

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

**APPLICATION OF 3R OPERATING, LLC FOR  
APPROVAL OF STANDARD HORIZONTAL  
SPACING UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 25123**

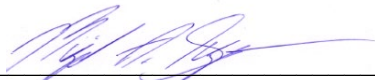
**NOTICE OF AMENDED EXHIBIT PACKET**

3R Operating, LLC, ("3R") provides notice that it is amending the evidentiary record in this case, pursuant to a request from Oil Conservation Division Technical Staff member, Mr. Dean McClure, with respect to the following application materials:

- Providing an amended Exhibit E-2 notice spreadsheet that includes certified mail tracking numbers.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

Miguel A. Suazo  
James P. Parrot  
Jacob L. Everhart  
Beatty & Wozniak, P.C.  
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*Attorneys for 3R Operating, LLC*

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING FEBRUARY 13, 2025**

**Case No. 25123**

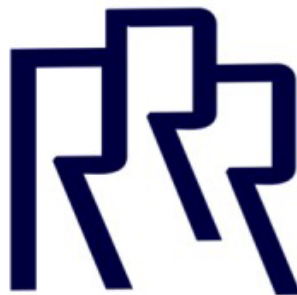
Crystal N 33 32 Fed Com #701H

Crystal N 33 32 Fed Com #702H

Crystal N 33 32 Fed Com #801H

Crystal N 33 32 Fed Com #802H

Eddy County, New Mexico



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

**APPLICATION OF 3R OPERATING, LLC FOR  
APPROVAL OF STANDARD HORIZONTAL  
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**HEARING PACKAGE  
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  - 3R Exhibit E-3: Copies of Certified Mail Receipts and Returns
  - 3R Exhibit E-4: Affidavit of Publication for January 30, 2025

# COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25123	APPLICANT'S RESPONSE
Date	
Applicant	3R Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	331569
Applicant's Counsel:	Miguel Suazo, Beatty & Wozniak P.C.
Case Title:	Application of 3R Operating, LLC for Approval of Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	N/A
Well Family	Crystal N 33 32 Fed Com
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	The top of the Wolfcamp formation to the base of the Wolfcamp Formation
Pool Name and Pool Code:	Wolfcamp, 98220
Well Location Setback Rules:	Statewide
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres, more or less
Building Blocks:	Quarter-Quarter Sections
Orientation:	East-West
Description: TRS/County	N/2 of Sections 32 and 33, T-23-S, R-26-E, Eddy County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Exhibit C
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	



<p>Well #1 <i>Received by OCD: 2/12/2025 4:08:33 PM</i></p>	<p><b>Crystal N 33 32 Fed Com #701H Well (API No. Pending)</b>                  SHL: NE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.                  BHL: NW/4 NW/4 (Unit D) of Section 32, Township 23 South, Range 26 East, N.M.P.M.                   Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
<p>Well #2</p>	<p><b>Crystal N 33 32 Fed Com #702H Well (API No. Pending)</b>                  SHL: NE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.                  BHL: SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East, N.M.P.M.                   Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
<p>Well #3</p>	<p><b>Crystal N 33 32 Fed Com #801H Well (API No. Pending)</b>                  SHL: NE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.                  BHL: NW/4 NW/4 (Unit D) of Section 32, Township 23 South, Range 26 East, N.M.P.M.                   Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
<p>Well #4</p>	<p><b>Crystal N 33 32 Fed Com #802H Well (API No. Pending)</b>                  SHL: NE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.                  BHL: SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East, N.M.P.M.                   Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
<p>Horizontal Well First and Last Take Points</p>	<p>Exhibit C-2</p>
<p>Completion Target (Formation, TVD and MD)</p>	<p>Exhibit C-6 and D-3</p>
<p></p>	<p></p>
<p><b>AFE Capex and Operating Costs</b></p>	<p></p>
<p>Drilling Supervision/Month \$</p>	<p>\$8,000</p>
<p>Production Supervision/Month \$</p>	<p>\$800</p>
<p>Justification for Supervision Costs</p>	<p>Exhibit C</p>
<p>Requested Risk Charge</p>	<p>200%</p>
<p><b>Notice of Hearing</b></p>	<p style="text-align: right;">Case No. 25123</p>

Proposed Notice of Hearing <i>Received by QCD: 2/12/2025 4:08:33 PM</i>	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit E-4
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibits C-3 and C-4
Tract List (including lease numbers and owners)	Exhibits C-3 and C-4
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibits C-3 and C-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-4
Chronology of Contact with Non-Joined Working Interests	Exhibit C-7
Overhead Rates In Proposal Letter	Exhibit C-6
Cost Estimate to Drill and Complete	Exhibit C-6
Cost Estimate to Equip Well	Exhibits C-6 and C-7
Cost Estimate for Production Facilities	Exhibit C-6
<b>Geology</b>	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibits C-2, C-3, D-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-4
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D
HSU Cross Section	Exhibits D-2 and D-3
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-3 and C-4
General Location Map (including basin)	Exhibits C-1 and D-1
Well Bore Location Map	Exhibit C-2
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-3
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Miguel Suazo
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	02/05/2025

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

APPLICATION OF 3R OPERATING, LLC  
FOR APPROVAL OF STANDARD  
HORIZONTAL SPACING UNIT AND  
COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO

CASE NO. \_\_\_\_\_

APPLICATION

3R Operating, LLC, OGRID No. 331569 (“3R” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 640-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M. (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

In support of its Application, 3R states the following:

1. 3R is a working interest owner in the Application Lands and has a right to drill wells thereon as the designated Operator of the Application Lands.
2. 3R seeks to dedicate all of the Application Lands to form a 640-acre, more or less, HSU.
3. 3R seeks to dedicate the above-referenced HSU to the following proposed wells:
  - A. **Crystal 33 32 Fed Comm 701H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in the NW/4 NW/4 (Unit D) of Section 32, Township 23 South, Range 26 East;

B. **Crystal 33 32 Fed Comm 702H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East;

C. **Crystal N 33 32 Fed Comm 801H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in NW/4 NW/4 (Unit D) of Section 32, Township 23 South, Range 26 East;

D. **Crystal N 33 32 Fed Comm 802H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East;

4. The wells are orthodox in their location as defined by 19.15.16.15.(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15.(C) NMAC.

5. 3R has sought in good faith but has been unable to obtain voluntary agreement from all interest owners in the Wolfcamp Formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp Formation within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of the oil and gas underlying the subject lands, 3R requests that all uncommitted interests in this HSU be pooled and that 3R be designated as the operator of the proposed horizontal wells and HSU.

WHEREFORE, 3R requests this Application be set for hearing on February 13, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in the Wolfcamp Formation underlying the HSU within the Application Lands;
- B. Approving the **Crystal 33 32 Fed Comm 701H, Crystal 33 32 Fed Comm 702H, Crystal N 33 32 Fed Comm 801H, and Crystal N 33 32 Fed Comm 802H** as the wells for the HSU.
- C. Designating 3R as operator of the HSU and the horizontal wells to be drilled thereon;
- D. Authorizing 3R to recover its cost of drilling, completing, and equipping the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by 3R in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

---

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*Attorneys for 3R Operating LLC.*

*Application of 3R Operating, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division: (1) approving a 640-acre, more or less, standard horizontal spacing and proration unit composed of all of the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M.; and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the: **Crystal 33 32 Fed Comm 701H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in the NW/4 NW/4 (Unit D) of Section 32; **Crystal 33 32 Fed Comm 702H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32; **Crystal N 33 32 Fed Comm 801H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in NW/4 NW/4 (Unit D) of Section 32; and **Crystal N 33 32 Fed Comm 802H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The wells and lands are located approximately 6 miles southwest from Carlsbad, New Mexico.

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

**APPLICATION OF 3R OPERATING, LLC FOR  
APPROVAL OF STANDARD HORIZONTAL  
SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**CASE NO. 25123**

**AFFIDAVIT OF BRIAN VAN STAVEREN**

Brian van Staveren, being first duly sworn upon oath, deposes and states as follows:

1. My name is Brian van Staveren, and I am employed by 3R Operating, LLC (“3R”) as a Senior Landman.

2. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my qualifications as an expert in petroleum land matters were accepted and made a matter of record. I have several years of experience in petroleum land matters, and I have worked directly or in a supervisory role with the properties that are the subject of this matter.

3. I am familiar with the application filed by 3R in the above-referenced case and the status of the lands in the subject lands.

4. I am submitting this affidavit in support of 3R’s application in the above-referenced case, as required by the Pre-Hearing Order issued by the Division. I intend to present this case by affidavit pursuant to 19.15.4.12.(A)(1) NMAC.

5. Under Case No. 25123, 3R seeks an order (1) approving a standard 640 -acre, more or less, horizontal spacing unit (“HSU”) underlying the Application Lands, and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.



6. **3R Exhibit C-1** is a general location map showing the proposed Wolfcamp formation spacing unit. The acreage subject to the applications are federal and state lands.

7. **3R Exhibit C-2** contains the Form C-102s reflecting that the proposed Wolfcamp wells to be drilled and completed in the subject unit. The location of each well is orthodox and meets the Division's offset requirements.

8. A review of the Wolfcamp formation underlying the subject lands indicated that there are no overlapping spacing units in this formation.

9. **3R Exhibit C-3** outlines the proposed Wolfcamp units and tracts therein.

10. **3R Exhibit C-4** sets forth the ownership of the parties being pooled in the Wolfcamp Formation and the nature of their interests. These exhibits identify the tract number and spacing unit percentage interest for each mineral owner.

11. **3R Exhibit C-5** is a map depicting the standard spacing unit in relation to the outline of a standard spacing unit. The map also identified the interest owners in the tracts surrounding the proposed units, who were also provided notice of the applications.

12. **3R Exhibit C-6** contains a sample well proposal letter sent in November of 2024 to each mineral interest owner, and contains the AFE for each proposed well. The estimated costs of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

13. 3R requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of New Mexico. 3R respectfully requests that these administrative and overhead costs be incorporated into any orders entered by the Division in these cases.

14. 3R requests the maximum cost, plus 200% risk charge be assessed against nonconsenting working interest owners.

15. **3R Exhibit C-7** sets forth a chronology of the contacts with owners. 3R has made a good faith effort to obtain voluntary joinder of the interest owners in the proposed wells.

In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All interest owners were locatable and noticed, and there are no unleased mineral interest owners. 3R caused notice to be published in the Carlsbad-Current Argus, a newspaper of general circulation in Eddy County, New Mexico. I provided the law firm of Beatty & Wozniak, P.C., with the names and addresses for these mineral owners and instructed that each owner be provided notice of the hearing in these matters.

16. 3R requests that it be designated operator of the unit and wells.

17. **Exhibit C-1** through **Exhibit C-7** were either prepared by me or compiled from 3R's company business records under my direction and supervision.

18. The granting of this application for compulsory pooling and approval of a standard spacing unit is in the best interest of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

19. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.

*[Remainder of page left intentionally blank]*

FURTHER AFFIANT SAYETH NOT.

Dated this 28<sup>th</sup> day of January, 2025.



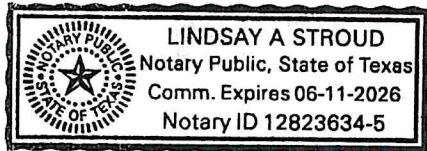
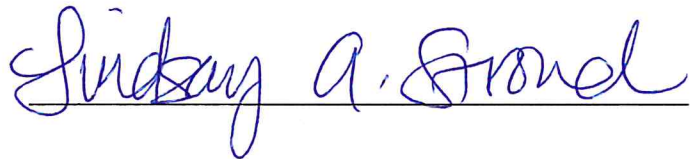
\_\_\_\_\_  
Brian van Staveren  
3R Operating, LLC

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF HARRIS                )

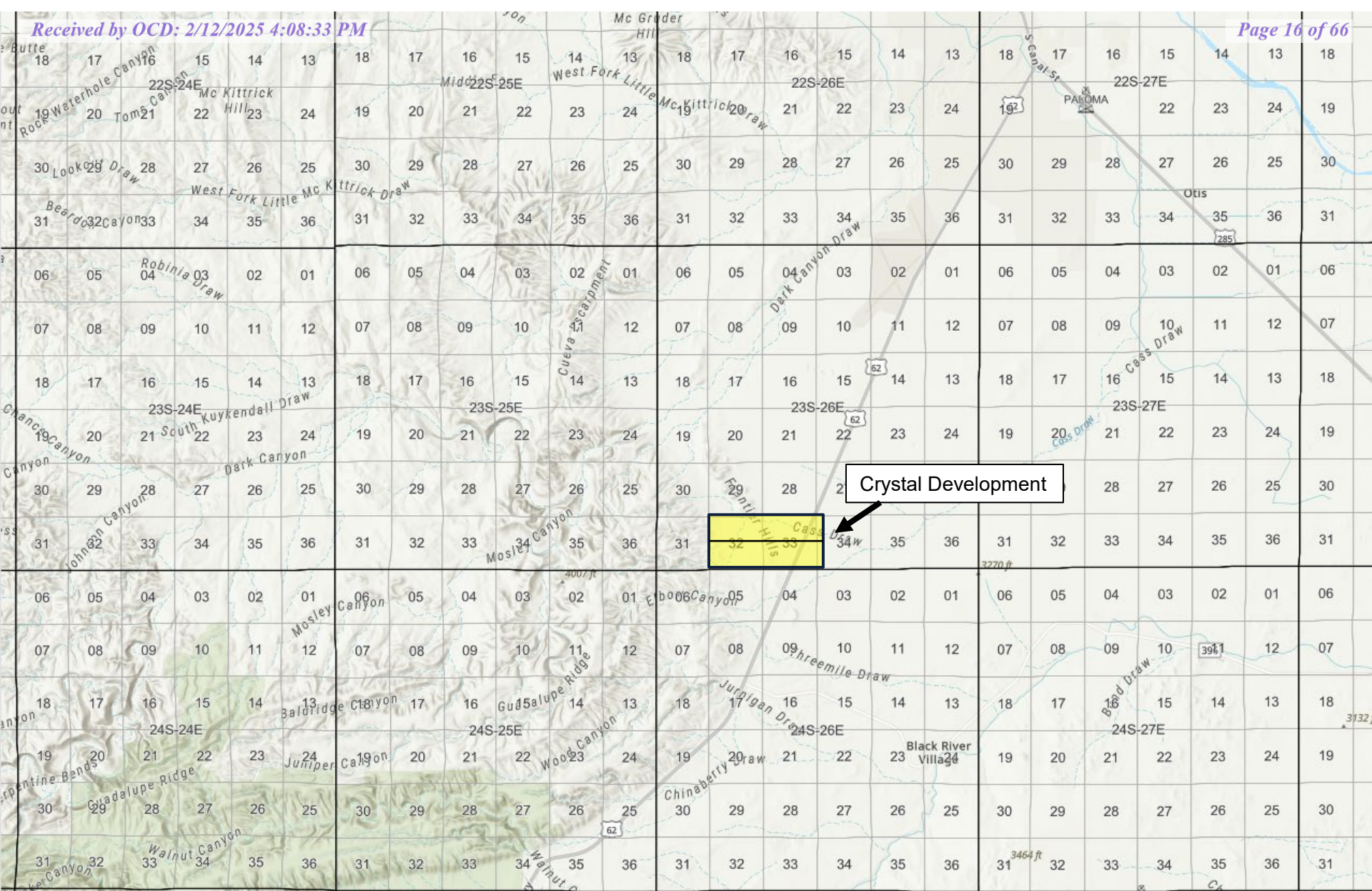
The foregoing instrument was subscribed and sworn to before me this 28 day of January, 2025, by Brian van Staveren, Senior Landman for 3R Operating, LLC.

