

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

**APPLICATION OF TUMBLER OPERATING  
PARTNERS, LLC, FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**Case Nos. 25462-25465**

**APPLICATION OF TUMBLER OPERATING  
PARTNERS, LLC, FOR APPROVAL OF NON-STANDARD  
UNIT AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**Case No .25466**

**APPLICATION OF MARATHON OIL PERMIAN, LLC  
FOR COMPULSORY POOLING AND APPROVAL OF  
NON-STANDARD UNIT,  
LEA COUNTY, NEW MEXICO**

**(Consolidated)  
Case No.25541, 25542**

**PRE-HEARING STATEMENT**

Applicant TUMBLER OPERATING PARTNERS, LLC (“Tumbler”) provides this Pre-Hearing Statement as required by the rules of the Division.

**APPEARANCES**

**APPLICANT**

TUMBLER OPERATING PARTNERS, LLC

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### STATEMENT OF THE CASE

Tumbler and Marathon Oil Permian, LLC (“Marathon”) filed competing applications to develop Sections 24 and 25, and irregular Section 36, in Township 26 South, Range 34 East in Lea County, New Mexico. This same acreage was previously pooled by Marathon in Order Nos. R-22690, R-22691, R-22692, R-22693, issued May 23-25, 2023, in Case Nos. 23355-23358, respectively. Marathon obtained one-year extensions for the foregoing orders and thereafter allowed the pooling orders to expire in May 2025. Marathon did not seek to pool this acreage again until Tumbler filed its applications in the instant matter. As summarized below and detailed in Tumbler’s exhibits filed concurrently, Tumbler’s applications are the superior proposed development of this acreage. Tumbler’s applications should therefore be approved, and Marathon’s applications should be denied.

Tumbler proposes the following spacing units in its applications:

**Case No. 25462. *Application of Tumbler Operating Partners, LLC for Compulsory Pooling, Lea County, New Mexico.*** Tumbler seeks an order from the Oil Conservation Division pooling all mineral interests in the Bone Spring formation (WC-025 G-08 S233412K; Bone Spring; 96672) in a standard 395.05-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2W/2 of Section 24, W/2W/2 of Section 25, and Lot 4 (SW/4NW/4) and NW/4NW/4 of irregular Section 36, Township 26 South, Range 34 East in Lea County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: David 36-24 Federal

Com 101H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 111H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 121H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 440' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 440' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 131H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FWL of Section 24, T26S-R34E; and David 36-24 Federal Com 135H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FWL of Section 24, T26S-R34E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the well and allocation of such costs, the designation of Applicant as operator of the HSU and well to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles Southwest of Jal City, New Mexico.

**Case No. 25463. *Application of Tumbler Operating Partners, LLC for Compulsory Pooling, Lea County, New Mexico.*** Tumbler seeks an order from the Oil Conservation Division pooling all mineral interests in the Bone Spring formation (WC-025 G-08 S233412K; Bone Spring; 96672) in a standard 394.75-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2E/2 of Section 24, W/2E/2 of Section 25, and Lot 2 (SW/4NE/4)

and NW/4NE/4 of irregular Section 36, Township 26 South, Range 34 East in Lea County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: David 36-24 Federal Com 103H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 113H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 123H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 2,200' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 2,200' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 133H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FEL of Section 24, T26S-R34E; and David 36-24 Federal Com 137H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FEL of Section 24, T26S-R34E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the well and allocation of such costs, the designation of Applicant as operator of the HSU and well to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles Southwest of Jal City, New Mexico.

**Case No. 25464. *Application of Tumbler Operating Partners, LLC for Compulsory Pooling, Lea County, New Mexico.*** Tumbler seeks an order from the Oil Conservation Division pooling all mineral interests in the Bone Spring formation (WC-025 G-08 S233412K; Bone

Spring; 96672) in a standard 394.59-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2E/2 of Section 24, E/2E/2 of Section 25, and Lot 1 (SE/4NE/4) and NE/4NE/4 of irregular Section 36, Township 26 South, Range 34 East in Lea County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: David 36-24 Federal Com 104H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 114H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 124H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 880' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 880' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 134H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FEL of Section 24, T26S-R34E; and David 36-24 Federal Com 138H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 660' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 660' FEL of Section 24, T26S-R34E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the well and allocation of such costs, the designation of Applicant as operator of the HSU and well to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles Southwest of Jal City, New Mexico.

