

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

**APPLICATION OF TAP ROCK RESOURCES,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Tap Rock Resources, LLC ("Tap Rock") files this application pursuant to NMSA 1978, § 70-2-17, seeking an order pooling all mineral interests in the Bone Spring formation (RED TANK; BONE SPRING, EAST [51687]) underlying a standard 1,280-acre, more or less, horizontal spacing and proration unit comprised of Sections 10 and 15, Township 22 South, Range 33 East, Lea County, New Mexico. In support of its application, Tap Rock states as follows:

1. Tap Rock is a working interest owner in the standard horizontal spacing and proration unit ("HSU") and has the right to drill thereon.

2. Tap Rock proposes to dedicate the HSU to its proposed **Lower Hughes Fed Com #131H** well, to be horizontally drilled from an approximate surface hole location 286' FNL and 1123' FWL of Section 10-T22S-R33E, to an approximate bottom hole location 20' FSL and 990' FWL of Section 15-T22S-R33E. This well defines the HSU.

3. Also to be drilled are the following infill wells: (1) the **Lower Hughes Fed Com #132H** well, to be horizontally drilled from an approximate surface hole location 291' FNL and 1855' FWL of Section 10-T22S-R33E, to an approximate bottom hole location 20' FSL and 2310' FWL of Section 15-T22S-R33E; (2) the **Lower Hughes Fed Com #133H** well, to be horizontally drilled from an approximate surface hole location 298' FNL and 2109' FEL of Section 10-T22S-R33E, to an approximate bottom hole location 20' FSL and 1650' FEL of Section 15-T22S-R33E;

and (3) the **Lower Hughes Fed Com #134H** well, to be horizontally drilled from an approximate surface hole location 306' FNL and 788' FEL of Section 10-T22S-R33E, to an approximate bottom hole location 20' FSL and 332' FEL of Section 15-T22S-R33E.

4. The completed intervals and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.

5. Tap Rock has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

6. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. In order to permit Tap Rock to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Tap Rock should be designated the operator of the HSU.

WHEREFORE, Tap Rock requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 5, 2019. Tap Rock, however, anticipates filing a motion for continuance to September 19, 2019, so that the application can be heard concurrently with competing applications already scheduled for hearing on September 19, 2019. After notice and hearing as required by law, Tap Rock requests the Division to enter an order:

A. Pooling all mineral interests in the Bone Spring formation (RED TANK; BONE SPRING, EAST [51687]) underlying a standard 1,280-acre, more or less, horizontal spacing and proration unit comprised of Section 10, Township 22 South, Range 33 East, Lea County, New Mexico and Section 15, Township 22 South, Range 33 East, Lea County, New Mexico;

- B. Designating the Lower Hughes Fed Com #131H well as the defining well for said HSU;
- C. Allowing the drilling of the Lower Hughes Fed Com #132H well, the Lower Hughes Fed Com #133H well, and the Lower Hughes Fed Com #134H well as infill wells;
- D. Designating Tap Rock as operator of the HSU and the wells to be drilled thereon;
- E. Authorizing Tap Rock to recover its costs of drilling, equipping and completing the wells;
- F. 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;
- G. Imposing a 200% penalty for the risk assumed by Tap Rock in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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