

**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 NOS. 25123 & 25124**

**NOTICE OF SECOND 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. Andrew Fordyce, and Hearing Examiner, Gregory A. Chakalian, with respect to the following materials:

- Amending Exhibit 3R 000005 and 3R 000008 to reflect proper Location Setback Rules and Building Blocks.
- Removing Exhibit 3R 000034.
- Amending Exhibit 3R 000036 to remove company logos.
- Amending Exhibits 3R 000041-47 to correct locations on logs and wells.
- Amending Exhibit 3R 000071 to remove paragraph 8 regarding overlapping proration units in the area.
- Amending Exhibits 3R 000091-92 to clearly outline the parties subject to compulsory pooling under these applications.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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

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**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING APRIL 29, 2025**

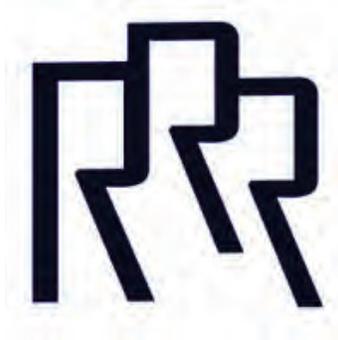
**Case No. 25123**

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

**Case No. 25124**

Crystal N 33 32 Fed Com #703H  
Crystal N 33 32 Fed Com #803H  
Crystal N 33 32 Fed Com #804H

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  
SPACING UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 25123**

**CASE NO. 25124**

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# 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):	Gas
Pooling this vertical extent:	The top of the Wolfcamp formation to the base of the Wolfcamp Formation
Pool Name and Pool Code:	Purple Sage Wolfcamp, 98220
Well Location Setback Rules:	Order No. R-14262
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres, more or less
Building Blocks:	320-acres
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 <u>and</u> 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	3R 000091
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	<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.</p> <p>Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
Well #2	<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.</p> <p>Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
Well #3	<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.</p> <p>Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
Well #4	<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.</p> <p>Completion Target: Wolfcamp Formation                  Well Orientation: East-West                  Completion Location: Standard</p>
Horizontal Well First and Last Take Points	3R 000077
Completion Target (Formation, TVD and MD)	3R 000043
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	3R 000071
Requested Risk Charge	200%
<b>Notice of Hearing</b>	

Proposed Notice of Hearing	3R 000010
Proof of Mailed Notice of Hearing (20 days before hearing)	3R 000019
Proof of Published Notice of Hearing (10 days before hearing)	3R 000024
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	3R 000091
Tract List (including lease numbers and owners)	3R 000091
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)	3R 000091
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	3R 000099
List of Interest Owners (ie Exhibit A of JOA)	3R 000091
Chronology of Contact with Non-Joined Working Interests	3R 000097
Overhead Rates In Proposal Letter	3R 000099
Cost Estimate to Drill and Complete	3R 000099
Cost Estimate to Equip Well	3R 000099
Cost Estimate for Production Facilities	3R 000099
<b>Geology</b>	
Summary (including special considerations)	3R 000037
Spacing Unit Schematic	3R 000041, 3R 000042
Gunbarrel/Lateral Trajectory Schematic	3R 000045
Well Orientation (with rationale)	3R 000037
Target Formation	3R 000037
HSU Cross Section	3R 000043
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	3R 000077
Tracts	3R 000091
Summary of Interests, Unit Recapitulation (Tracts)	3R 000091
General Location Map (including basin)	3R 000076
Well Bore Location Map	3R 000042
Structure Contour Map - Subsea Depth	3R 000042
Cross Section Location Map (including wells)	3R 000044
Cross Section (including Landing Zone)	3R 000043
<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>	4/22/2025

# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 25124	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):	Gas
Pooling this vertical extent:	The top of the Wolfcamp formation to the base of the Wolfcamp Formation
Pool Name and Pool Code:	Purple Sage Wolfcamp, 98220
Well Location Setback Rules:	Order No. R-14262
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640-acres, more or less
Building Blocks:	320-acres
Orientation:	East-West
Description: TRS/County	S/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 <u>and</u> 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	3R 000091
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	<p><b>Crystal N 33 32 Fed Com #703H Well (API No. Pending)</b>  SHL: SE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.  BHL: NW/4 SW/4 (Unit L) of Section 32, Township 23 South, Range 26 East, N.M.P.M.</p> <p>Completion Target: Wolfcamp Formation  Well Orientation: East-West  Completion Location: Standard</p>
Well #2	<p><b>Crystal N 33 32 Fed Com #803H Well (API No. Pending)</b>  SHL: SE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.  BHL: NW/4 SW/4 (Unit L) of Section 32, Township 23 South, Range 26 East, N.M.P.M.</p> <p>Completion Target: Wolfcamp Formation  Well Orientation: East-West  Completion Location: Standard</p>
Well #3	<p><b>Crystal N 33 32 Fed Com #804H Well (API No. Pending)</b>  SHL: SE/4 of Section 33, Township 23 South, Range 26 East, N.M.P.M.  BHL: NW/4 SW/4 (Unit L) of Section 32, Township 23 South, Range 26 East, N.M.P.M.</p> <p>Completion Target: Wolfcamp Formation  Well Orientation: East-West  Completion Location: Standard</p>
Horizontal Well First and Last Take Points	3R 000077
Completion Target (Formation, TVD and MD)	3R 000043
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	3R 000071
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	3R 000015
Proof of Mailed Notice of Hearing (20 days before hearing)	3R 000026
Proof of Published Notice of Hearing (10 days before hearing)	3R 000031
<b>Ownership Determination</b>	

Land Ownership Schematic of the Spacing Unit	3R 000091
Tract List (including lease numbers and owners)	3R 000091
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)	3R 000091
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	3R 000099
List of Interest Owners (ie Exhibit A of JOA)	3R 000091
Chronology of Contact with Non-Joined Working Interests	3R 000097
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Cost Estimate to Equip Well	3R 000099
Cost Estimate for Production Facilities	3R 000099
<b>Geology</b>	
Summary (including special considerations)	3R 000037
Spacing Unit Schematic	3R 000041, 3R 000042
Gunbarrel/Lateral Trajectory Schematic	3R 000045
Well Orientation (with rationale)	3R 000037
Target Formation	3R 000037
HSU Cross Section	3R 000043
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	3R 000077
Tracts	3R 000091
Summary of Interests, Unit Recapitulation (Tracts)	3R 000091
General Location Map (including basin)	3R 000076
Well Bore Location Map	3R 000042
Structure Contour Map - Subsea Depth	3R 000042
Cross Section Location Map (including wells)	3R 000044
Cross Section (including Landing Zone)	3R 000043
<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>	4/22/2025

3R 000011

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;

3R 000012

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.

3R 000013

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.

3R 000014

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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

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*Attorneys for 3R Operating LLC.*

3R 000015

*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.