Witness my hand and official seal.

My commission expires: 6/11/2026







<b>C-102</b>  Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department <b>OIL CONSERVATION DIVISION</b>	Revised July 9, 2024
		Submittal Type: <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

**WELL LOCATION INFORMATION**

API Number	Pool Code	Pool Name
Property Code	Property Name CRYSTAL N 33 32 FED COM	
OGRID No. 331569	Operator Name 3R OPERATING, LLC	Well Number 701H
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Ground Level Elevation 3347.3'
Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		376 NORTH	1155 EAST	32.266899°	-104.293387°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
D	32	23S	26E		660 NORTH	330 WEST	32.265806°	-104.323036°	EDDY

Dedicated Acres 640	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		660 NORTH	230 EAST	32.266127°	-104.290390°	EDDY


First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		660 NORTH	330 EAST	32.266126°	-104.290713°	EDDY

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
D	32	23S	26E		660 NORTH	330 WEST	32.265806°	-104.323036°	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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<p><b>OPERATOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i></p>	<p><b>SURVEYOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from the field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <div style="text-align: center;">  </div>
Signature _____ Date _____	Signature and Seal of Professional Surveyor
Printed Name _____	23782 November 07, 2024
Email Address _____	Certificate Number _____ Date of Survey _____

*Note: No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.*





<b>C-102</b>  Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department <b>OIL CONSERVATION DIVISION</b>	Revised July 9, 2024  Submittal Type: <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled
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**WELL LOCATION INFORMATION**

API Number	Pool Code	Pool Name
Property Code	Property Name CRYSTAL N 33 32 FED COM	
Well Number 702H	Ground Level Elevation 3,346.9'	
OGRID No. 331569	Operator Name 3R OPERATING, LLC	
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		376 NORTH	1125 EAST	32.266899°	-104.293290°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
E	32	23S	26E		1980 NORTH	330 WEST	32.262179°	-104.322985°	EDDY

Dedicated Acres 640	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
H	33	23S	26E		1980 NORTH	230 EAST	32.262500°	-104.290366°	EDDY


First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
H	33	23S	26E		1980 NORTH	330 EAST	32.262499°	-104.290689°	EDDY

Last Take Point (LTP)

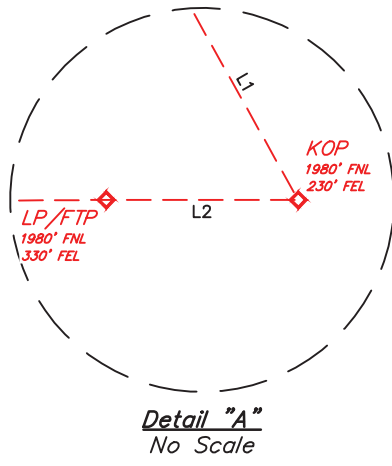
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
E	32	23S	26E		1980 NORTH	330 WEST	32.262179°	-104.322985°	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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<p><b>OPERATOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i></p>	<p><b>SURVEYOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from the field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <div style="text-align: center;">  </div>
Signature _____ Date _____	Signature and Seal of Professional Surveyor
Printed Name _____	23782 November 07, 2024
Email Address _____	Certificate Number _____ Date of Survey _____

*Note: No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.*

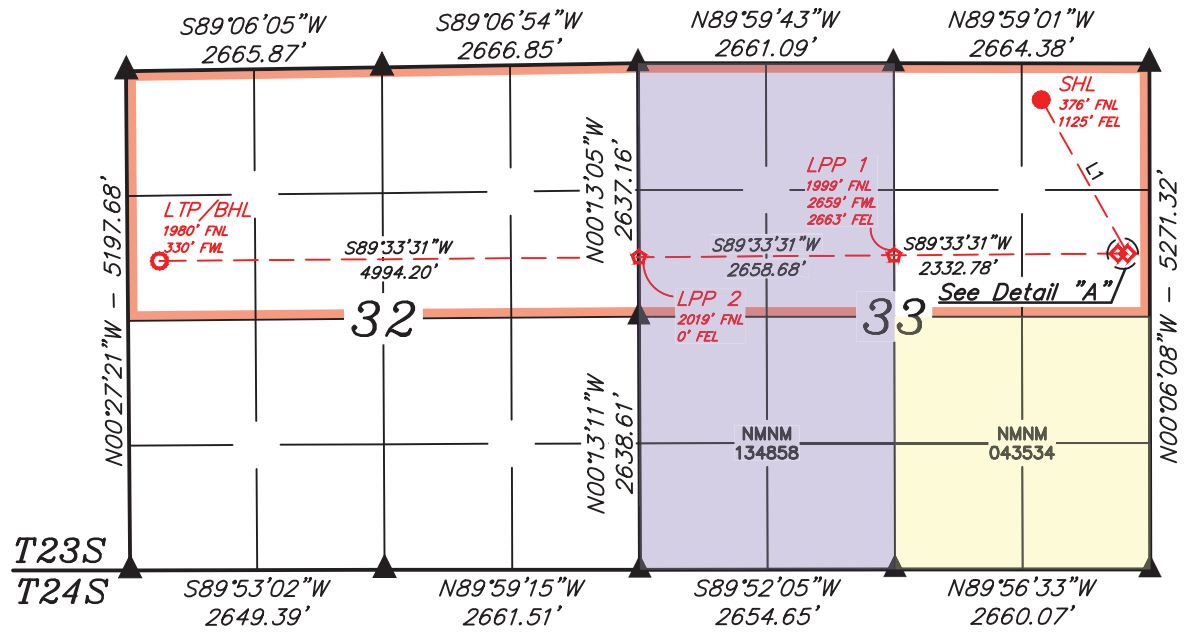
Property Name CRYSTAL N 33 32 FED COM	Well Number 702H	Drawn By N.R. 10-23-24	Revised By REV. 1 D.M.C. 11-14-24 (SHL MOVE & ADD KOP)
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- = SURFACE HOLE LOCATION
- ◆ = KICK OFF POINT/LANDING POINT/FIRST TAKE POINT
- ☆ = LEASE PENETRATION POINT
- = LAST TAKE POINT/BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- = DESIGNATED SPACING POINT

**NOTE:**

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)
- Colored areas within section lines represent Federal oil & gas leases.



<b>NAD 83 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°16'00.84" (32.266899°)
LONGITUDE = -104°17'35.84" (-104.293290°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°16'00.41" (32.266782°)
LONGITUDE = -104°17'34.04" (-104.292788°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 460833.31' E: 553714.43'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 460775.37' E: 512532.42'

<b>NAD 83 (KICK OFF POINT)</b>
LATITUDE = 32°15'45.00" (32.262500°)
LONGITUDE = -104°17'25.32" (-104.290366°)
<b>NAD 27 (KICK OFF POINT)</b>
LATITUDE = 32°15'44.58" (32.262382°)
LONGITUDE = -104°17'23.51" (-104.289864°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459233.15' E: 554618.85'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459175.23' E: 513436.80'

<b>NAD 83 (LP/FTP)</b>
LATITUDE = 32°15'45.00" (32.262499°)
LONGITUDE = -104°17'26.48" (-104.290689°)
<b>NAD 27 (LP/FTP)</b>
LATITUDE = 32°15'44.57" (32.262381°)
LONGITUDE = -104°17'24.67" (-104.290187°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459232.76' E: 554518.88'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459174.85' E: 513336.83'

<b>NAD 83 (LPP 1)</b>
LATITUDE = 32°15'44.73" (32.262425°)
LONGITUDE = -104°17'53.64" (-104.298234°)
<b>NAD 27 (LPP 1)</b>
LATITUDE = 32°15'44.31" (32.262307°)
LONGITUDE = -104°17'51.83" (-104.297732°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459205.02' E: 552186.82'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459147.16' E: 511004.80'

<b>NAD 83 (LPP 2)</b>
LATITUDE = 32°15'44.42" (32.262340°)
LONGITUDE = -104°18'24.60" (-104.306832°)
<b>NAD 27 (LPP 2)</b>
LATITUDE = 32°15'44.00" (32.262223°)
LONGITUDE = -104°18'22.79" (-104.306330°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459173.40' E: 549528.98'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459115.60' E: 508346.98'

<b>NAD 83 (LTP/BHL)</b>
LATITUDE = 32°15'43.84" (32.262179°)
LONGITUDE = -104°19'22.74" (-104.322985°)
<b>NAD 27 (LTP/BHL)</b>
LATITUDE = 32°15'43.42" (32.262062°)
LONGITUDE = -104°19'20.93" (-104.322481°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459114.00' E: 544536.35'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459056.32' E: 503354.41'



LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S29°14'07"E	1838.51'
L2	N89°59'01"W	100.00'



<b>C-102</b>  Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department <b>OIL CONSERVATION DIVISION</b>	Revised July 9, 2024
		Submittal Type: <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

**WELL LOCATION INFORMATION**

API Number	Pool Code 98220	Pool Name PURPLE SAGE; WOLFCAMP
Property Code	Property Name CRYSTAL N 33 32 FED COM	Well Number 801H
OGRID No. 331569	Operator Name 3R OPERATING, LLC	Ground Level Elevation 3,347.7'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		376 NORTH	1,245 EAST	32.266898°	-104.293678°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
D	32	23S	26E		660 NORTH	330 WEST	32.265806°	-104.323036°	EDDY

Dedicated Acres 640	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
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Order Numbers.	Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No
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Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		660 NORTH	230 EAST	32.266127°	-104.290390°	EDDY


First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
A	33	23S	26E		660 NORTH	330 EAST	32.266126°	-104.290713°	EDDY

Last Take Point (LTP)

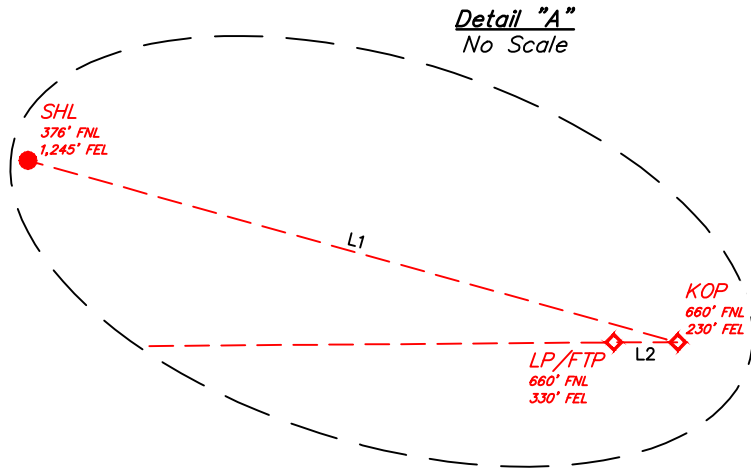
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
D	32	23S	26E		660 NORTH	330 WEST	32.265806°	-104.323036°	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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<p><b>OPERATOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i></p>	<p><b>SURVEYOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the well location shown on this log was plotted from the field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <div style="text-align: center;">  </div>
Signature _____ Date _____	Signature and Seal of Professional Surveyor
Printed Name _____	23782 November 07, 2024
Email Address _____	Certificate Number _____ Date of Survey _____

*Note: No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.*

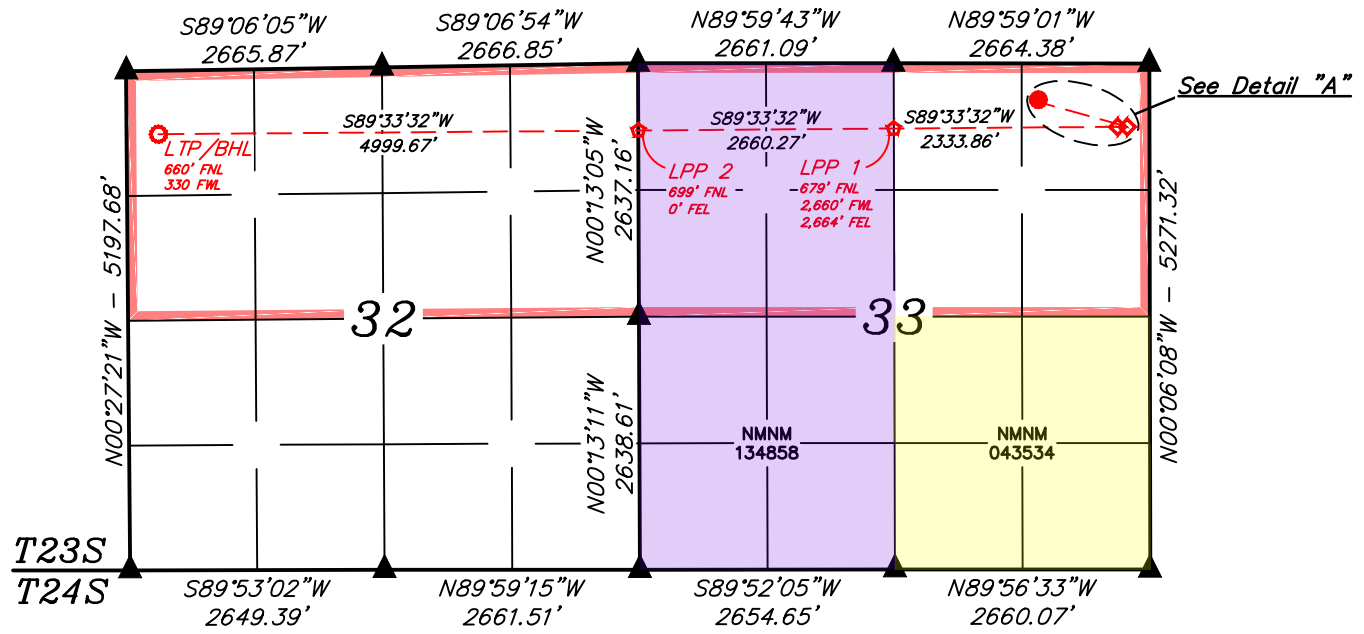
Property Name CRYSTAL N 33 32 FED COM	Well Number 801H	Drawn By N.R. 01-14-25	Revised By
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- = SURFACE HOLE LOCATION
- ◆ = KICK OFF POINT/LANDING POINT/FIRST TAKE POINT
- ☆ = LEASE PENETRATION POINT
- = LAST TAKE POINT/BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- = DESIGNATED SPACING UNIT

**NOTE:**

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)
- Colored areas within section lines represent Federal oil & gas leases.



NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°16'00.83" (32.266898°)	
LONGITUDE = -104°17'37.24" (-104.293678°)	
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°16'00.41" (32.266780°)	
LONGITUDE = -104°17'35.43" (-104.293176°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 460832.73' E: 553594.46'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460774.79' E: 512412.45'	

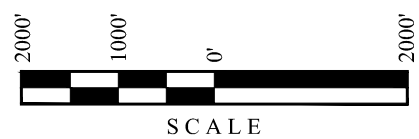
NAD 83 (KICK OFF POINT)	
LATITUDE = 32°15'58.06" (32.266127°)	
LONGITUDE = -104°17'25.40" (-104.290390°)	
NAD 27 (KICK OFF POINT)	
LATITUDE = 32°15'57.64" (32.266010°)	
LONGITUDE = -104°17'23.60" (-104.289888°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 460552.81' E: 554610.96'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460494.86' E: 513428.94'	

NAD 83 (LP/FTP)	
LATITUDE = 32°15'58.05" (32.266126°)	
LONGITUDE = -104°17'26.57" (-104.290713°)	
NAD 27 (LP/FTP)	
LATITUDE = 32°15'57.63" (32.266009°)	
LONGITUDE = -104°17'24.76" (-104.290211°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 460552.42' E: 554510.99'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460494.47' E: 513328.97'	

NAD 83 (LPP 1)	
LATITUDE = 32°15'57.79" (32.266052°)	
LONGITUDE = -104°17'53.74" (-104.298261°)	
NAD 27 (LPP 1)	
LATITUDE = 32°15'57.37" (32.265935°)	
LONGITUDE = -104°17'51.93" (-104.297759°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 460524.68' E: 552177.86'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460466.78' E: 510995.86'	

NAD 83 (LPP 2)	
LATITUDE = 32°15'57.48" (32.265967°)	
LONGITUDE = -104°18'24.72" (-104.306866°)	
NAD 27 (LPP 2)	
LATITUDE = 32°15'57.06" (32.265850°)	
LONGITUDE = -104°18'22.91" (-104.306363°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 460493.05' E: 549518.42'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460435.22' E: 508336.45'	

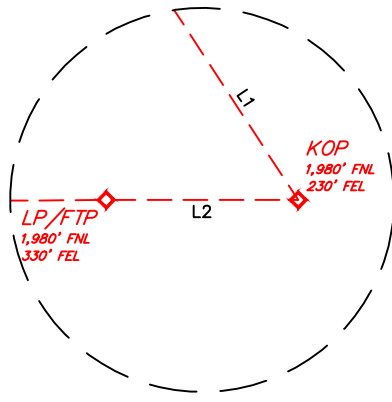
NAD 83 (LTP/BHL)	
LATITUDE = 32°15'56.90" (32.265806°)	
LONGITUDE = -104°19'22.93" (-104.323036°)	
NAD 27 (LTP/BHL)	
LATITUDE = 32°15'56.48" (32.265690°)	
LONGITUDE = -104°19'21.12" (-104.322533°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 460433.62' E: 544520.32'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460375.91' E: 503338.41'	



LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S74°21'49"E	1054.60'
L2	N89°59'01"W	100.00'



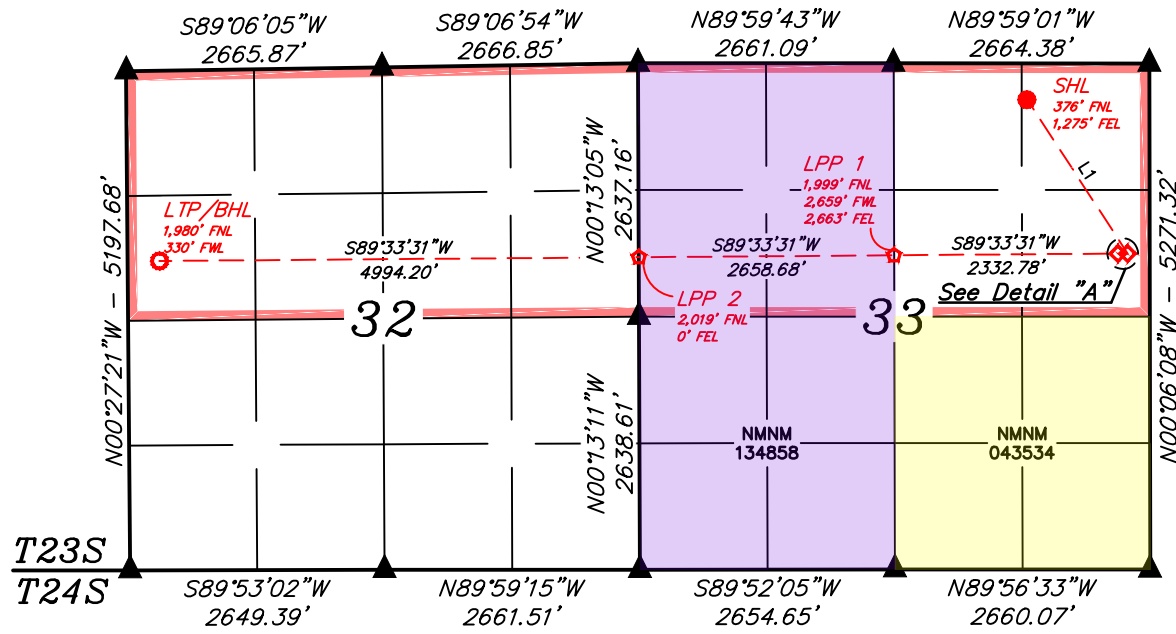
Property Name CRYSTAL N 33 32 FED COM	Well Number 802H	Drawn By N.R. 01-14-25	Revised By
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- = SURFACE HOLE LOCATION
- ◇ = KICK OFF POINT/LANDING POINT/FIRST TAKE POINT
- ☆ = LEASE PENETRATION POINT
- = LAST TAKE POINT/BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- = DESIGNATED SPACING UNIT

**NOTE:**

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)
- Colored areas within section lines represent Federal oil & gas leases.



<b>NAD 83 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°16'00.83" (32.266897°)
LONGITUDE = -104°17'37.59" (-104.293775°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°16'00.41" (32.266780°)
LONGITUDE = -104°17'35.78" (-104.293273°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 460832.59' E: 553564.46'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 460774.65' E: 512382.46'

<b>NAD 83 (KICK OFF POINT)</b>
LATITUDE = 32°15'45.00" (32.262500°)
LONGITUDE = -104°17'25.32" (-104.290366°)
<b>NAD 27 (KICK OFF POINT)</b>
LATITUDE = 32°15'44.58" (32.262382°)
LONGITUDE = -104°17'23.51" (-104.289864°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459233.15' E: 554618.85'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459175.23' E: 513436.80'

<b>NAD 83 (LP/FTP)</b>
LATITUDE = 32°15'45.00" (32.262499°)
LONGITUDE = -104°17'26.48" (-104.290689°)
<b>NAD 27 (LP/FTP)</b>
LATITUDE = 32°15'44.57" (32.262381°)
LONGITUDE = -104°17'24.67" (-104.290187°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459232.76' E: 554518.88'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459174.85' E: 513336.83'

<b>NAD 83 (LPP 1)</b>
LATITUDE = 32°15'44.73" (32.262425°)
LONGITUDE = -104°17'53.64" (-104.298234°)
<b>NAD 27 (LPP 1)</b>
LATITUDE = 32°15'44.31" (32.262307°)
LONGITUDE = -104°17'51.83" (-104.297732°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459205.02' E: 552186.82'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459147.16' E: 511004.80'

<b>NAD 83 (LPP 2)</b>
LATITUDE = 32°15'44.42" (32.262340°)
LONGITUDE = -104°18'24.60" (-104.306832°)
<b>NAD 27 (LPP 2)</b>
LATITUDE = 32°15'44.00" (32.262223°)
LONGITUDE = -104°18'22.79" (-104.306330°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459173.40' E: 549528.98'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459115.60' E: 508346.98'

<b>NAD 83 (LTP/BHL)</b>
LATITUDE = 32°15'43.84" (32.262179°)
LONGITUDE = -104°19'22.74" (-104.322985°)
<b>NAD 27 (LTP/BHL)</b>
LATITUDE = 32°15'43.42" (32.262062°)
LONGITUDE = -104°19'20.93" (-104.322481°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459114.00' E: 544536.35'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 459056.32' E: 503354.41'



SCALE

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S33°09'13"E	1916.17'
L2	N89°59'01"W	100.00'



**TRACT 1 – W/2 NE/4 and NE/4 NE/4 of Section 33, T23S-R26E – 120.00 acres**

**State of New Mexico Lease L-912**

Ridge Runner AssetCo II, LLC (3R Operating, LLC) – 100% WI  
State of New Mexico – 12.50% RI  
Exxon Corp. – 12.50% ORRI

**TRACT 2 – NW/4 of Section 33, T23S-R26E – 160.00 acres**

**United States of America Lease NMNM-134858**

Ridge Runner II Nominee Corp. (3R Operating, LLC) – 100% WI  
United States of America, Bureau of Land Management – 12.50% RI  
Marathon Oil Permian, LLC – 7.650% ORRI  
Zunis Energy, LLC – 2.602050% ORRI  
JSA Investments, LLC – 0.247950% ORRI

**TRACT 3 – SE/4 NE/4 of Section 33, T23S-R26E – 40.00 acres**

**State of New Mexico Lease VA-696**

Marathon Oil Permian, LLC – 100% WI  
State of New Mexico – 12.50% RI

**TRACT 4 – N/2 of Section 32, T23S-R26E – 320.00 acres**

**State of New Mexico Lease VB-23420**

WPX Energy, Inc. – 100% WI  
State of New Mexico – 18.75% RI  
Broken Arrow Royalties, LLC – 1.25% ORRI

Crystal N Ownership - 701H 702H 801H 802H

N/2 of Section 33, Township 23 South, Range 26 East  
 N/2 of Section 32, Township 23, South, Range 26 East  
 Eddy County, New Mexico  
 Surface to 12,126'

Tract	Lease Number	Description	Owner Name	Gross Acres	WI	NRI	Net Acres	8/8ths NRI
1	State of NM L-912	W/2 NE/4 and NE/4 NE/4 of Section 33	Ridge Runner AssetCo II, LLC (3R Operating, LLC)	120.0000	1.00000000	0.75000000	120.00000000	0.75000000
					1.00000000	0.75000000	120.00000000	

Tract	Lease Number	Description	Owner Name	Gross Acres	WI	NRI	Net Acres	8/8ths NRI
2	NMNM-134858	NW/4 of Section 33	Ridge Runner II Nominee Corp. (3R Operating, LLC)	160.0000	1.00000000	0.84650000	160.00000000	0.84650000
					1.00000000	0.84650000	160.00000000	

Tract	Lease Number	Description	Owner Name	Gross Acres	WI	NRI	Net Acres	8/8ths NRI
3	State of NM VA-696	SE/4 NE/4 of Section 33	Marathon Oil Permian, LLC	40.0000	1.00000000	0.87500000	40.00000000	0.87500000
					1.00000000	0.87500000	40.00000000	

Tract	Lease Number	Description	Owner Name	Gross Acres	WI	NRI	Net Acres	8/8ths NRI
4	State of NM VB-23420	N/2 of Section 32	WPX Energy, Inc. (Devon)	320.0000	1.00000000	0.81250000	320.00000000	0.81250000
					1.00000000	0.81250000	320.00000000	

Totals					
Name	Gross Acres	Net Acres	WI	NRI	8/8ths NRI
3R Operating, LLC	640.00000000	280.00000000	0.43750000	0.35225000	0.80514286
Marathon Oil Permian, LLC	640.00000000	40.00000000	0.06250000	0.05468750	0.87500000
WPX Energy, Inc. (Devon)	640.00000000	320.00000000	0.50000000	0.40625000	0.81250000
	640.00000000	640.00000000	1.00000000	0.81318750	

Tract	Name	Leasehold Interest Burdened	Tract Acres	Unit Acres	Working Interest	Lease Net Revenu Interest	Owner NRI
1	Ridge Runner AssetCo II, LLC	1.00000000 1.00000000	120.00000000	640.00000000	0.18750000	0.75000000	0.14062500 0.14062500
2	Ridge Runner II Nominee Corp.	1.00000000 1.00000000	160.00000000	640.00000000	0.25000000	0.84650000	0.21162500 0.21162500
3	Marathon Oil Permian, LLC	1.00000000 1.00000000	40.00000000	640.00000000	0.06250000	0.87500000	0.05468750 0.05468750
4	WPX Energy, Inc. (Devon)	1.00000000 1.00000000	320.00000000	640.00000000	0.50000000	0.81250000	0.40625000 0.40625000



**EXHIBIT C-5**  
**N/2 of Sections 32 and 33, T23S-R26E**  
**Wolfcamp Formation**  
**Eddy County, New Mexico**

4	4	4	4	2	2	1	1
4	4	4	4	2	2	1	3

SECTION 32

SECTION 33

**TRACT 1 – W/2 NE/4 and NE/4 NE/4 of Section 33, T23S-R26E – 120.00 acres**  
**State of New Mexico Lease L-912**

**TRACT 2 – NW/4 of Section 33, T23S-R26E – 160.00 acres**  
**United States of America Lease NMNM-134858**

**TRACT 3 – SE/4 NE/4 of Section 33, T23S-R26E – 40.00 acres**  
**State of New Mexico Lease VA-696**

**TRACT 4 – N/2 of Section 32, T23S-R26E – 320.00 acres**  
**State of New Mexico Lease VB-23420**

Brian van Staveren  
Land Advisor  
bvanstaveren@3ROperating.com



20405 State Highway 249  
Suite 820  
Houston, TX 77070

November 4, 2024

WPX Energy, Inc.  
333 West Sheridan Avenue  
Oklahoma City, Oklahoma 73102  
Attn: Jake Nourse

Re: Well Proposals  
Crystal 33-32 Fed Com 701H  
Crystal 33-32 Fed Com 702H  
Crystal 33-32 Fed Com 703H  
Crystal 33-32 Fed Com 704H  
Sections 33 and 32, Township 23 South, Range 26 East  
Eddy County, New Mexico

Dear Working Interest Owner:

3R Operating, LLC ("3R Operating") hereby proposes to drill, complete and operate the following 2-mile horizontal wells to test the Wolfcamp formation in Sections 33 and 32, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico:

- **Crystal 33-32 Fed Com 701H** as a horizontal Wolfcamp XY formation test, with the SHL location being 290' FNL and 570' FEL, of Section 33, Township 23 South, Range 26 East, and the BHL location being 660' FNL and 330' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.
- **Crystal 33-32 Fed Com 702H** as a horizontal Wolfcamp XY formation test, with the SHL location being 290' FNL and 570' FEL, of Section 33, Township 23 South, Range 26 East, and the BHL location being 1,980' FNL and 330' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.
- **Crystal 33-32 Fed Com 703H** as a horizontal Wolfcamp XY formation test, with the SHL location being 1,320' FSL and 200' FEL, of Section 33, Township 23 South, Range

Brian van Staveren  
Land Advisor  
bvanstaveren@3ROperating.com



20405 State Highway 249  
Suite 820  
Houston, TX 77070

26 East, and the BHL location being 1,980' FSL and 330' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.

- **Crystal 33-32 Fed Com 704H** as a horizontal Wolfcamp XY formation test, with the SHL location being 1,290' FSL and 200' FEL, of Section 33, Township 23 South, Range 26 East, and the BHL location being 660' FSL and 330' FEL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.

