

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

**APPLICATIONS OF WPX ENERGY PERMIAN, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case Nos. 25204 & 25205

**APPLICATIONS OF 3R OPERATING, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case Nos. 25123 & 25124

MOTION TO REOPEN THE RECORD AND RECONSIDERATION

WPX Energy Permian, LLC, (“WPX”), through its undersigned attorneys, hereby respectfully submits to the Oil Conservation Division (“Division” or “OCD”) WPX’s Motion (“Motion”) to Reopen the Record and Reconsider the Ruling (“Ruling & Order”) on Post-Hearing Filings and Request for Sanctions in the above-reverenced cases (“Subject Cases”), pursuant to NMRA 1-060.B(5), in order to admit evidence necessary to correct inaccuracies in the record regarding the current legal status of Federal Oil and Gas Lease NMNM-134858 (“Federal Lease”) and the current legal status of WPX’s right to operate the Bone Spring formation underlying the Subject Lands. Questions regarding the status of the Federal Lease and the WPX’s operating rights were raised, argued and included of record as material issues during the contested hearing, and therefore, it is necessary that the record provide the Division with accurate and truthful accounts of both the Federal Lease and the Bone Spring rights so the Division will not make its decision based on inaccurate statements and exhibits when evaluating the competing development plans.

In support of its Motion, WPX states the following:

I. Relevant Procedural History and Background.

1. On April 29-30, 2025, the Division held a hearing in the Subject Cases to evaluate competing applications submitted by WPX and 3R Operating, LLC, (“3R”), for operation of

Wolfcamp formation underlying Sections 32 and 33, Township 23 South, Range 26 East, Eddy County, New Mexico (“Subject Lands”).

2. During the hearing, 3R submitted of record exhibits in which it represented that the Federal Lease will expire October 1, 2025. *See* 3R 000097, 3R 000091, 3R 000092, and 3R 000098. Furthermore, 3R incorporated this evidence into its testimony of record by raising the issue of the imminent expiration of the Lease and arguing that an urgency existed for the Division to issue an order without delay on the contested applications, and WPX repeatedly responded to 3R by arguing that the conditions were ripe for BLM to suspend the Lease.¹ Thus, both parties established of record the legal status of the Federal Lease as a critical and material issue in the proceedings.

3. On April 30, 2025, the last day of the contested hearing, the Bureau of Land Management (“BLM”) issued a letter (“BLM Letter”) in which it granted a suspension of the Federal Lease. The BLM’s decision changed the legal status of the Federal Lease such that the expiration date of the Federal Lease under review by the OCD is no longer October 1, 2025, but is much later and has been set to accommodate sufficient time for development.

4. In addition, WPX presented evidence establishing that its development plan is superior to 3R’s plan because WPX would soon be granted operating rights for the Bone Spring formation underlying the Subject Lands and obtaining such rights would allow WPX to develop both the Wolfcamp and Bone Spring formations by efficiently consolidating tank batteries and drilling sites, thereby reducing costs and mitigating environmental disturbances. *See, e.g.*, Ex. A, p. 28, WPX Rebuttal Exhibits R-2, R-5, R-9, pp. 136, 139, 143, and Ex. D, p. 84, WPX’s Final

¹ *See, e.g.*, Tr. (April 29, 2025) 174:23 – 175:4; *see also id.* at 37:13-20; *Id.* at 84: 6-12; *Id.* at 184: 11-14; *Id.* at 193: 8-14; and *Id.* at 219: 12 -- 221: 15.

Amended Hearing Packet. The OCD Orders that confirmed WPX's Bone Spring Rights were issued on May 7, 2025 ("Bone Spring Orders").

II. Legal Arguments:

A. Counsel Has a Professional Obligation of Candor Toward the Division

5. 3R has repeatedly represented to the Division that the Federal Lease, which covers the W/2 of Section 33, will expire on October 1, 2025. *See* 3R's Hearing Packet, at 3R 000071 (Statement of Brian Van Staveren, who testified as 3R's expert Landman, at ¶ 3 in which he swore that he was familiar with the "status of the lands within the subject lands"); and 3R's Hearing Packet, at 3R 000091; 3R 000092; 3R 000097, all of which represent to the OCD that the Federal Lease was set to expire on October 1, 2025. Mr. Staveren confirmed that the Federal Lease was set to expire on October 1, 2025, "which is . . . why we've been pushing to get development started and - - and completed prior to that expiration." Tr. (April 29, 2025) 174:23 – 175:4. Mr. Staveren pushed back against WPX's suggestion that the BLM would approve the suspension of the Federal Lease (*id.* at 175:5 – 176:10), even though he acknowledged that he had no experience in obtaining a suspension of the Federal Oil and Gas Lease. *Id.* at 184:21 – 185:12.