3R 000016

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 S/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 SW 33 32 Fed Comm 703H** (API No. *Pending*), which is an oil 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;

3R 000017

B. **Crystal SW 33 32 Fed Com 803H** (API No. *Pending*), which is an oil 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 SW 33 32 Fed Com 804H** (API No. *Pending*), which is an oil 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;

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:

3R 000018

- 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 SW 33 32 Fed Comm 703H**, **Crystal SW 33 32 Fed Comm 803H**, and **Crystal SW 33 32 Fed Comm 804H** 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  
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[jparrot@bwenergylaw.com](mailto:jparrot@bwenergylaw.com)  
*Attorneys for 3R Operating LLC.*

3R 000019

*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 S/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 SW 33 32 Fed Comm 703H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in the NW/4 SW/4 (Unit L) of Section 32; **Crystal SW 33 32 Fed Com 803H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in NW/4 SW/4 (Unit L) of Section 32; and **Crystal SW 33 32 Fed Com 804H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 SW/4 (Unit M) 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.

3R 000020

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

3R 000021

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

ATTORNEYS AT LAW  
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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

3R 000022

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

---

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@bwenergylaw.com](mailto:msuazo@bwenergylaw.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*

Beatty & Wozniak, P.C.  
*Energy in the Law*<sup>®</sup>

3R 000023

## 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

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<ul style="list-style-type: none"> <li>Signature: <i>[Signature]</i></li> <li>Received by (Printed Name): <b>T BROWN</b></li> <li>Date of Delivery: <b>9/27/25</b></li> </ul>	
1. Article Addressed to: <b>5330.1</b>		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
Zunis Energy, LLC 15 East 5th Street, Suite 3300 Tulsa, OK 74103		3. Service Type: <input type="checkbox"/> Adult Signature <input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Insured Mail	
9590 9402 8474 3186 5357 29		<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery	
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	

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
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Marathon Oil Permian, LLC 925 N. Eldridge Parkway Houston, TX 77079		3. Service Type: <input type="checkbox"/> Adult Signature <input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Insured Mail	
9590 9402 8686 3310 9491 11		<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery	
2. Article Number (Transfer from service label): <b>9589 0710 5270 0749 8954 52</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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JSA Investments, LLC 15 East 5th Street, Suite 3300 Tulsa, OK 74103		3. Service Type: <input type="checkbox"/> Adult Signature <input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Insured Mail	
9590 9402 8686 3310 9497 46		<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery	
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 48</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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WPX Energy, Inc. 333 W. Sheridan Avenue Oklahoma City, OK 73102		3. Service Type: <input type="checkbox"/> Adult Signature <input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Insured Mail	
9590 9402 8686 3310 9497 39		<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery	
2. Article Number (Transfer from service label): <b>9589 0710 5270 0949 9758 31</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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Extra Services & Fees (check box, add fee as appropriate):  
 Return Receipt (hardcopy) \$  
 Return Receipt (electronic) \$  
 Certified Mail Restricted Delivery™ \$  
 Adult Sign \$  
 Adult Sign \$

Postage: \$  
Total Postage: \$

5330.1

United States of America  
Bureau of Land Management  
301 Dinosaur Trail  
Santa Fe, NM 87508

PS Form 3800, January 2023 PSN 7530-02-000-9051 See Reverse for Instructions

U.S. Postal Service®  
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**OFFICIAL USE**

Certified Mail Fee: \$  
Extra Services & Fees (check box, add fee as appropriate):  
 Return Receipt (hardcopy) \$  
 Return Receipt (electronic) \$  
 Certified Mail \$  
 Adult Sign \$  
 Adult Sign \$

Postage: \$  
Total Postage: \$

5330.1

Exxon Corp.  
22777 Springwoods Village Parkway  
Spring, TX 77389

PS Form 3800, January 2023 PSN 7530-02-000-9051 See Reverse for Instructions

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<ul style="list-style-type: none"> <li>Signature: <i>[Signature]</i></li> <li>Received by (Printed Name): <b>Kathy Beauregard</b></li> <li>Date of Delivery: <b>9/27/25</b></li> </ul>	
1. Article Addressed to: <b>5330.1</b>		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
Broken Arrow Royalties, LLC P.O. Box 960 Artesia, NM 88211		3. Service Type: <input type="checkbox"/> Adult Signature <input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Insured Mail	
9590 9402 8974 4064 3759 75		<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery	
2. Article Number (Transfer from service label): <b>9589 0710 5270 1506 7125 93</b>		2. Article Number (Transfer from service label): <b>9589 0710 5270 1506 7125 93</b>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		PS Form 3811, July 2020 PSN 7530-02-000-9053	

Case No. 25213  
3R Operating, LLC - Exhibit D-3

3R 000025

AFFIDAVIT OF PUBLICATION

CARLSBAD CURRENT-ARGUS  
PO BOX 507  
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:

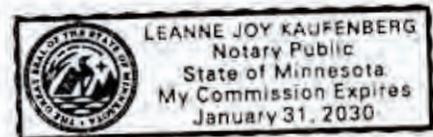
*Sherry Groves*

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



3R 000026

**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; Zuñis 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.  
#31900

3R 000027

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. 25124

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

3R 000028

**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. 25124)

Dear Interest Owners:

This letter is to advise you that 3R Operating, LLC (“3R”) has filed the enclosed application, Case No. 25124, 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. 25124, 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 S/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

3R 000029

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

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January 22, 2025  
Case No. 25124  
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*

Beatty & Wozniak, P.C.  
*Energy in the Law*<sup>®</sup>

3R 000030

## Case No. 25124 Certified Mailing Status

MAIL DATE	OWNER	ADDRESS	TYPE_INT	MAIL CLASS
January 22, 2025	Exxon Corp.	22777 Springwoods Village Parkway Spring, TX 77389	ORRI	Certified w/ Return Receipt (Signature)
January 22, 2025	Marathon Oil Permian, LLC	925 N. Eldridge Parkway Houston, TX 77079	WI & ORRI	Certified w/ Return Receipt (Signature)
January 22, 2025	Zunis Energy, LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	ORRI	Certified w/ Return Receipt (Signature)
January 22, 2025	JSA Investments, LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	ORRI	Certified w/ Return Receipt (Signature)
January 22, 2025	WPX Energy, Inc.	333 W. Sheridan Avenue Oklahoma City, OK 73102	WI	Certified w/ Return Receipt (Signature)
January 22, 2025	Broken Arrow Royalties, LLC	P.O. Box 960 Artesia, NM 88211	ORRI	Certified w/ Return Receipt (Signature)
January 22, 2025	United States of America Bureau of Land Management	301 Dinosaur Trail Santa Fe, NM 87508	ORRI	Certified w/ Return Receipt (Signature)