Please find enclosed the Authority for Expenditures ("AFE") for the wells reflecting the estimated costs to drill, test, complete and equip the wells.

Please also find enclosed A.A.P.L. Form 610-2015 Model Form Operating Agreements covering the acreage for the respective wells in the North Half and South Half of Sections 33 and 32 for your review and approval.

**In lieu of participating, 3R Operating is open to purchasing your leasehold at a mutually agreeable price.**

If you have any questions, please do not hesitate to contact me by phone at (432) 254-8866 or by email at [bvanstaveren@3ROperating.com](mailto:bvanstaveren@3ROperating.com).

Sincerely,

Brian van Staveren  
Land Advisor

## Ridge Runner Resources II

### Statement of Estimated Well Cost (100%)

<b>Well</b>	Crystal 33 32 Fed Com 701H
<b>Field</b>	
<b>County, State:</b>	Eddy County, NM
<b>BHL:</b>	Horizontal WCXY
<b>Proposed TD:</b>	19,000 MD      8,740 TVD
<b>Normal Pressure?</b>	Yes

**PROP #:** \_\_\_\_\_

**WI #:** \_\_\_\_\_

**NRI #:** \_\_\_\_\_

**AFE #:** \_\_\_\_\_

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
2510-400	Conductor Casing or Drive Pipe	\$42,000		\$42,000
2510-405	Surface Casing	\$19,113		\$19,113
2510-410	Intermediate Casing/Drlg Liner	\$59,232		\$59,232
2510-415	Wellhead Equipment - Surface & MLS	\$45,000		\$45,000
2510-420	Other Sub-Surface Equipment	\$0		
2510-425	Cementing Equipment	\$45,000		\$45,000
2510-500	Production Casing	\$338,960		\$338,960
2510-600	Nonoperated	\$0		
2510-700	Impairment	\$0		
2510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$549,305</b>		<b>\$549,305</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
2500-100	Roads/Location	\$100,000		\$100,000
2500-105	Drilling Turnkey	\$0		
2500-110	Drilling Daywork	\$826,700		\$826,700
2500-115	Fuel/Power	\$217,500		\$217,500
2500-125	Equipment Rental	\$187,025		\$187,025
2500-130	Legal Fees	\$0		
2500-135	Bonds, Permits and Inspection	\$40,000		\$40,000
2500-155	Mud and Chemicals	\$350,000		\$350,000
2500-160	Cementing Services	\$190,000		\$190,000
2500-170	Supervision/Consulting	\$58,000		\$58,000
2500-175	Casing and Other Tangible Crew	\$75,000		\$75,000
2500-180	Damages/Penalties	\$0		
2500-185	Coring and Analysis	\$0		
2500-190	Cuttings/Fluids Disposal	\$175,000		\$175,000
2500-195	Directional Drilling Services	\$352,500		\$352,500
2500-200	Drill Bits	\$125,000		\$125,000
2500-210	Surface Damages/ROW	\$0		
2500-215	Contract Labor and Services	\$60,000		\$60,000
2500-220	Mud Logging	\$0		
2500-235	Reclamation	\$0		
2500-240	Rig Mobilization/Demob	\$100,000		\$100,000
2500-245	Fishing Tools and Services	\$0		
2500-250	Testing-Drill Stem/Production	\$0		
2500-260	Wireline Services	\$0		
2500-265	Water	\$36,250		\$36,250
2500-270	Camp Expenses	\$62,725		\$62,725
2500-285	Contingencies	\$177,750		\$177,750
2500-290	Environmental	\$50,000		\$50,000
2500-300	Overhead	\$0		
2500-350	Insurance	\$0		
2500-600	Nonoperated	\$0		
2500-700	Impairment	\$0		
2500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$3,183,450</b>		<b>\$3,183,450</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
2530-415	Wellhead		\$35,000	\$35,000
2530-420	Subsurface Equipment		\$0	
2530-510	Tubing		\$80,000	\$80,000
2530-515	Rods		\$0	
2530-525	Artificial Lift Equipment		\$120,000	\$120,000
2530-530	Gas Metering Equipment		\$35,000	\$35,000
2530-531	Electrical		\$100,000	\$100,000
2530-535	LACT Unit		\$25,000	\$25,000
2530-540	Production Facilities and Flowlines		\$350,000	\$350,000
2530-545	Pumping Unit		\$0	
2530-550	Separator, Heater, Treater		\$275,000	\$275,000
2530-555	Tank Battery		\$175,000	\$175,000
2530-560	Vapor Recovery Unit		\$0	
2530-590	Other Misc Equipment		\$125,000	\$125,000
2530-600	Nonoperated		\$0	
2530-700	Impairment		\$0	
2530-999	Accruals		\$0	

	<b>TOTAL COMPLETION COST - TANGIBLES</b>			<b>\$1,320,000</b>	<b>\$1,320,000</b>
	<b>COMPLETION COSTS: INTANGIBLES</b>				
2520-100	Roads/Location			\$5,000	\$5,000
2520-120	Perforating Services			\$248,333	\$248,333
2520-125	Equipment Rental			\$120,000	\$120,000
2520-135	Bonds, Permits and Inspection			\$2,000	\$2,000
2520-145	Completion Unit			\$250,000	\$250,000
2520-150	Frac Plugs			\$51,000	\$51,000
2520-155	Mud and Chemicals			\$40,000	\$40,000
2520-160	Cementing Services			\$0	
2520-165	Acidizing and Fracturing			\$2,800,000	\$2,800,000
2520-170	Supervision/Consulting			\$100,000	\$100,000
2520-175	Casing and Other Tangible Crew			\$0	
2520-190	Cuttings/Fluids Disposal			\$15,000	\$15,000
2520-200	Drill Bits			\$40,000	\$40,000
2520-210	Surface Damages/ROW			\$0	
2520-215	Contract Labor and Services			\$150,000	\$150,000
2520-230	Pump/Vacuum Trucks			\$10,000	\$10,000
2520-235	Reclamation			\$0	
2520-245	Fishing Tools and Services			\$0	
2520-250	Well Testing			\$126,000	\$126,000
2520-255	Trucking and Hauling			\$0	
2520-260	Wireline Services			\$5,500	\$5,500
2520-270	Camp Expenses			\$15,000	\$15,000
2520-275	Coiled Tubing Services			\$0	
2520-280	Frac Water			\$980,000	\$980,000
2520-285	Contingencies			\$316,392	\$316,392
2520-290	Environmental			\$50,000	\$50,000
2520-300	Overhead			\$0	
2520-350	Insurance			\$0	
2520-600	Nonoperated			\$0	
2520-700	Impairment			\$0	
2520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			<b>\$5,324,225</b>	<b>\$5,324,225</b>
	<b>TOTAL WELL COST</b>		<b>\$3,732,755</b>	<b>\$6,644,225</b>	<b>\$10,376,980</b>

AFE is for a 2mi WCXY lateral w/ 50 stages; 2500#/ft and 2500 gals/ft

Approved by: \_\_\_\_\_  
 Brian Cassens / Scott German

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

## Ridge Runner Resources II

### Statement of Estimated Well Cost (100%)

<b>Well</b>	Crystal 33 32 Fed Com 702H
<b>Field</b>	
<b>County, State:</b>	Eddy County, NM
<b>BHL:</b>	Horizontal WCXY
<b>Proposed TD:</b>	19,000 MD      8,740 TVD
<b>Normal Pressure?</b>	Yes

**PROP #:** \_\_\_\_\_

**WI #:** \_\_\_\_\_

**NRI #:** \_\_\_\_\_

**AFE #:** \_\_\_\_\_

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
2510-400	Conductor Casing or Drive Pipe	\$42,000		\$42,000
2510-405	Surface Casing	\$19,113		\$19,113
2510-410	Intermediate Casing/Drlg Liner	\$59,232		\$59,232
2510-415	Wellhead Equipment - Surface & MLS	\$45,000		\$45,000
2510-420	Other Sub-Surface Equipment	\$0		
2510-425	Cementing Equipment	\$45,000		\$45,000
2510-500	Production Casing	\$338,960		\$338,960
2510-600	Nonoperated	\$0		
2510-700	Impairment	\$0		
2510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$549,305</b>		<b>\$549,305</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
2500-100	Roads/Location	\$100,000		\$100,000
2500-105	Drilling Turnkey	\$0		
2500-110	Drilling Daywork	\$826,700		\$826,700
2500-115	Fuel/Power	\$217,500		\$217,500
2500-125	Equipment Rental	\$187,025		\$187,025
2500-130	Legal Fees	\$0		
2500-135	Bonds, Permits and Inspection	\$40,000		\$40,000
2500-155	Mud and Chemicals	\$350,000		\$350,000
2500-160	Cementing Services	\$190,000		\$190,000
2500-170	Supervision/Consulting	\$58,000		\$58,000
2500-175	Casing and Other Tangible Crew	\$75,000		\$75,000
2500-180	Damages/Penalties	\$0		
2500-185	Coring and Analysis	\$0		
2500-190	Cuttings/Fluids Disposal	\$175,000		\$175,000
2500-195	Directional Drilling Services	\$352,500		\$352,500
2500-200	Drill Bits	\$125,000		\$125,000
2500-210	Surface Damages/ROW	\$0		
2500-215	Contract Labor and Services	\$60,000		\$60,000
2500-220	Mud Logging	\$0		
2500-235	Reclamation	\$0		
2500-240	Rig Mobilization/Demob	\$100,000		\$100,000
2500-245	Fishing Tools and Services	\$0		
2500-250	Testing-Drill Stem/Production	\$0		
2500-260	Wireline Services	\$0		
2500-265	Water	\$36,250		\$36,250
2500-270	Camp Expenses	\$62,725		\$62,725
2500-285	Contingencies	\$177,750		\$177,750
2500-290	Environmental	\$50,000		\$50,000
2500-300	Overhead	\$0		
2500-350	Insurance	\$0		
2500-600	Nonoperated	\$0		
2500-700	Impairment	\$0		
2500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$3,183,450</b>		<b>\$3,183,450</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
2530-415	Wellhead		\$35,000	\$35,000
2530-420	Subsurface Equipment		\$0	
2530-510	Tubing		\$80,000	\$80,000
2530-515	Rods		\$0	
2530-525	Artificial Lift Equipment		\$120,000	\$120,000
2530-530	Gas Metering Equipment		\$35,000	\$35,000
2530-531	Electrical		\$100,000	\$100,000
2530-535	LACT Unit		\$25,000	\$25,000
2530-540	Production Facilities and Flowlines		\$350,000	\$350,000
2530-545	Pumping Unit		\$0	
2530-550	Separator, Heater, Treater		\$275,000	\$275,000
2530-555	Tank Battery		\$175,000	\$175,000
2530-560	Vapor Recovery Unit		\$0	
2530-590	Other Misc Equipment		\$125,000	\$125,000
2530-600	Nonoperated		\$0	
2530-700	Impairment		\$0	
2530-999	Accruals		\$0	

	<b>TOTAL COMPLETION COST - TANGIBLES</b>			<b>\$1,320,000</b>	<b>\$1,320,000</b>
	<b>COMPLETION COSTS: INTANGIBLES</b>				
2520-100	Roads/Location			\$5,000	\$5,000
2520-120	Perforating Services			\$248,333	\$248,333
2520-125	Equipment Rental			\$120,000	\$120,000
2520-135	Bonds, Permits and Inspection			\$2,000	\$2,000
2520-145	Completion Unit			\$250,000	\$250,000
2520-150	Frac Plugs			\$51,000	\$51,000
2520-155	Mud and Chemicals			\$40,000	\$40,000
2520-160	Cementing Services			\$0	
2520-165	Acidizing and Fracturing			\$2,800,000	\$2,800,000
2520-170	Supervision/Consulting			\$100,000	\$100,000
2520-175	Casing and Other Tangible Crew			\$0	
2520-190	Cuttings/Fluids Disposal			\$15,000	\$15,000
2520-200	Drill Bits			\$40,000	\$40,000
2520-210	Surface Damages/ROW			\$0	
2520-215	Contract Labor and Services			\$150,000	\$150,000
2520-230	Pump/Vacuum Trucks			\$10,000	\$10,000
2520-235	Reclamation			\$0	
2520-245	Fishing Tools and Services			\$0	
2520-250	Well Testing			\$126,000	\$126,000
2520-255	Trucking and Hauling			\$0	
2520-260	Wireline Services			\$5,500	\$5,500
2520-270	Camp Expenses			\$15,000	\$15,000
2520-275	Coiled Tubing Services			\$0	
2520-280	Frac Water			\$980,000	\$980,000
2520-285	Contingencies			\$316,392	\$316,392
2520-290	Environmental			\$50,000	\$50,000
2520-300	Overhead			\$0	
2520-350	Insurance			\$0	
2520-600	Nonoperated			\$0	
2520-700	Impairment			\$0	
2520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			<b>\$5,324,225</b>	<b>\$5,324,225</b>
	<b>TOTAL WELL COST</b>		<b>\$3,732,755</b>	<b>\$6,644,225</b>	<b>\$10,376,980</b>

AFE is for a 2mi WCXY lateral w/ 50 stages; 2500#/ft and 2500 gals/ft

Approved by: \_\_\_\_\_  
 Brian Cassens / Scott German

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_



Brian van Staveren  
Land Advisor  
bvanstaveren@3ROperating.com



20405 State Highway 249  
Suite 820  
Houston, TX 77070

November 12, 2024

WPX Energy, Inc.  
333 West Sheridan Avenue  
Oklahoma City, Oklahoma 73102  
Attn: Jake Nourse

Re: Well Proposals  
Crystal N 33 32 Fed Com 501H  
Crystal N 33 32 Fed Com 502H  
Crystal N 33 32 Fed Com 801H  
Crystal N 33 32 Fed Com 802H  
Sections 33 and 32, Township 23 South, Range 26 East  
Eddy County, New Mexico

Dear Working Interest Owner:

3R Operating, LLC ("3R Operating") hereby proposes to drill, complete and operate the following 2-mile horizontal wells to test the 2<sup>nd</sup> Bone Spring and Wolfcamp B formations in Sections 33 and 32, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico:

- **Crystal N 33 32 Fed Com 501H** as a horizontal 2<sup>nd</sup> Bone Spring formation test, with the SHL location being 155' FNL and 1,265' FEL, of Section 33, Township 23 South, Range 26 East, and the BHL location being 660' FNL and 100' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.
- **Crystal N 33 32 Fed Com 502H** as a horizontal 2<sup>nd</sup> Bone Spring formation test, with the SHL location being 155' FNL and 1,235' FEL, of Section 33, Township 23 South, Range 26 East, and the BHL location being 1,980' FNL and 100' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.
- **Crystal N 33 32 Fed Com 801H** as a horizontal Wolfcamp B formation test, with the SHL location being 155' FNL and 1,325' FEL, of Section 33, Township 23 South, Range

Brian van Staveren  
Land Advisor  
bvanstaveren@3ROperating.com



20405 State Highway 249  
Suite 820  
Houston, TX 77070

26 East, and the BHL location being 660' FNL and 330' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.

- **Crystal N 33 32 Fed Com 802H** as a horizontal Wolfcamp B formation test, with the SHL location being 155' FNL and 1,295' FEL, of Section 33, Township 23 South, Range 26 East, and the BHL location being 1,980' FNL and 330' FWL of Section 32, Township 23 South, Range 26 East, Eddy County, New Mexico.