6. In his opening statement at the April 29, 2025, hearing, 3R's counsel also requested that the Hearing Examiner expediate the consolidated cases based on the fact that the Federal Lease was set to expire on October 1, 2025:

The real critical issue here for 3R, Mr. Examiner, is that they have a lease that's set to expire on October 3 [sic], and 3R has been in a position to move forward with these applications and these proposals and is eager to do so after this hearing today. So for 3R, time is really of the essence due to the time it takes to get a rig on site and all the other planning and things of that nature.

Id. at 37:13-20.

7. While 3R's exhibit and statements that the Federal Lease will expire October 1, 2025, were true on the first day of the hearing, the legal status of the Federal Lease changed as of April 30, 2025, the last day of the hearing. Thus, 3R's Exhibit and statements to the Division about the expiration of the Federal Lease were, unbeknownst to 3R and its counsel, incorrect and false at the time of the second day of the hearing. As a result, this inaccuracy needs to be corrected, which was the basis for WPX's efforts to submit supplemental evidence to accurately reflect the legal status of the Federal Lease. On the last day of the hearing, the BLM had issued a decision that changed the legal status of the Federal Lease so that it would no longer expire on October 1, 2025, and it is important that the Division include the BLM's decision in the record so the Division can evaluate the true status of the Federal Lease and its impact on the issues and arguments presented in the case. 3R's assertions, now shown to be incorrect, should not be viewed as credible or be validated during the Division's review.

8. The goal of an administrative hearing or any tribunal is to obtain a record as free from doubt or bias as possible in order to make a fair and impartial decision. *See, e.g., Alto Coalition for Environmental Preservation v. Roper Construction, Inc.*, Docket No. A-1-CA-44197 (May 14, 2025), at ¶ 26 (emphasizing the importance of fairness and transparency in administrative hearings).

9. NMRA 16-303 (Candor Toward the Tribunal) emphasizes the importance of this goal by placing an affirmative duty on all New Mexico lawyers to correct false testimony. Allowing the Division to rely upon 3R's statements of record as true during its evaluation of the competing plans would allow for a willful reliance on a legal fiction and falsity, thus violating the standard and spirit of NMRA 16-303, when the BLM already issued its decision establishing the true legal status of the Federal Lease.

10. If the circumstances were reversed, and 3R had filed the BLM Letter as a supplemental exhibit, WPX would have recognized the purpose of the filing as upholding the standard and spirit of NMRA 16-303 and would not have objected to the submission. On the basis of the ethical standard alone, the BLM Letter should be admitted into the record.

B. The Impact on the Cases from the Suspension of the Federal Lease and the Issuance of the Bone Spring Orders Are Addressed Within the Existing Testimony and Record Evidence Necessitating their Admission.

11. During the hearing, both 3R and WPX raised the issue of the pending suspension of the Federal Lease, discussed this subject-matter in detail, and presented exhibits and testimony that described and asserted what the parties believed to be the legal status of the Federal Lease. *See* Tr. (April 29, 2025) 41: 10-16 (expiration of Federal Lease raised in the opening statement); *see also id.*, at 175: 1-25 (further discussion of Federal Lease suspension); *Id.* at 184: 21 -- 185: 25 (discussing whether the BLM will suspend the lease in a timely manner to avoid lease termination); *Id.* at 193: 7-15 (Technical Examiner asking what would happen if the Federal Lease expires); *Id.* at 220: 2-25 (WPX describing its communications with the BLM to address the lease suspension); *Id.* at 253: 13 -- 254: 6 (3R counsel questions WPX's Landman about the BLM suspending the Lease).

