

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



May 2, 2018

NON-STANDARD PROJECT AREA

C/o Adam Rankin, Attorney
Tap Rock Operating, LLC (OGRID 372043)

Cosmo K 24S35E3328 Well No. 213H (API No. 30-025-44656)

SHL: Unit G, Section 33, T24S, R35E, Lea County

BHL: Unit G, Section 28, T24S, R35E, Lea County

WC-015 G-09 S243532E; Wolfbone Pool (Pool Code 98098) Statewide Rules Apply
Proposed 200 Acre, Standard Project Area

Consisting of the following lands:

Township 24 South, Range 35 East, Lea County, New Mexico

Section 28: SW/4 NE/4, and W/2 SE/4

Section 33: W/2 NE/4

Pertinent Rules:

Division Rule 19.15.15.9 A NMAC Oil Well Acreage, 40-acre Spacing.

Division Rule 19.15.16.7 H/M NMAC Definitions, Standard and Non-Standard Project Area.

Division Rule 19.15.16.15 E NMAC Horizontal Wells, Formation of Project Areas.

Division Rule 19.15.16.15 E (2) NMAC Notice Requirements, Non-Standard Project Area.

Reference is made of your application received on April 4, 2018 for approval of the above described non-standard project area, some of which are cited above.

This pool is spaced on standard 40-acre spacing and proration units. You propose to form a non-standard project area consisting of portions of five oil spacing units for purposes of drilling the above mentioned or other horizontal well(s).

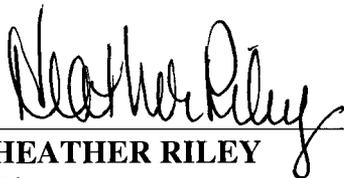
Non-Standard Project Area
Tap Rock Operating, LLC
May 2, 2018
Page 2 of 2

The NW/4 NE/4 of Section 28 is excluded from the Unit. Pursuant to Division Rule 19.15.16.15 (E) NMAC, and Division Rule 19.15.4.12 (A) NMAC the mineral interest owner was notified, because the acreage is unleased.

Additional or alternately named wells may be drilled and produce from this non-standard project area.

Any horizontal well wholly completed within this 200-acre, project area and not completed in all the spacing units comprising this project area shall be dedicated to only those spacing units in which that well is completed. If the Division redefines this 200-acre, project area as one spacing unit, this restriction shall not apply.

These approvals are subject to the operator following all other applicable Division rules. Jurisdiction is retained for the entry of such further orders as the Division may deem necessary.



HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
Well File 30-025-44656

RECEIVED: 4/10 4/08/2018	REVIEWER: MAM	TYPE: NSP	APP NO: PMAM1809359950
------------------------------------	-------------------------	---------------------	----------------------------------

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: Cosmo K 24S35E3328 No. 213H Well	API: Pending 30-025-44656
Pool: Wolfbone Pool	Pool Code: 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 **NSP**
- 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

FOR OCD ONLY	
<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.

Adam G. Rankin _____

Print or Type Name



Signature

April 3, 2018
Date

505-988-4421
Phone Number

agrarkin@hollandhart.com
e-mail Address

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 30-02-5-44656		² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name COSMO K 24S35E3328		⁶ Well Number 213H
⁷ OGRID No.	⁸ Operator Name TAP ROCK OPERATING, LLC.		⁹ Elevation 3289'