Please find enclosed the Authority for Expenditures ("AFE") for the wells reflecting the estimated costs to drill, test, complete and equip the wells.

Please also find enclosed A.A.P.L. Form 610-2015 Model Form Operating Agreements covering the acreage for the respective wells in the North Half and South Half of Sections 33 and 32 for your review and approval.

**In lieu of participating, 3R Operating is open to purchasing your leasehold at a mutually agreeable price.**

If you have any questions, please do not hesitate to contact me by phone at (432) 254-8866 or by email at [bvanstaveren@3ROperating.com](mailto:bvanstaveren@3ROperating.com).

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. van Staveren', with a long horizontal flourish extending to the right.

Brian van Staveren  
Land Advisor



## Ridge Runner Resources II

### Statement of Estimated Well Cost (100%)

**Well** Crystal N 33 32 Fed Com 801H  
**Field**  
**County, State:** Eddy  
**BHL:** Wolfcamp B  
**Proposed TD:** 19,660 MD 9,400 TVD  
**Normal Pressure?** Yes

**PROP #:** \_\_\_\_\_  
**WI #:** \_\_\_\_\_  
**NRI #:** \_\_\_\_\_  
**AFE #:** \_\_\_\_\_

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
2510-400	Conductor Casing or Drive Pipe	\$42,000		\$42,000
2510-405	Surface Casing	\$19,113		\$19,113
2510-410	Intermediate Casing/Drlg Liner	\$59,232		\$59,232
2510-415	Wellhead Equipment - Surface & MLS	\$45,000		\$45,000
2510-420	Other Sub-Surface Equipment	\$0		
2510-425	Cementing Equipment	\$45,000		\$45,000
2510-500	Production Casing	\$350,734		\$350,734
2510-600	Nonoperated	\$0		
2510-700	Impairment	\$0		
2510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$561,079</b>		<b>\$561,079</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
2500-100	Roads/Location	\$100,000		\$100,000
2500-105	Drilling Turnkey	\$0		
2500-110	Drilling Daywork	\$938,700		\$938,700
2500-115	Fuel/Power	\$247,500		\$247,500
2500-125	Equipment Rental	\$211,125		\$211,125
2500-130	Legal Fees	\$0		
2500-135	Bonds, Permits and Inspection	\$40,000		\$40,000
2500-155	Mud and Chemicals	\$350,000		\$350,000
2500-160	Cementing Services	\$190,000		\$190,000
2500-170	Supervision/Consulting	\$66,000		\$66,000
2500-175	Casing and Other Tangible Crew	\$75,000		\$75,000
2500-180	Damages/Penalties	\$0		
2500-185	Coring and Analysis	\$0		
2500-190	Cuttings/Fluids Disposal	\$175,000		\$175,000
2500-195	Directional Drilling Services	\$386,500		\$386,500
2500-200	Drill Bits	\$125,000		\$125,000
2500-210	Surface Damages/ROW	\$0		
2500-215	Contract Labor and Services	\$60,000		\$60,000
2500-220	Mud Logging	\$0		
2500-235	Reclamation	\$0		
2500-240	Rig Mobilization/Demob	\$100,000		\$100,000
2500-245	Fishing Tools and Services	\$0		
2500-250	Testing-Drill Stem/Production	\$0		
2500-260	Wireline Services	\$0		
2500-265	Water	\$37,250		\$37,250
2500-270	Camp Expenses	\$70,825		\$70,825
2500-285	Contingencies	\$189,199		\$189,199
2500-290	Environmental	\$50,000		\$50,000
2500-300	Overhead	\$0		
2500-350	Insurance	\$0		
2500-600	Nonoperated	\$0		
2500-700	Impairment	\$0		
2500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$3,412,099</b>		<b>\$3,412,099</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
2530-415	Wellhead		\$35,000	\$35,000
2530-420	Subsurface Equipment		\$0	
2530-510	Tubing		\$80,000	\$80,000
2530-515	Rods		\$0	
2530-525	Artificial Lift Equipment		\$120,000	\$120,000
2530-530	Gas Metering Equipment		\$35,000	\$35,000
2530-531	Electrical		\$100,000	\$100,000
2530-535	LACT Unit		\$25,000	\$25,000
2530-540	Production Facilities and Flowlines		\$350,000	\$350,000
2530-545	Pumping Unit		\$0	
2530-550	Separator, Heater, Treater		\$275,000	\$275,000
2530-555	Tank Battery		\$175,000	\$175,000
2530-560	Vapor Recovery Unit		\$0	
2530-590	Other Misc Equipment		\$125,000	\$125,000
2530-600	Nonoperated		\$0	
2530-700	Impairment		\$0	
2530-999	Accruals		\$0	



	<b>TOTAL COMPLETION COST - TANGIBLES</b>			<b>\$1,320,000</b>	<b>\$1,320,000</b>
	<b>COMPLETION COSTS: INTANGIBLES</b>				
2520-100	Roads/Location			\$5,000	\$5,000
2520-120	Perforating Services			\$248,333	\$248,333
2520-125	Equipment Rental			\$120,000	\$120,000
2520-135	Bonds, Permits and Inspection			\$2,000	\$2,000
2520-145	Completion Unit			\$250,000	\$250,000
2520-150	Frac Plugs			\$51,000	\$51,000
2520-155	Mud and Chemicals			\$40,000	\$40,000
2520-160	Cementing Services			\$0	
2520-165	Acidizing and Fracturing			\$2,800,000	\$2,800,000
2520-170	Supervision/Consulting			\$100,000	\$100,000
2520-175	Casing and Other Tangible Crew			\$0	
2520-190	Cuttings/Fluids Disposal			\$15,000	\$15,000
2520-200	Drill Bits			\$40,000	\$40,000
2520-210	Surface Damages/ROW			\$0	
2520-215	Contract Labor and Services			\$150,000	\$150,000
2520-230	Pump/Vacuum Trucks			\$10,000	\$10,000
2520-235	Reclamation			\$0	
2520-245	Fishing Tools and Services			\$0	
2520-250	Well Testing			\$126,000	\$126,000
2520-255	Trucking and Hauling			\$0	
2520-260	Wireline Services			\$5,500	\$5,500
2520-270	Camp Expenses			\$15,000	\$15,000
2520-275	Coiled Tubing Services			\$0	
2520-280	Frac Water			\$980,000	\$980,000
2520-285	Contingencies			\$316,392	\$316,392
2520-290	Environmental			\$50,000	\$50,000
2520-300	Overhead			\$0	
2520-350	Insurance			\$0	
2520-600	Nonoperated			\$0	
2520-700	Impairment			\$0	
2520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			<b>\$5,324,225</b>	<b>\$5,324,225</b>
	<b>TOTAL WELL COST</b>		<b>\$3,973,178</b>	<b>\$6,644,225</b>	<b>\$10,617,403</b>

AFE is for a 2mi Wolfcamp B lateral w/ 50 stages; 2500#/ft and 2500 gals/ft

Approved by:   
 Brian Cassens / Scott German

Date: 11/12/2024

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_



## Ridge Runner Resources II

### Statement of Estimated Well Cost (100%)

Well	Crystal N 33 32 Fed Com 802H
Field	
County, State:	Eddy
BHL:	Wolfcamp B
Proposed TD:	19,660 MD      9,400 TVD
Normal Pressure?	Yes


PROP #: _____
WI #: _____
NRI #: _____
AFE #: _____

		BCP	ACP	TOTAL
<b>COSTS TO CASING POINT: TANGIBLES</b>				
2510-400	Conductor Casing or Drive Pipe	\$42,000		\$42,000
2510-405	Surface Casing	\$19,113		\$19,113
2510-410	Intermediate Casing/Drlg Liner	\$59,232		\$59,232
2510-415	Wellhead Equipment - Surface & MLS	\$45,000		\$45,000
2510-420	Other Sub-Surface Equipment	\$0		
2510-425	Cementing Equipment	\$45,000		\$45,000
2510-500	Production Casing	\$350,734		\$350,734
2510-600	Nonoperated	\$0		
2510-700	Impairment	\$0		
2510-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - TANGIBLES</b>	<b>\$561,079</b>		<b>\$561,079</b>
<b>COSTS TO CASING POINT: INTANGIBLES</b>				
2500-100	Roads/Location	\$100,000		\$100,000
2500-105	Drilling Turnkey	\$0		
2500-110	Drilling Daywork	\$938,700		\$938,700
2500-115	Fuel/Power	\$247,500		\$247,500
2500-125	Equipment Rental	\$211,125		\$211,125
2500-130	Legal Fees	\$0		
2500-135	Bonds, Permits and Inspection	\$40,000		\$40,000
2500-155	Mud and Chemicals	\$350,000		\$350,000
2500-160	Cementing Services	\$190,000		\$190,000
2500-170	Supervision/Consulting	\$66,000		\$66,000
2500-175	Casing and Other Tangible Crew	\$75,000		\$75,000
2500-180	Damages/Penalties	\$0		
2500-185	Coring and Analysis	\$0		
2500-190	Cuttings/Fluids Disposal	\$175,000		\$175,000
2500-195	Directional Drilling Services	\$386,500		\$386,500
2500-200	Drill Bits	\$125,000		\$125,000
2500-210	Surface Damages/ROW	\$0		
2500-215	Contract Labor and Services	\$60,000		\$60,000
2500-220	Mud Logging	\$0		
2500-235	Reclamation	\$0		
2500-240	Rig Mobilization/Demob	\$100,000		\$100,000
2500-245	Fishing Tools and Services	\$0		
2500-250	Testing-Drill Stem/Production	\$0		
2500-260	Wireline Services	\$0		
2500-265	Water	\$37,250		\$37,250
2500-270	Camp Expenses	\$70,825		\$70,825
2500-285	Contingencies	\$189,199		\$189,199
2500-290	Environmental	\$50,000		\$50,000
2500-300	Overhead	\$0		
2500-350	Insurance	\$0		
2500-600	Nonoperated	\$0		
2500-700	Impairment	\$0		
2500-999	Accruals	\$0		
	<b>TOTAL COST TO CASING POINT - INTANGIBLES</b>	<b>\$3,412,099</b>		<b>\$3,412,099</b>
<b>COMPLETION COSTS: TANGIBLES</b>				
2530-415	Wellhead		\$35,000	\$35,000
2530-420	Subsurface Equipment		\$0	
2530-510	Tubing		\$80,000	\$80,000
2530-515	Rods		\$0	
2530-525	Artificial Lift Equipment		\$120,000	\$120,000
2530-530	Gas Metering Equipment		\$35,000	\$35,000
2530-531	Electrical		\$100,000	\$100,000
2530-535	LACT Unit		\$25,000	\$25,000
2530-540	Production Facilities and Flowlines		\$350,000	\$350,000
2530-545	Pumping Unit		\$0	
2530-550	Separator, Heater, Treater		\$275,000	\$275,000
2530-555	Tank Battery		\$175,000	\$175,000
2530-560	Vapor Recovery Unit		\$0	
2530-590	Other Misc Equipment		\$125,000	\$125,000
2530-600	Nonoperated		\$0	
2530-700	Impairment		\$0	
2530-999	Accruals		\$0	



	<b>TOTAL COMPLETION COST - TANGIBLES</b>			\$1,320,000	\$1,320,000
	<b>COMPLETION COSTS: INTANGIBLES</b>				
2520-100	Roads/Location			\$5,000	\$5,000
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2520-125	Equipment Rental			\$120,000	\$120,000
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2520-150	Frac Plugs			\$51,000	\$51,000
2520-155	Mud and Chemicals			\$40,000	\$40,000
2520-160	Cementing Services			\$0	
2520-165	Acidizing and Fracturing			\$2,800,000	\$2,800,000
2520-170	Supervision/Consulting			\$100,000	\$100,000
2520-175	Casing and Other Tangible Crew			\$0	
2520-190	Cuttings/Fluids Disposal			\$15,000	\$15,000
2520-200	Drill Bits			\$40,000	\$40,000
2520-210	Surface Damages/ROW			\$0	
2520-215	Contract Labor and Services			\$150,000	\$150,000
2520-230	Pump/Vacuum Trucks			\$10,000	\$10,000
2520-235	Reclamation			\$0	
2520-245	Fishing Tools and Services			\$0	
2520-250	Well Testing			\$126,000	\$126,000
2520-255	Trucking and Hauling			\$0	
2520-260	Wireline Services			\$5,500	\$5,500
2520-270	Camp Expenses			\$15,000	\$15,000
2520-275	Coiled Tubing Services			\$0	
2520-280	Frac Water			\$980,000	\$980,000
2520-285	Contingencies			\$316,392	\$316,392
2520-290	Environmental			\$50,000	\$50,000
2520-300	Overhead			\$0	
2520-350	Insurance			\$0	
2520-600	Nonoperated			\$0	
2520-700	Impairment			\$0	
2520-999	Accruals			\$0	
	<b>TOTAL COMPLETION COST - INTANGIBLES</b>			\$5,324,225	\$5,324,225
	<b>TOTAL WELL COST</b>		\$3,973,178	\$6,644,225	\$10,617,403

AFE is for a 2mi Wolfcamp B lateral w/ 50 stages; 2500#/ft and 2500 gals/ft

Approved by:   
 Brian Cassens / Scott German

Date: 11/12/2024

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C-7 - Summary of Chronological Contact**

Doug Rook - VP of Business Development - 3R Operating, LLC  
 Brian A. van Staveren - Land Advisor - 3R Operating, LLC  
 David Korrell - Business Development - WPX Energy Permian, LLC (Devon)  
 Jake Nourse - Landman - WPX Energy Permian, LLC (Devon)