12. Clearly, the legal status of the Federal Lease is the primary reason that motivated 3R to file its pooling applications, and as reflected in the record, 3R's testimony that a decision is urgent will likely influence the manner in which the Division evaluates the competing development plans. While 3R's Exhibits 3R 000091; 3R 000092; 3R 000097, provided true statements of fact on the first day of the hearing, the legal status of the Lease had changed on the second day of the hearing because the BLM issued a decision that reformed the legal status and contractual terms of the Federal Lease and extended its expiration date. Thus, the information in 3R's Exhibits, that the

Division will be reviewing and on which it will be basing its final decision, is false and needs to be supplemented with additional evidence that accurately reflects the current legal status of the Federal Lease.

13. The justification for admitting the BLM Letter into the record also applies to the admission of the Bone Spring Orders. A clear advantage of WPX's development plan over 3R's plan, as presented and argued by WPX at the hearing, is that WPX had pooled the minerals of the Bone Spring formation underlying the Subject Lands and therefore expected to be receiving the operating rights therein. WPX's expert witnesses testified of record and presented exhibits during the hearing showing this anticipated advantage. WPX Hearing Packet at 139 (Rebuttal Exhibit R-5 [2nd Bullet Point]). WPX Hearing Packet at pp. 83-84 (Self-Affirmed Statement of Paul Melland, at ¶ 6) and p. 89 (Exhibit D-2); WPX Hearing Packet at p. 139 (WPX Rebuttal Exhibit R-5 [3rd, 4th, and 5th Bullet Points]); WPX Hearing Packet at p. 84 (Melland Statement at ¶¶ 7 and 8); Tr. (April 30, 2025) 12:5-15.

14. The Division has confirmed the legal status of WPX's operating rights for the Bone Spring with its issuance the Bone Spring Orders on May 7, 2025, and therefore, the Division must be provided the means to accurately evaluate and assess the relevance of WPX's testimony and exhibits that address operations of the Bone Spring. Inclusion of the Bone Spring Orders into the record provides the OCD the means to accurately assess what WPX claims to be the advantages of its development plan and the means to avoid false assumptions and speculation about WPX's plan that would bias and prejudice WPX if the record is not corrected to reflect that actual status of WPX's operatorship in the Bone Spring formation.

15. A primary reason 3R gave for its objection to the submittal of the BLM Letter and OCD Orders is the claim that WPX submitting these exhibits is "in obvious violation of the

prehearing order.” See 3R email dated May 21, 2025, a copy of which is attached hereto as Exhibit 1 (emphasis added). The admission of the BLM Letter and Bone Spring Orders into the record as supplemental exhibits does not violate the terms or the mandates of the Prehearing Order (“PHO”). The PHO is completely silent on the admission of supplemental exhibits that become necessary after a hearing for the proper and accurate assessment of competing development plans.

16. Furthermore, the entire procedure for considering relevant evidence and selecting the best development plan allows for review of the record by both the Division and the Oil Conservation Commission (“Commission”) upon appeal. If the Hearing Examiner denies admission of BLM Letter and Bone Spring Orders into the record at the Division level, WPX can submit the BLM Letter and Bone Spring Orders into the record at the Commission level pursuant to a hearing *de novo*; therefore, banning the supplemental exhibits from the Division’s review would result in the inefficient use of administrative resources.

17. WPX made a good faith effort, in full compliance with New Mexico Rules of Professional Conduct, to facilitate the OCD’s proper review of an accurate and true record by following the standard Division practice of filing a Notice of WPX’ Supplemental Exhibits that included the BLM Letter and Bone Spring Orders. Given that the Hearing Examiner had previously allowed an applicant, using this same procedural instrument, to submit supplemental exhibits into the record over a month after the conclusion of a hearing, WPX assumed that this Division practice was still acceptable. See Supplemental Exhibit C-12 present of record in Case Nos. 23448-23455, 23594-23601, and 23508-23523, as well as Supplemental Exhibits C-12a and C-12b, after having been submitted by a “Notice” filing following the conclusion of a contested hearing. Notice of Supplemental Exhibit C-12 and Notice of Supplemental Exhibits C-12a and C-12b are attached hereto as Exhibit 2. The other means by which WPX made a good faith effort to correct the record

so the Division would not be misled by false statements and false assumptions was to request that the Division take judicial notice of the Federal Lease and Bone Spring Orders pursuant to Rule 1.2.2.35.D(1)(a) and -D(3) NMAC.

