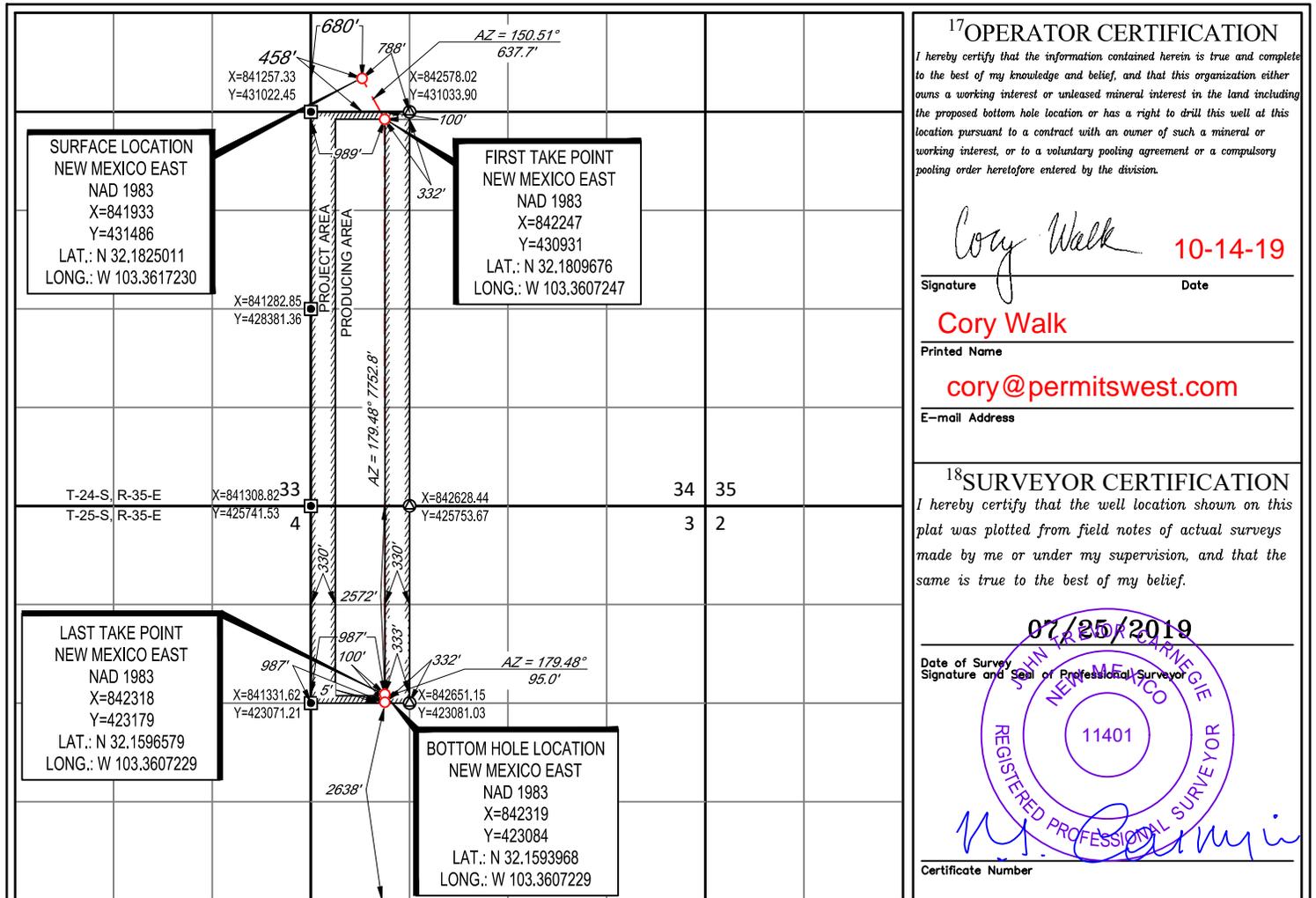
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	24-S	35-E	-	458'	SOUTH	680'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	25-S	35-E	-	2638'	SOUTH	987'	WEST	LEA

¹² Dedicated Acres 240.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cory Walk **10-14-19**
Signature Date

Cory Walk
Printed Name
cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

07/25/2019
Date of Survey
[Signature]
Signature and Seal of Professional Surveyor
REGISTERED PROFESSIONAL SURVEYOR
11401
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47788	² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328302	⁵ Property Name MULVA FED COM	
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.	⁹ Elevation 3282'

¹⁰Surface Location

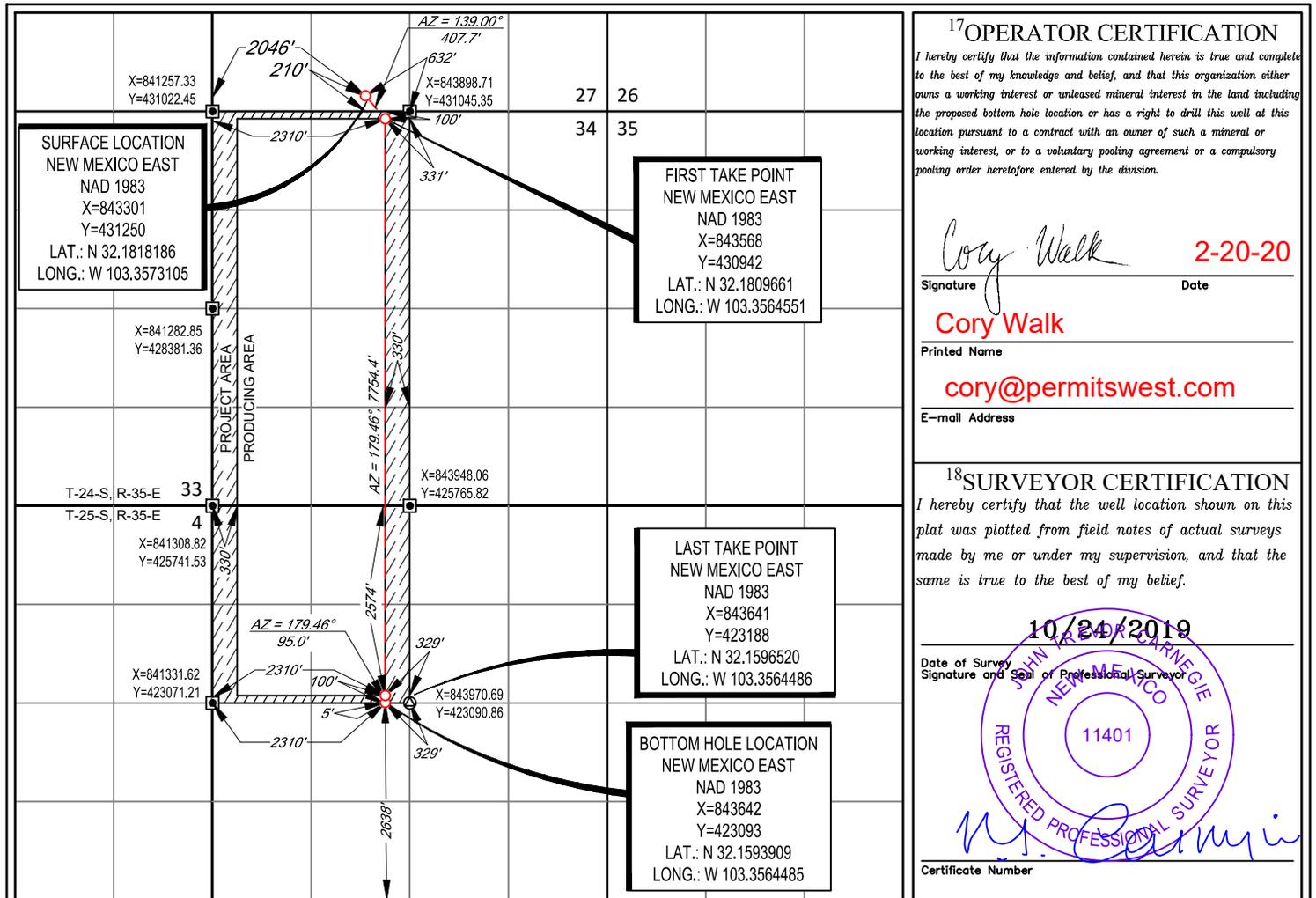
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	24-S	35-E	-	210'	SOUTH	2046'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	3	25-S	35-E	-	2638'	SOUTH	2310'	WEST	LEA

¹² Dedicated Acres 481.66	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47073		² Pool Code 98294		³ Pool Name WC-025 G-07 S243517D; MIDDLE BONE SP	
⁴ Property Code 328302		⁵ Property Name MAN HANDS FED COM			⁶ Well Number 111H
⁷ OGRID No. 372043		⁸ Operator Name TAP ROCK OPERATING, LLC.			⁹ Elevation 3278'

¹⁰Surface Location

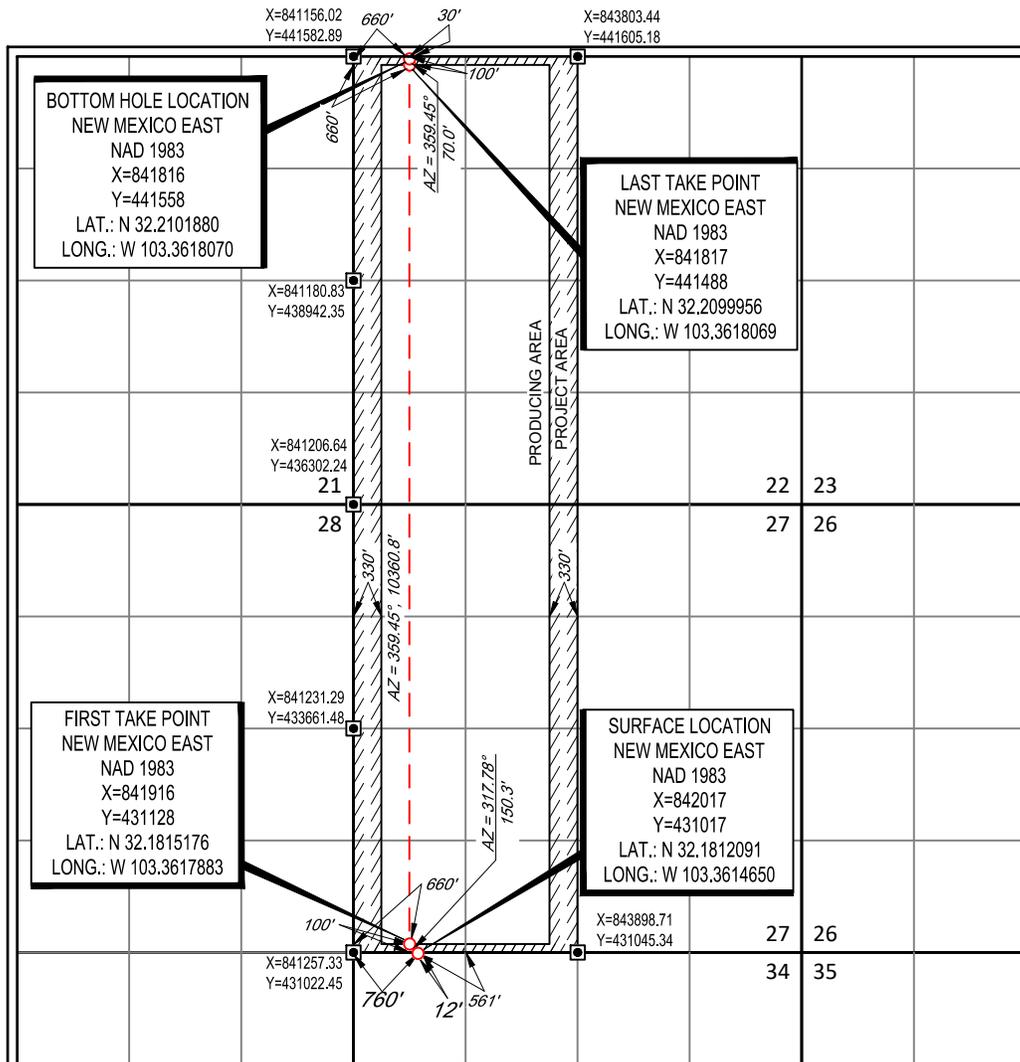
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	24-S	35-E	-	12'	NORTH	760'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	22	24-S	35-E	-	30'	NORTH	660'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Bill Ramsey 1/4/2020
Signature Date

Bill Ramsey
Printed Name

bramsey@taprk.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

07/25/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401

[Signature]
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47798	² Pool Code 98294	³ Pool Name WC-025 G-07 S243517D; MIDDLE BONE SP
⁴ Property Code 328107	⁵ Property Name MAN HANDS FED COM	
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.	⁶ Well Number 112H
⁹ Elevation 3281'		

