

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

**APPLICATION OF 3R OPERATING LLC
TO EXTEND TIME TO COMMENCE DRILLING
OPERATIONS AND POOL ADDITIONAL INTERESTS
UNDER ORDER NO. R-22844,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. _____
ORDER NO. R-22844**

APPLICATION

3R Operating LLC (OGRID No. 331569), as successor in interest to Flat Creek Resources, LLC, (“Applicant”) files this application with the Oil Conservation Division (“Division”) requesting a one-year extension of time to commence drilling operations and to pool additional interests under Order No. R-22844 (“Order”). In support of this application, Applicant states the following.

1. The Division entered the Order in Case No. 23587 on August 25, 2023.
2. The Order pooled uncommitted interests in the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 7 and 18, Township 23 South, Range 26 East, Eddy County, New Mexico (“Unit”)¹ and dedicated the Unit to the Rena 7 Fed Com 601H well (“Well”).
3. The Order designated Applicant as operator of the Unit and Well.
4. The Order requires Applicant to commence drilling the Well within one (1) year of the date of the Order unless Applicant obtains a time extension from the Division Director for good cause shown.

¹ The Order approved alternative spacing units (640 acres or 600 acres) due to uncertainty regarding federal leases. That uncertainty has been resolved and Applicant will drill and complete the Well within the 640-acre spacing unit.

5. Applicant's ability to commence drilling the Well has been impacted by delays in the issuance of federal drilling permits and limitations on gas takeaway.

6. Accordingly, Applicant requests that the Division extend the deadline to commence drilling the Well until August 25, 2025.

7. Good cause exists for the requested extension.

8. Additionally, since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

9. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

10. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on July 11, 2024, and, after notice and hearing, the Division extend the deadline to commence drilling the Well under the Order until August 25, 2025, and pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22844.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Attorneys for 3R Operating, LLC