18. In his Ruling & Order, the Hearing Examiner stated: “The parties were expressly advised that no additional evidence would be accepted absent a timely and properly supported motion to reopen the record for good cause.” *See* Hearing Examiner’s Ruling & Order, ¶ 1. However, WPX does not recall the Hearing Examiner making such a statement to the parties and WPX’s diligent review and search of the transcripts and record did not find such a statement. Had WPX been requested to submit its motion in a different format to satisfy the Hearing Examiner, it certainly would have done so immediately. WPX simply offered the documents to the OCD in two different formats -- first as a Notice filing supported by past OCD practice and second as the request for administrative notice supported by the administrative code -- in an effort to provide an accurate record that WPX believed would be satisfactory to the Hearing Examiner. At no time did WPX purposefully or willfully disregard any ruling or order by the Hearing Examiner. Since filing a motion to reopen was described in the Ruling & Order as a potentially viable option for requesting the admission of evidence into the record, WPX utilizes this option in the present cases for reconsideration of the admission of evidence.

19. The parties of record have been notified of this Motion. Marathon Oil Permian, LLC, does not object to the Motion. Furthermore, 3R takes no position on WPX’s Motion to reopen the record to admit the BLM Letter and Bone Spring Orders; however, 3R reserves the right to respond to the Motion once it is filed and has the opportunity to review it in more detail.

III. Conclusion

For the reasons stated above, WPX respectfully requests that the Hearing Examiner reconsider his Ruling & Order and grant this Motion to Reopen the Subject Cases to admit the BLM Letter and the Bone Spring Orders into the record in order to provide a complete and true record that allows the Division to accurately evaluate the merits of the competing development plans.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for WPX Energy Permian, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on June 16, 2025:

Miguel A. Suazo – msuazo@bwenergyllaw.com
James P. Parrot – jparrot@bwenergyllaw.com
Jacob L. Everhart – jeverhart@bwenergyllaw.com
Attorneys for 3R Operating, LLC

beth.ryan@conocophillips.com
keri.hatley@conocophillips.com
Attorneys Marathon Oil Permian, LLC

/s/ Darin C. Savage
Darin C. Savage

From: James Parrot <JParrot@bwenergylaw.com>
Subject: RE: WPX's Proposed Findings of Fact and Conclusions of Law in Case Nos. 25204, 25205, 25123 and 25124
Date: May 21, 2025 at 7:41:12 PM MDT
To: "Tschantz, Freya, Emnrd" <Freya.Tschantz@emnrd.nm.gov>
Cc: Darin Savage <darin@abadieschill.com>, Andrew Schill <andrew@abadieschill.com>, Bill Zimsky <bill@abadieschill.com>, Marcus Fodor <marcus@abadieschill.com>, Kaiya Toop <kaiya@abadieschill.com>, Miguel Suazo <msuazo@bwenergylaw.com>, Beth Ryan <beth.ryan@conocophillips.com>, "keri.hatley@conocophillips.com" <keri.hatley@conocophillips.com>, "Jacob Everhart" <jeverhart@bwenergylaw.com>

Good evening Freya,

In the Findings of Fact and Conclusions of Law filed earlier this evening, WPX included the supplemental exhibits that it attempted to submit last week. Per your attached email, the "Hearing Examiner has determined that there is no legal basis for admitting these exhibits after the conclusion of the hearing." I contacted WPX's attorneys after WPX's filing and discussed the inclusion of the documents, in case it was inadvertent. WPX's attorneys assured me that that documents were not inadvertently included.

3R objects to the attempted resubmittal of these exhibits in obvious violation of the prehearing order, as well as the Hearing Officer's determination that was communicated to all parties in your email dated May 15, 2025. Furthermore, 3R believes these circumstances merit sanctions against WPX for intentionally and knowingly violating the Division's clear and unambiguous ruling on admission of these exhibits. 3R respectfully requests that, as a sanction, the Division reject the entirety of WPX's Findings of Fact and Conclusions of Law, and/or impose such other sanctions as the Division

EXHIBIT
1

deems prudent under the circumstances.

In the interests of expediency, 3R is noting its objection and making the sanction request by this email, but if the Hearing Examiner so desires, 3R will submit a brief formal motion in lieu of this email.