¹⁰Surface Location

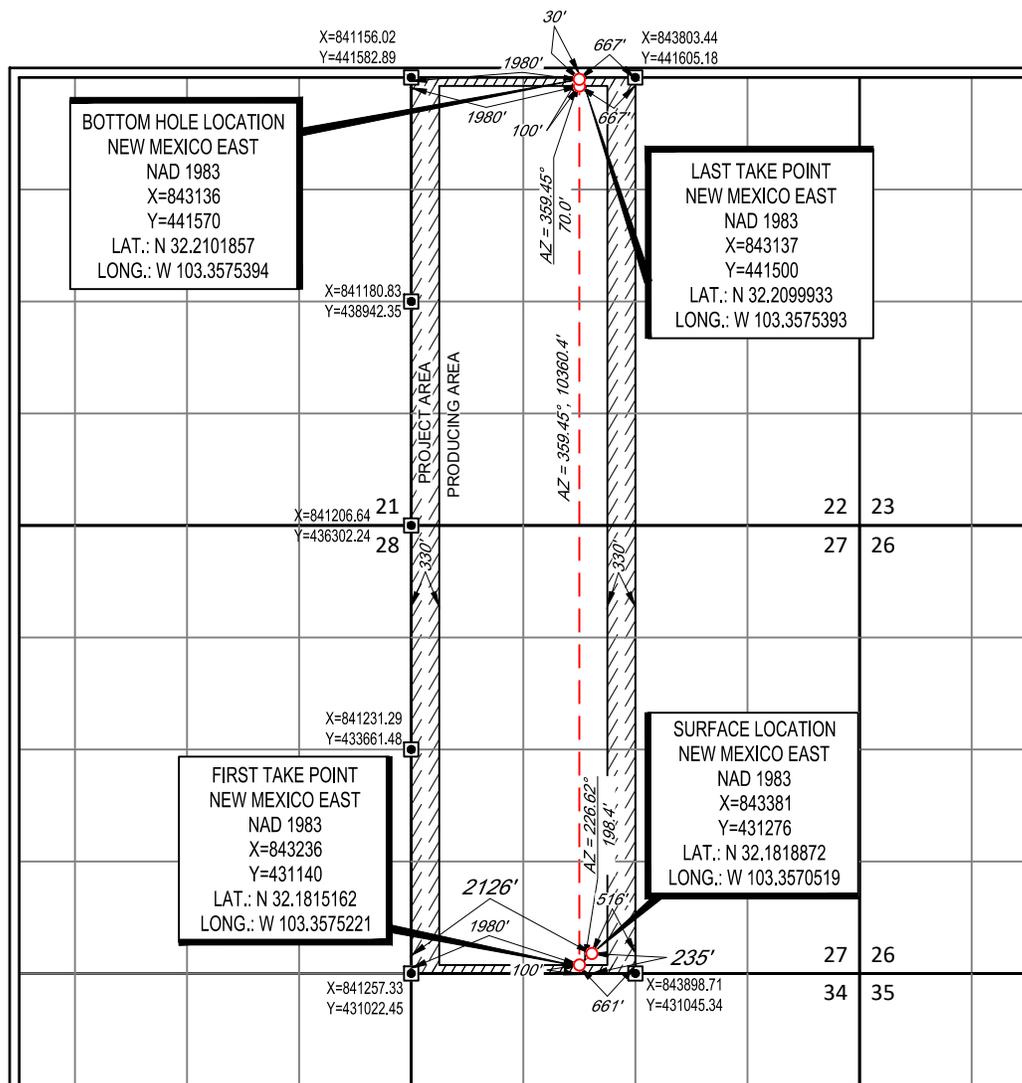
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	24-S	35-E	-	235'	SOUTH	2126'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	24-S	35-E	-	30'	NORTH	1980'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cory Walk **2-20-20**
Signature Date

Cory Walk
Printed Name

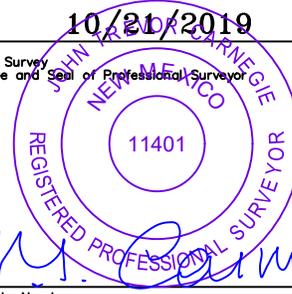
cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

10/21/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor



Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
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1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OCD - HOBBS
06/05/2020
RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 47290		² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328107	⁵ Property Name MAN HANDS FED COM		⁶ Well Number 135H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3277'

¹⁰Surface Location

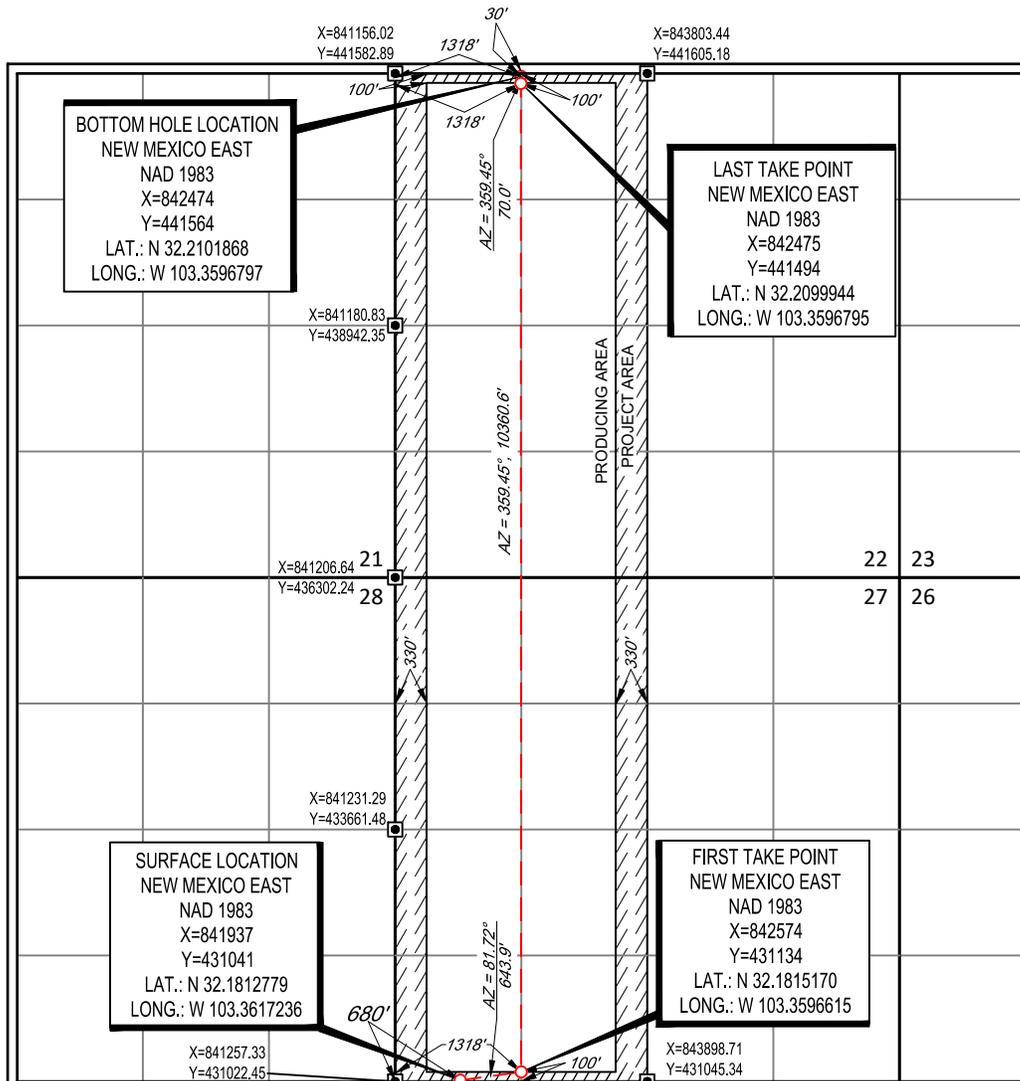
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	24-S	35-E	-	13'	SOUTH	680'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	22	24-S	35-E	-	30'	NORTH	1318'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cory Walk **10-14-19**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
E-mail Address

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

07/25/2019
Date of Survey

John R. Carnegie
Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401

M. Carneg
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
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1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

OCD - HOBBS
09/15/2020
RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47803	² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328107	⁵ Property Name MAN HANDS FED COM	
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.	⁹ Elevation 3280'

¹⁰Surface Location

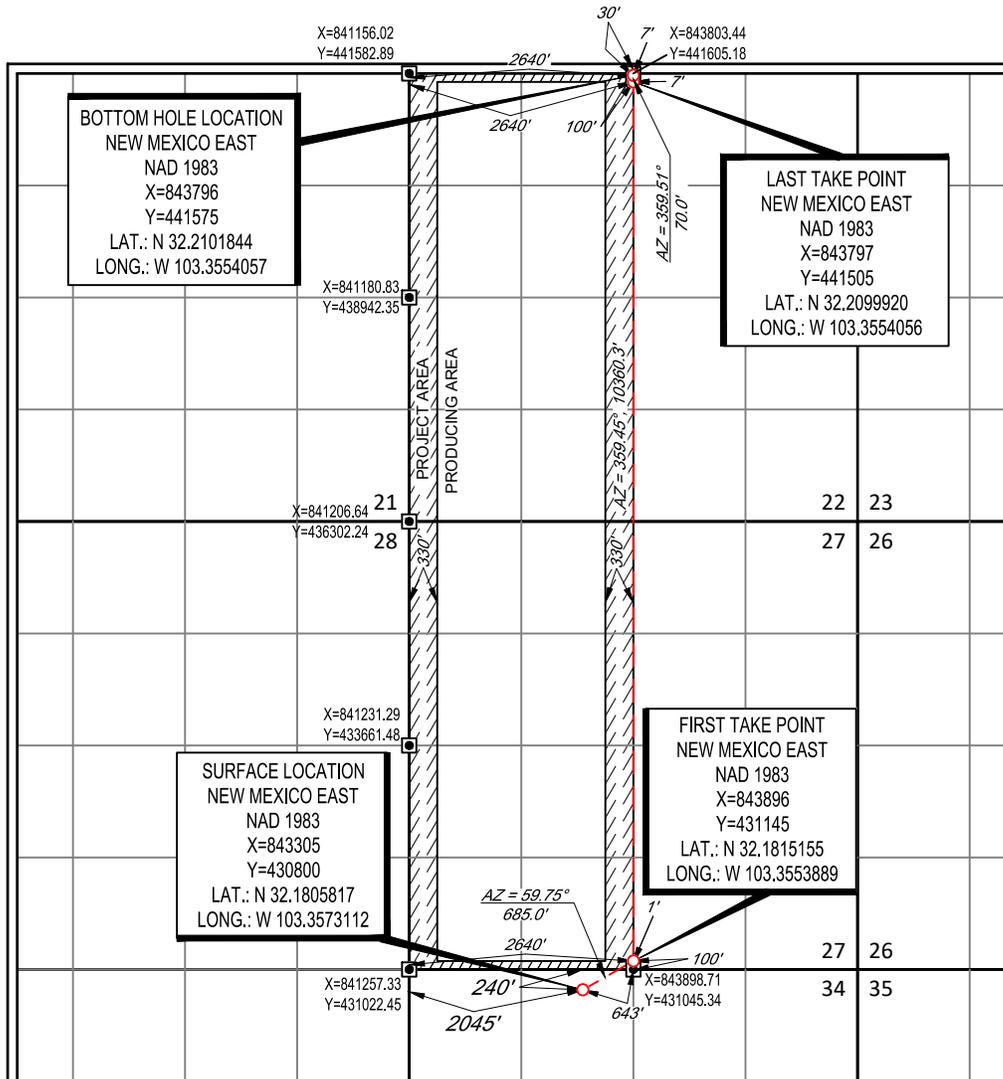
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	34	24-S	35-E	-	240'	NORTH	2045'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	24-S	35-E	-	30'	NORTH	2640'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR CERTIFICATION

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Cory Walk **2-10-20**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

10/19/2019
Date of Survey
Signature and Seal of Professional Surveyor
11401
REGISTERED PROFESSIONAL SURVEYOR
M. J. Carmine
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
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District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 47291		² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328107	⁵ Property Name MAN HANDS FED COM		⁶ Well Number 211H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3278'

