

Submit Copy To Appropriate District
Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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|---|
| WELL API NO. 33-015-20813 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name STATE Q COM |
| 8. Well Number 001 |
| 9. OGRID Number 372043 |
| 10. Pool name or Wildcat HAPPY VALLEY; MORROW and STRAWN |

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|--|--|
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | |
| 2. Name of Operator TAP ROCK OPERATING, LLC | |
| 3. Address of Operator 523 PARK POINT DR, SUITE 200, GOLDEN, CO 80401 | |
| 4. Well Location Unit Letter <u>L</u> , 2235 feet from the <u>SOUTH</u> line and 660 feet from the <u>WEST</u> line Section 3293 Township 21S Range 26E NMPM County EDDY | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3293' GR | |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | OTHER: Production information for commingle allocation <input checked="" type="checkbox"/> |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The State Q Com 001 has downhole commingling approved under order DHC-3275 for the following two pools:

[78060] HAPPY VALLEY; MORROW (GAS)

[78070] HAPPY VALLEY; STRAWN (GAS)

TapRock proposes allocating production between the Strawn and Morrow pools according to the attached allocation methodology and historical production data depicted graphically.

Correct production in accordance with this allocation method back to August of 2017.

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

SIGNATURE  TITLE Regulatory Analyst DATE 5/3/2022

Type or print name Jeff Trlica E-mail address: jtrlica@taprock.com PHONE: 720-772-5910

For State Use Only

APPROVED BY:  TITLE Petroleum Engineer DATE 05/19/2022

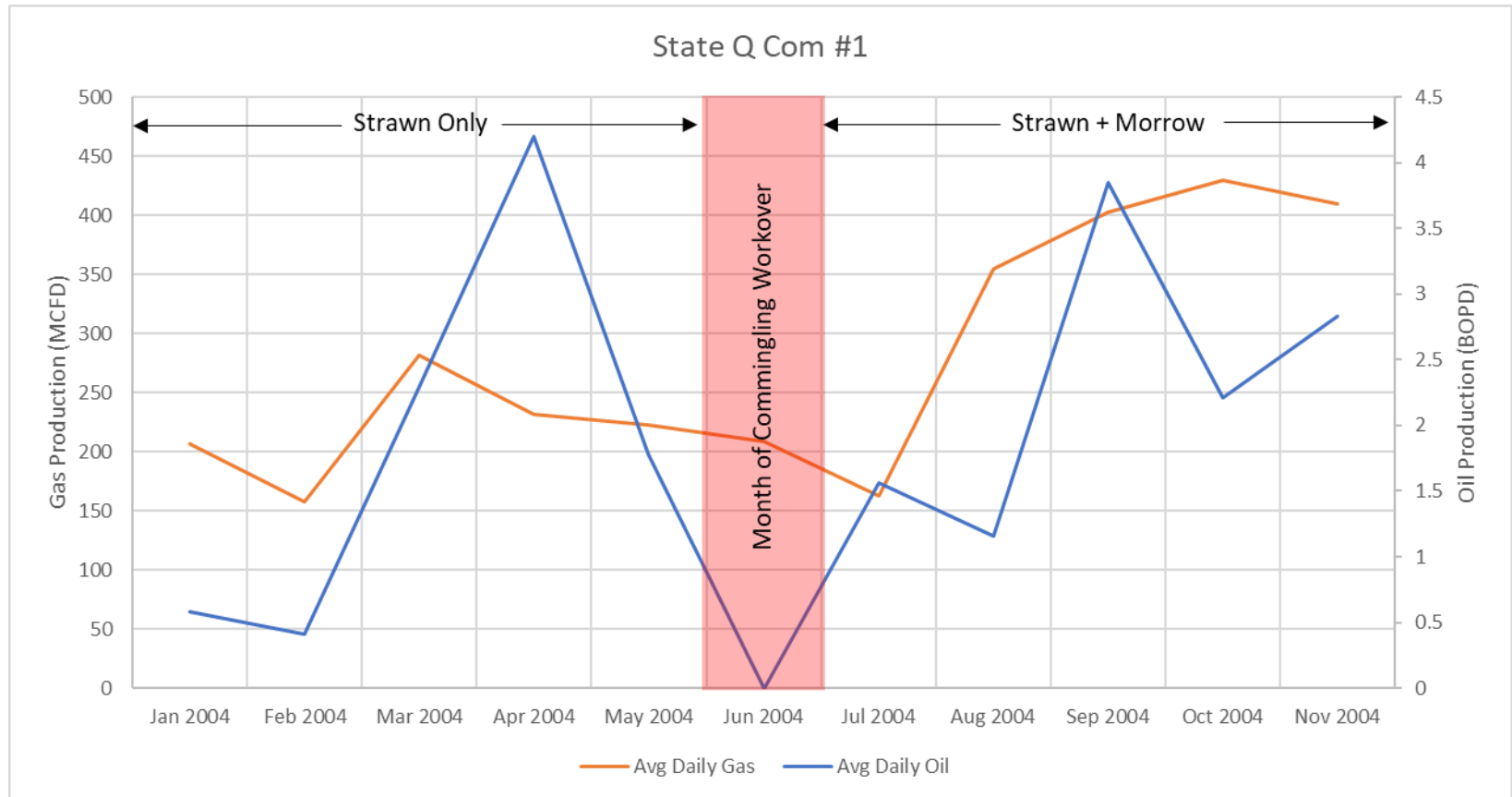
Conditions of Approval (if any):

Tap Rock proposes allocating production between the Strawn and Morrow pools on State Q Com #1 by reviewing the difference in production before and after the downhole commingling began. Below you will find the process in which an allocation percentage was calculated.

- Averaged the daily oil, gas, and water production from the State Q Com #1 for the 5 months preceding the commingling workover (Jan – May 2004). During this period, the well was only producing from the Strawn.
- Ignored data from the month of the workover (June 2004)
- Averaged the daily oil, gas, and water production from the State Q Com #1 for the 5 months after the commingling workover (July – Nov 2004). During this period, the well was producing from both the Strawn and the Morrow.
- Calculated the difference in daily average oil, gas, and water before and after the commingling workover and called this the Morrow production
- Using the calculated Morrow production, I calculated allocation factors for oil, gas, and water by pool

Allocation Percentages by Pool

| | Oil | Gas | Water |
|---------------|------------|------------|--------------|
| Strawn | 81.767% | 63.124% | 0.000% |
| Morrow | 18.233% | 36.876% | 100.000% |



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

CONDITIONS

Action 103618

CONDITIONS

| | |
|--|--|
| Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401 | OGRID: 372043 |
| | Action Number: 103618 |
| | Action Type: [C-103] Sub. General Sundry (C-103Z) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| dmcclure | Correct production in accordance with this allocation method back to August of 2017. | 5/19/2022 |