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1. Article Addressed to: <b>5330.1</b> <b>Zunis Energy, LLC</b> 15 East 5th Street, Suite 3300 Tulsa, OK 74103		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label): <b>9589 0710 5270 0949 9789 17</b>		3. Service Type: <ul style="list-style-type: none"> <li><input type="checkbox"/> Adult Signature</li> <li><input type="checkbox"/> Adult Signature Restricted Delivery</li> <li><input checked="" type="checkbox"/> Certified Mail®</li> <li><input type="checkbox"/> Certified Mail Restricted Delivery</li> <li><input type="checkbox"/> Collect on Delivery</li> <li><input type="checkbox"/> Insured Mail</li> <li><input type="checkbox"/> Mail Restricted Delivery</li> <li><input type="checkbox"/> Priority Mail Express®</li> <li><input type="checkbox"/> Registered Mail™</li> <li><input type="checkbox"/> Registered Mail Restricted Delivery</li> <li><input type="checkbox"/> Signature Confirmation™</li> <li><input type="checkbox"/> Signature Confirmation Restricted Delivery</li> </ul>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		Domestic Return Receipt	

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1. Article Addressed to: <b>5330.1</b> <b>Marathon Oil Permian, LLC</b> 925 N. Eldridge Parkway Houston, TX 77079		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label): <b>9589 0710 5270 0749 8954 52</b>		3. Service Type: <ul style="list-style-type: none"> <li><input type="checkbox"/> Adult Signature</li> <li><input type="checkbox"/> Adult Signature Restricted Delivery</li> <li><input checked="" type="checkbox"/> Certified Mail®</li> <li><input type="checkbox"/> Certified Mail Restricted Delivery</li> <li><input type="checkbox"/> Collect on Delivery</li> <li><input type="checkbox"/> Collect on Delivery Restricted Delivery</li> <li><input type="checkbox"/> Insured Mail</li> <li><input type="checkbox"/> Mail Restricted Delivery</li> <li><input type="checkbox"/> Priority Mail Express®</li> <li><input type="checkbox"/> Registered Mail™</li> <li><input type="checkbox"/> Registered Mail Restricted Delivery</li> <li><input type="checkbox"/> Signature Confirmation™</li> <li><input type="checkbox"/> Signature Confirmation Restricted Delivery</li> </ul>	
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1. Article Addressed to: <b>5330.1</b> <b>WPX Energy, Inc.</b> 333 W. Sheridan Avenue Oklahoma City, OK 73102		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label): <b>9589 0710 5270 0949 9758 31</b>		3. Service Type: <ul style="list-style-type: none"> <li><input type="checkbox"/> Adult Signature</li> <li><input type="checkbox"/> Adult Signature Restricted Delivery</li> <li><input checked="" type="checkbox"/> Certified Mail®</li> <li><input type="checkbox"/> Certified Mail Restricted Delivery</li> <li><input type="checkbox"/> Collect on Delivery</li> <li><input type="checkbox"/> Collect on Delivery Restricted Delivery</li> <li><input type="checkbox"/> Insured Mail</li> <li><input type="checkbox"/> Mail Restricted Delivery</li> <li><input type="checkbox"/> Priority Mail Express®</li> <li><input type="checkbox"/> Registered Mail™</li> <li><input type="checkbox"/> Registered Mail Restricted Delivery</li> <li><input type="checkbox"/> Signature Confirmation™</li> <li><input type="checkbox"/> Signature Confirmation Restricted Delivery</li> </ul>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		Domestic Return Receipt	

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For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> .	
<b>OFFICIAL USE</b>	
Certified Mail Fee: \$ <input type="checkbox"/> Return Receipt (hardcopy) <input type="checkbox"/> Return Receipt (electronic) <input type="checkbox"/> Certified Mail <input type="checkbox"/> Adult Sign <input type="checkbox"/> Adult Sign	Postage: \$ Total Postage: \$ Sent to: <b>Exxon Corp.</b> <b>22777 Springwoods Village Parkway</b> <b>Spring, TX 77389</b> Street and Apt. No., or PO Box No. City, State, ZIP+4®
PS Form 3800, January 2023 PSN 7530-02-000-9051	See Reverse for Instructions

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1. Article Addressed to: <b>5330.1</b> <b>Broken Arrow Royalties, LLC</b> P.O. Box 960 Artesia, NM 88211		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
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3R 000032

AFFIDAVIT OF PUBLICATION

CARLSBAD CURRENT-ARGUS  
PO BOX 507  
HUTCHINSON, KS 67504-0507

STATE OF NEW MEXICO } SS  
COUNTY OF EDDY }

Account Number: 96  
Ad Number: 31890  
Description: 25124  
Ad Cost: \$196.86

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*

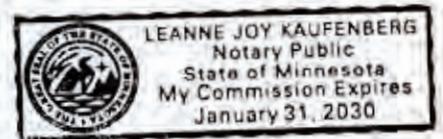
Agent

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



3R 000033

**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://ocd/image.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; Zunis Energy, LLC; JSA Investments, LLC; WPX Energy, Inc.; Broken Arrow Royalties, LLC; United States of America, Bureau of Land Management

**CASE NO. 25124: 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 S/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 SW 33 32 Fed Comm 703H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in the NW/4 SW/4 (Unit L) of Section 32; Crystal SW 33 32 Fed Com 803H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in NW/4 SW/4 (Unit L) of Section 32; and Crystal SW 33 32 Fed Com 804H (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 of Section 33 to a bottom hole location in the Wolfcamp Formation in SW/4 SW/4 (Unit M) 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.  
#31890

3R 000034

## 3R Team Overview

---

**3R Operating:** 25123 & 25124 vs. **WPX Energy:** 25204 & 25205

## Executive Summary

3R 000035

### Background

- Exemplary and experienced team intrinsically focused on maximizing resource capture in the Delaware Basin of New Mexico; especially in Eddy County
- Management team has drilled and completed 20 actively producing horizontal wells in the immediate vicinity of the Project Area

### Funding and Strategy

- Private equity sponsorship of \$500+ million from Encap
- Core growth strategy of grassroots leasing, bolt-on acquisitions, joint ventures, and trades to form superblocks in Eddy County

### Goal

- Earnest commitment to generate rapid production growth from the Project Area by simultaneously developing all commercial benches to optimize hydrocarbon production and prevent waste
- Project Area is the top priority for 3R and on 3R's near-term rig schedule