¹⁰Surface Location

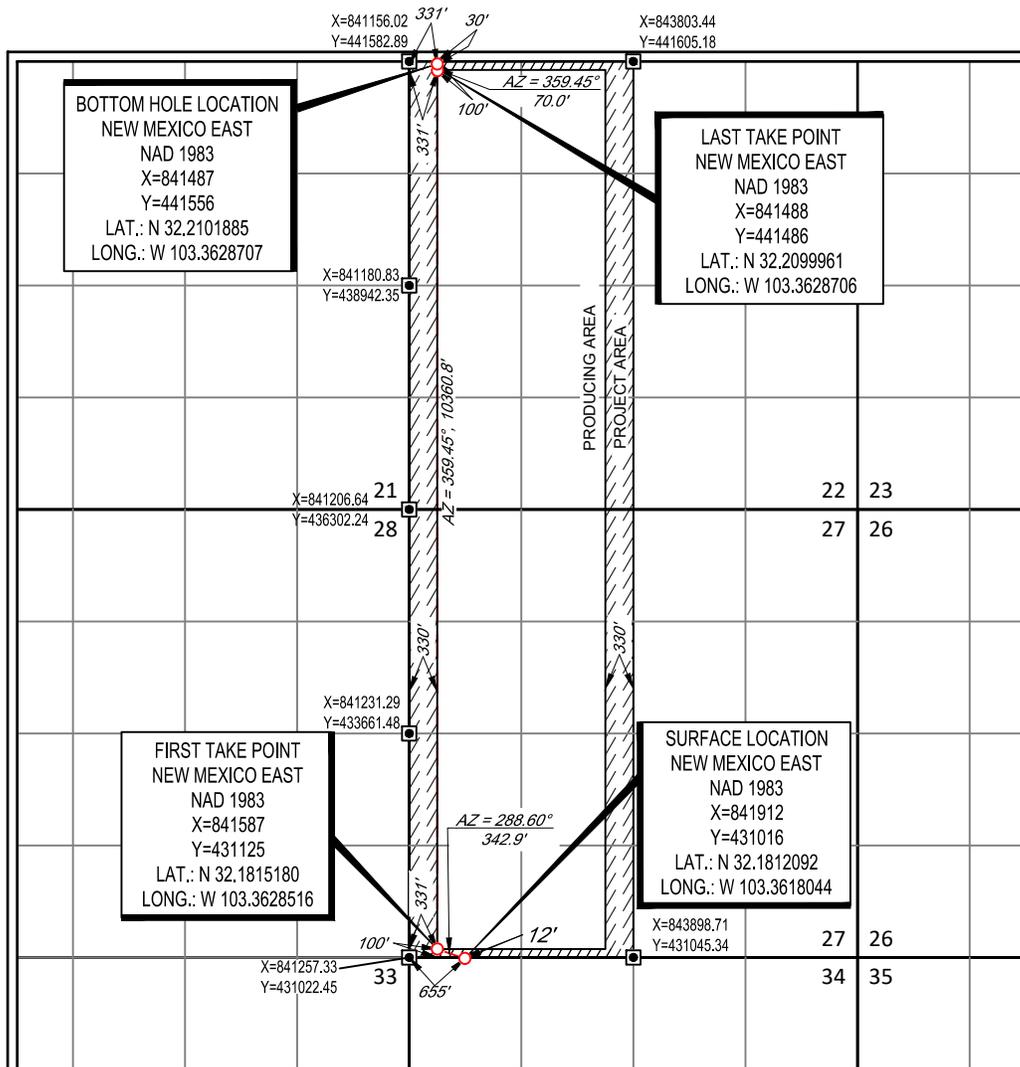
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	24-S	35-E	-	12'	NORTH	655'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	22	24-S	35-E	-	30'	NORTH	331'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR CERTIFICATION
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Cory Walk **10-14-19**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

07/25/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401

[Signature]
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47804		² Pool Code 98098		³ Pool Name WC-025 G-09 S243532M; WOLFBONE	
⁴ Property Code 328107		⁵ Property Name MAN HANDS FED COM			⁶ Well Number 212H
⁷ OGRID No. 372043		⁸ Operator Name TAP ROCK OPERATING, LLC.			⁹ Elevation 3281'

¹⁰Surface Location

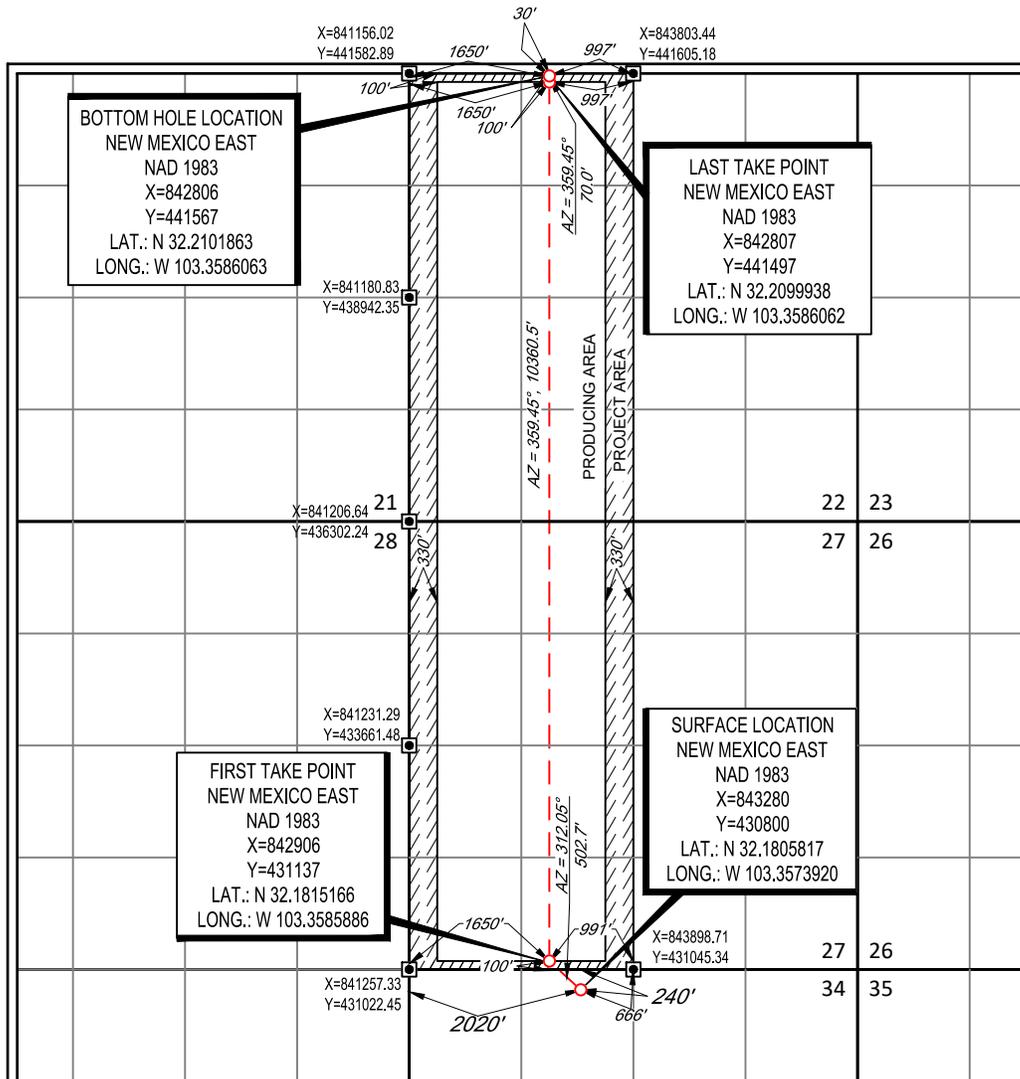
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	34	24-S	35-E	-	240'	NORTH	2020'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	24-S	35-E	-	30'	NORTH	1650'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR CERTIFICATION
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Cory Walk **2-10-20**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION
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10/19/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401

[Signature]
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025 47292		² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 328107	⁵ Property Name MAN HANDS FED COM		⁶ Well Number 215H
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3279'

¹⁰Surface Location

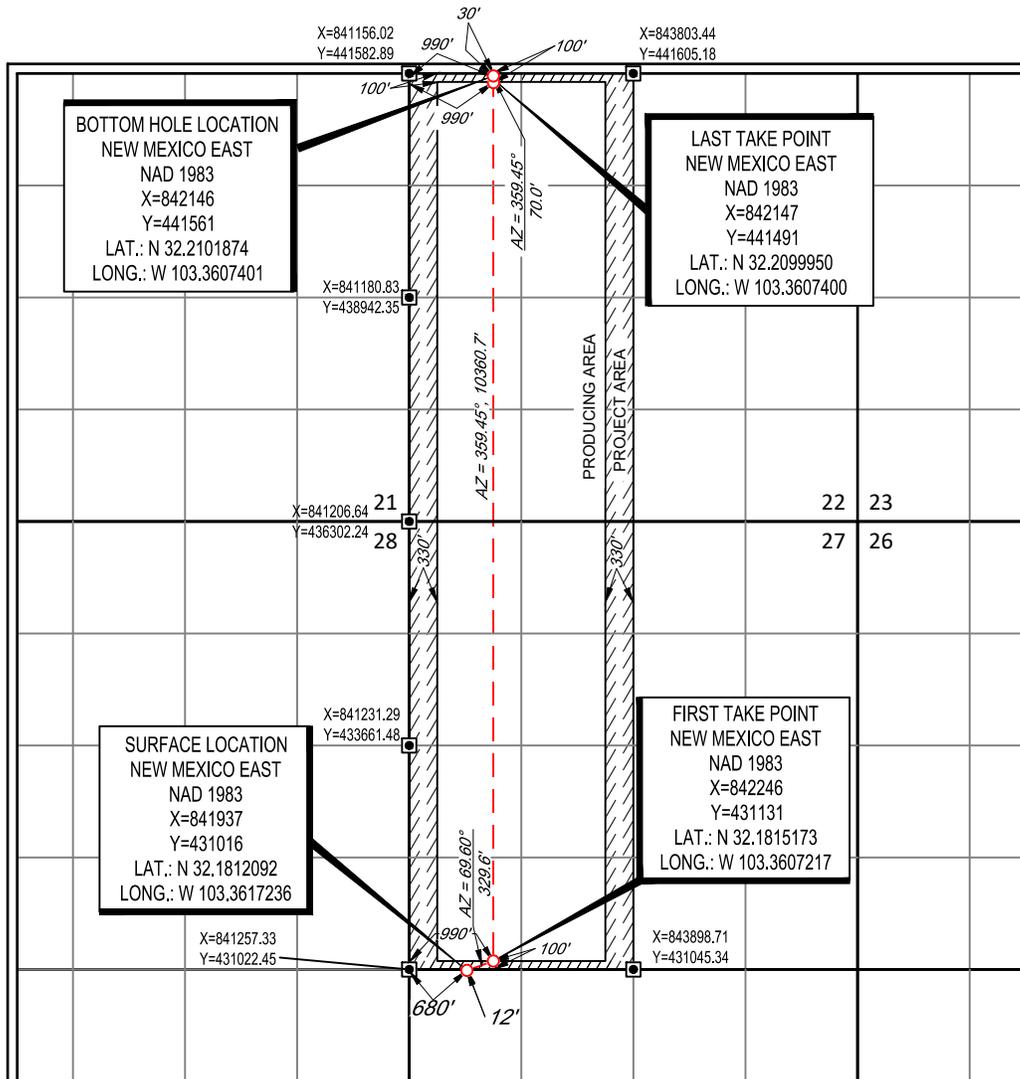
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	24-S	35-E	-	12'	NORTH	680'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	22	24-S	35-E	-	30'	NORTH	990'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR CERTIFICATION
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Cory Walk **10-14-19**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

07/25/2019
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
11401

[Signature]
Certificate Number

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Tap Rock Operating
OPERATOR ADDRESS: 523 Park Point Dr. Suite 200. Golden, CO 80401

APPLICATION TYPE:
[] Pool Commingling [] Lease Commingling [x] Pool and Lease Commingling [] Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: [] Fee [] State [x] Federal

Is this an Amendment to existing Order? [] Yes [x] No If "Yes", please include the appropriate Order No.
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
[x] Yes [] No

(A) POOL COMMINGLING
Please attach sheets with the following information

Table with 6 columns: (1) Pool Names and Codes, Gravities / BTU of Non-Commingled Production, Calculated Gravities / BTU of Commingled Production, Calculated Value of Commingled Production, Volumes. Row 1: See Attached.

(2) Are any wells producing at top allowables? [] Yes [x] No
(3) Has all interest owners been notified by certified mail of the proposed commingling? [x] Yes [] No.
(4) Measurement type: [x] Metering [] Other (Specify)
(5) Will commingling decrease the value of production? [] Yes [x] No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? [] Yes [x] No
(3) Has all interest owners been notified by certified mail of the proposed commingling? [x] Yes [] No
(4) Measurement type: [x] Metering [] Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? [] Yes [] No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: [Signature] TITLE: Regulatory Analyst DATE: 12/7/2020

TYPE OR PRINT NAME: Bill Ramsey TELEPHONE NO.: 720-360-4028

E-MAIL ADDRESS: bramsey@taprk.com



APPLICATION FOR POOL AND LEASE COMMINGLE, AND OFF-LEASE MEASUREMENT, STORAGE AND SALES FOR OIL AND GAS PRODUCTION AT Mulva-Man Hands CTB (*Based on first 6 month average)

WELL NAME	API	SURFACE LOCATION	POOL	Projected Date Online	OIL (BOD)	GAS (MCF)
Mulva Fed Com 111H	30-025-47341	M-27-24S-35E	[98294] WC-025 G-07 S243517D;MIDDLE BONE SP	4/1/2020	90952	113548
Mulva Fed Com 112H	30-025-47740	N-27-24S-35E	[98294] WC-025 G-07 S243517D;MIDDLE BONE SP	3/1/2020		
Mulva Fed Com 131H	30-025-47342	M-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	2/1/2020		
Mulva Fed Com 132H	30-025-47743	N-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	2/1/2020		
Mulva Fed Com 211H	30-025-47343	M-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	2/1/2020		
Mulva Fed Com 212H	30-025-47787	N-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	2/1/2020		
Mulva Fed Com 215H	30-025-47344	M-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	2/1/2020		
Mulva Fed Com 217H	30-025-47788	N-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	2/1/2020		
Man Hands Fed Com 111H	30-025-47073	D-34-24S-35E	[98294] WC-025 G-07 S243517D;MIDDLE BONE SP	4/1/2020		
Man Hands Fed Com 112H	30-025-47798	N-27-24S-35E	[98294] WC-025 G-07 S243517D;MIDDLE BONE SP	3/1/2020		
Man Hands Fed Com 135H	30-025-47290	M-27-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	5/1/2020		
Man Hands Fed Com 137H	30-025-47803	C-34-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	5/1/2020		
Man Hands Fed Com 211H	30-025-47291	D-34-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	5/1/2020		
Man Hands Fed Com 212H	30-025-47804	C-34-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	5/1/2020		
Man Hands Fed Com 215H	30-025-47292	D-34-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	5/1/2020		
Man Hands Fed Com 217H	30-025-47808	C-34-24S-35E	[98098] WC-025 G-09 S243532M;WOLFBONE	5/1/2020		

TAP ROCK RESOURCES, LLC

523 PARK POINT DRIVE, SUITE 200

GOLDEN, COLORADO 80401



December 29, 2020

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

Re: Application of Tap Rock Operating, LLC for administrative approval for approval to surface commingle (pool commingle) oil and gas production from the spacing units comprised of Section 27, Township 24S, Range 35E, Lea County, New Mexico (the "Lands")

To Whom This May Concern,

Tap Rock Operating, LLC ("Tap Rock"), OGRID No. 372043, requests to commingle current oil and gas production from sixteen (16) distinct wells located on the Lands and future production from the Lands as described herein. All wells will be metered through individual liquid coriolis flow meters for oil and ultrasonic flow meters for gas. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the gas gathering line. Each well on the Lands will have its own test separator with a coriolis flow meter for oil and ultrasonic flow meter for gas manufactured and assembled in accordance with the American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third-party measurement company in accordance with industry specifications.