Date	From	To	Contact Type	Summary	Notes
11/8/2023	Chris Canon	Lindsay Miles and David Korrell	Email	Email to set up meeting between 3R Operating and Devon.	
11/13/2023	Chris Canon	Lindsay Miles and David Korrell	Email	Courtesy email following up meeting mentioned above.	
12/4/2023	Chris Canon	Lindsay Miles and David Korrell	Email	Email asking if Devon team has had a chance to review meeting slide deck.	
12/4/2023	David Korrell	Chris Canon	Email	Email confirming that Devon is still evaluating slide deck from meeting.	
1/3/2024	Chris Canon	David Korrell	Email	Email asking if Devon team has had a chance to review meeting slide deck.	
1/3/2024	David Korrell	Chris Canon	Email	Email response to above stating that Mr. Korrell hopes a decision will be made soon.	
11/2/2024	Doug Rook	David Korrell	Email	Email correspondence from a third party to introduce Mr. Rook and Mr. Korrell.	No response from Mr. Korrell
11/4/2024	Brian A. van Staveren	Jake Nourse	Email	Email inquiring as to whether WPX (Devon) received original Crystal well proposals.	
11/4/2024	Jake Nourse	Brian A. van Staveren	Email	Response from Jake Nourse to above email indicating that WPX (Devon) did receive the well proposals.	
11/4/2024	Brian A. van Staveren	Jake Nourse	Email	Response to Jake Nourse in above email chain with a corrected typo in the proposal letter.	
11/4/2024	Jake Nourse	Brian A. van Staveren	Email	Response from Jake Nourse that WPX (Devon) has received the corrected well proposals.	
11/5/2024	Brian A. van Staveren	Jake Nourse	Email	Email inquiring as to whether Jake Nourse received my voicemail regarding potential conversation about well proposals.	
11/5/2024	Jake Nourse	Brian A. van Staveren	Email	Email confirming upcoming phone call about well proposals.	
11/5/2024	Brian A. van Staveren	Jake Nourse	Email	Email response to above.	
11/5/2024	Doug Rook	David Korrell	Email	Email correspondence to inquire about facilitating a call between 3R Operating and WPX (Devon).	No response from Mr. Korrell
11/6/2024	Doug Rook	David Korrell	Email	Follow-up email to the above email sent 11/5/2024.	No response from Mr. Korrell
11/7/2024	Brian A. van Staveren	Jake Nourse	Email	Email requesting potential phone conversation.	No response from Mr. Nourse
11/8/2024	Brian A. van Staveren	Jake Nourse	Email	Email requesting potential phone conversation.	
11/12/2024	Brian A. van Staveren	Jake Nourse	Email	Email with additional Crystal well proposals.	
11/14/2024	Jake Nourse	Brian A. van Staveren	Email	Email from Mr. Nourse requesting formation targets and map of potentially tradeable acreage.	
11/19/2024	Brian A. van Staveren	Jake Nourse	Email	Email to Mr. Nourse with a carry offer on the Crystal wells.	
12/2/2024	Brian A. van Staveren	Jake Nourse	Email	Email inquiring if the WPX (Devon) team has had a chance to evaluate carry offer.	
12/2/2024	Jake Nourse	Brian A. van Staveren	Email	Email from Mr. Nourse clarifying the carry offer.	
12/3/2024	Brian A. van Staveren	Jake Nourse	Email	Email answer the question posed above.	
12/4/2024	Jake Nourse	Brian A. van Staveren	Email	Email from Mr. Nourse declining our carry offer and including WPX's (Devon) counter Frontier 32-33 well proposals.	
12/4/2024	Jake Nourse	Brian A. van Staveren	Email	Email with updated TVDs for the Frontier 32-33 well proposals.	
12/4/2024	Brian A. van Staveren	Jake Nourse	Email	Email confirming receipt of the updated TVDs for the Frontier 32-33 well proposals.	
1/23/2025	Jake Nourse	Brian A. van Staveren	Email	Email to set up conference call between Devon and 3R Operating.	



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

APPLICATION OF 3R OPERATING, LLC FOR  
APPROVAL OF STANDARD HORIZONTAL  
SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 25123

AFFIDAVIT OF SCOTT GERMANN

Scott Germann, being first duly sworn upon oath, deposes and states as follows:

1. My name is Scott Germann, and I am Co-CEO/Chairman of 3R Operating, LLC (“3R”).
2. I have previously testified before the New Mexico Oil Conservation Division (“Division”). I have 37 years of experience in petroleum geological matters, and I have worked directly or in a supervisory role with the properties that are the subject of this matter.
3. I am familiar with the applications filed by 3R in this case and the geology involved.
4. I am submitting this affidavit in support of 3R’s application in the above-referenced case, as required by the Pre-Hearing Order issued by the Division. I intend to present this case by affidavit pursuant to 19.15.4.12.(A)(1) NMAC.
5. **3R Exhibit D-1** includes a base map of the lands showing the proposed Wolfcamp formation spacing unit.
6. **3R Exhibit D-2** is a structure map showing the depth (subsea) to the top of the Wolfcamp formation, a marker that defines the top of the target interval for the proposed wells. Contour interval of 100’. The unit being pooled is outlined in bold, and the proposed wells are identified. The structure map shows regional down-dip to the east. I do not observe any faulting, pinchouts, or other geologic impediments to developing this target interval.

7. **3R Exhibit D-2** also provides a cross section locator map that identifies wells penetrating the targeted interval used to construct a structural cross-section from A to A'. These wells penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

8. **3R Exhibit D-3** includes stratigraphic cross-section flattened on the top of the proposed Wolfcamp formation. Each well in the cross-section contains a gamma ray, resistivity, and porosity logs. The cross-sections demonstrate continuity and consistent thickness across the target zone, and the well logs on the cross-section give a representative sample of the targeted interval. The landing zone is highlighted on the exhibit.

9. **3R Exhibit D-4** shows the gunbarrel diagram within the Wolfcamp formation in the vicinity of the proposed unit.

10. **3R Exhibit D-5** includes the gross isopach map. The Wolfcamp wells are indicated by thick red lines. The proposed horizontal spacing unit is identified by a thick black outline. The contour interval used in this exhibit is 50'.

11. Based on the attached exhibits, I hereby conclude as follows:

a. The target formation is present and continuous throughout the lands subject to the applications.

b. The standard horizontal spacing and proration unit is justified from a geologic standpoint.

c. There are no structural impediments or faulting that will interfere with horizontal development.

d. Each quarter-quarter section in the unit will contribute more or less equally to production, and I can confirm each quarter section along the lateral will also contribute more or less equally to production.

e. The preferred well orientation in this area is East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress. The laydown orientation will efficiently and effectively develop the subject acreage.

12. **Exhibit D-1** through **Exhibit D-5** were prepared by me or compiled from 3R's company business records under my direct supervision.

13. The granting of these applications is in the best interest of conservation, the prevention of waste, the protection of correlative rights, and will avoid the drilling of unnecessary wells.

14. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.

*[Remainder of page left intentionally blank]*

FURTHER AFFIANT SAYETH NOT.

Dated this \_\_\_\_ day of February 2025.

[Signature]  
Scott Germann  
3R Operating, LLC

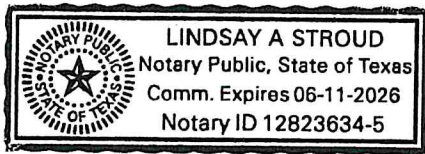
STATE OF Texas )  
CITY OF Harris ) ss.  
)

The foregoing instrument was subscribed and sworn to before me this 4 day of February, 2025, by Scott Germann, Co-CEO/Chairman for 3R Operating, LLC.

Witness my hand and official seal.

My commission expires: 6/11/2026

[Signature]  
Lindsay A Stroud



Scott  
Germann  
CO-CEO

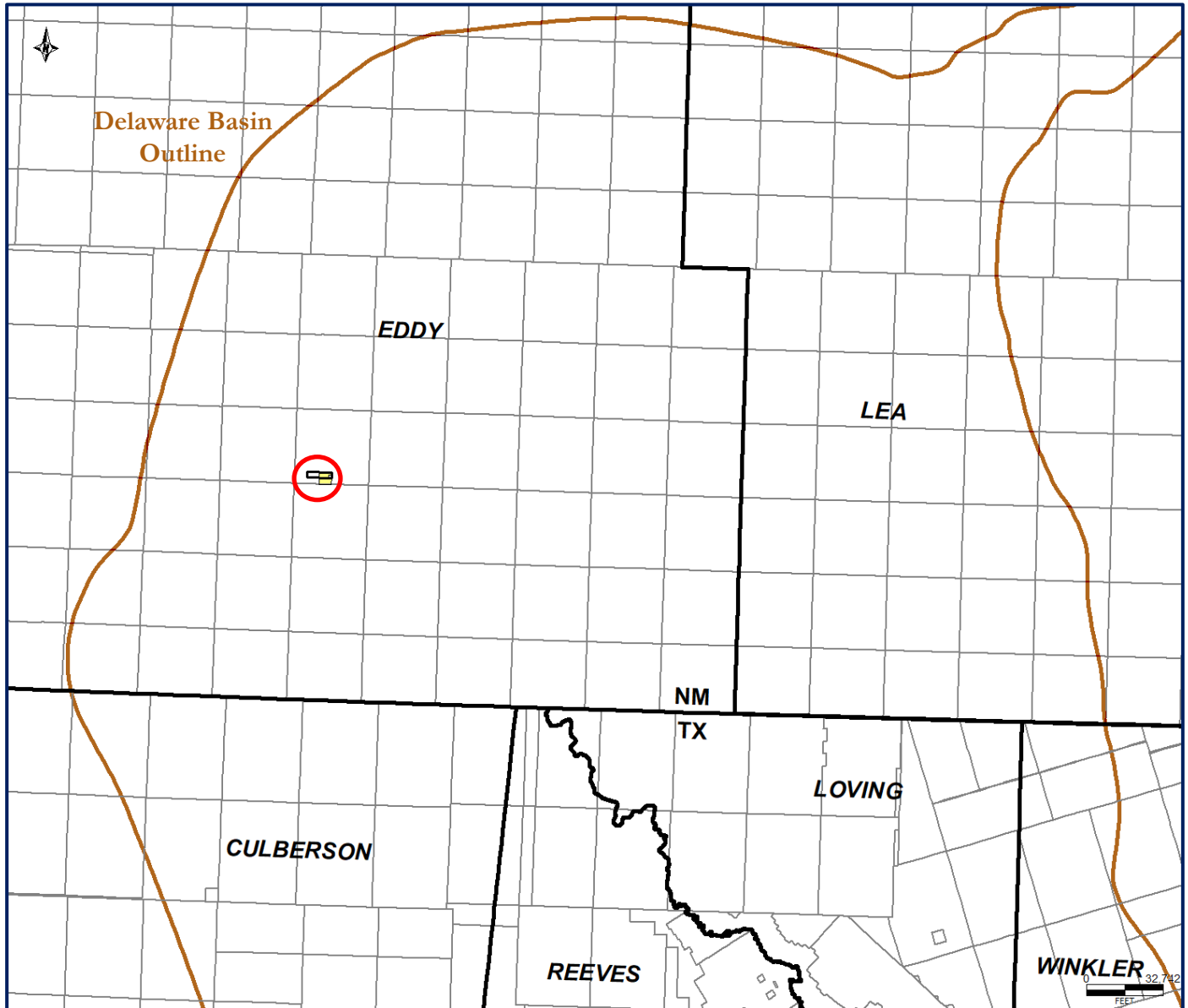
Scott Germann has over 30 years of experience in oil and gas exploration and production, having spent the last 26 years focused specifically on the Delaware Basin in New Mexico.

Scott is the current Co-CEO of RRR II in a partnership with EnCap Investments L.P. formed in August 2023. Scott served as CEO for Chisholm Energy from late 2020 to 2022 until it divested to Earthstone Resources for over \$600 million. Scott also the co-founder and former CEO of Ridge Runner Resources which was formed in early 2018 and backed by Warburg Pincus. The RRR Management Team assembled 13,000 Net Acres in Eddy and Lea Counties. Prior to forming RRR, Scott was the President of Delaware Basin at BC Operating, until the sale of the company to Marathon Oil in May 2017 for total cash consideration of \$1.1 billion. BC Operating was a joint venture between Crump Energy Partners II (a Quantum Energy Partners funded portfolio company), Crown Oil Partners V (a Post Oak Energy funded portfolio company), and Nadel & Gussman (all three privately-held, multigeneration, family-controlled energy companies), with an ~70,000 net contiguous acreage position across Eddy and Lea counties, New Mexico. Prior to BC Operating, Scott spent 21 years as Executive Vice President and Head of Permian and Delaware Basin at Nadel & Gussman. At Nadel & Gussman, he was Head of the Midland and Denver offices, where he built a team with many of the employees that would end up being the core operations team at BC Operating (N&G grew from no employees to 53 employees under Scott's leadership). He began his career at Exxon as a senior geologist focused on the Delaware Basin and New Mexico, before moving to Exxon's headquarters in Houston to work exploration projects in Chad and Niger, Africa.

Scott also served as Director on the Board of Battalion Oil, and currently serves as the Chairman of the Compensation Committee and a member of the Audit and Reserves Committee.

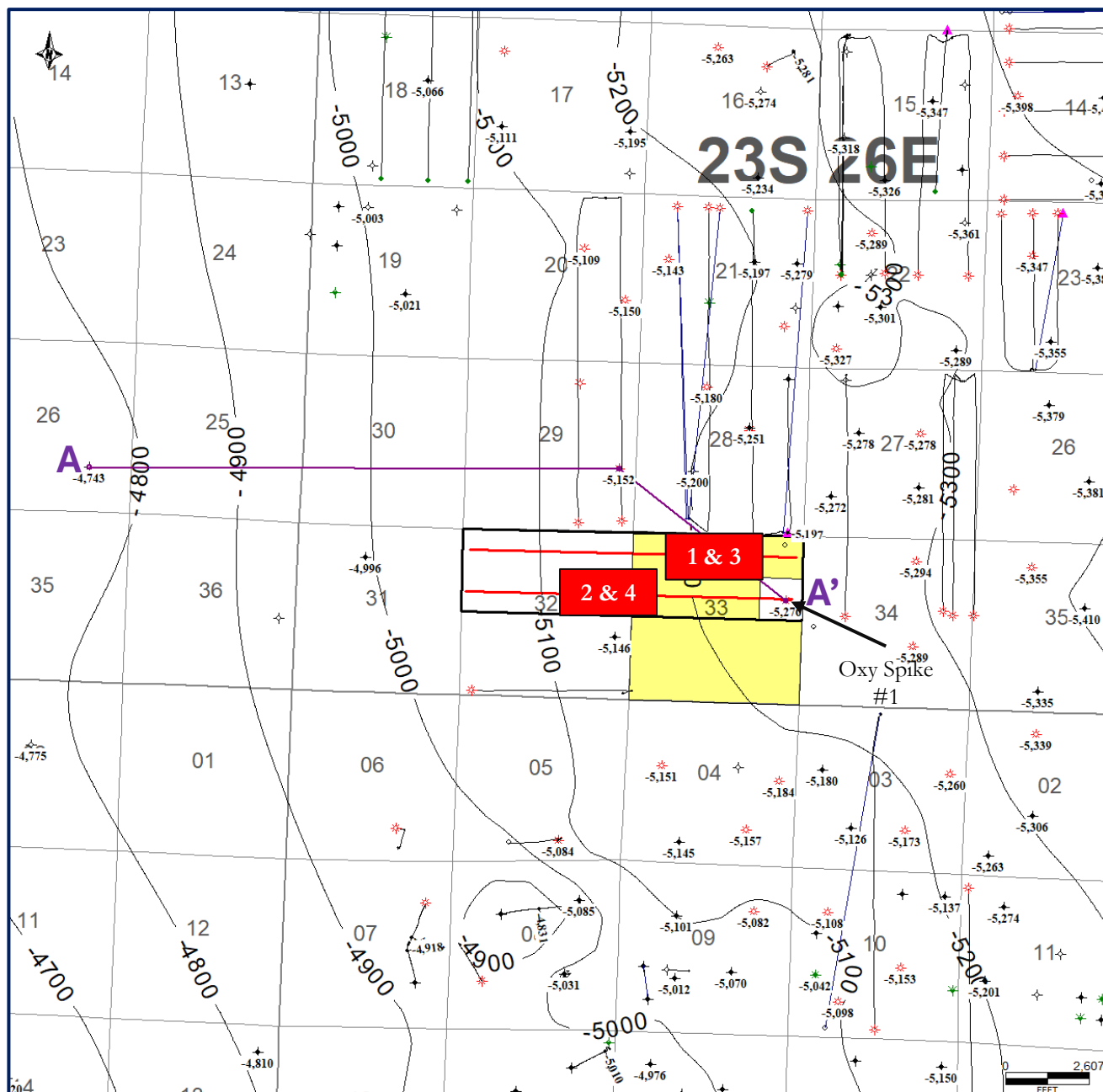
Scott has a B.S. in Geology from Eastern Illinois University and a M.S. in Geosciences from the University of Tulsa.