3R 000036

## Successful Team with Proven Track Record

		Prior Experience
<p>Scott Germann Co-CEO/Chairman</p> 		<p><b>Ridge Runner Resources I:</b> CEO &amp; Co-Founder  <b>BC Operating:</b> President of Delaware Basin  <b>Nadel &amp; Gussman:</b> EVP &amp; Head of Permian Basin  <b>Exxon:</b> Senior Geologist</p>
<p>Brian Cassens Co-CEO</p> 		<p><b>Ridge Runner Resources I:</b> CEO &amp; Co-Founder  <b>RPM Energy:</b> Partner &amp; VP Business Development  <b>NFR Energy:</b> Senior Reservoir Engineer  <b>XTO Energy:</b> Reservoir Engineer</p>
<p>Brad Grandstaff COO</p> 		<p><b>Chisholm Energy:</b> VP Operations  <b>Range:</b> Dir. of Drilling Ops. – N. Marcellus / MidCon Divisions  <b>Quicksilver Resources:</b> Drilling Engineer  <b>Encore:</b> Senior Operations Engineer</p>
<p>Brian Atwell Geology Manager</p> 		<p><b>SG Interests:</b> Lead Geologist  <b>Navajo Nation Oil &amp; Gas Company:</b> Geologist II  <b>Forest Oil Company:</b> Geologist  <b>XTO Energy:</b> Geologist</p>
<p>Jon Slagle Reservoir Engineering Manager</p> 		<p><b>Chisholm Energy:</b> Sr. Reservoir Engineer  <b>Ridge Runner Resources I:</b> Sr. Reservoir Engineer  <b>Sable Permian Resources:</b> Reservoir Engineer  <b>Permian Resources:</b> Reservoir Engineer</p>
<p>Tyler Lane Operations Manager</p> 		<p><b>Chisholm Energy:</b> Operations Manager  <b>Range Resources:</b> Sr. Operations Engineer</p>
<p>Brian van Staveren Land Advisor</p> 		<p><b>Earthstone Energy, Inc.:</b> Sr. Landman  <b>Advance Energy Partners, LLC:</b> Sr. Landman  <b>Anadarko Petroleum Corporation:</b> Sr. Landman  <b>Cimarex Energy Co.:</b> Landman</p>



3R 000037

**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  
CASE NO. 25124**

**AFFIDAVIT OF BRIAN ATWELL**

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

1. My name is Brian Atwell, and I am employed by 3R Operating, LLC (“3R”) as a Senior Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my qualifications as an expert in petroleum geology have been accepted and made a matter of record. I have several 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 in these case and the geology involved.
4. I am submitting this affidavit in support of 3R’s applications in the above-referenced cases.
5. **Exhibit 3R 000041** is a location map.
6. **Exhibit 3R 000042** is a structure map and cross section.
7. **Exhibit 3R 000043** is a stratigraphic cross-section and 3R’s proposed development plan.
8. **Exhibit 3R 000044** is a stratigraphic cross-section and WPX’s proposed development plan.
9. **Exhibit 3R 000045** is a gunbarrel diagram and 3R’s development plan.

3R 000038

10. **Exhibit 3R 000046** is a gunbarrel diagram and WPX's development plan.
11. **Exhibit 3R 000047** is a gross isopach map.
12. 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.
  - e. 3R's development plan will protect correlative rights, prevent waste, efficiently and economically develop the subject acreage, and avoid the drilling of unnecessary wells.
13. 3R's Geology Exhibits described above were prepared by me or under my direct supervision.
14. 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.
15. 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]*

3R 000039

FURTHER AFFIANT SAYETH NOT.

Dated this 21 day of April, 2025.

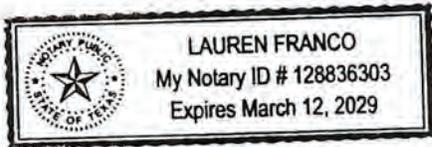
Brian Atwell  
Brian Atwell  
3R Operating, LLC

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF HARRIS            )

The foregoing instrument was subscribed and sworn to before me this 21 day of April, 2025, by Brian Atwell, Senior Geologist for 3R Operating, LLC.

Witness my hand and official seal.

My commission expires: March 12, 2029



LA

3R 000040

## Geologic Evidence

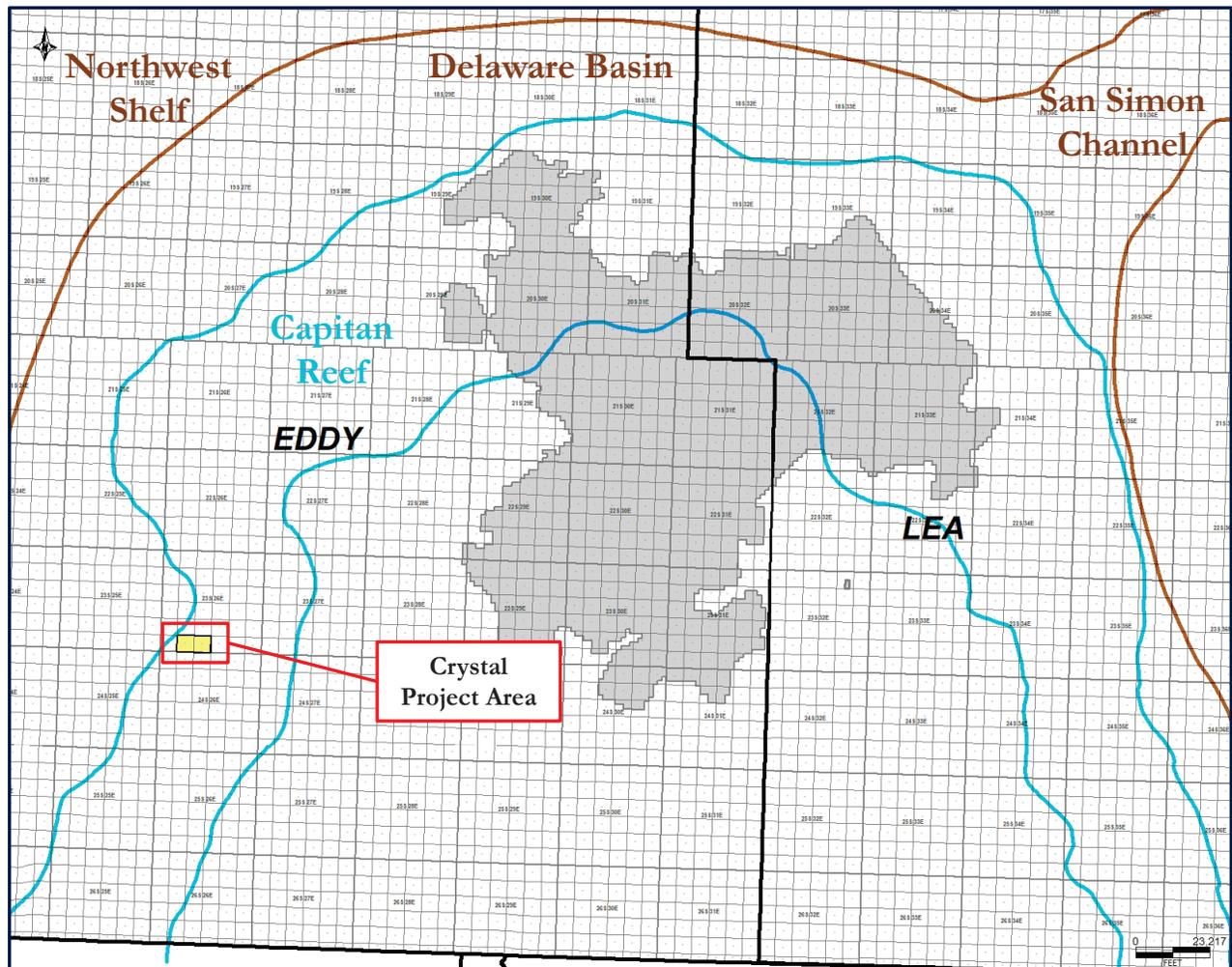
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**3R Operating:** 25123 & 25124 vs. **WPX Energy:** 25204 & 25205