Gas samples are obtained at the time of the meter testing and calibration and the composition and heating value are determined by a laboratory in accordance with the American Petroleum Institute (API) specifications to ensure accurate volume and energy (MMBTU) determinations. We have attached a sample gas analysis from the closest producing well near the Lands at **Exhibit B** as no well on the Lands is currently producing.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. The PFD shows that the water, oil and gas leave the wellbore and flow into a wellhead test separator which separates each stream. The oil is measured via the coriolis flow meter on each individual well and is calibrated periodically by a third-party measurement company for accuracy. After the oil is individually metered by coriolis flow meters at each well it can be comingled into a heater treater then into the stock tanks or, each well can be isolated into its own individual tank for testing purposes. The gas is measured on a volume and MMBTU basis by an ultrasonic flow meter on each individual well and supporting EFM equipment in accordance with API Chapter 21.1. The gas is then sent into a gathering line where it is commingled with each of the other well's metered gas. The gathering line is then metered by another ultrasonic flow meter at the tank battery check meter to show the total volume of gas leaving the tank battery. The tank battery meter is tested and calibrated in accordance with industry specifications and

volume and energy and determined on an hourly, daily and monthly basis. Once the gas exits the final tank battery sales check it travels directly into a third-party sales connect meter. The third-party gas gatherer has its own meter that measures the gas for custody transfer and that meter is also calibrated periodically to ensure measurement accuracy.

In conclusion, all the oil and gas produced on the Lands is and will be metered separately at each wellhead and allocated using accurate measurement equipment according to API specifications.

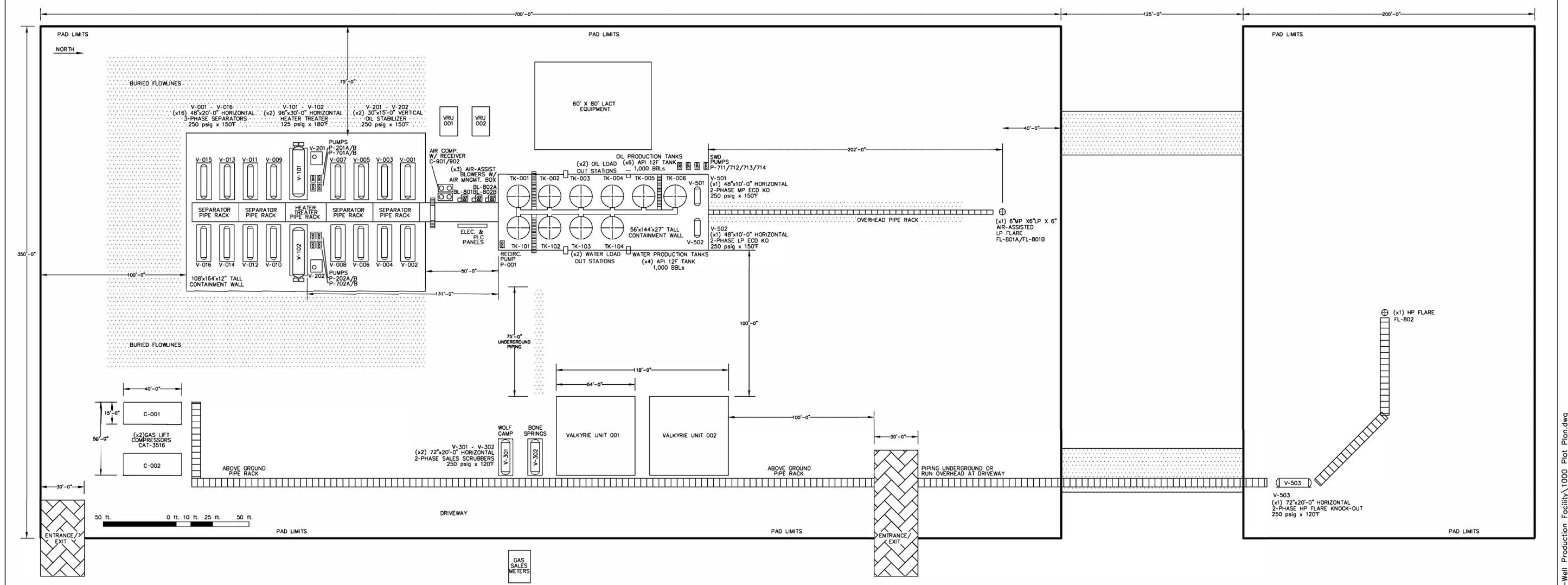
Regards,

TAP ROCK OPERATING, LLC

A handwritten signature in black ink, appearing to read "Ramsey".

Bill Ramsey
Regulatory Analyst

Exhibit A

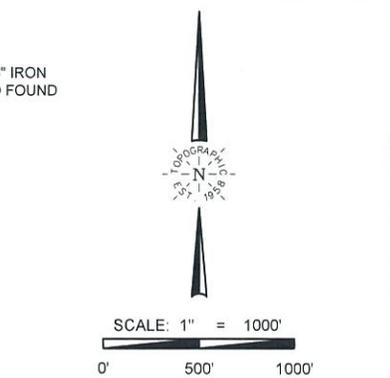
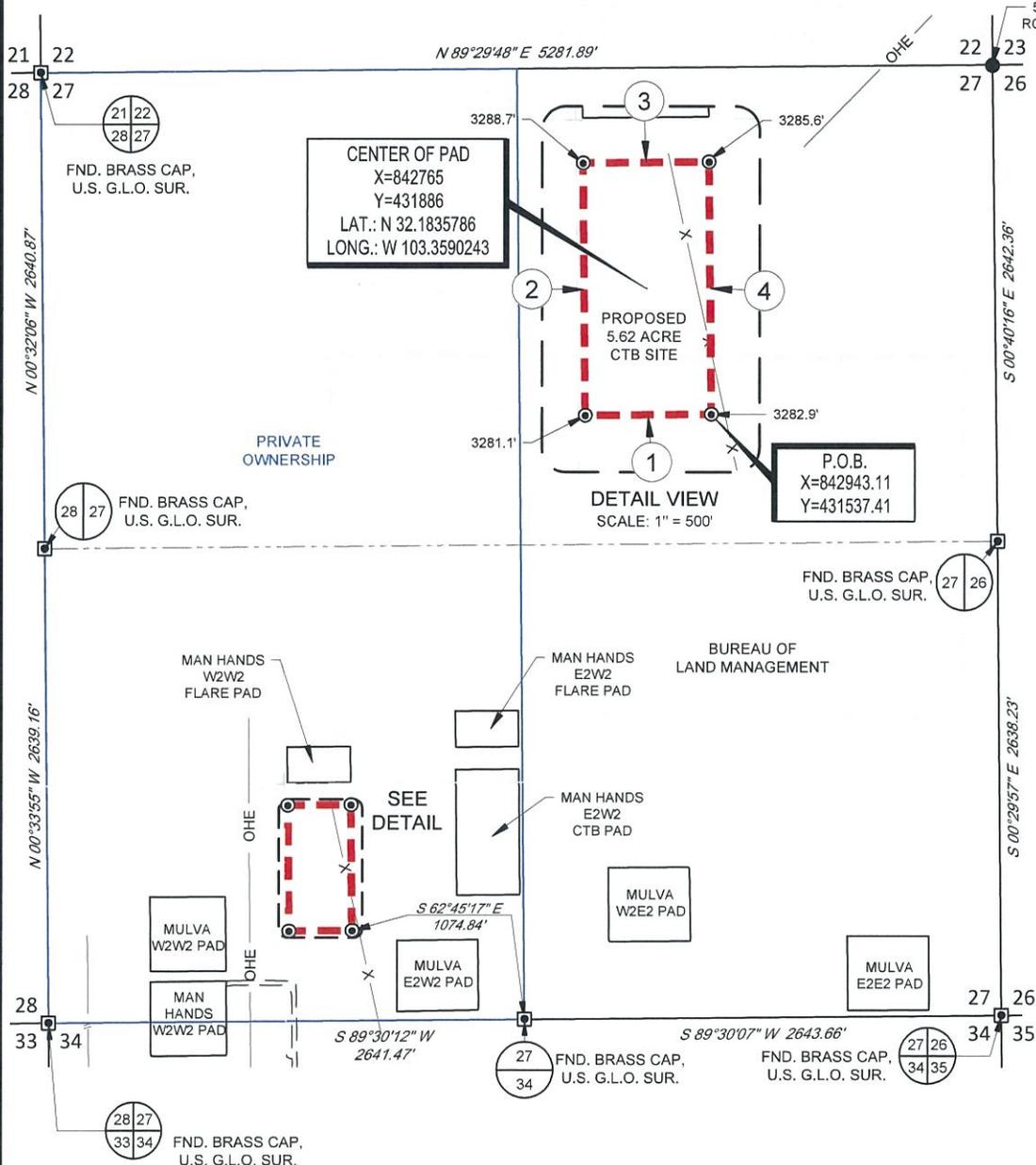


NO.	REVISIONS	BY	DATE	DATE	DATE	DATE	DATE
A	ISSUED FOR INTERNAL REVIEW	CF	10/5/2020	11/2/2020	10/5/20		
B	ISSUED FOR CLIENT REVIEW	CF	11/2/2020				
C	REVISED FOR CLIENT REVIEW	CF	11/10/2020				

CLIENT:	CONTRACTOR:	PROJECT:
		TAP ROCK RESOURCES MAN HANDS W2W2 CTB
DRAWN: CF CHECKED: APPROVED: SCALE:		TITLE:
DATE: 10/5/20 DATE: DATE: DATE:		PIPING & INSTRUMENTATION DIAGRAM CTB PLOT PLAN
PAPER: ANSI-D DWG. NO.: TRR-MH/M-PID-1000 REV. B		

F:\Tap Rock Resources\PID DWG\ManHands 16-Well Production Facility\1000 Plot_Plan.dwg

SECTION 27, TOWNSHIP 24-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



MAN HANDS W2W2 CTB PAD

Metes and Bounds Description of a 5.62 acre CTB pad located within Section 27, Township 24 South, Range 35 East, N.M.P.M., in Lea County, New Mexico.

BEGINNING at a 1/2" iron rod marked "TOPOGRAPHIC" set for the Southeast corner of this site, from whence a brass cap found for the South quarter corner of said Section 27, bears: S 62°45'17" E, a distance of 1074.84 feet;

Thence S 89°26'22" W, a distance of 350.00 feet to a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Southwest corner of this site;

Thence N 00°33'38" W, a distance of 700.00 feet to a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Northwest corner of this site;

Thence N 89°26'22" E, a distance of 350.00 feet to a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Northeast corner of this site;

Thence S 00°33'38" E, a distance of 700.00 feet to the Point of Beginning.