### General Location Map



- Location of the Crystal North project is shown in yellow inside the red circle in Eddy County

### Structure Map – Top Wolfcamp (TVDSS)



- 1 Crystal N 33 32 Fed Com 701H
- 2 Crystal N 33 32 Fed Com 702H
- 3 Crystal N 33 32 Fed Com 801H
- 4 Crystal N 33 32 Fed Com 802H
- 3R Acreage
- Project Area

Structural dip across the project area is ~1.17° to the east.



### Stratigraphic Cross-Section (Top Wolfcamp Datum)

300152697500  
 COLLINS & WARE INC  
 MULEY FEDERAL  
 1  
 T23S R25E S26

<16,570FT>

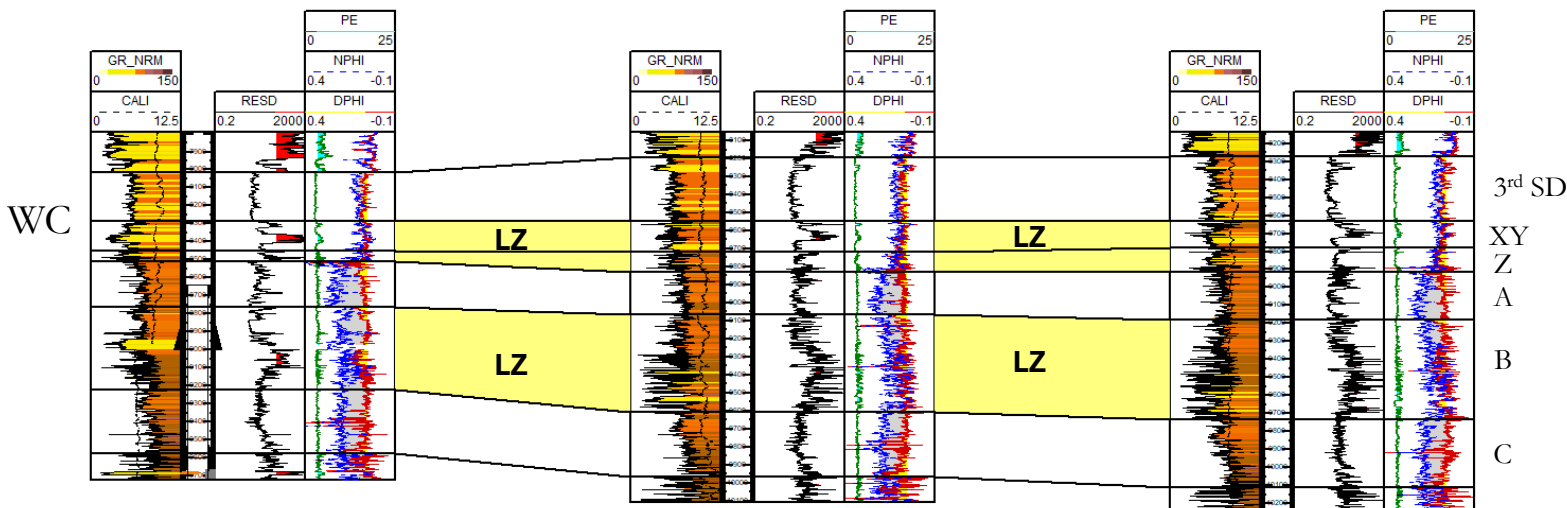
300152957000  
 PENWELL ENERGY INC  
 FH '29' FEDERAL COM  
 1  
 T23S R26E S29

<6,631FT>

300152893800  
 V-F PETROLEUM INC  
 OXY SPIKE  
 1  
 T23S R26E S33

A

A'



# Gun Barrel Diagram

300152893800



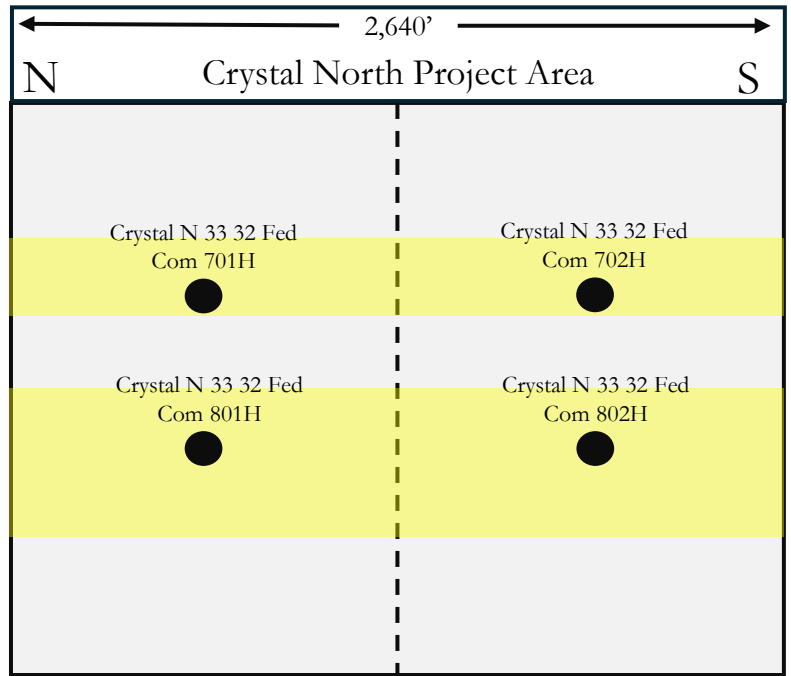
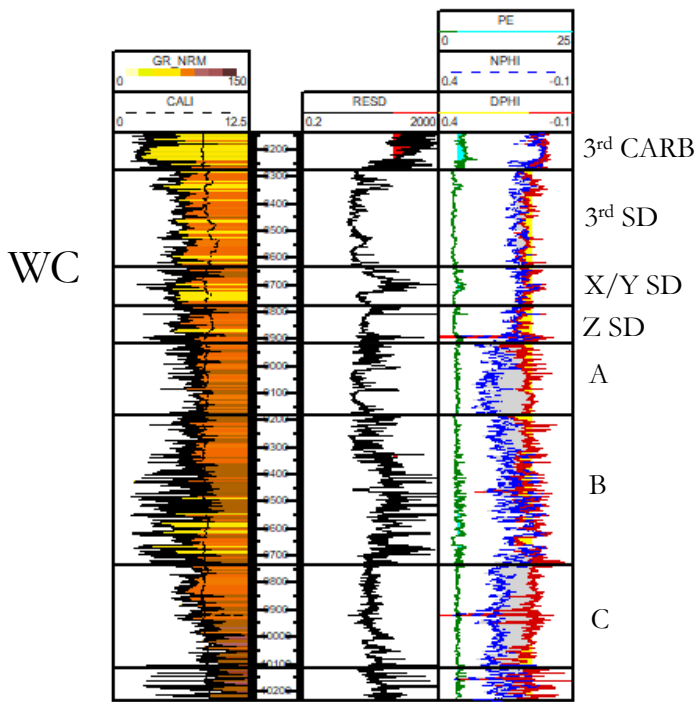
**V-F PETROLEUM INC**

OXY SPIKE

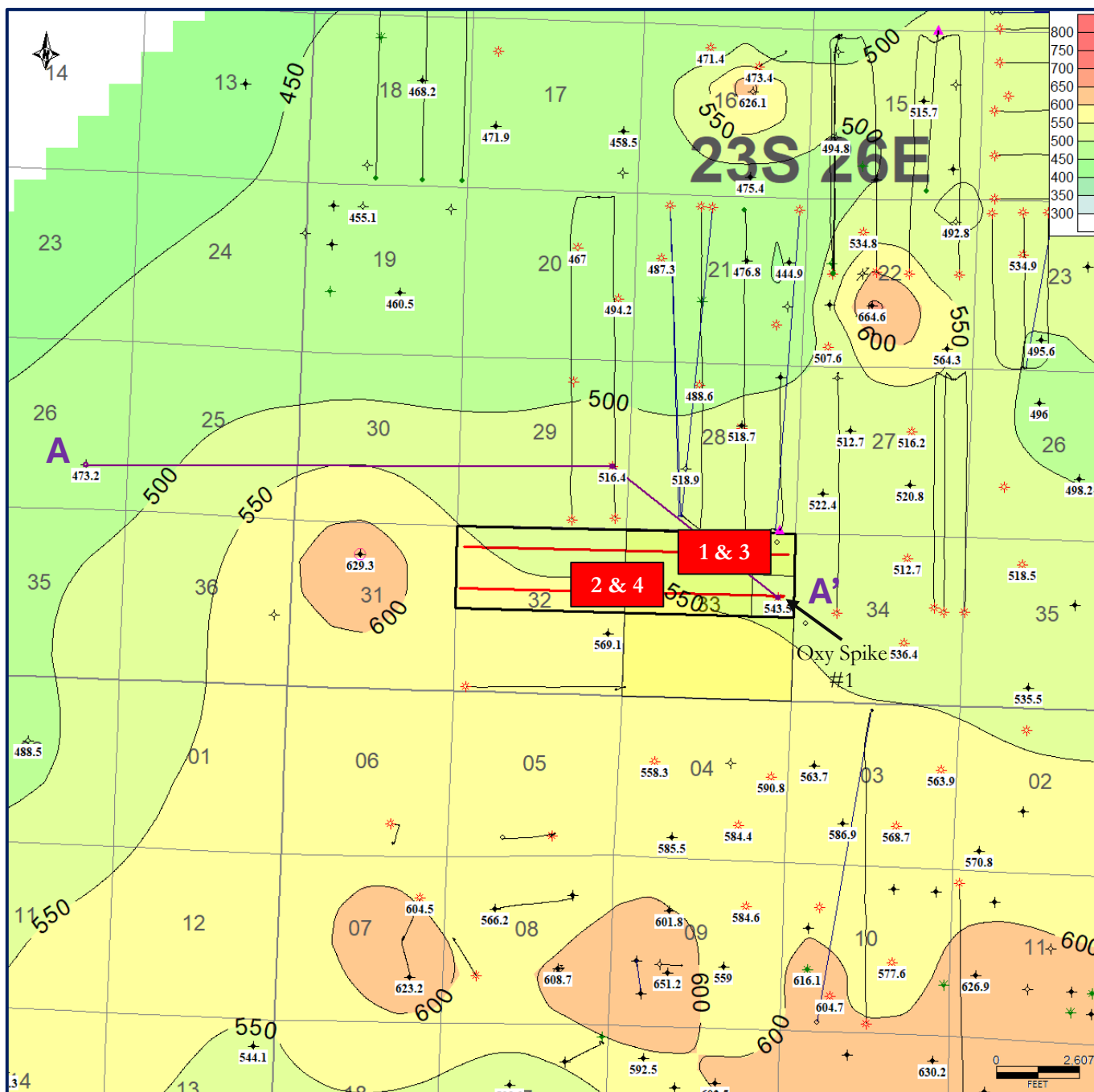
1

T23S R26E S33

- Gun barrel diagram within the Wolfcamp formation. Structural dip is to the east. Crystal North wells are planned to be drilled east to west, updip.



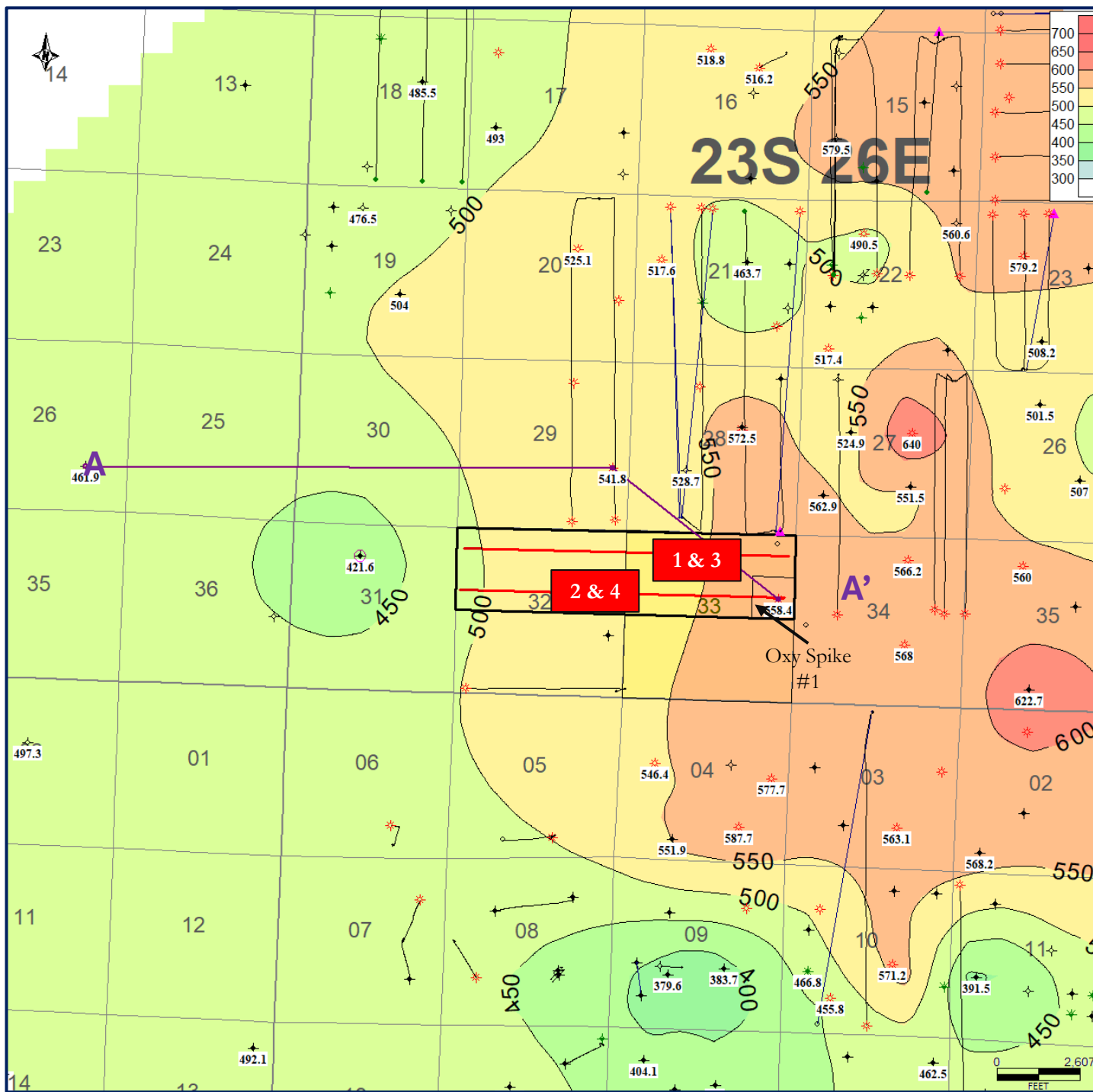
### Gross Interval Isopach – Wolfcamp XY/Z/A