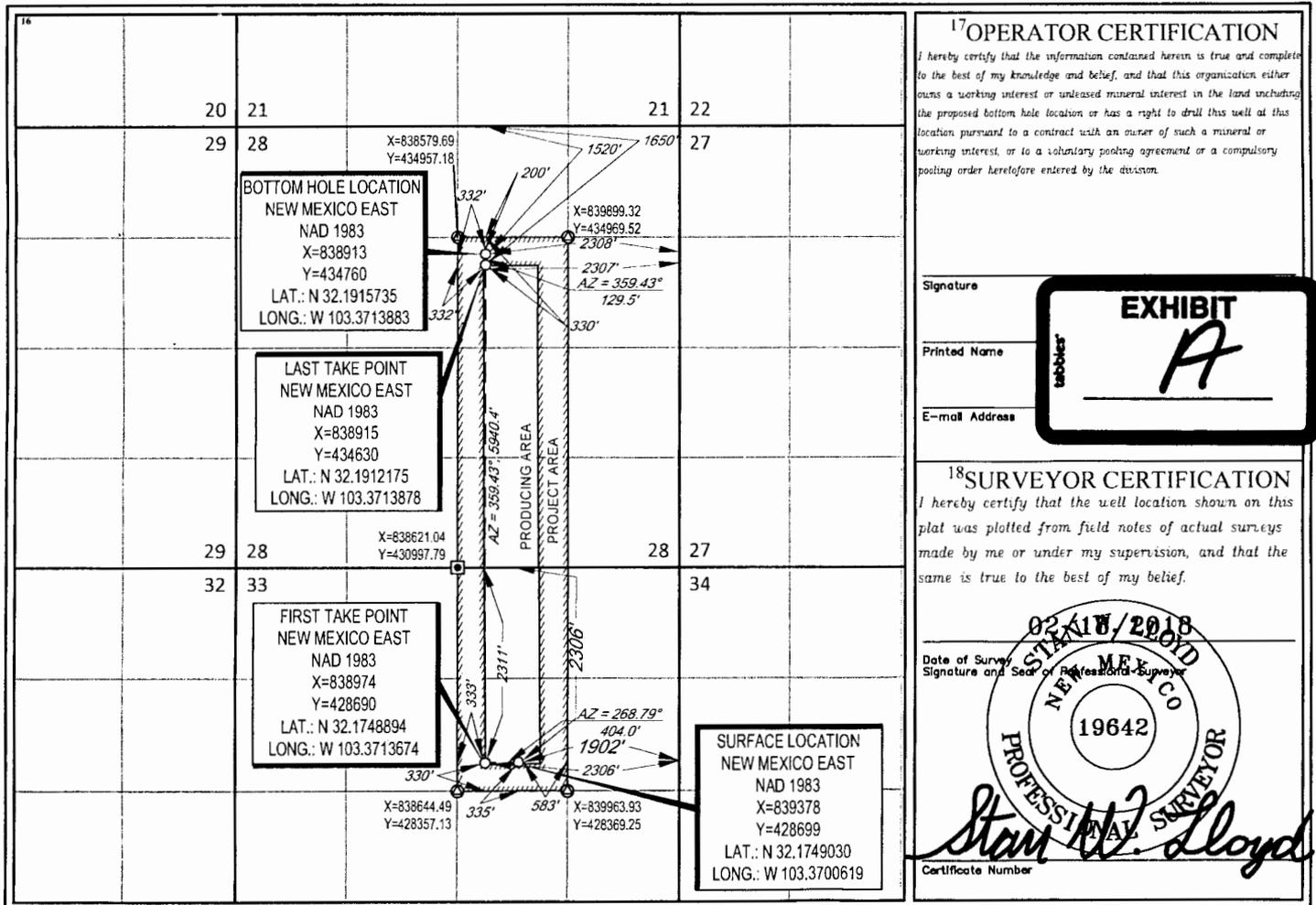
¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	33	24-S	35-E	-	2306'	NORTH	1902'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	28	24-S	35-E	-	1520'	NORTH	2308'	EAST	LEA

¹² Dedicated Acres 200	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.





April 3, 2018

VIA HAND DELIVERY

APR 03 2018 10:04:15

Heather Riley
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 for administrative approval of a 200-acre non-standard project area and non-standard spacing and proration unit in the SW/4 NE/4, W/2 SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Eddy County, New Mexico.

Dear Ms. Riley:

Tap Rock Operating, LLC ("Tap Rock") (OGRID No. 372043) seeks administrative approval of a 200-acre non-standard project area and non-standard spacing and proration unit comprised of the SW/4 NE/4, W/2 SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Eddy County, New Mexico, pursuant to NMAC 19.15.15.11.B(2) and 19.15.15.13. The proposed non-standard project area and non-standard spacing and proration unit will be dedicated to the **NSP** (API No. Pending), a horizontal well to be drilled from a surface location 2,306 feet from the north line, 1,902 feet from the east line (Unit G) of Section 33 to a standard bottom hole location 1,520 feet from the north line, 2,308 feet from the east line (Unit G) of Section 28.