LEGEND

- SECTION LINE
- TRACT BORDER
- - - QUARTER SECTION LINE
- - - PROPOSED SITE
- EXISTING PIPELINE
- OHE OVERHEAD ELECTRIC
- X FENCE LINE
- == ROAD WAY
- MONUMENT
- IRON ROD FOUND
- IRON ROD SET

LINE TABLE

LINE	BEARING	DISTANCE
1	S 89°26'22" W	350.00'
2	N 00°33'38" W	700.00'
3	N 89°26'22" E	350.00'
4	S 00°33'38" E	700.00'



1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
 TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
 2903 N BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 WWW.TOPOGRAPHIC.COM



Angel M. Baeza, P.S. No. 25116
 OCTOBER 23, 2020



MAN HANDS W2W2 CTB PAD	REVISION:	
	INT	DATE
DATE: 10/23/20		
FILE:BO_MAN_HANDS_W2W2_CTB_PAD		
DRAWN BY: GJU		
SHEET: 1 OF 1		

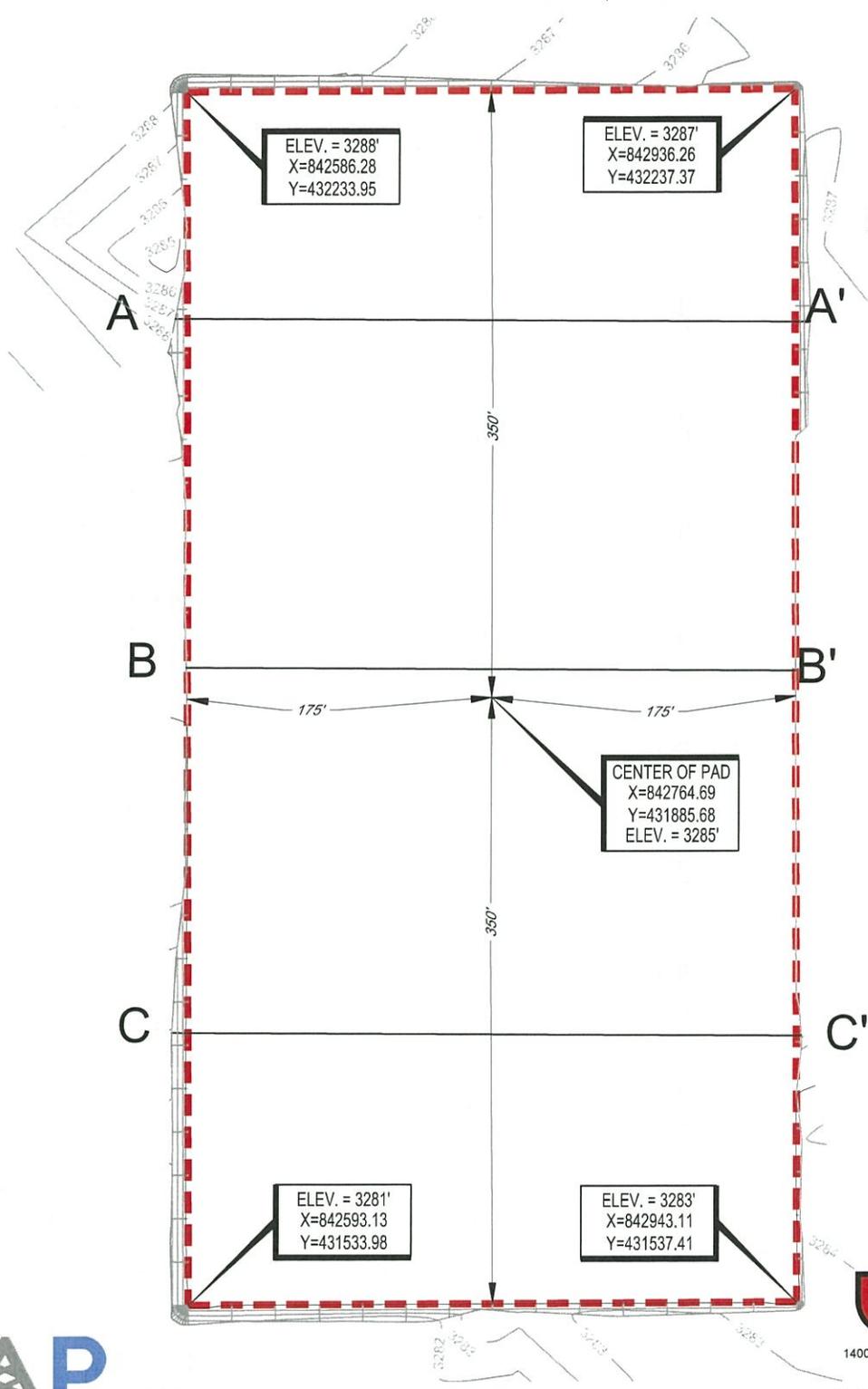
- NOTES:
1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"
 2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.
 3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY TAP ROCK OPERATING, LLC. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
 4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
 5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT

CONSTRUCTION ESTIMATE

SECTION 27, TOWNSHIP 24-S, RANGE 35-E, N.M.P.M.

LEA COUNTY, NEW MEXICO

SCALE: 1" = 100'



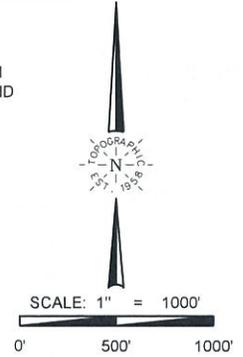
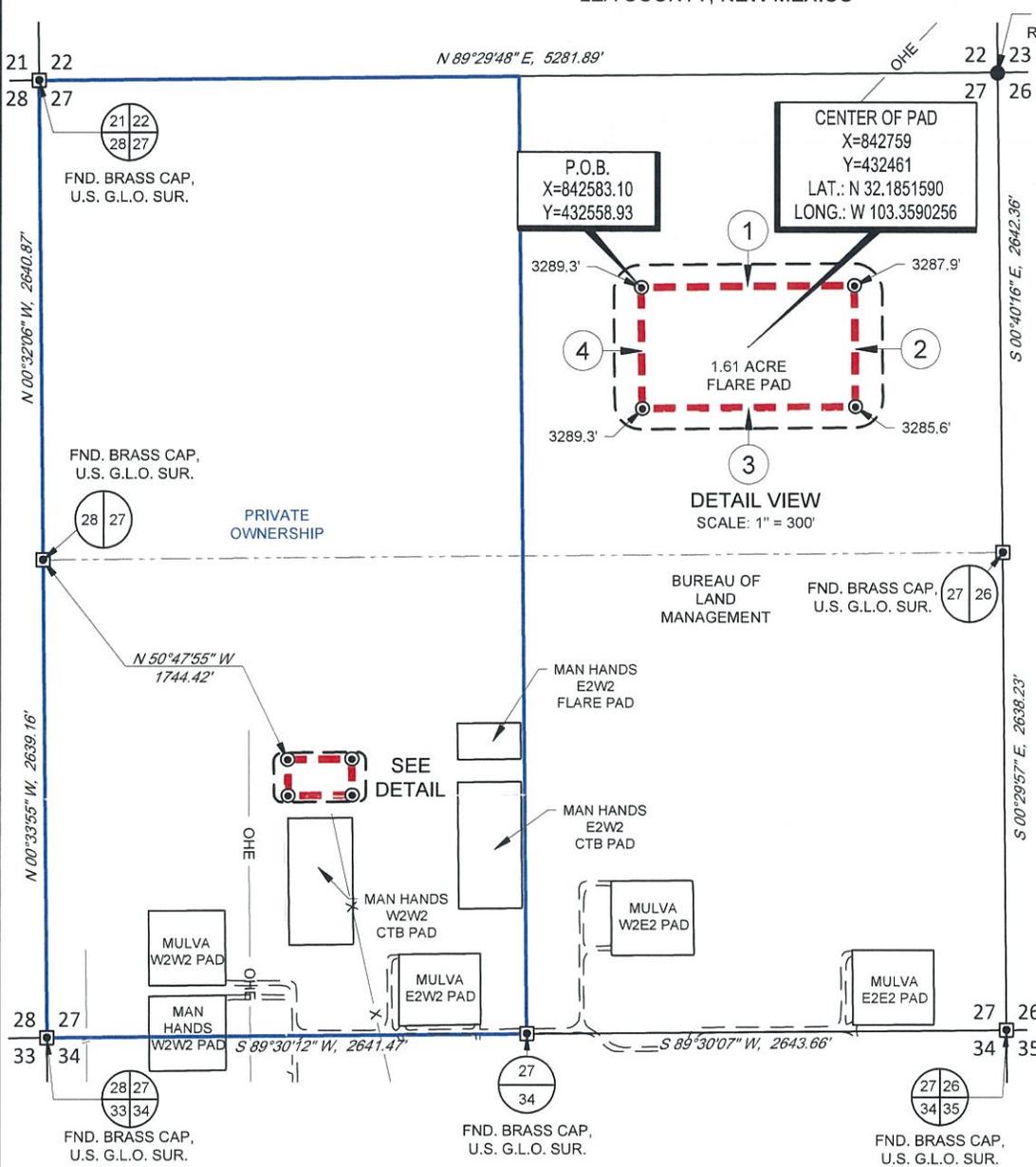
NOTE: 1' CONTOUR INTERVALS



1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
 TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
 2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 WWW.TOPOGRAPHIC.COM

MAN HANDS W2W2 CTB PAD	REVISION:		NOTES: 1. ORIGINAL DOCUMENT SIZE: 8.5" X 11" 2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.
	INT	DATE	
DATE: 10/23/20			
FILE: CD_MAN_HANDS_W2W2_CTB_PAD			
DRAWN BY: GJU			
SHEET: 1 OF 3			

SECTION 27, TOWNSHIP 24-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



**MAN HANDS W2W2
FLARE PAD**

Metes and Bounds Description of an proposed 1.61 acre flare pad located Section 27, Township 24 South, Range 35 East, N.M.P.M., in Lea County, New Mexico.

BEGINNING at a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Northwest corner of this site, whence a U.S. G.L.O. brass cap found for the West Quarter corner of said Section 27, bears: N 50°47'55" W, a distance of 1,744.42 feet;

Thence N 89°26'22" E, a distance of 349.99 feet to a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Northeast corner of this site;

Thence S 00°33'46" E, a distance of 200.00 feet to a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Southeast corner of this site;

Thence S 89°26'22" W, a distance of 350.00 feet to a 1/2" iron rod with cap marked "TOPOGRAPHIC" set for the Southwest corner of this site;

Thence N 00°33'38" W, a distance of 200.00 feet to the Point of Beginning.

LEGEND

- SECTION LINE
- - - QUARTER SECTION LINE
- - - - PROPOSED SITE
- TRACT BORDER
- X FENCE LINE
- OHE — OVERHEAD ELECTRIC
- == ROAD WAY
- IRON ROD SET
- MONUMENT
- IRON ROD FOUND

SITE TABLE

LINE	BEARING	DISTANCE
1	N 89°26'22" E	349.99'
2	S 00°33'46" E	200.00'
3	S 89°26'22" W	350.00'
4	N 00°33'38" W	200.00'



1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
 TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
 2903 N BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 WWW.TOPOGRAPHIC.COM



Angel M. Baeza, P.S. No. 25116
 OCTOBER 23, 2020



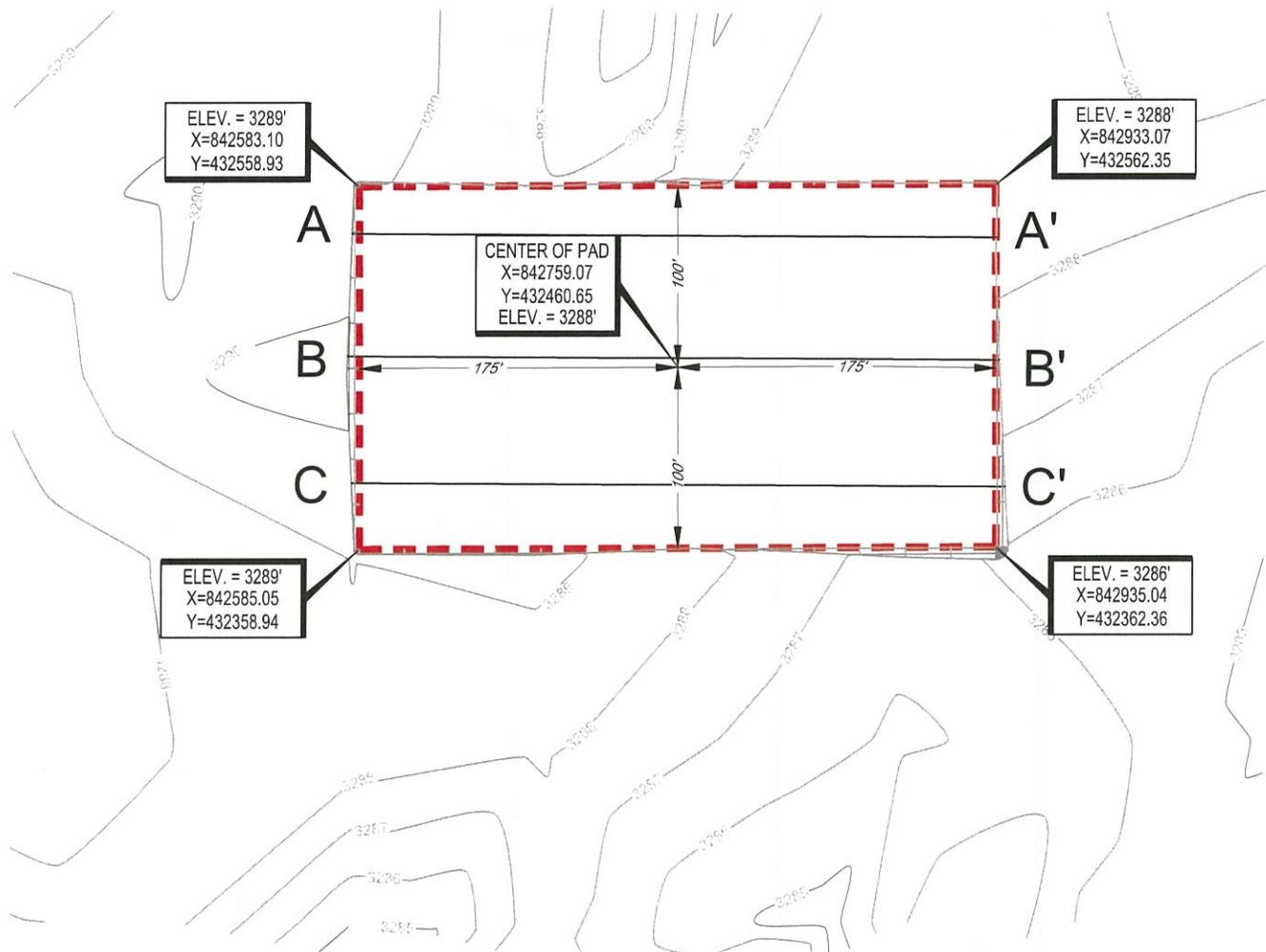
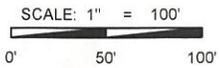
MAN HANDS W2W2 FLARE PAD	REVISION:
DATE: 10/23/2020	
FILE:BO_MAN_HANDS_W2W2_FLARE_PAD	
DRAWN BY: IMU	
SHEET: 1 OF 1	