Sincerely,

James Parrot, I Shareholder, Beatty & Wozniak, P.C.

Direct: 303-407-4458 | Mobile: 303-917-2261

From: Kaiya Toop <kaiya@abadieschill.com>

Sent: Wednesday, May 21, 2025 4:59 PM

To: Miguel Suazo <msuazo@bwenergylaw.com>; James Parrot <JParrot@bwenergylaw.com>; Jacob Everhart <jeverhart@bwenergylaw.com>; Beth Ryan <beth.ryan@conocophillips.com>; keri.hatley@conocophillips.com; Tschantz, Freya, Emnrd <Freya.Tschantz@emnrd.nm.gov>

Cc: Darin Savage <darin@abadieschill.com>; Andrew Schill <andrew@abadieschill.com>; Bill Zimsky <bill@abadieschill.com>; Marcus Fodor <marcus@abadieschill.com>

Subject: WPX's Proposed Findings of Fact and Conclusions of Law in Case Nos. 25204, 25205, 25123 and 25124

CAUTION: EXTERNAL SOURCE

Good afternoon,

Please see the attached Proposed Findings of Fact and Conclusions of Law filed today on behalf of WPX Energy Permian, LLC with the NMOCD in Case Nos. 25204, 25205, 25123 and 25124.

Kind regards,

Kaiya

Santa Fe | Durango

KAIYA DEWEY TOOP

Abadie | Schill P.C.

555 Rivergate Lane, Ste. B4-180 Durango, CO 81301

:: O | 970.385.4401 :: F | 970.385.4901

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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**APPLICATIONS OF CIMAREX ENERGY CO.
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 23448-23455

**APPLICATIONS OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 23594-23601

**APPLICATIONS OF READ & STEVENS, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23508-23523

NOTICE OF SUPPLEMENTAL EXHIBIT C-12

Read & Stevens, Inc. ("Read and Stevens"), gives notice that it is filing the attached supplemental exhibit for acceptance into the record.

Supplemental Exhibit C-12 includes a signed letter of support from Stephen K. Marks, President of Marks Oil, Inc. ("Marks Oil") and James O. Wilbanks, President of Wilbanks Reserve Corporation ("Wilbanks"), in which both have voluntarily committed their interests to Read & Stevens as a result of having observed the contested hearing. Based on their support, Read & Stevens now has the majority working interest ownership and support in the Wolfcamp across all of their proposed Bane and Joker units (44.4197%, compared to Cimarex's 41.7955%); and has increased their working interest ownership and support in the Bone Spring across all of their proposed Bane and Joker units (36.7533%, compared to Cimarex's 50.2277%).

**EXHIBIT
2**

This information was provided to the Division by a representative of Marks Oil and Wilbanks and is being filed on the record for the benefit and knowledge of all parties involved in these contested cases.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
pmvance@hollandhart.com

**ATTORNEYS FOR READ & STEVENS, INC. &
PERMIAN RESOURCES OPERATING, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on October 5, 2023, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Darin C. Savage
Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Cimarex Energy Co.

Blake C. Jones
1780 Hughes Landing Blvd., Suite
750
The Woodlands, TX 77380
blake.jones@steptoe-johnson.com

Attorney for Northern Oil and Gas, Inc.

Sealy Cavin, Jr.
Scott S. Morgan
Brandon D. Hajny
P. O. Box 1216
Albuquerque, NM 87103
(505) 243-5400
scavin@cilawnm.com
smorgan@cilawnm.com
bhajny@cilawnm.com

Attorneys for Sandstone Properties, LLC

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jimbruce487@gmail.com
jamesbruc@aol.com

***Attorney for MRC Permian Company and
Foran Oil Company***



Adam G. Rankin

Supplemental Exhibit C-12

PERMIAN
RESOURCES

300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

September 29, 2023

Marks Oil, Inc.
1775 N. Sherman Street, Suite 2015
Denver, CO 80203

RE: Joker Development
Township 20 South, Range 34 East, Lea Co., New Mexico
Sections 5 & 8

To Whom It May Concern,

The purpose of this letter is to allow Marks Oil, Inc. ("Marks") as an impacted working interest owner within the below referenced development, the opportunity to make reference to its opinion on preferred development strategy.