**Case No. 25465. Application of Tumbler Operating Partners, LLC for Compulsory Pooling, Lea County, New Mexico.** Tumbler seeks an order from the Oil Conservation Division pooling all mineral interests in the Bone Spring formation (WC-025 G-08 S233412K; Bone Spring; 96672) in a standard 394.89-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2W/2 of Section 24, E/2W/2 of Section 25, and Lot 3 (SE/4NW/4) and NE/4NW/4 of irregular Section 36, Township 26 South, Range 34 East in Lea County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: David 36-24 Federal Com 102H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 112H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 122H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,760' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 1,760' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 132H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FWL of Section 24, T26S-R34E; and David 36-24 Federal Com 136H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,980' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 1,980' FWL of Section 24, T26S-R34E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the well and allocation of such costs, the designation of Applicant as operator of the HSU and well

to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles Southwest of Jal City, New Mexico.

**Case No. 25466. *Application of Tumbler Operating Partners, LLC for Approval of a Non-Standard Unit and Compulsory Pooling, Lea County, New Mexico.*** Tumbler seeks an order from the Oil Conservation Division approving a non-standard 1,579.28-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of Sections 24 and 25 and irregular Section 36, Township 26 South, Range 34 East in Lea County, New Mexico and pooling all uncommitted interests in the Wolfcamp formation (96776 JABALINA; WOLFCAMP, SOUTHWEST) underlying the HSU. Applicant proposes to drill the following 2.5-mile wells in the HSU: David 36-24 Federal Com 201H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 440' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 440' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 202H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,310' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 1,310' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 203H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 2,200' FWL of Section 36, T26S-R34E, and a LTP 100' FNL & 2,200' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 204H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 2,200' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 2,200' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 205H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,310' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 1,310' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 206H well, to be horizontally drilled from a SHL in Lot 1

(SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 440' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 440' FEL of Section 24, T26S-R34E; David 36-24 Federal Com 221H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 880' FWL of Section 36, T26S-R34E, and a LTP 100' FNL & 880' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 222H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,760' FWL of Section 36, T26S-R34E, and a LTP 100' FNL & 1,760' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 223H well, to be horizontally drilled from a SHL in Lot 3 (SE/4 NW/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 2,600' FWL of Section 36, T26S-R34E, and LTP 100' FNL & 2,600' FWL of Section 24, T26S-R34E; David 36-24 Federal Com 224H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 1,760' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 1,760' FEL of Section 24, T26S-R34E; and David 36-24 Federal Com 225H well, to be horizontally drilled from a SHL in Lot 1 (SE/4 NE/4) of Section 36, T26S-R34E, with a FTP 100' FSL & 880' FEL of Section 36, T26S-R34E, and LTP 100' FNL & 880' FEL of Section 24, T26S-R34E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the well and allocation of such costs, the designation of Applicant as operator of the HSU and well to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles Southwest of Jal City, New Mexico.

The completed intervals and first and last take points of all proposed wells will meet statewide setback requirements for horizontal oil and gas wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant



as Operator of the well, and a 200% charge for the risk involved in drilling and completing the wells.

The Division considers the following factors when evaluating competing development plans:

- a. Geology: Comparison of geologic evidence presented by each party as it relates to the proposed well location and the potential of each proposed prospect to efficiently recover the oil and gas reserves underlying the property.
- b. Risk: Comparison of the risk associated with the parties' respective proposals for the exploration and development of the property.
- c. Good Faith: Review of the negotiations between the competing parties prior to the applications to force pool to determine if there was a "good faith" effort.
- d. Operations: Comparison of the ability of each party to prudently operate the property and thereby prevent waste.
- e. Costs: Comparison of the differences in well cost estimates (AFEs) and other operational costs presented by each party for their respective proposal.
- f. Ownership: Evaluation of the mineral interest ownership held by each party at the time the application is heard.
- g. Surface: Comparison of the ability of the applicants to timely locate well sites and to operate on the surface.