NOTES:

1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY TAP ROCK OPERATING, LLC. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. P.O.B. = POINT OF BEGINNING

CONSTRUCTION ESTIMATE

SECTION 27, TOWNSHIP 24-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



NOTE: 1' CONTOUR INTERVALS



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

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TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
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WWW.TOPOGRAPHIC.COM



MAN HANDS W2W2 FLARE PAD	REVISION:		NOTES: 1. ORIGINAL DOCUMENT SIZE: 8.5" X 11" 2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.
	INT	DATE	
DATE: 10/23/2020			
FILE: CD_MAN_HANDS_W2W2_FLARE_PAD			
DRAWN BY: IMU			
SHEET: 1 OF 3			

Atchafalaya Measurement, Inc.
416 East Main Street Artesia, NM 88210 575-746-3481

Exhibit B

Inficon Micro GC Fusion F08904 R03RR2

Sample Information	
Sample Name	Taprock__Cosmo K 133__GC2-12518-12
Station Number	N/A
Lease Name	Cosmo K 133
Analysis For	Taprock Operating
Producer	Taprock Operating
Field Name	N/A
County/State	Lea,NM
Frequency/Spot Sample	Spot
Sampling Method	Fill Empty
Sample Deg F	92
Atmos Deg F	46
Flow Rate	N/A
Line PSIG	58
Date/Time Sampled	12-3-18
Cylinder Number	N/A
Cylinder Clean Date	N/A
Sampled By	Jesus Escobedo
Analysis By	Pat Silvas
Verified/Calibration Date	12-5-18
Report Date	2018-12-05 12:43:03

Component Results

Component Name	Ret. Time	Peak Area	Norm%	PPMV	GPM (Dry) (Gal. / 1000 cu.ft.)
Nitrogen	22.840	27907.2	2.09616	20961.600	0.000
H2S	0.000	0.0	0.02987	298.700	0.000
Methane	23.640	718663.9	70.48355	704835.500	0.000
Carbon Dioxide	27.520	11065.8	0.70358	7035.800	0.000
Ethane	36.980	221886.9	13.21477	132147.700	3.549
Propane	77.360	170887.3	7.72938	77293.800	2.138
i-butane	28.560	75286.7	0.98911	9891.100	0.325
n-Butane	30.020	213608.3	2.68696	26869.600	0.851
i-pentane	34.600	57287.0	0.60248	6024.800	0.221
n-Pentane	36.320	61018.3	0.62076	6207.600	0.226
Hexanes Plus	120.000	90392.0	0.84338	8433.800	0.368
Total:			100.00000	1000000.000	7.678

Results Summary

Result	Dry	Sat. (Base)
Total Raw Mole% (Dry)	100.44701	
Pressure Base (psia)	14.730	
Temperature Base	60.00	
Gross Heating Value (BTU / Ideal cu.ft.)	1355.4	1331.8
Gross Heating Value (BTU / Real cu.ft.)	1361.5	1338.4
Relative Density (G), Ideal	0.8076	0.8044
Relative Density (G), Real	0.8109	0.8080
Compressibility (Z) Factor	0.9955	0.9951

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5
Franklin Mountain Royalty Investments	P.O. Box 6977	Denver	CO	80206
Matador Resources Company	5400 Lyndon B. Johnson FWY Ste. 1500	Dallas	TX	75240-1017
Oak Valley Mineral and Land, LP	P.O. Box 50820	Midland	TX	79710
Mavros Minerals II, LLC	P.O. Box 50820	Midland	TX	79710
Foundation Minerals, LLC	P.O. Box 50820	Midland	TX	79710
CrownRock Minerals, LP	P.O. Box 51933	Midland	TX	79710
Chilmark Properties, LLC	110. W. Louisiana Ave., Ste. 404	Midland	TX	79701
Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508

EXHIBIT 4



Kaitlyn A. Luck
Phone (505) 954-7286
KALuck@hollandhart.com

January 08, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES:

Re: Application of Tap Rock Operating, LLC, to authorize pool and lease commingling, off-lease storage, off lease measurement, and off-lease marketing at the Mulva Man Hands W2 W2 Tank Battery (CTB A) located in the SE/2 SW/4 of Section 27, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date by Tap Rock Operating, LLC (“Tap Rock”) (OGRID No. 372043). Any objection to this application must be filed in writing within twenty days from this date at the Division’s Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

This notice is to advise you that the enclosed application for pool and surface commingling applies to the wells listed in the application. In accordance with Rule 19.15.12.10(C)(4)(g) NMAC, Tap Rock requests the option to include additional pools or leases within the defined parameters set forth in the Order for future additions. For questions regarding this application, please contact **Dana Arnold, General Counsel for Tap Rock Operating, LLC, at (720)-460-3497.**

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR TAP ROCK OPERATING, LLC

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Tap Rock - Mulva Man Hands E2 & W2 PLC
CM# 93477.0001

Shipment Date: 01/08/2021

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	8
Total	8

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0026 2300 53



Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP (1) 110 N Guadalupe St # 1 Santa Fe NM 87501	Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail	Affix Stamp Here (for additional copies of this receipt). Postmark with Date of Receipt.
---	--	---

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1. 9214 8901 9403 8329 3527 76	Franklin Mountain Royalty Investments PO BOX 6977 Denver CO 80206	0.50	3.55	Handling Charge - if Registered and over \$50,000 in value							1.70				
2. 9214 8901 9403 8329 3527 83	Matador Resources Company 5400 Lyndon B Johnson FWY Ste 1500 Dallas TX 75240-1017	0.50	3.55									1.70			
3. 9214 8901 9403 8329 3527 90	Oak Valley Mineral and Land LP PO BOX 50820 Midland TX 79710	0.50	3.55									1.70			
4. 9214 8901 9403 8329 3528 06	Mavros Minerals II LLC PO BOX 50820 Midland TX 79710	0.50	3.55						Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	1.70	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
5. 9214 8901 9403 8329 3528 13	Foundation Minerals LLC PO BOX 50820 Midland TX 79710	0.50	3.55									1.70			
6. 9214 8901 9403 8329 3528 20	CrownRock Minerals LP PO BOX 51933 Midland TX 79710	0.50	3.55									1.70			
7. 9214 8901 9403 8329 3528 37	Chilmark Properties LLC 110 W Louisiana Ave Ste 404 Midland TX 79701	0.50	3.55									1.70			
8. 9214 8901 9403 8329 3528 44	Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	0.50	3.55									1.70			

Total Number of Pieces Listed by Sender 8	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)
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523 Park Point Dr, Suite 200
Golden, CO 80401

November 24, 2020

New Mexico Bureau of Land Management
Attn: Mustafa Haque
301 Dinosaur Trail
Santa Fe, NM 87508

Re: Seinfeld Federal Unit (NMNM141169X) – Change of Initial Well

Mr. Haque:

Tap Rock Resources, LLC, as Operator of the Seinfeld Federal Unit, respectfully requests to change to the Unit Initial Obligation Well from the Gipple Federal Com #114H to the Mulva Federal Com #211H.

To effectuate this change, I have enclosed an updated Unit Agreement. The two changes incorporated in the Unit Agreement are as follows:

- 1) Updated Paragraph 9 to Wolfcamp Formation
- 2) Updated Paragraph 11 to include Gipple Federal Com #114 in the list of existing wells for which we will request to be unit wells after unit approval.

No changes have been made to Exhibits A, B, or C, copies of which your office already possesses.

Please let me know if you need anything else from me.

Thank you,

Erica Hixson

Landman

Office: 720-460-3316

ehixson@taprk.com



EXHIBIT 5

This is the Model Form for an onshore unit agreement
as found in 43 CFR 3186, with
modifications currently being used.

UNIT AGREEMENT
FOR DEVELOPMENT AND OPERATION
OF THE
SEINFELD UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO

NO. **NMNM 141169X**

THIS AGREEMENT, entered into as of the 1st day of August 2020, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, THE Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sec. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the parties hereto hold sufficient interests in the Seinfeld Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined unit area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations and State of New Mexico leases and rules and regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal and State of New Mexico lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas

operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit “A” is hereby designated and recognized as constituting the unit area, containing 4,043.44 acres, more or less, in Lea County, New Mexico.

Exhibit “A” shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit “B” attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits “A” or “B” shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits as owned by such party. Exhibits “A” and “B” shall be revised by the Unit Operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized Officer, hereinafter referred to as “AO” and not less than four copies of the revised Exhibits shall be filed with the proper Bureau of Land Management office.

The above-described unit area shall when practicable be expanded to include therein any additional lands or shall be contracted to exclude lands whenever such expansion or contraction is deemed to be necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion (after preliminary concurrence by the AO), or on demand of the AO, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefore, any plans for additional drilling, and the proposed effective date of the expansion or contraction, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the proper BLM office, and copies thereof mailed to the last known address of each working interest owner, lessee and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the AO evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in triplicate, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the AO, become effective as of the date prescribed in the notice thereof or such other appropriate date.

(e) All legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot

or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are in or entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 180 days elapsing between the completion of one such well and the commencement of the next such well. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the AO and promptly notify all parties in interest. All lands reasonably proved productive of unitized substances in paying quantities by diligent drilling operations after the aforesaid five-year period shall become participating in the same manner as during said first five-year period. However, when such diligent drilling operations cease, all nonparticipating lands not then entitled to be in a participating area shall be automatically eliminated effective as of the 91st day thereafter.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or recommitment of such lands. If conditions warrant extension of the 10-year period specified in this subsection, a single extension of not to exceed two years may be accomplished by consent of the owners of 90 percent of the working interest in the current nonparticipating unitized lands and the owners of 60 percent of the basic royalty interests (exclusive of the basic royalty interests of the United States) in nonparticipating unitized lands with approval of the AO, provided such extension application is submitted not later than 60 days prior to the expiration of said 10-year period.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as “unitized land” or “land subject to this agreement.” All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called “unitized substances.”

4. UNIT OPERATOR. Tap Rock Operating, LLC is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term “working interest owner” when used herein shall include or refer to Unit Operator as the owner of a working interest only when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and

obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the AO and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time after a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release the Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the AO.

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, materials, and appurtenances used in conducting the unit operations to the new duly qualified successor Unit Operator or to the common agent, if no such new Unit Operator is selected to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment, or appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests according to their respective acreage interests in all unitized land shall, pursuant to Approval of the Parties requirements of the unit operating agreement, select a successor Unit Operator. Such selection shall not become effective until:

(a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and

(b) the selection shall have been approved by the AO.

If no successor Unit Operator is selected and qualified as herein provided, the AO at his election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATION AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Unit Operating Agreement." Such Unit Operating Agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this agreement, and in case of any inconsistency or conflict between this agreement and the Unit Operating Agreement, this agreement shall govern. Two copies of the Unit Operating Agreement, executed pursuant to this section shall be filed in the proper BLM office prior to approval of this unit agreement.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with Unit Operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until the Wolfcamp formation has been tested with at least a 1-mile horizontal well or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill the horizontal portion of said well to a length in excess of 5,280 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one or more well(s) at a time, allowing not more than six months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall

be deemed to limit the right of the Unit Operator to resign as provided in Section 5, hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO may modify any of the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted.

Until the establishment of a participating area, the failure to commence a well subsequent to the drilling of the initial obligation well, or in the case of multiple well requirements, if specified, subsequent to the drilling of those multiple wells, as provided for in this (these) section(s), within the time allowed including any extension of time granted by the AO, shall cause this agreement to terminate automatically. Upon failure to continue drilling diligently any well other than the obligation well(s) commenced hereunder, the AO may, after 15 days notice to the Unit Operator, declare this unit agreement terminated. Failure to commence drilling the initial obligation well, or the first of multiple obligation wells, on time and to drill it diligently shall result in the unit agreement approval being declared invalid ab initio by the AO. In the case of multiple well requirements, failure to commence drilling the required multiple wells beyond the first well, and to drill them diligently, may result in the unit agreement approval being declared invalid ab initio by the AO.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the AO an acceptable plan of development and operation for the unitized land which, when approved by the authorized officer, shall constitute the further drilling and development obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the AO a plan for an additional specified period for the development and operation of the unitized land. Subsequent plans should normally be filed on a calendar-year basis not later than March 1 of each year. Any proposed modification or addition to the existing plan should be filed as a supplement to the plan.

Any plan submitted pursuant to this section shall provide for the timely exploration of the unitized area, and for the diligent drilling necessary for determination of the area or areas capable of producing unitized substances in paying quantities in the prospective productive formation(s). This plan shall be as complete and adequate as the AO may determine to be necessary for timely development and proper conservation of the oil and gas resources in the unitized area and shall:

(a) Specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and

(b) Provide a summary of operations and production for the previous year.