The **Cosmo K 24S35E3328 No. 213H Well** will develop said non-standard project area in a Wildcat Wolfbone Pool (WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098)). Said pool is subject to the Division's statewide rule providing for 40-acre spacing units. The Division rules, NMAC 19.15.16.15.E, allow a non-standard project area to be formed if one spacing unit is excluded from what would be a standard project area and notice is provided to all affected persons in the excluded spacing unit.

Tap Rock owns 100% working interest in the fee leases covering the proposed non-standard project area. Said non-standard project area would be a standard project area, but for the exclusion of the NW/4 NE/4 of Section 28. Said excluded spacing unit is an unleased tract owned by the United States and is not currently scheduled for leasing under any upcoming lease sale. Tap Rock has nominated the tract for the upcoming BLM sale and will attempt to

lease it before drilling if at all possible pending BLM cooperation. Accordingly, the only party requiring notice is the BLM.

Exhibit A is a copy of the Well Location and Acreage Dedication Plat (Form C-102) for the **Cosmo K 24S35E3328 No. 213H Well**.

Exhibit B is a plat map showing the ownership of the proposed project area and the adjoining spacing units.

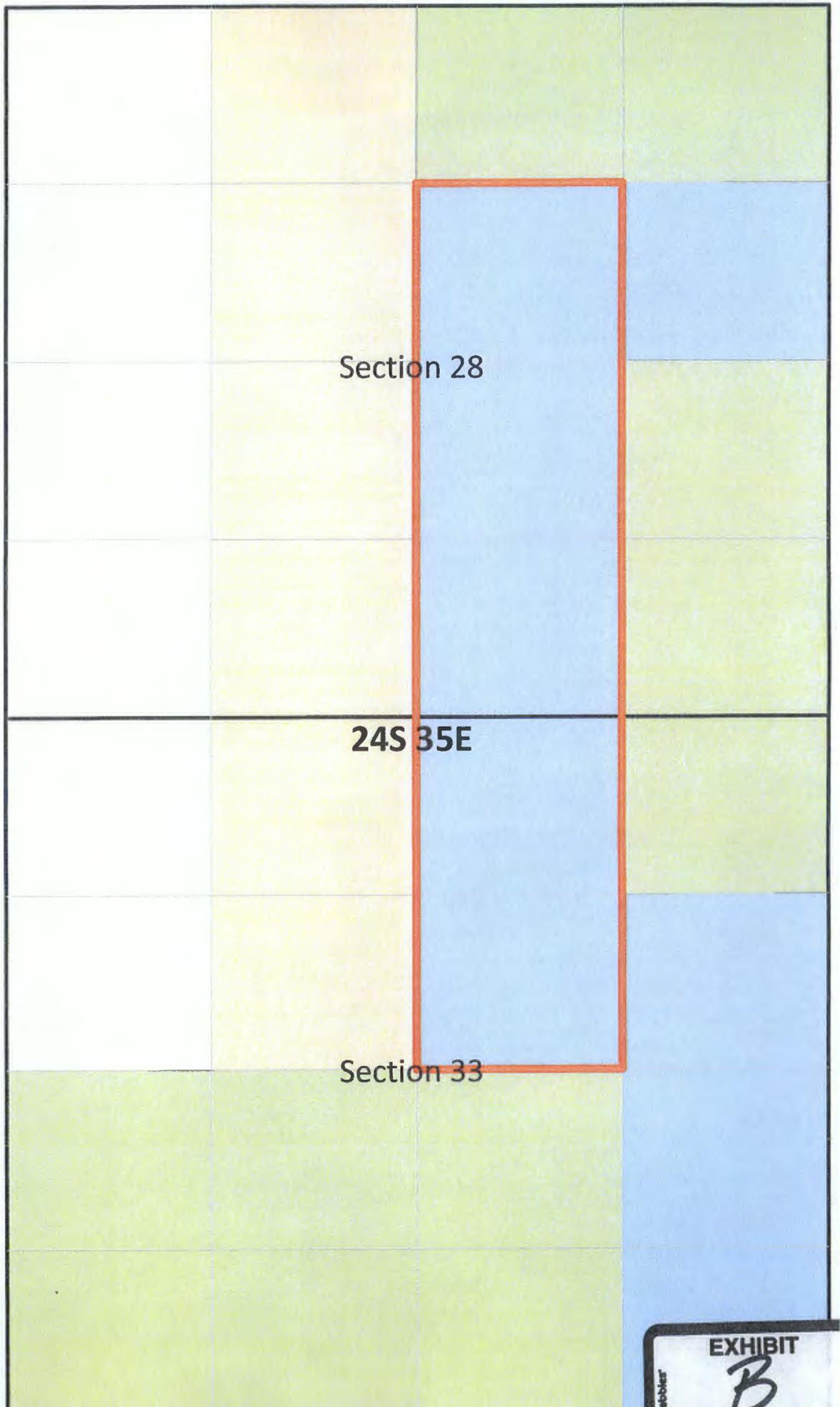
Exhibit C is a list of affected parties. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application.