3R 000041

Geologic Evidence

### 3R's Crystal Project Area Located in Eddy County



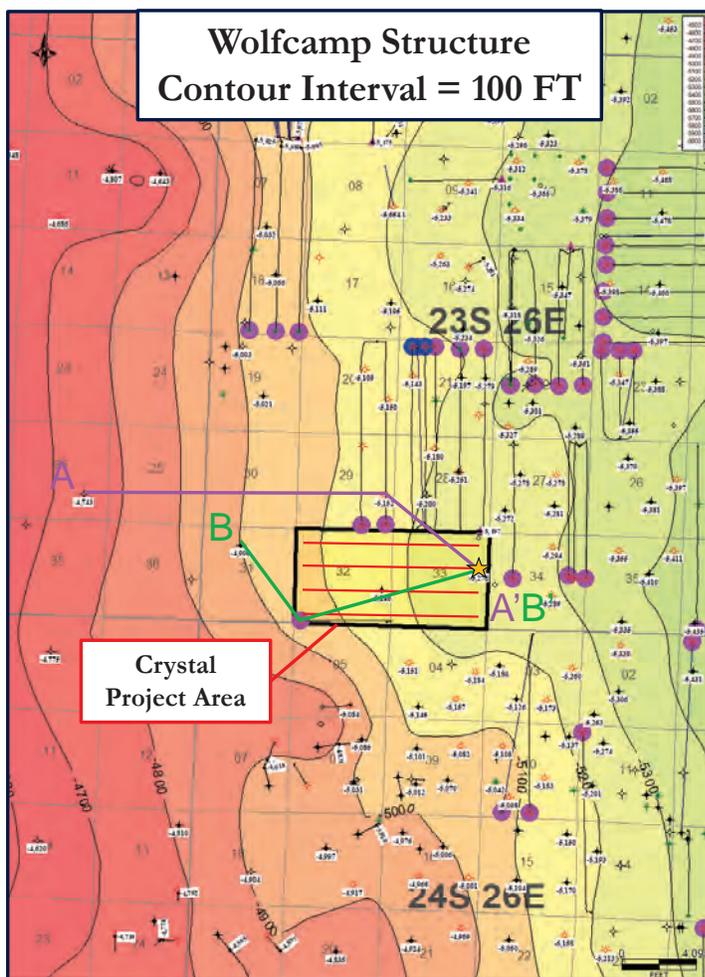
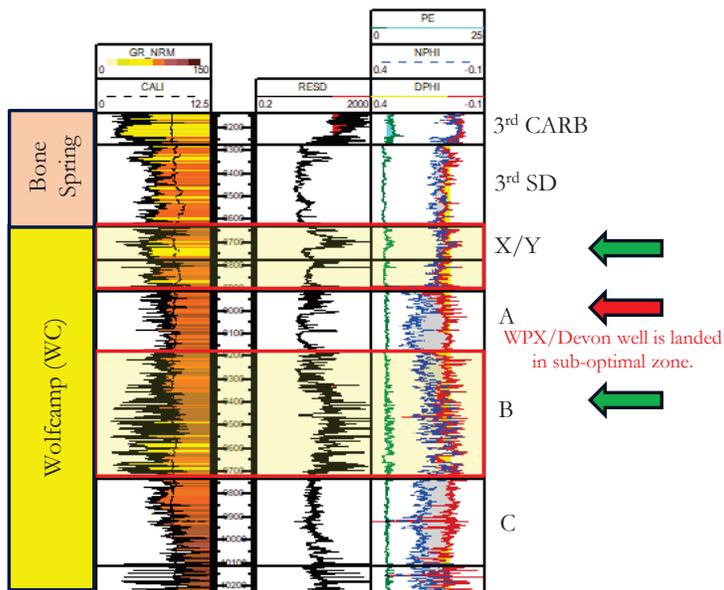
3R 000042

Geologic Evidence

### 3R's Selected Targets Gently Dip from West to East Across the Project Area

- 3R Target
- WPX Target
- Type Log
- Wolfcamp XY/A
- Wolfcamp B

Type Log  
 API: 30-015-28938  
 T23S R26E S33 NE4



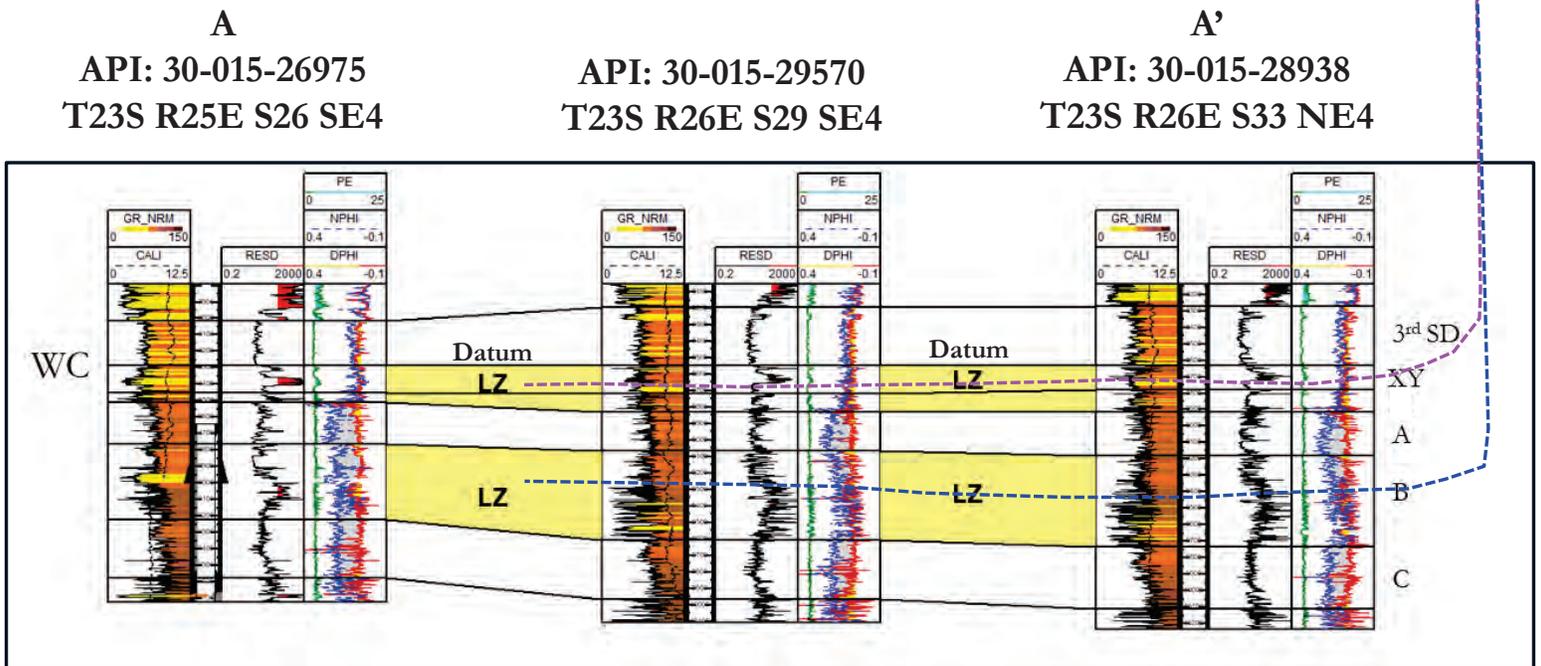
# Stratigraphic Cross Section A-A'