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development and operation. The AO is authorized to grant a reasonable extension of the six-month period herein prescribed for submission of the initial

plan of development and operation where such action is justified because of unusual conditions or circumstances.

After completion of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement and such as may be specifically approved by the AO, shall be drilled except in accordance with an approved plan of development and operation.

11. PARTICIPATION AFTER DISCOVERY. Determination as to whether the Gipple Federal Com #134H, Gipple Federal Com #138H, Gipple Federal Com #214H Gipple Federal Com #114H, and Gipple Federal Com #218H, which are completed within the Unit Area prior to the effective date of this agreement, are capable of producing unitized substances in paying quantities shall be deferred until an initial participating area is established as the result of the completion of a well for production in paying quantities in accordance with Section 9 hereof.

Upon completion of a well capable of producing unitized substances in paying quantities, or as soon thereafter as required by the AO, the Unit Operator shall submit for approval by the AO, a schedule, based on subdivision of the public land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive of unitized substances in paying quantities. These lands shall constitute a participating area on approval of the AO, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. The schedule shall also set forth the percentage of unitized substances to be allocated, as provided in Section 12, to each committed tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the participating area. A different participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the AO. When production from two or more participating areas is subsequently found to be from a common pool or deposit, the participating areas shall be combined into one, effective as of such appropriate date as may be approved or prescribed by the AO. The participating area or areas so established shall be revised from time to time, subject to the approval of the AO, to include additional lands then regarded as reasonably proved to be productive of unitized substances in paying quantities or which are necessary for unit operations, or to exclude lands then regarded as not reasonably proved to be productive of unitized substances in paying quantities, and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which the knowledge or information is obtained on which such revision is predicated; provided however, that a more appropriate effective date may be used if justified by Unit Operator and approved by the AO. No land shall be excluded from a participating area on account of depletion of its unitized substances, except that any participating area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating area is based are abandoned.

It is the intent of this section that a participating area shall represent the area known or reasonably proved to be productive of unitized substances in paying quantities or which are necessary for unit operations; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the AO as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established, the portion of all payments affected thereby shall, except royalty due the United States and the State of New Mexico, be impounded in a manner mutually acceptable to the owners of committed working interests. Royalties due the United States and the State of New Mexico shall be determined by the AO and State and the amount thereof shall be deposited, as directed by the AO and State, until a participating area is finally approved and then adjusted in accordance with a determination of the sum due as Federal or State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the AO, that a well drilled under this agreement is not capable of production of unitized substances in paying quantities and inclusion in a participating area of the land on which it is situated is unwarranted, production from such well shall, for the purpose of settlement among all parties other than working interest owners, be allocated to the land on which the well is located, unless such land is already within the participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a nonpaying unit well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from a participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating and other production or development purposes, for repressuring or recycling in accordance with a plan of development and operations that has been approved by the AO, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land and unleased Federal or State land, if any, included in the participating area established for such production. Each such tract shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land and unleased Federal or State land, if any, included in said participating area. There shall be allocated to the working interest owner(s) of each tract of unitized land in said participating area, in addition, such percentage of the production attributable to the unleased Federal and State land within the participating area as the number of acres of such unitized tract included in said participating area bears to the total acres of unitized land in said participating area, for the payment of the compensatory royalty specified in Section 17 of this agreement. Allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, including compensatory royalty obligations under Section 17, shall be prescribed as set forth in the unit operating agreement or as otherwise mutually agreed by the affected parties. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular part or tract of the participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from the latter participating area for sale during the life of this agreement, shall be considered to be the gas so transferred, until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as such area was defined at the time that such transferred gas was finally produced and sold.

13. DEVELOPMENT OR OPERATION OF NONPARTICIPATING LAND OR FORMATIONS. Any operator may, with the approval of the AO, at such party's sole risk, costs, and expense, drill a well on the unitized land to test any formation provided the well is outside any participating area established for that formation, unless within 90 days of receipt of notice from said party of his intention to drill the well, the Unit Operator elects and commences to drill the well in a like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled under this section by a non-unit operator results in production of unitized substances in paying quantities such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with terms of this agreement and the unit operating agreement.

If any well drilled under this section by a non-unit operator that obtains production in quantities insufficient to justify the inclusion of the land upon which such well is situated in a participating area, such well may be operated and produced by the party drilling the same, subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and any State and any royalty owner, who is entitled to take in kind a share of the substances now unitized hereunder shall be hereafter be entitled to the right to take in kind its share of the unitized substances, and Unit Operator, or the non-unit operator in the case of the operation of a well by a non-unit operator as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by an operator responsible therefore under existing contracts, laws and regulations, or by the Unit Operator on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing in this section shall operate to relieve the responsible parties of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, in conformity with a plan of development and operation approved by the AO, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with appropriate deduction for loss from any cause, may be withdrawn from the formation into which the gas is introduced, royalty free as to dry gas, but not as to any products which may be extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved plan of development and operation or as may otherwise be consented to by the AO as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided in Section 12 at the rates specified in the respective Federal leases, or at such other rate or rates as may be authorized by law or regulation and approved by the

AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by the appropriate parties under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the responsible parties of the land from their respective obligations for the payment of any rental or minimum royalty due under their leases. Rental or minimum royalty for lands of the United States or State of New Mexico subject to this agreement shall be paid at the rate specified in the respective leases from the United States or State unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations are commenced upon the land covered thereby within the time therein specified or rentals are paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby, or until some portion of such land is included within a participating area.

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE.

(a) The Unit Operator shall take such measures as the AO deems appropriate and adequate to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, which shall include the drilling of protective wells and which may include the payment of a fair and reasonable compensatory royalty, as determined by the AO.

(b) Whenever a participating area approved under Section 11 of this agreement contains unleased Federal or State lands, the value of 12-1/2 percent of the production that would be allocated to such Federal lands under Section 12 of this agreement, if such lands were leased, committed and entitled to participation and the appropriate State of New Mexico royalty rate, shall be payable as compensatory royalties to the Federal and State Governments. Parties to this agreement holding working interests in committed leases within the applicable participating area shall be responsible for such compensatory royalty payment on the volume of production reallocated from the unleased Federal and State lands to their unitized tracts under Section 12. The value of such production subject to the payment of said royalties shall be determined pursuant to 30 CFR Part 206 and the terms of the State of New Mexico leases, rules and regulations. Payment of compensatory royalties on the production reallocated from unleased Federal and State land to the committed tracts within the participating area shall fulfill the Federal and State royalty obligation for such production, and said production shall be subject to no further Federal royalty assessment under Section 14 of this agreement. Payment of compensatory royalties as provided herein shall accrue from the date the committed tracts in the participating area that includes

unleased Federal and State lands receive a production allocation, and shall be due and payable monthly by the last day of the calendar month next following the calendar month of actual production. If leased Federal or State lands receiving a production allocation from the participating area become unleased, compensatory royalties shall accrue from the date the Federal or State lands become unleased. Payment due under this provision shall end when the unleased Federal or State tract is leased or when production of unitized substances ceases within the participating area and the participating area is terminated, whichever occurs first.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary shall and by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of this unit area.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the AO shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations limited to specified lands shall be applicable only to such lands.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development, or operation for oil or gas of lands other than those of the United States committed to this agreement which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of unitized substances in paying quantities is established under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with provisions of this agreement, prior to the end of

the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years, and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act, as amended.

(f) Each sublease or contract relating to the operation and development Of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(m) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784) (30 U.S.C. 226(m)):

“Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, that any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities.”

If the public interest requirement is not satisfied, the segregation of a lease and/or extension of a lease pursuant to 43 CFR 3107.3-2 and 43 CFR 3107.4, respectively, shall not be effective.

(h) Any lease, other than a Federal lease, having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

19. COVENANTS RUN WITH THE LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the AO and shall automatically terminate five years from said effective date unless:

(a) Upon application by the Unit operator such date of expiration is extended by the AO, or

(b) It is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder, and after notice of intention to terminate this agreement on such ground is given by the Unit Operator to all parties in interest at their last known address, this agreement is terminated with approval of the AO, or

(c) A valuable discovery of unitized substances in paying quantities has been made or accepted on unitized land during said initial term or any extension thereof, in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder. Should production cease and diligent drilling or reworking operations to restore production or new production are not in progress within 60 days and production is not restored or should new production not be obtained in paying quantities on committed lands within this unit area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred, or

(d) It is voluntarily terminated as provided in this agreement. Except as noted herein, this agreement may be terminated at any time prior to the discovery of unitized substances which can be produced in paying quantities by not less than 75 per centum, on an acreage basis, of the working interest owners signatory hereto, with the approval of the AO. The Unit Operator shall give notice of any such approval to all parties hereto.

If the public interest requirement is not satisfied, the approval of this unit by the AO shall be invalid.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The AO is hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and rate of production under this agreement when such quantity and rate are not fixed pursuant to Federal or State law, or do not conform to any Statewide voluntary conservation or allocation program which is established, recognized, and generally adhered to by the majority of operators in such State. The above authority is hereby limited to alteration or modifications which are in the public interest. The public interest to be served and the purpose thereof, must be stated in the order of alteration or modification. Without regard to the foregoing, the AO is also hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law.

Powers in this section vested in the AO shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

22. APPEARANCES. The Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department

of the Interior and to appeal from orders issued under the regulations of said Department or to apply for relief from any of said regulations, or in any proceedings relative to operations before the Department, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at its own expense to be heard in any such proceeding.

23. NOTICES. All notices, demands, or statements required hereunder to be given or rendered to the parties hereto shall be in writing and shall be personally delivered to the party or parties, or sent by postpaid registered or certified mail, to the last-known address of the party or parties.

24. NO WAIVER OF CERTAIN RIGHTS. Nothing contained in this agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State where the unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

25. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling, or to operate on, or produce unitized substances from any of the lands covered by this agreement, shall be suspended while the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials or equipment in the open market, or other matters beyond the reasonable control of the Unit Operator, whether similar to matters herein enumerated or not.

26. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all the provisions of section 202 (1) to (7) inclusive, of Executive Order 11246 (30 FR 12319), as amended, which are hereby incorporated by reference in this agreement.

27. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal lands or leases, no payments of funds due the United States shall be withheld, but such funds shall be deposited as directed by the AO, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

28. NONJOINER AND SUBSEQUENT JOINER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written

notice delivered to the proper BLM office and the Unit Operator prior to the approval of this agreement by the AO. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a nonworking interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such nonworking interest. A nonworking interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO of duly executed counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

29. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

30. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operations hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If as the result of any such surrender or forfeiture working interest rights become vested in the fee owner of the unitized substances, such owner may:

(a) Accept those working interest rights subject to this agreement and the unit operating agreement; or

(b) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement; or

(c) Provide for the independent operation of any part of such land that is not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six months after the surrendered or forfeited, working interest rights become vested in the fee owner; the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of the unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interests subsequent to the date of surrender or forfeiture, and payment of any moneys found to be owing by such an accounting shall be made as between the parties within 30 days.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

31. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land covered by this agreement after its effective date, or upon the proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to royalty owners having interests in said-tract, and may currently retain and deduct a sufficient amount of the unitized substances or derivative products, or net proceeds thereof, from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or to the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

32. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing contained in this agreement, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership association between the parties hereto or any of them.

33. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

OPERATOR:

TAP ROCK OPERATING, LLC

By: _____

Name: Clayton Sporich

Title: VP-Land & Legal

NONOPERATOR AND WORKING INTEREST OWNERS:

TAP ROCK RESOURCES, LLC

By: _____

Name: Clayton Sporich

Title: VP-Land & Legal

AMERICAN SHALE ENERGY LLC

By: _____

Name: _____

Title: _____

FRANKLIN MOUNTAIN ENERGY LLC

By: _____

Name: _____

Title: _____

Unit Agreement Guidelines

1. Executed agreement to be legally complete.
2. Agreement submitted for approval must contain Exhibit A and B in accordance with models shown in §3186.1-1 and §3186.102 of this title.
3. Consents should be identified (in pencil) by tract numbers as listed in Exhibit B and assembled in that order as far as practical. Unit agreements submitted for approval shall include a list of the overriding royalty interest owners who have executed ratifications of the unit agreement. Subsequent joinders by overriding royalty interest owners shall be submitted in the same manner, except each must include or be accompanied by a statement that the corresponding working interest owner has consented in writing to such joinder. Original ratifications of overriding royalty owners will be kept on file by the unit Operator or his designated agent.
4. All leases held by option should be noted on Exhibit B with an explanation as to the type of option, i.e., whether for operating rights only, for full leasehold record title, or for certain interests to be earned by performance. In all instances, optionee committing such interests is expected to exercise option promptly.
5. All owners of oil and gas interests must be invited to joint the unit agreement, and statement to that effect must accompany executed agreement, together with summary of results of such invitations. A written reason for all interest owners who have not joined shall be furnished by the unit operator.

6. In the event fish and wildlife lands are included, and the following as a separate section:

"Wildlife Stipulation. Nothing in this agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the United State Fish and Wildlife Service."

