

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

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

Case Nos. 25123 & 25124

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

Case Nos. 25204 & 25205

3R OPERATING, LLC’S CONSOLIDATED PRE-HEARING STATEMENT

3R Operating, LLC (“3R”), OGRID No. 331569, through its undersigned attorneys, hereby file this Consolidated Pre-Hearing Statement with the Oil Conservation Division (“Division”), pursuant to the Division’s rules.

APPEARANCES

APPLICANT

3R Operating, LLC

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APPLICANT’S STATEMENT OF CASE

Under these consolidated Case Nos. 25123 and 25124, 3R seeks 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. (Case No. 25123); (2) approving a 640-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the S/2 of Sections 32 and 33, Township 23 South, Range 26 East, N.M.P.M. (Case No. 25124); and (3) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an g pool, underlying said HSUs.

For **Case No. 25123**, 3R seeks to dedicate the HSU to the following proposed wells:

- A. **Crystal N 33 32 Fed Com #701H** (*API No. Pending*), which is a gas 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 N 33 32 Fed Com #702H** (*API No. Pending*), which is a gas 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 SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East;

C. **Crystal N 33 32 Fed Com #801H** (*API No. Pending*), which is a gas 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, and;

D. **Crystal N 33 32 Fed Com #802H** (*API No. Pending*), which is a gas 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 SW/4 NW/4 (Unit E) of Section 32, Township 23 South, Range 26 East.

For **Case No. 25124**, 3R seeks to dedicate the HSU to the following proposed wells:

A. **Crystal N 33 32 Fed Com #703H** (*API No. Pending*), which is a gas well that will be horizontally drilled from a surface location in the SE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in the NW/4 SW/4 (Unit L) of Section 32, Township 23 South, Range 26 East;

B. **Crystal N 33 32 Fed Com #803H** (*API No. Pending*), which is a gas well that will be horizontally drilled from a surface location in the SE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in NW/4 SW/4 (Unit L) of Section 32, Township 23 South, Range 26 East;

C. **Crystal N 33 32 Fed Com #804H** (*API No. Pending*), which is a gas well that will be horizontally drilled from a surface location in the SE/4 of Section 33, Township 23 South, Range 26 East, to a bottom hole location in the Wolfcamp Formation in SW/4 SW/4 (Unit M) of Section 32, Township 23 South, Range 26 East;

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. Also to be considered will be the allocation and recovery of the cost of drilling and completing the Wells, the designation of Applicant as the operator of the Wells, and a impositions of a 200% charge for the risk involved in drilling and completing the Wells. The wells and lands are located approximately 6 miles southwest from Carlsbad, New Mexico.

This Application competes with **Case Nos. 25204 and 25205**, Applications filed by WPX Energy Permian, LLC (“WPX”), in which WPX seeks an order an order pooling all uncommitted mineral interests in the Wolfcamp formation ([Purple Sage: Wolfcamp]; Pool Code: [98220]), designated as an gas pool, underlying a standard 640-acre, more or less, spacing unit comprised of the N/2 (Case No. 25204) and the S/2 (Case No. 25205) of Sections 32 and 33, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico as follows:

- A. In Case No. 25204, WPX seeks to dedicate the **Frontier 33-32 State Fed Com 601H Well** (API 30-015-pending) a gas well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 33 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 32; approximate TVD of 8,730 feet; approximate TMD of 18,730 feet; FTP in Section 33: 330 feet FNL, 100 feet FEL; LTP in Section 32: 330 feet FNL, 100 feet FWL.
- B. Also, in Case No. 25204, WPX seeks to dedicate the **Frontier 33-32 Fed Com 602H Well** (API 30-015-pending) a gas well, to be horizontally drilled from a

surface location in the NE/4 NE/4 (Unit A) of Section 33 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 32; approximate TVD of 8,730 feet; approximate TMD of 17,730 feet; FTP in Section 33: 1,650 feet FNL, 100 feet FEL; LTP in Section 32: 1,650 feet FNL, 100' FWL.

C. In Case No. 25205, WPX seeks to dedicate the **Frontier 33-32 Fed Com 603H Well** (API 30-015-pending) a gas well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 33 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 32; approximate TVD of 8,755 feet; approximate TMD of 18,755 feet; FTP in Section 33: 2,310' FSL, 100' FEL; LTP in Section 32: 2,310' FSL, 100' FWL.

D. Also, in Case No. 25205, WPX seeks to dedicate the **Frontier 33-32 Fed Com 604H Well** (API 30-015-pending) a gas well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 33 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 32; approximate TVD of 8,755 feet; approximate TMD of 18.755 feet; FTP in Section 33: 900 feet FSL, 100 feet FEL; LTP in Section 32: 900 feet FSL, 100' FWL.

On February 10, 2025, WPX Energy Permian, LLC ("WPX") filed an entry of appearance and objection to hearing by affidavit. Although 3R has attempted to engage with WPX regarding this proposed development since October 2024, through both in person and electronic communications, WPX did not raise concerns about 3R's development plan until 3R filed the initial application in this case. WPX is a working interest owner in Tract 4 of the subject lands, owning a 100% working interest, and has submitted competing applications for compulsory pooling and operatorship for the lands at issue in the captioned cases in Case Nos. 25204 and 25205.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brain Van Staveren, Senior Landman	Approx. 30 minutes	Approx. 10
Brian Atwell, Senior Geologist	Approx. 30 minutes	Approx. 10
Jon Slagle, Reservoir Engineering Manager	Approx. 30 minutes	Approx. 10
Tyler Lane, Operations Manager	Approx. 30 minutes	Approx. 10
Attorney (for Notice)	Approx. 10 minutes	Approx. 4

OPPONENT’S PROPOSED EVIDENCE

To be provided in WPX’s Pre-Hearing Statement.

PROCEDURAL MATTERS

If WPX’s objection is withdrawn prior to or at the hearing, 3R intends to present this case by affidavit. 3R requests that the parties be granted leave to file written closing briefs after the close of the hearing.

Dated this 22nd day of April, 2025.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing was served to counsel of record by electronic mail this 22nd day of April 2025, as follows:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 454489

QUESTIONS

Operator: 3R Operating, LLC 20405 State Highway 249 Houston, TX 77070	OGRID: 331569
	Action Number: 454489
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	5
Testimony time (in minutes)	60