3R 000043

Geologic Evidence

## 3R's Proposed Landing Zones (LZ) are Continuous Across the Project Area

The Wolfcamp formation consist of interbedded fine-grained sand, carbonate, and mixed siliceous/calcareous mudstone. Landing zones (LZ) selected by 3R are characterized by laterally continuous intervals exhibiting increased porosity and reduced clay content.



- Crystal 33 32 Fed Com 701H, 702H, 703H
- Crystal 33 32 Fed Com 801H, 802H, 803H, 804H

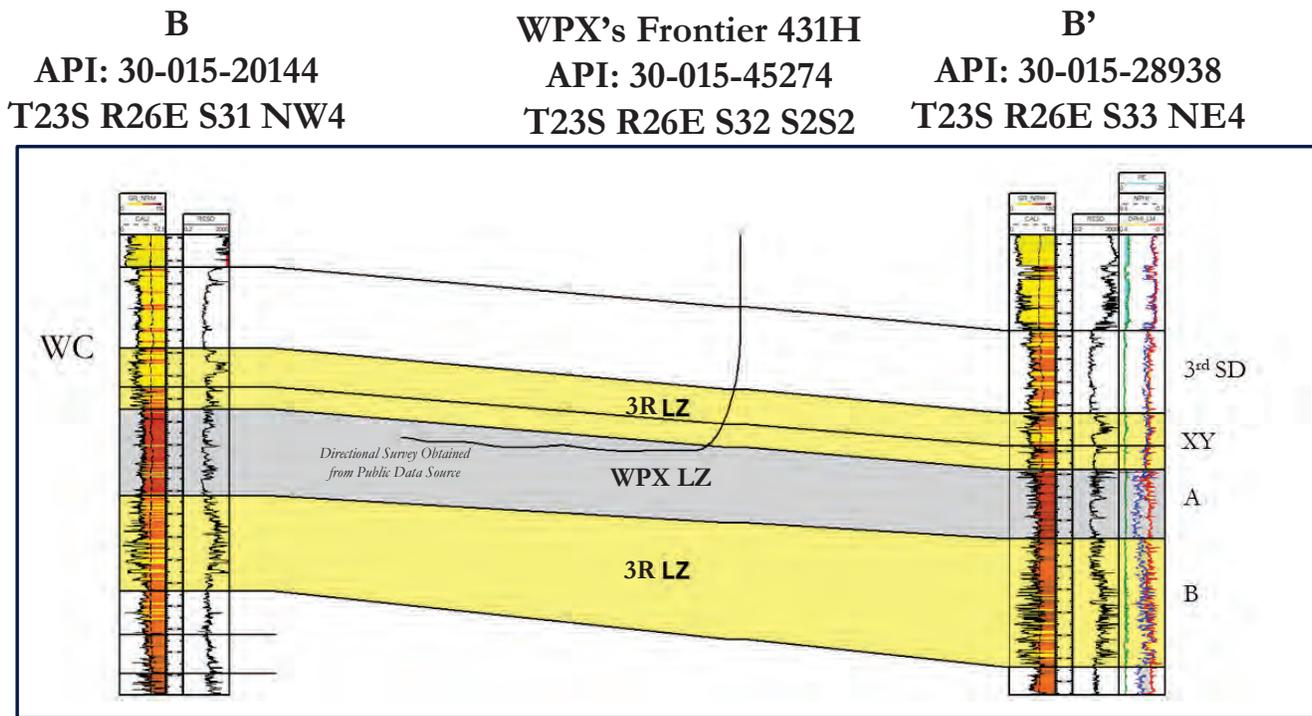


# Structural Cross Section B-B'

3R 000044

Geologic Evidence

*WPX/Devon's Well is Landed in Sub-Optimal Target and is Uneconomic*



**WPX/Devon's one-mile horizontal well (Frontier 431H) is landed below the Wolfcamp XY zone in a clay-rich, ductile shale interval equivalent to the Wolfcamp A Shale. In the Project Area, the lithologic composition of the Wolfcamp A is believed to be prone to poor hydraulic fracture stimulation and fracture closure leading to poor recovery efficiency and uneconomic results.**

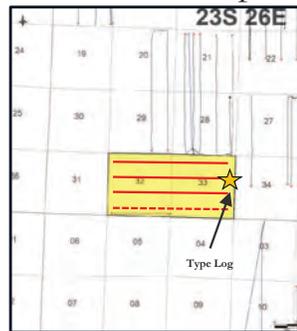


3R 000045

Geologic Evidence

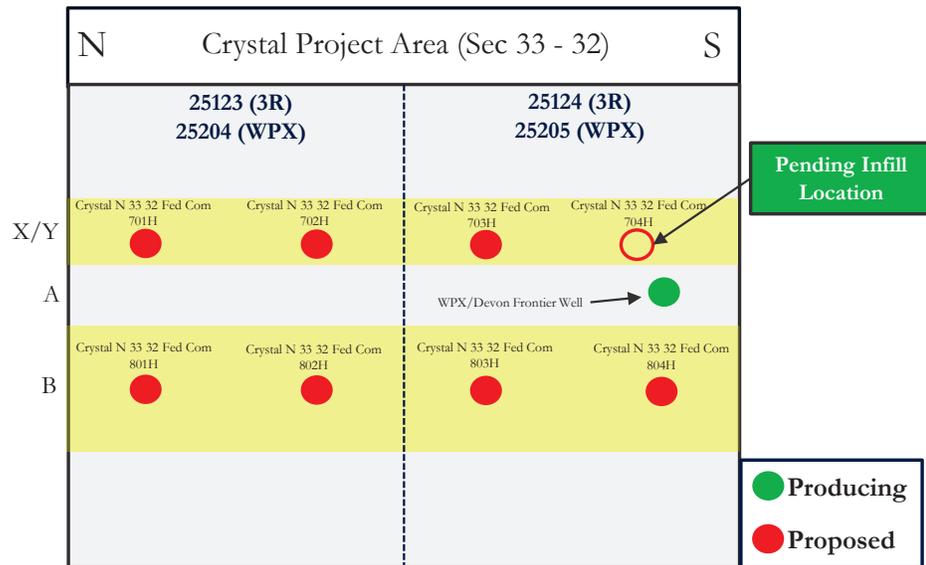
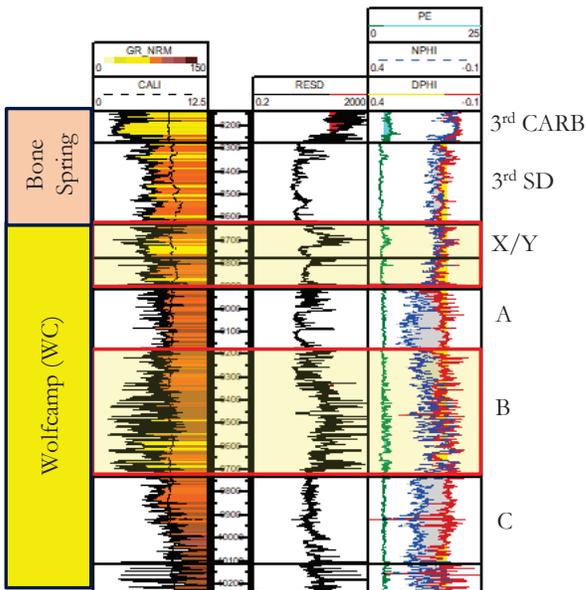
3R's Development Plan will Optimize Resource Capture in the Project Area