Your attention to this matter is appreciated.

Sincerely,



Adam G. Rankin
ATTORNEY TAP ROCK OPERATING, LLC



Section 28

24S 35E

Section 33

Legend

-  Cosmo K DSU
-  BLM Unleased
-  COG

EXHIBIT
B

Exhibit C

Bureau of Land Management—Carlsbad District Office
620 E. Greene Street
Carlsbad, NM 88220
9214 8901 9403 8305 2969 64





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.

TapRock / Cosmo K 24S35E3328 No. 213H Well
CM# 93477.0001 (NSP - AdminApplication)

Shipment Date: 04/03/2018
Shipped From:
Name: HOLLAND & HART LLP
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	1
Total	1

*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 0007 8407 52



Adam G. Rankin
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

April 3, 2018

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of Tap Rock Operating, LLC for administrative approval of a 200-acre non-standard project area and non-standard spacing and proration unit in the SW/4 NE/4, W/2 SE/4 of Section 28 and the W/2 NE/4 of Section 33, Township 24 South, Range 35 East, NMPM, Eddy 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. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 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.

If you have any questions about this application, please contact the following:

Erica Hixson
(720) 460-3316
ehixson@taprk.com

Sincerely,

Adam G. Rankin
ATTORNEY TAP ROCK OPERATING, LLC

Enclosures

OCD Permitting

Tot: Acre = 480

260 Acres

Home OCD Only Land Searches Land Details

Section : 28-24S-35E

Type: Normal

Total Acres: 640

County: Lea (25)

640 - 160 = 480

D (D) Fee 1 Fee 2 (25) 40	C (C) Fee 1 Fee 2 (25) 40	B (B) Fee 1 Federal 2 (25) 40	A (A) Fee 1 Federal 2 (25) 40
E (E) Fee 1 Fee 2 (25) 40	F (F) Fee 1 Fee 2 (25) 40	G (G) Fee 1 Fee 2 (25) 40	H (H) Fee 1 Fee 2 (25) 40
L (L) Fee 1 Fee 2 (25) 40	K (K) Fee 1 Fee 2 (25) 40	J (J) Fee 1 Fee 2 (25) 40	I (I) Fee 1 Federal 2 (25) 40
M (M) Fee 1 Fee 2 (25) 40	N (N) Fee 1 Fee 2 (25) 40	O (O) Fee 1 Fee 2 (25) 40	P (P) Fee 1 Federal 2 (25) 40
D (D) Fee 1 Fee 2 (25) 40	C (C) Fee 1 Fee 2 (25) 40	B (B) Fee 1 Fee 2 (25) 40	A (A) Fee 1 Federal 2 (25) 40
E (E) Fee 1 Fee 2 (25) 40	F (F) Fee 1 Fee 2 (25) 40	G (G) Fee 1 Fee 2 (25) 40	H (H) Fee 1 Fee 2 (25) 40
L (L) Fee 1 Federal 2 (25) 40	K (K) Fee 1 Federal 2 (25) 40	J (J) Fee 1 Federal 2 (25) 40	I (I) Fee 1 Fee 2 (25) 40
M (M) Fee 1 Federal 2 (25) 40	N (N) Fee 1 Federal 2 (25) 40	O (O) Fee 1 Federal 2 (25) 40	P (P) Fee 1 Fee 2 (25) 40

320

160

Minerals and Natural Resources Department | Copyright 2012
Drive | Santa Fe, NM 87505 | P: (505) 476-3200 | F: (505) 476-3220

Section : 33-24S-35E