- 1 Crystal N 33 32 Fed Com 701H
  - 2 Crystal N 33 32 Fed Com 702H
  - 3 Crystal N 33 32 Fed Com 801H
  - 4 Crystal N 33 32 Fed Com 802H
- 3R Acreage
  - Project Area

**Wolfcamp XY/Z/A thickness is relatively consistent over the project area.**

### Gross Interval Isopach – Wolfcamp B



- 1 Crystal N 33 32 Fed Com 701H
- 2 Crystal N 33 32 Fed Com 702H
- 1 Crystal N 33 32 Fed Com 801H
- 2 Crystal N 33 32 Fed Com 802H
- 3R Acreage
- Project Area

**Wolfcamp B thins to the west below the project area.**

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

APPLICATION OF 3R OPERATING, LLC FOR  
APPROVAL OF STANDARD HORIZONTAL  
SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 25123

AFFIDAVIT

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

Rachael Ketchledge, legal assistant and authorized representative of 3R Operating, LLC ("3R"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under Notice Letters dated January 22, 2025, which the Applicant mailed via U.S. Postal Service Certified Mail. Notice was delivered to the interested parties on or about January 27, 2025, as shown on certified mail receipts attached as Exhibit E-3.

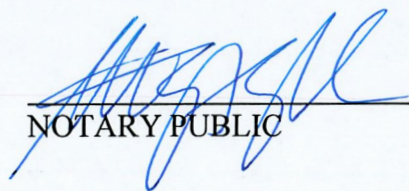
Applicant also published notice of the Application in the Carlsbad Current-Argus on January 30, 2025. Proof of receipts is shown on Exhibit E-4.

  
\_\_\_\_\_  
Rachael Ketchledge

SUBSCRIBED AND SWORN to before me on February 4, 2025, by Rachael Ketchledge.

My commission expires:

MARY GRACE T. GO-HOVELAND  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20114013519  
MY COMMISSION EXPIRES MARCH 4, 2027

  
\_\_\_\_\_  
NOTARY PUBLIC



**BEATTY & WOZNAK, P.C.**

ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
SANTA FE, NEW MEXICO 87505  
TELEPHONE 505-983-8545  
FACSIMILE 800-886-6566  
www.bwenergylaw.com

COLORADO  
NEW MEXICO  
WYOMING

MIGUEL SUAZO

505-946-2090  
MSUAZO@BWENERGYLAW.COM

January 22, 2025

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO SPACING AND POOLING PROCEEDINGS

Re: Application of 3R Operating, LLC for Approval of a Standard Horizontal Spacing Unit and Compulsory Pooling in Eddy County, New Mexico (Case No. 25123)

Dear Interest Owners:

This letter is to advise you that 3R Operating, LLC (“3R”) has filed the enclosed application, Case No. 25123, with the New Mexico Oil Conservation Division for Approval of a Standard Spacing Unit and Compulsory Pooling in Eddy County, New Mexico.

In Case No. 25123, 3R seeks an Order from the Division to: (1) approve a 640-acre, more or less, standard horizontal spacing and proration unit composed of the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M. Eddy County, New Mexico; and (2) to pool all uncommitted mineral interests in the Wolfcamp formation, designated as an oil pool, underlying said unit.

A hearing has been requested before a Division Examiner on February 13, 2025, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 9:00 a.m. and will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the Microsoft Teams virtual meeting platform. To view the hearing docket and to determine how to participate in the electronic hearing, visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

Parties appearing in cases who intend to present evidence are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be submitted through the OCD E-Permitting system

**BEATTY & WOZNIAK, P.C.**

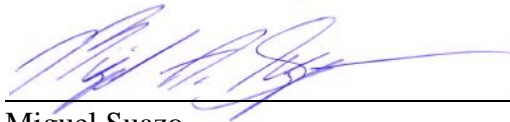
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January 22, 2025  
Case No. 25123  
Page 2

(<https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/>) or via e-mail to [ocd.hearings@emnrd.nm.gov](mailto:ocd.hearings@emnrd.nm.gov) should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. The statement must also be provided to the attorney for the applicant, Miguel Suazo at [msuazo@bwenerylaw.com](mailto:msuazo@bwenerylaw.com).

If you have any questions about this matter, please contact Brian van Staveren at [bvanstaveren@3ROperating.com](mailto:bvanstaveren@3ROperating.com).

Sincerely,



---

Miguel Suazo

*Attorney for 3R Operating, LLC*



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

**APPLICATION OF 3R OPERATING, LLC  
FOR APPROVAL OF STANDARD  
HORIZONTAL SPACING UNIT AND  
COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

3R Operating, LLC, OGRID No. 331569 (“3R” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 640-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M. (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

In support of its Application, 3R states the following:

1. 3R is a working interest owner in the Application Lands and has a right to drill wells thereon as the designated Operator of the Application Lands.
2. 3R seeks to dedicate all of the Application Lands to form a 640-acre, more or less, HSU.
3. 3R seeks to dedicate the above-referenced HSU to the following proposed wells:
  - A. **Crystal 33 32 Fed Comm 701H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in the NW/4 NW/4 (Unit D) of Section 32, Township 23 South, Range 26 East;

B. **Crystal 33 32 Fed Comm 702H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East;

C. **Crystal N 33 32 Fed Comm 801H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in NW/4 NW/4 (Unit D) of Section 32, Township 23 South, Range 26 East;

D. **Crystal N 33 32 Fed Comm 802H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East;

4. The wells are orthodox in their location as defined by 19.15.16.15.(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15.(C) NMAC.

5. 3R has sought in good faith but has been unable to obtain voluntary agreement from all interest owners in the Wolfcamp Formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp Formation within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of the oil and gas underlying the subject lands, 3R requests that all uncommitted interests in this HSU be pooled and that 3R be designated as the operator of the proposed horizontal wells and HSU.

WHEREFORE, 3R requests this Application be set for hearing on February 13, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in the Wolfcamp Formation underlying the HSU within the Application Lands;
- B. Approving the **Crystal 33 32 Fed Comm 701H**, **Crystal 33 32 Fed Comm 702H**, **Crystal N 33 32 Fed Comm 801H**, and **Crystal N 33 32 Fed Comm 802H** as the wells for the HSU.
- C. Designating 3R as operator of the HSU and the horizontal wells to be drilled thereon;
- D. Authorizing 3R to recover its cost of drilling, completing, and equipping the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by 3R in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:  \_\_\_\_\_

Miguel A. Suazo

James P. Parrot

500 Don Gaspar Ave.,

Santa Fe, NM 87505

(505) 946-2090

[msuazo@bwenerylaw.com](mailto:msuazo@bwenerylaw.com)

[jparrot@bwenerylaw.com](mailto:jparrot@bwenerylaw.com)

*Attorneys for 3R Operating LLC.*

*Application of 3R Operating, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division: (1) approving a 640-acre, more or less, standard horizontal spacing and proration unit composed of all of the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M.; and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the: **Crystal 33 32 Fed Comm 701H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in the NW/4 NW/4 (Unit D) of Section 32; **Crystal 33 32 Fed Comm 702H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32; **Crystal N 33 32 Fed Comm 801H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in NW/4 NW/4 (Unit D) of Section 32; and **Crystal N 33 32 Fed Comm 802H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The wells and lands are located approximately 6 miles southwest from Carlsbad, New Mexico.

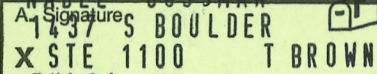
Case No. 25123 Certified Mailing Status

MAIL DATE	OWNER	ADDRESS	TYPE INT	MAIL CLASS	TRACKING NUMBER
January 22, 2025	Exxon Corp.	22777 Springwoods Village Parkway Spring, TX 77389	ORRI	Certified w/ Return Receipt (Signature)	9589 0710 5270 0949 9757 87
January 22, 2025	Marathon Oil Permian, LLC	925 N. Eldridge Parkway Houston, TX 77079	WI & ORRI	Certified w/ Return Receipt (Signature)	9589 0710 5270 0749 8954 525
January 22, 2025	Zunis Energy, LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	ORRI	Certified w/ Return Receipt (Signature)	9589 0710 5270 0949 9789 17
January 22, 2025	JSA Investments, LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	ORRI	Certified w/ Return Receipt (Signature)	9589 0710 5270 0949 9758 48
January 22, 2025	WPX Energy, Inc.	333 W. Sheridan Avenue Oklahoma City, OK 73102	WI	Certified w/ Return Receipt (Signature)	9589 0710 5270 0949 9758 31
January 22, 2025	Broken Arrow Royalties, LLC	P.O. Box 960 Artesia, NM 88211	ORRI	Certified w/ Return Receipt (Signature)	9589 0710 5270 1506 7125 93
January 22, 2025	United States of America Bureau of Land Management	301 Dinosaur Trail Santa Fe, NM 87508	ORRI	Certified w/ Return Receipt (Signature)	9590 0710 5270 0749 8954 69






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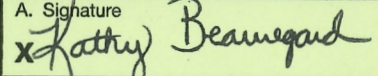


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1. Article Addressed to: <div style="text-align: right;">5330.1</div> Zunis Energy, LLC 15 East 5th Street, Suite 3300 Tulsa, OK 74103		1. Article Addressed to: <div style="text-align: right;">5330.1</div> Marathon Oil Permian, LLC 925 N. Eldridge Parkway Houston, TX 77079	
 9590 9402 8474 3186 5357 29		 9590 9402 8686 3310 9491 11	
2. Article Number (Transfer from service label) <b>9589 0710 5270 0949 9789 17</b>		2. Article Number (Transfer from service label) <b>9589 0710 5270 0749 8954 52</b>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		PS Form 3811, July 2020 PSN 7530-02-000-9053	
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 9590 9402 8686 3310 9497 46		 9590 9402 8686 3310 9497 39	
2. Article Number (Transfer from service label) <b>9589 0710 5270 0949 9758 48</b>		2. Article Number (Transfer from service label) <b>9589 0710 5270 0949 9758 31</b>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		PS Form 3811, July 2020 PSN 7530-02-000-9053	
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1. Article Addressed to: <div style="text-align: right;">5330.1</div> Broken Arrow Royalties, LLC P.O. Box 960 Artesia, NM 88211		1. Article Addressed to: <div style="text-align: right;">5330.1</div> Broken Arrow Royalties, LLC P.O. Box 960 Artesia, NM 88211	
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Postage \$ Total Postage \$ Sent To United States of America Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508	
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Postage \$ Total Postage \$ Sent To Exxon Corp. 22777 Springwoods Village Parkway Spring, TX 77389	
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Domestic Return Receipt		Domestic Return Receipt	



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HUTCHINSON, KS 67504-0507

STATE OF NEW MEXICO } SS  
COUNTY OF EDDY }

Account Number: 96  
Ad Number: 31900  
Description: 25123  
Ad Cost: \$201.04

Sherry Groves, being first duly sworn, says:

That she is the Agent of the the Carlsbad Current-Argus, a Weekly newspaper of general circulation, printed and published in Carlsbad, Eddy County, New Mexico; that the publication, a copy of which is attached hereto, was published in said newspaper on the following dates:

January 30, 2025

That said newspaper was regularly issued and circulated on those dates.

SIGNED:

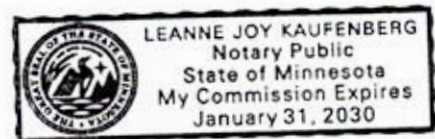
*Sherry Groves*

Agent

Subscribed to and sworn to me this 30<sup>th</sup> day of January 2025.

*Leanne Kaufenberg*  
Leanne Kaufenberg, Notary Public, Redwood County  
Minnesota

Beatty & Wozniak, P.C.  
BEATTY & WOZNIAK, P.C.  
1675 Broadway # 600  
Denver, CO 80202-4692  
rketchledge@bwenergyllaw.com



**LEGAL NOTICE  
JANUARY 30, 2025**

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

The State of New Mexico, Energy, Minerals, and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case.

The hearing will be conducted on **Thursday, February 13, 2025, beginning at 9:00 A.M. MST** in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the Microsoft Teams meeting platform. To view the hearing docket and to determine how to participate in the electronic hearing, visit the Division's website at: <http://www.emnrd.state.nm.us/OCD/hearing-info/> or contact Sheila Apodaca at [Sheila.Apodaca@emnrd.nm.gov](mailto:Sheila.Apodaca@emnrd.nm.gov). Documents filed in the case may also be viewed at <https://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Sheila Apodaca or the New Mexico Relay Network at 1-800-659-1779, no later than **February 6, 2025**.

STATE OF NEW MEXICO TO:  
All named parties and persons  
having any right, title, interest  
or claim in the following case  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**TO: All interested parties, including:** Exxon Corp.; Marathon Oil Permian, LLC; Zuais Energy, LLC; JSA Investments, LLC; WPX Energy, Inc.; Broken Arrow Royalties, LLC; United States of America, Bureau of Land Management.

**CASE NO. 25123: Application of 3R Operating, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division: (1) approving a 640-acre, more or less, standard horizontal spacing and proration unit composed of all of the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M.; and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the: Crystal 33 32 Fed Comm 701H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in the NW/4 NW/4 (Unit D) of Section 32; Crystal 33 32 Fed Comm 702H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32; Crystal N 33 32 Fed Comm 801H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in NW/4 NW/4 (Unit D) of Section 32; and Crystal N 33 32 Fed Comm 802H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 NW/4 (Unit E) of Section 32. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The wells and lands are located approximately 6 miles southwest from Carlsbad, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

Published in the Carlsbad Current-Argus January 30, 2025.  
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