Locator Map



— 3R Planned Well  
 - - - 3R Infill Well

Type Log  
 API: 30-015-28938  
 T23S R26E S33 NE4

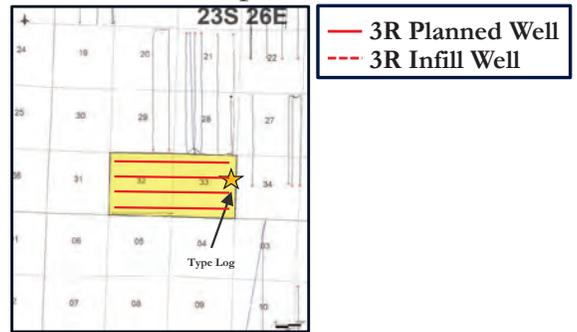


# WPX's Development Plan will Leave Behind Commercial Reserves in the Wolfcamp B and Create Waste

3R 000046

**Geologic Evidence**

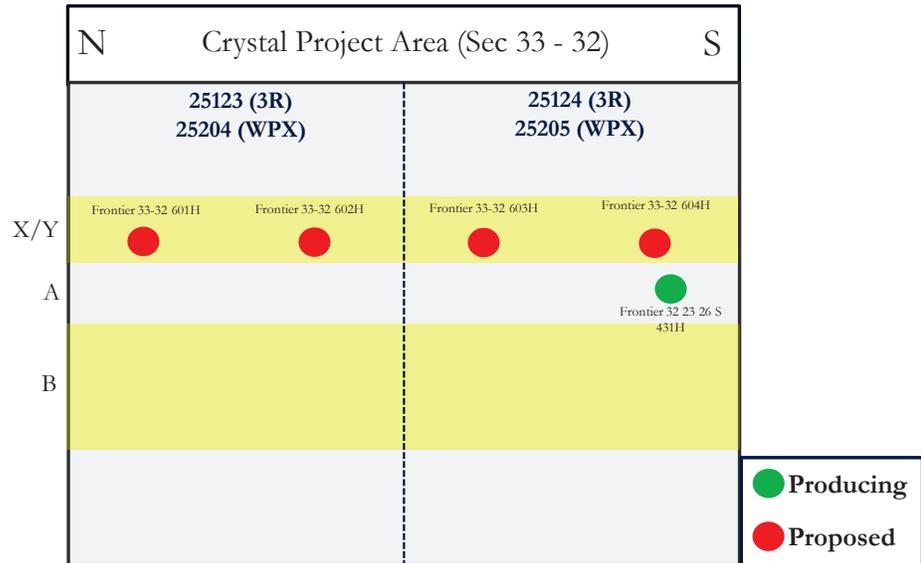
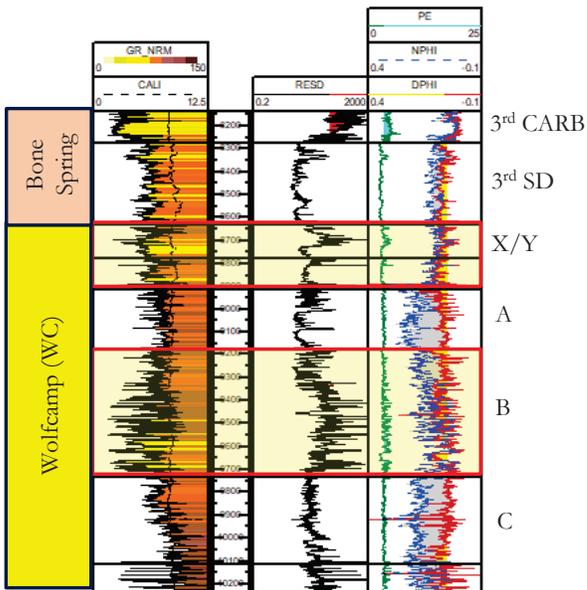
Locator Map



Type Log

API: 30-015-28938

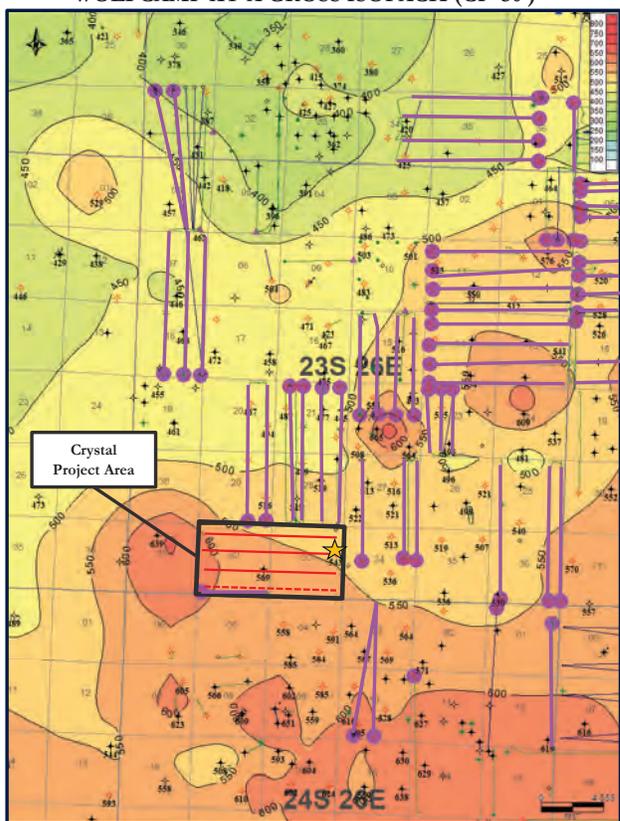
T23S R26E S33 NE4



# Project Area Positioned in Mapped Thicks for Wolfcamp XY/A Geologic Evidence and Wolfcamp B

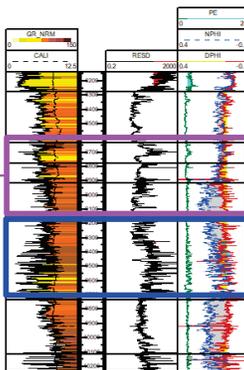
3R 000047

WOLFCAMP XY-A GROSS ISOPACH (CI=50')