Here, consideration of the foregoing factors reveals that Tumbler's applications are superior and should be approved. As will be established at hearing,

**Tumbler's disciplined plan and proven team ensure responsible operations, while Marathon's lack of preparedness and corporate instability threaten development.**

Tumbler will present testimony establishing that its operations are led by a team of experienced engineers, geologists, and land professionals with a strong track record of safely and efficiently developing wells in the Delaware Basin. Unlike Marathon, Tumbler is actively pushing for timely development of the acreage, and its cost estimates are grounded in current vendor pricing and consistent with peer operators, ensuring that its plan is both reliable and economically sound.

Marathon, by contrast, will be shown to have submitted proposals that reflect a lack of preparedness, including repeated AFE revisions, errors in well designs, and communications revealing no firm commitment to drill. Testimony will further demonstrate that Marathon has characterized these wells as discretionary, with no development planned until at least 2027. Corporate restructuring and significant layoffs compound these concerns, showing that Marathon's capital allocation and corporate priorities will continue to outweigh its obligation to protect correlative rights if its applications are approved.

**Marathon's under-spaced Wolfcamp A and failure to co-develop the Bone Spring will result in preventable waste.**

Both parties seek to develop the Bone Spring and Wolfcamp formations. The primary difference in the competing development plans is the density and scope of the wells proposed. Tumbler will present evidence showing that efficient recovery requires co-developing the Bone Spring and Wolfcamp intervals at proper spacing to avoid interference and maximize reserves.

Tumbler will also present studies and expert analysis demonstrating that Marathon's plan—relying on ultra-wide spacing in the Wolfcamp A, bypassing the 3rd Bone Spring Sand, effectively abandoning additional productive benches—results in substantial loss of recoverable hydrocarbons. These studies show that Marathon's proposed approach leaves behind millions of barrels of oil equivalent that could otherwise be recovered through proper co-development, thereby causing waste.

**Tumbler engaged in repeated discussions while Marathon refused to substantively negotiate.**

Tumbler will present testimony showing that it consistently sought to engage Marathon in meaningful discussions to advance development of the acreage. These efforts included outreach for meetings, proposals for joint operations, and attempts to find creative paths forward.

Marathon, however, refused to substantively engage in these negotiations. Testimony will demonstrate that Marathon declined meeting invitations, rejected proposals without counteroffers, and ultimately showed no genuine intent to collaborate.

In short, Tumbler clearly outperforms Marathon on each factor relevant to considering competing proposals. Tumbler's applications should therefore be approved, and Marathon's applications denied.

### **UNDISPUTED FACTS**

**Tumbler believes the following facts are undisputed and material to the Division's decision:**

- Both parties seek to develop the Bone Spring and Wolfcamp formations underlying the subject acreage.
- Marathon previously obtained pooling orders for this acreage but allowed them to expire without drilling due to internal capital guidance.
- Marathon has characterized its proposed wells as discretionary and has acknowledged that it does not plan to drill them until at least 2027.
- Efficient recovery requires co-development of the Bone Spring and Wolfcamp intervals; Marathon's plan bypasses productive benches and risks leaving millions of barrels unrecovered.

### **PROPOSED EVIDENCE**

#### **APPLICANT TUMBLER:**

##### **WITNESSES**

Landman Nicholas Weeks

Geologist Dylan Collins

Petroleum Engineer Walt Baker (Facilities)

Petroleum Engineer Chris Villarreal

##### **EXHIBITS**

5-6

5-6

4-5

14-16

**APPLICANT MARATHON**

WITNESSES

EXHIBITS

TBD

TBD

**PROCEDURAL MATTERS**

This case is set for a contested hearing on September 16, 2025, in accordance with the Pre-Hearing Order issued July 24, 2025 and the Amended Pre-Hearing Order issued August 14, 2025.

Respectfully submitted,

**SPENCER FANE LLP**

By: /s/Sharon T. Shaheen

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*Attorney for TUMBLER OPERATING PARTNERS,  
LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on counsel of record, by electronic mail on September 10, 2025:

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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

QUESTIONS

Action 504660

QUESTIONS

Operator: Tumbler Operating Partners, LLC 1701 River Run, Suite 306 Fort Worth, TX 76107	OGRID: 329689
	Action Number: 504660
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	4
Testimony time (in minutes)	Not answered.