

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

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

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Tap Rock Operating, LLC (“TRO”) (OGRID No. 372043) applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit (“Unit”) comprised of the E/2 of Sections 9 and 16, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, TRO states:

1. TRO is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following proposed initial wells (“Wells”):
  - **Schlitz Federal Com #156H** to be horizontally drilled from a surface hole location in the SE/4SE/4 of Section 16 to a bottom hole location in the NW/4NE/4 of Section 9, and
  - **Schlitz Federal Com #158H** to be horizontally drilled from a surface hole location in the SE/4SE/4 of Section 16 to a bottom hole location in the NE/4NE/4 of Section 9.
3. The completed interval for the **Schlitz Federal Com #156H** will be within 330’ of the quarter-quarter line separating the W/2E/2 from the E/2E/2 of Sections 9 and 16 to allow the inclusion of this acreage into a standard horizontal spacing unit.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. To allow TRO to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and TRO should be designated the operator of the Wells and Unit.

WHEREFORE, TRO requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the initial Wells in the Unit;
- C. Designating TRO as operator of this Unit and the Wells to be drilled thereon;
- D. Authorizing TRO to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by TRO in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

TAP ROCK OPERATING, LLC

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