WHEREAS, Marks observed the contested hearing between Permian Resources Operating as operator for Read & Stevens, Inc. ("Permian") and Cimarex Energy Company ("Cimarex") that took place from August 9th, 2023 to August 11th, 2023.

WHEREAS, on February 17, 2023, Permian proposed a potash development area encompassing sections 5 & 8 of T20S-R34E (the "Joker" project). Permian subsequently sent formal Joker well proposals out in March subsequent to Cimarex's filing for compulsory pooling on the Permian project area.

To provide a very brief summary of Permian's development

- **Joker:** Twenty-Four (24) wells proposed, including four (4) falling in the 3rd Bone Spring formation and four (4) in the Wolfcamp A formation.

WHEREAS, Marks owns working interests in both the Bone Spring and Wolfcamp formations that are not equal and would be impacted if a well permitted in one formation was draining hydrocarbons from the other formation.

WHEREAS, Marks has the option of asserting its opinion of Permian's development of the Joker unit, including Permian's plan to co-develop the 3rd Bone spring and Wolfcamp A formations together.

Respectfully,



Travis Macha
Senior Landman

CC:
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

The undersigned herein acknowledges the importance of thoughtfully evaluating the co-development of the 3rd Bone Spring Formation along with the Wolfcamp XY in and around the vicinity of the referenced Joker unit and supports the scientific exploration of the two formations together, with consideration for the varying ownership interests in each formation.

Marks Oil, Inc.

By: 

Printed Name: Stephen K. Marks, President

Date: October 2, 2023



300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

September 29, 2023

Wilbanks Reserve Corporation
450 E 17th Ave., Suite 220
Denver, CO 80203

RE: Joker Development
Township 20 South, Range 34 East, Lea Co., New Mexico
Sections 5 & 8

To Whom It May Concern,

The purpose of this letter is to allow Wilbanks Reserve Corporation ("Wilbanks"), as an impacted working interest owner within the below referenced development, the opportunity to make reference to its opinion on preferred development strategy.

WHEREAS, Wilbanks observed the contested hearing between Permian Resources Operating as operator for Read & Stevens, Inc. ("Permian") and Cimarex Energy Company ("Cimarex") that took place from August 9, 2023 to August 11, 2023.

WHEREAS, on February 17, 2023, Permian proposed a potash development area encompassing Sections 5 & 8 of T20S-R34E (the "Joker" project). Permian subsequently sent formal Joker well proposals out in March subsequent to Cimarex's filing for compulsory pooling on the Permian project area.

To provide a very brief summary of Permian's development:

- **Joker:** Twenty-Four (24) wells proposed, including four (4) falling in the 3rd Bone Spring formation and four (4) in the Wolfcamp A formation.

WHEREAS, Wilbanks owns working interests in both the Bone Spring and Wolfcamp formations that are not equal and would be impacted if a well permitted in one formation was draining hydrocarbons from the other formation.

WHEREAS, Wilbanks has the option of asserting its opinion of Permian's development of the Joker unit, including Permian's plan to co-develop the 3rd Bone Spring and Wolfcamp A formations together.

Respectfully,

A handwritten signature in blue ink, appearing to read "Travis Macha", written over a horizontal blue line.

Travis Macha
Senior Landman

CC:
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

The undersigned herein acknowledges the importance of thoughtfully evaluating the co-development of the 3rd Bone Spring Formation along with the Wolfcamp XY (aka Upper Wolfcamp) in and around the vicinity of the referenced Joker unit and supports the scientific exploration of the two formations together, with consideration for the varying ownership interests in each formation.

Wilbanks Reserve Corporation

By: 

Printed Name: James O. Wilbanks, President

Date: September 29, 2023

**STATE OF NEW MEXICO
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CASE NOS. 23508-23523

NOTICE OF SUPPLEMENTAL EXHIBIT C-12a & C-12b

Read & Stevens, Inc. (“Read and Stevens”), gives notice that it is filing the attached supplemental exhibit for acceptance into the record.

Supplemental Exhibit C-12a and C-12b include signed joint operating agreements from Stephen K. Marks, President of Marks Oil, Inc. (“Marks Oil”) and James O. Wilbanks, President of Wilbanks Reserve Corporation (“Wilbanks”), in which both have voluntarily committed their interests to Read & Stevens as a result of having observed the contested hearing.