7. In the event National Forest System lands are included within the unit area, add the following as a separate section:

"Forest Land Stipulation. Notwithstanding any other terms and conditions contained in this agreement, all of the stipulations and conditions of the individual leases between the United States and its lessees or their successors or assigns embracing lands within the unit area included for the protection of lands or functions under the jurisdiction of the Secretary of Agriculture shall remain in full force and effect the same as though this agreement had not been entered into, and no modification thereof is authorized except with the prior consent in writing of the Regional Forester, United States Forest Service,
_____."

9. In the event reclamation lands are included, add the following as a new separate section:

"Reclamation Lands. Nothing in this agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the Bureau of reclamation."

10. In the event a powersite is embraced in the proposed unit area, the following section should be added:

"Powersite. Nothing in this agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the Federal Energy Regulatory Commission."

11. In the event special surface stipulations have been attached to any of the Federal oil and gas leases to be included, add the following as a separate section:

"Special Surface Stipulations. Nothing in this agreement shall modify the special Federal lease stipulations attached to the individual Federal oil leases."

12. In the event State lands are included in the proposed unit area, add the appropriate State Lands Section as separate section. (See §3181.4(a) of this title).

13. In the event restricted Indian lands are involved, consult the AO regarding the appropriate requirements under §3181.4(b) of this title.

14. In the event a prior well was completed within the unit area include the following as the first paragraph of Section 11, Participation After Discovery:

"Determination as to whether a well completed within the Unit Area prior to the effective date of this agreement is capable of producing unitized substances in paying quantities shall be deferred until an initial participating area is established as the result of the completion of a well for production in paying quantities in accordance with Section 9 hereof."

TrackingNo	CustomField1	TransactionDate	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765894222716	Tap Rock Mulva Man Hands E2 W2	02/15/2021	Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508	Your item was delivered to an individual at the address at 12:42 pm on February 17, 2021 in SANTA FE, NM 87508.

From: [Kaitlyn A. Luck](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: surface commingling application PLC-731
Date: Wednesday, March 17, 2021 11:00:22 AM
Attachments: [image001.png](#)

Here's what Tap Rock sent over:

Bonespring average: 43.1

Wolfcamp average: 45.6

Let me know if you have any other questions, thanks again for all of your work on these comminglings.

Kaitlyn

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Tuesday, March 16, 2021 3:53 PM
To: Kaitlyn A. Luck <KALuck@hollandhart.com>
Subject: RE: surface commingling application PLC-731

External Email

Hello Ms. Luck,

Sorry about the long response time; it has taken a bit to circle back around to this.

Please confirm the gravity of the oil from these two pools. It looks like the submitted gravities may be for the gas instead of oil. I neglected to mention that I was looking for the gravity of the oil rather than the gas.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

From: Kaitlyn A. Luck <KALuck@hollandhart.com>
Sent: Wednesday, March 10, 2021 10:48 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: [EXT] RE: surface commingling application PLC-731

Mr. McClure, I appreciate your patience with respect to these applications. We've finally confirmed delivery of the application to BLM under the new tracking number, on 2/17/21.

Here's the BTU/gravities for the Bone Spring and Wolfcamp formations in both applications:

Formation	Gravity	BTU
Bone Spring (4 wells)	.84	1145
Wolfcamp (12 wells)	.79	1337

Let us know if you have any other questions or concerns.

Thanks,

Kaitlyn

[Kaitlyn A. Luck – Associate](#) | Holland & Hart LLP | (o) 505.954.7286 (m) 361.648.1973

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Monday, February 15, 2021 5:54 PM

To: Kaitlyn A. Luck <KALuck@hollandhart.com>
Subject: surface commingling application PLC-731

External Email

Ms. Luck,

I am reviewing surface commingling application PLC-731 for the commingling project which involves the Mulva Man Hands W2 W2 Tank Battery operated by Tap Rock Operating, LLC (372043).

Have you heard anything more regarding the status of notice to the BLM for this application and PLC-730? (It looks like they were both sent within the same envelopes)

Bureau of Land Management 301 Dinosaur Trail Santa Fe NM

1/12/2021 87508

9214 8901 9403 8329 3528 44 Alert

Additionally, please provide estimates for the BTU and gravity values for both the pools.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: [Engineer, OCD, EMNRD](#)
To: [Kaitlyn A. Luck](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Glover, James; kparadis@blm.gov](#); [Walls, Christopher](#)
Subject: Approved Administrative Order PLC-731
Date: Thursday, March 18, 2021 11:40:40 AM
Attachments: [PLC731 Order.pdf](#)

NMOCD has issued Administrative Order PLC-731 which authorizes Tap Rock Operating, LLC (372043) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPM)	Pool Code
30-025-47341	Mulva Fed Com #111H	M-27-24S-35E	98098
30-025-47740	Mulva Fed Com #112H	N-27-24S-35E	98294
30-025-47342	Mulva Fed Com #131H	M-27-24S-35E	98098
30-025-47343	Mulva Fed Com #211H	M-27-24S-35E	98098
30-025-47344	Mulva Fed Com #215H	M-27-24S-35E	98098
30-025-47743	Mulva Fed Com #132H	N-27-24S-35E	98098
30-025-47787	Mulva Fed Com #212H	N-27-24S-35E	98098
30-025-47788	Mulva Fed Com #217H	N-27-24S-35E	98098
30-025-47290	Man Hands Fed Com #135H	M-27-24S-35E	98098
30-025-47803	Man Hands Fed Com #137H	C-34-24S-35E	98098
30-025-47291	Man Hands Fed Com #211H	D-34-24S-35E	98098
30-025-47804	Man Hands Fed Com #212H	C-34-24S-35E	98098
30-025-47292	Man Hands Fed Com #215H	D-34-24S-35E	98098
30-025-47808	Man Hands Fed Com #217H	C-34-24S-35E	98098
30-025-47073	Man Hands Fed Com #111H	D-34-24S-35E	98294
30-025-47798	Man Hands Fed Com #112H	N-27-24S-35E	98294

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

State of New Mexico
Energy, Minerals and Natural Resources Department

Notice

Order: PLC-731

Operator: Tap Rock Operating, LLC (372043)

Publication Date:

Date Sent: 1/8/2021

Noticed Persons

Date	Person	Certified Tracking Number	Status
1/28/2021	Franklin Mountain Royalty Investments PO BOX 6	9214 8901 9403 8329 3527 76	Delivered
1/15/2021	Matador Resources Company 5400 Lyndon B John	9214 8901 9403 8329 3527 83	Delivered
1/15/2021	Oak Valley Mineral and Land LP PO BOX 50820 Mi	9214 8901 9403 8329 3527 90	Delivered
1/11/2021	Mavros Minerals II LLC PO BOX 50820 Midland TX	9214 8901 9403 8329 3528 06	Delivered
1/11/2021	Foundation Minerals LLC PO BOX 50820 Midland	9214 8901 9403 8329 3528 13	Delivered
1/12/2021	CrownRock Minerals LP PO BOX 51933 Midland T	9214 8901 9403 8329 3528 20	Delivered
1/11/2021	Chilmark Properties LLC 110 W Louisiana Ave Ste	9214 8901 9403 8329 3528 37	Delivered
1/12/2021	Bureau of Land Management 301 Dinosaur Trail S	9214 8901 9403 8329 3528 44	Alert
2/17/2021	Bureau of Land Management 301 Dinosaur Trail S	9414 8118 9876 5894 2227 16	Delivered

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY TAP ROCK OPERATING, LLC**

ORDER NO. PLC-731

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Tap Rock Operating, LLC (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well which produces from a pool and spacing unit dedicated to a well identified in Exhibit A.
9. Applicant submitted or intends to submit one or more application(s) to the BLM or NMSLO, as applicable, to form or revise a participating area (“PA”) and has identified the acreage of

each lease within each spacing unit (“Pooled Area”) to be included in the application(s), as described in Exhibit B.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
12. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
13. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
14. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant’s defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production’s value or otherwise adversely affect the interest owners in the production to be added.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well producing from the same pool and spacing unit dedicated to a well identified in Exhibit A.

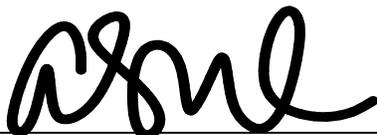
2. No later than sixty (60) days after the BLM or NMSLO, as applicable, approves Applicant’s paying well determination for a well, Applicant shall submit to the BLM or NMSLO an application to form or revise a PA that includes the Pooled Area as defined in Applicant’s Form C-102 and Exhibit B (“PA Application”). If Applicant fails to submit the PA Application, this Order shall terminate on the following day. No later than sixty (60) days after the BLM or NMSLO approves or denies the PA Application, Applicant shall submit Form C-103 to OCD with a copy of the decision. If Applicant withdraws or the BLM or NMSLO denies the PA Application, this Order shall terminate on the date of such action. If the BLM or NMSLO approves but modifies the PA Application, Applicant shall comply with the approved PA, and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved PA.

If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

3. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Pooled Area is included in a PA. After a Pooled Area is included in a PA, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the PA, including any production that had been allocated previously in accordance with this Order.
4. The allocation of oil and gas production to an infill well shall be determined in the same manner as oil and gas production to the well dedicated to the pool and spacing unit.
5. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
6. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
7. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
11. Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau identifying an infill well prior to commingling and off-lease measuring, as applicable, oil and gas production from an infill well with the production from another well.
12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

- OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 3/18/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-731

Operator: Tap Rock Operating, LLC (372043)

Central Tank Battery: Mulva Man Hands W2 W2 Tank Battery

Central Tank Battery Location (NMPM): W/2 SW/4 Section 27, Township 24 South, Range 35 East

Gas Custody Transfer Meter Location (NMPM): W/2 SW/4 Section 27, Township 24 South, Range 35 East

Pools

Pool Name	Pool Code
WC-025 G-09 S243532M; WOLFBONE	98098
WC-025 G-07 S243517D; MIDDLE BONE SP	98294

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
NMNM 138890	W/2	Sec 22-T24S-R35E
Fee	NW/4, E/2 SW/4	Sec 27-T24S-R35E
NMNM 138893	W/2 SW/4	Sec 27-T24S-R35E
Fee	NW/4 NW/4	Sec 34-T24S-R35E
NMNM 138895	NE/4 NW/4, S/2 NW/4, N/2 SW/4	Sec 34-T24S-R35E
Fee	S/2 SW/4	Sec 34-T24S-R35E
NMNM 138895	NW/4	Sec 3-T25S-R35E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-47341	Mulva Fed Com #111H	M-27-24S-35E	98098	
30-025-47740	Mulva Fed Com #112H	N-27-24S-35E	98294	
30-025-47342	Mulva Fed Com #131H	M-27-24S-35E	98098	
30-025-47343	Mulva Fed Com #211H	M-27-24S-35E	98098	
30-025-47344	Mulva Fed Com #215H	M-27-24S-35E	98098	
30-025-47743	Mulva Fed Com #132H	N-27-24S-35E	98098	
30-025-47787	Mulva Fed Com #212H	N-27-24S-35E	98098	
30-025-47788	Mulva Fed Com #217H	N-27-24S-35E	98098	
30-025-47290	Man Hands Fed Com #135H	M-27-24S-35E	98098	
30-025-47803	Man Hands Fed Com #137H	C-34-24S-35E	98098	
30-025-47291	Man Hands Fed Com #211H	D-34-24S-35E	98098	
30-025-47804	Man Hands Fed Com #212H	C-34-24S-35E	98098	
30-025-47292	Man Hands Fed Com #215H	D-34-24S-35E	98098	
30-025-47808	Man Hands Fed Com #217H	C-34-24S-35E	98098	
30-025-47073	Man Hands Fed Com #111H	D-34-24S-35E	98294	
30-025-47798	Man Hands Fed Com #112H	N-27-24S-35E	98294	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-731

Operator: Tap Rock Operating, LLC (372043)

Pooled Areas

Pooled Area	Location (NMPM)	Acres	Pooled Area ID
PA WB BLM	W/2 W/2 W/2 NW/4	240.81	A
PA BS BLM	W/2 NW/4	481.66	B
PA WB BLM	W/2 NW/4	481.66	C
PA BS BLM	W/2 W/2	640	D
PA WB BLM	W/2 W/2	640	E

Leases Comprising Pooled Areas

Lease	Location (NMPM)	Acres	Pooled Area ID
NMNM 138893	NW/4 NW/4	40	A
Fee	SW/4 NW/4, NW/4 SW/4	80	A
NMNM 138895	SW/4 SW/4	40	A
Fee	W/2 NW/4	80.81	A
NMNM 138893	NW/4 NW/4	40	B
Fee	E/2 NW/4, SW/4 NW/4, N/2 SW/4	200	B
NMNM 138895	S/2 SW/4	80	B
Fee	NW/4	161.66	B
NMNM 138893	NW/4 NW/4	40	C
Fee	E/2 NW/4, SW/4 NW/4, N/2 SW/4	200	C
NMNM 138895	S/2 SW/4	80	C
Fee	NW/4	161.66	C
NMNM 138890	W/2	320	D
Fee	NW/4, E/2 SW/4	240	D
NMNM 138893	W/2 SW/4	80	D
NMNM 138890	W/2	320	E
Fee	NW/4, E/2 SW/4	240	E
NMNM 138893	W/2 SW/4	80	E

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 14489

CONDITIONS OF APPROVAL

Operator: TAP ROCK OPERATING, LLC Suite 200 Golden, CO80401	523 Park Point Drive	OGRID: 372043	Action Number: 14489	Action Type: C-107B
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OCD Reviewer	Condition
dmccleure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.