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July 17, 2018

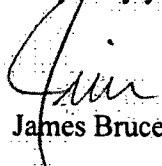
Case 16361

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

Dear Florene:

Enclosed for filing, on behalf of Tap Rock Resources, LLC, are an application to determine the validity of infill well proposals, together with a proposed advertisement. Please set the application for the July 23, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Tap Rock Resources, LLC

Parties Notified

**Ameredev Operating, LLC
Building 1, Suite 275
5707 Southwest Parkway
Austin, Texas 78735**

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

**APPLICATION OF TAP ROCK RESOURCES,
LLC TO DETERMINE VALIDITY OF TWO
INFILL WELL PROPOSALS, LEA COUNTY,
NEW MEXICO.**

Case No. 16361

APPLICATION

Tap Rock Resources, LLC ("Tap Rock") applies for an order to determine the validity of two infill well proposals submitted to it by Ameredev Operating, LLC ("Ameredev"), and in support thereof, states:

1. Under Division Order No. R-14662, Ameredev is the operator of the proposed Amen Corner State Com. 26 36 27 Well No. 111H, which has the W/2W/2 of Section 27 and the W/2NW/4 of Section 34, Township 26 South, Range 36 East, NMPM, dedicated to it ("Well No. 111H").

2. Tap Rock is a working interest owner in the horizontal spacing unit for Well No. 111H.

3. By letter dated June 26, 2018, attached hereto as Exhibit A, Ameredev gave Tap Rock an election, pursuant to Order No. R-14662 and Division regulations, to join in Well No. 111H.

4. In addition, the letter of June 26, 2018 also purported to give Tap Rock an election to join in the Amen Corner State Com. 26 36 27 Well Nos. 121H and 091H.

5. Division pooling regulations provide that when Division regulations or rules authorize infill wells within a spacing unit pooled by the Division under NMAC 1978 §70-2-17,

“either the operator or a pooled working interest owner, at any time after completion of the initial well provided in the pooling order, propose the drilling of an infill well.” NMAC 19.15.13.9.

6. The recently enacted rules for horizontal wells, NMAC 19.15.16.15, specifically provide that subsequent wells in existing spacing units are subject to NMAC 19.15.13. See NMAC 19.15.16.15.B(9)(b)

7. Well No. 111H has not been commenced nor completed. Therefore, providing elections for the Amen Corner State Com. 26 36 27 Well Nos. 121H and 091H is not allowed by Division regulations.

8. Moreover, Ameredev has filed an application with the Division in Case No. 16342 to compulsory pool working interests in the Amen Corner State Com. 26 36 27 Well No. 091H. Not only is this contrary to the June 26, 2018 letter, the letter is not a proper well proposal under Division Order No. R-13165.

9. In addition, Tap Rock requests that, if it decides to join in the drilling of a well, that funds paid up front under the pooling statute and regulations, be held for only 90 days from the election, and then returned to the working interest owner if the well is not commenced by then. This is based on the unfairness of withholding large sums of money if the well is not promptly commenced.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Holding that the elections for the Amen Corner State Com. 26 36 27 Well Nos. 121H and 091H are impermissible and invalid at this time;

- B. Granting an emergency order providing that Tap Rock need not make an election on the Amen Corner State Com. 26 36 27 Well Nos. 121H and 091H pending a formal hearing and order on this application;
- C. Dismissing Case No. 16342, or at least continuing it until 30 days after a proper well proposal is sent to Tap Rock for the Amen Corner State Com. 26 36 27 Well No. 091H; and
- D. Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

jamesbruc@aol.com

Attorney for Tap Rock Resources, LLC

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



June 26, 2018

Tap Rock Resources, LLC
602 Park Point Drive, Suite 200
Golden, CO 80401
Attention: Clayton Sporich

VIA Email and Certified Mail

RE: Amen Corner State Com 26-36-27 #111H, 121H and 091H Well Proposals
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico

Dear Pooled working interest owner:

Pursuant to Pooling Order No. R-14662, enclosed herein ("Amen Corner Pooling Order"), Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to drill and complete the Amen Corner State Com 26-36-27 #111H, 121H and 091H Wells (collectively, the "Amen Corner Wells") to test the Wolfcamp formation ("Operation"). The estimated costs associated with the Operation are \$31,771,674, as outlined in the enclosed authority for expenditures ("AFE's"). Ameredev's records indicate Tap Rock Resources, LLC ("Tap Rock") owns a 7.4855321% working interest in the Amen Corner Wells, and Tap Rock's estimated costs associated with the Operation are approximately \$2,378,278.86.

Please indicate Tap Rock's election on the enclosed ballot and return an executed copy, along with the signed AFE's to the undersigned. Should you elect to participate please also include a check in the amount of \$2,378,278.86. Please feel free to contact me at the information provided below with any questions.

Sincerely,

Brandon Forteza
737-300-4721
bforteza@ameredev.com

Enclosures



Amen Corner State Com 26-36-27 #111H, 121H and 091H Well Proposals

_____ Tap Rock elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE's.

_____ Tap Rock elects to not participate in the proposed Operation and be deemed as a non-consenting working interest owner under the Amen Corner Pooling Order.

Tap Rock Resources, LLC

By:

Its:

PROPOSED ADVERTISEMENT

Case No. 16361:

Application of Tap Rock Resources, LLC to determine the validity of infill well proposals, Lea County, New Mexico. Tap Rock Resources, LLC seeks an order determining the validity of two infill well proposals submitted to it by Ameredev Operating, LLC for the Amen Corner State Com. 26 36 27 Well Nos. 121H and 091H, located in the W/2W/2 of Section 27 and the W/2NW/4 of Section 34, Township 26 South, Range 36 East, NMPM. The unit is located approximately 8 miles southwest of Jal, New Mexico.

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