Based on their support, Read & Stevens now has the majority working interest ownership and support in the Wolfcamp across all of their proposed Bane and Joker units (44.4197%, compared to Cimarex’s 41.7955%) and has increased their working interest ownership and support in the Bone Spring across all of their proposed Bane and Joker units (36.7533%, compared to Cimarex’s 50.2277%).

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrankin@hollandhart.com
pmvance@hollandhart.com

**ATTORNEYS FOR READ & STEVENS, INC. &
PERMIAN RESOURCES OPERATING, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on November 30, 2023, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Darin C. Savage
Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Cimarex Energy Co.

Blake C. Jones
1780 Hughes Landing Blvd., Suite
750
The Woodlands, TX 77380
blake.jones@steptoe-johnson.com

Attorney for Northern Oil and Gas, Inc.

Sealy Cavin, Jr.
Scott S. Morgan
Brandon D. Hajny
P. O. Box 1216
Albuquerque, NM 87103
(505) 243-5400
scavin@cilawnm.com
smorgan@cilawnm.com
bhajny@cilawnm.com

Attorneys for Sandstone Properties, LLC

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

***Attorney for MRC Permian Company and
Foran Oil Company***



Adam G. Rankin

EXHIBIT C-12A

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IN WITNESS WHEREOF, this agreement shall be effective as of the day of March 1, 2023.

Permian Resources Operating, LLC, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and, with the exception(s) listed below is identical to the AAPL Form 610-1989 Model Form Operating Agreement, as published in computerized form by AAPL. No changes, alterations, or modifications, other than those made by strikethrough and/or insertion and that are clearly recognizable as changes in Articles I.-XVI. have been made to the form.

ATTEST OR WITNESS:**OPERATOR:** Permian Resources Operating, LLC

BY: _____

Print Name: Patrick GodwinTitle: Vice President of Land

Date: _____

Tax ID: _____

NON-OPERATORS**ATTEST OR WITNESS:****NON-OPERATOR NAME:** Read & Stevens, Inc.

BY: _____

Print Name: Patrick GodwinTitle: Vice President of Land

Date: _____

Tax ID: _____

ATTEST OR WITNESS:**NON-OPERATOR NAME:**

BY: _____

Print Name: _____

Title: _____

Date: _____

Tax ID: _____

ATTEST OR WITNESS:**NON-OPERATOR NAME:**BY: Stephen E. MarksPrint Name: Stephen E. MarksTitle: PresidentDate: 11/21/2023

Tax ID: _____

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3

4 Acknowledgment in representative capacity:

5 State of Colorado

6) ss.

7 County of Denver

8

9 This instrument was acknowledged before me on the 21st day of November, 2023, by10 Stephen K Marks as President for Marks Oil, Inc.11 on behalf of said Corporation

12

13 (Seal, if any)



14

15

16

17

18

19

20

21 Acknowledgment in representative capacity:

22 State of _____

23) ss.

24 County of _____

25

26 This instrument was acknowledged before me on the _____ day of _____, 2023, by

27 _____ as _____ for _____

28 on behalf of said _____

29

30 (Seal, if any)

31

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37

Title (and Rank) Notary PublicMy commission expires 10/12/2026

Title (and Rank) _____

My commission expires _____

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A.A.P.L. FORM 610 - 1989

**MODEL FORM OPERATING AGREEMENT
HORIZONTAL MODIFICATIONS**

**OPERATING AGREEMENT
DATED MARCH 1, 2023**

OPERATOR: PERMIAN RESOURCES OPERATING, LLC
CONTRACT AREA: ALL OF SECTIONS 5 AND 8, T20S-R34E
COUNTY OR PARISH OF LEA, STATE OF NEW MEXICO

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AMERICAN ASSOCIATION OF PROFESSIONAL

LANDMEN, 4100 FOSSIL CREEK BLVD

FORT WORTH, TEXAS, 76137, APPROVED FORM

A.A.P.L. NO. 610 - 1989 (Horz.)

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Permian Resources Operating, LLC, hereinafter designated and referred to as "Operator," and the signatory party or parties other than Operator, sometimes hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WITNESSETH:

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit "A," and the parties hereto have reached an agreement to explore and develop these Leases and/or Oil and Gas Interests for the production of Oil and Gas to the extent and as hereinafter provided,

NOW, THEREFORE, it is agreed as follows:

I. DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

- A. The term "AFE" shall mean an Authority for Expenditure prepared by a party to this agreement for the purpose of estimating the costs to be incurred in conducting an operation hereunder. An AFE is not a contractual commitment. Rather it is only an estimate, made in good faith.
- B. The term "Completion" or "Complete" shall mean a single operation intended to complete a well as a producer of Oil and Gas in one or more Zones, including, but not limited to, the setting of production casing, perforating, well stimulation and production testing conducted in such operation. For Horizontal Wells, the term "Completion" or "Complete" shall include multistage horizontal fracturing operations.
- C. The term "Contract Area" shall mean all of the lands, Oil and Gas Leases and/or Oil and Gas Interests intended to be developed and operated for Oil and Gas purposes under this agreement. Such lands, Oil and Gas Leases and Oil and Gas Interests are described in Exhibit "A."
- D. The term "Deepen" shall mean a single operation whereby a well is drilled to an objective Zone below the deepest Zone in which the well was previously drilled, or below the Deepest Zone proposed in the associated AFE, whichever is the lesser. When used in connection with a Horizontal Well, the term "Deepen" shall mean include an operation whereby a Lateral is drilled to a Displacement greater than (i) the Displacement contained in the proposal for such operation approved by the Consenting Parties, or (ii) to the Displacement to which the Lateral was drilled pursuant to a previous proposal.
- E. The term "Displacement" shall have the same meaning as the term defined by the state regulatory agency having jurisdiction over the Contract Area, in the absence of which the term shall otherwise mean the length of a Lateral.
- F. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.
- G. The term "Drilling Unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a Drilling Unit is not fixed by any such rule or order, a Drilling Unit shall be the drilling unit as established by the pattern of drilling in the Contract Area unless fixed by express agreement of the Drilling Parties.
- H. The term "Drillsite" shall mean the Oil and Gas Lease or Oil and Gas Interest on which a proposed well is to be located. When used in connection with a Horizontal Well, the term "Drillsite" shall mean (i) the surface hole location, and (ii) the Oil and Gas Leases or Oil and Gas Interests within the Drilling Unit on or under which the wellbore, including the Lateral, is located.
- I. The term "Horizontal Rig Move-On Period" shall mean the number of days after the date of rig release of a Spudder Rig until the date a rig capable of drilling a Horizontal Well to its Total Measured Depth has moved on to location.
- J. The term "Horizontal Well" shall have the same meaning as the term defined by the state regulatory agency having jurisdiction over the Contract Area, in the absence of which the term shall mean a well containing one or more Laterals which are drilled, Completed or Recompleted in a manner in which the horizontal component of the Completion interval (1) extends at least one hundred feet (100') in the objective formation(s) and (2) exceeds the vertical component of the Completion interval in the objective formation(s).
- K. The term "Initial Well" shall mean the well required to be drilled by the parties hereto as provided in Article VI.A.
- L. The term "Lateral" shall mean that portion of a wellbore that deviates from approximate vertical orientation to approximate horizontal orientation and all wellbore beyond such deviation to Total Measured Depth.
- M. The term "Non-Consent Well" shall mean a well in which less than all parties have conducted an operation as provided in Article VI.B.2.
- N. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects, or who is deemed to have elected, not to participate in a proposed operation.
- O. The term "Oil and Gas" shall mean oil, gas, casinghead gas, gas condensate, and/or all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.
- P. The term "Oil and Gas Interests" or "Interests" shall mean unleased fee and mineral interests in Oil and Gas in tracts of land lying within the Contract Area which are owned by parties to this agreement.
- Q. The terms "Oil and Gas Lease," "Lease" and "Leasehold" shall mean the oil and gas leases or interests therein covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.
- R. The term "Plug Back" shall mean a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone. When used in connection with a Horizontal Well, the term "Plug Back" shall mean an operation to test or Complete the well at a stratigraphically shallower Zone in which the operation has been or is being Completed and which is not in an existing Lateral.
- S. The term "Recompletion" or "Recomplete" shall mean an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore.
- T. The term "Rework" shall mean an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone which is currently open to production in the wellbore. Such operations include, but are not limited to, well stimulation