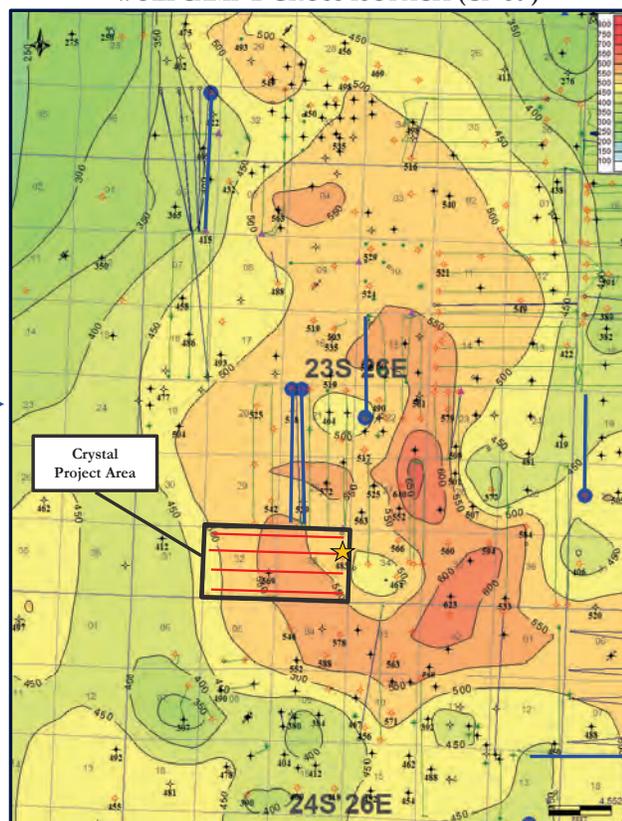
*Wolfcamp XY/A thickness is relatively consistent over the Project Area.*

★  
 Type Log  
 API: 30-015-28938  
 T23S R26E S33 NE4



- Wolfcamp XY/A
- Wolfcamp B
- Proposed Well
- - - Infill Well
- Wolfcamp XY
- Wolfcamp B

WOLFCAMP B GROSS ISOPACH (CI=50')



*Wolfcamp B is thick over the Project Area and thins to the west.*



3R 000048

**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  
CASE NO. 25124**

**SELF-AFFIRMED STATEMENT OF JON SLAGLE**

I, Jon Slagle, state the following:

1. My name is Jon Slagle, and I am employed by 3R Operating, LLC (“3R”) as the Reservoir Engineering Manager.

2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”), and my qualifications as an expert in petroleum reservoir engineer matters have not been accepted and made a matter of record. I have several years of experience in petroleum reservoir engineer matters, and I have worked directly or in a supervisory role with the properties that are the subject of this matter. A copy of my resume is attached below at **3R-000051**.

3. I am familiar with the applications in these cases and the reservoir engineering involved.

4. I am submitting this self-affirmed statement in support of 3R’s applications in the above-referenced cases.

5. 3R’s Reservoir Engineering Exhibits, beginning at **3R-000053**, detail 3R’s extensive development experience in the area of 3R’s development plan and optimized reserves capture ability.

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

a. 3R's development plan will protect correlative rights, prevent waste, efficiently and economically develop the subject acreage, and avoid the drilling of unnecessary wells.

b. With extensive operating experience and in-depth knowledge of the area, 3R is a prudent operator and the preferred operator for the proposed units.

c. 3R is prepared to begin immediate development.

d. The drilling of two-mile laterals within the Wolfcamp formation is consistent with horizontal oil and gas development in the Permian Basin.

7. All of 3R's reservoir engineering exhibits were prepared by me or under my direct supervision.

8. The granting of these applications 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.

9. I affirm that to the best of my knowledge and belief, all of the matters set forth herein are true, correct, and accurate and made under penalty of perjury under laws of the State of New Mexico.

*[Remainder of page left intentionally blank]*



3R 000051

## Jon Slagle

Houston, TX 77002 | [LinkedIn.com/in/jon-slagle/](https://www.linkedin.com/in/jon-slagle/)

### EXPERIENCE

**Ridge Runner Resources II (Delaware Basin E&P; Eddy / Lea County, NM) – Houston, TX** **8/2023 – Present**  
*Reservoir Engineering Manager (A&D / Development / Reserves)* (1.5 Years)

- Fund raised around potential acquisition opportunities and helped secure private equity commitment from EnCap.
- Evaluating acquisition opportunities with a focus in the New Mexico Delaware basin.
- Closed on acquisition of Murchison New Mexico assets, along with several smaller ground game acquisitions.
- Maintain reserves database for reserve-based lending and general production/financial modeling.
- Coordinate annual reserve audits with CG&A and prepare reserve materials for lender and board meetings.

**Ridge Runner Holdings (Delaware Basin E&P; Eddy / Lea County, NM) – Houston, TX** **9/2022 – 8/2023**  
*Reservoir Engineering Manager (A&D / Development / Reserves)* (1 Year)

- Helped execute management buyout of remaining Ridge Runner Resources I assets.
- Provided technical support to come up with and model DrillCo development plan. Presented offset results, type curves, and expected economics to potential investors and ultimately secured DrillCo funding.
- Evaluated acquisition opportunities along with a small A&D team. Determined ultimate bid price and fund raised around several acquisition opportunities with significant potential for value creation.

**Chisholm Energy (Delaware Basin E&P; Eddy / Lea County, NM) – Houston, TX** **11/2020 – 3/2022**  
 36,100 Net Acres | 13,500 Net BOEPD | 2 Rigs | 45 Employees (1.5 Years)  
*Senior Reservoir Engineer (Reserves / A&D / Development)*

- Key player in company turnaround and ultimate sale to Earthstone Energy for \$604MM.
- Maintained reserves database for reserve-based lending and general production/financial modeling.
- Coordinated annual reserve audits with CG&A and prepared reserve materials for lender and board meetings.
- Made major reserves model updates/improvements including a full update of type curves, transition from 2-stream to 3-stream accounting, and rework of model assumptions.
- Created high-level visualizations to provide upper management with improved visibility of key company metrics.
- Provided recommendations to optimize asset development including drill order, well spacing, frac hit avoidance, completion design, and flowback strategy.
- Corresponded with Jefferies during sales process to help set up data room and answer bidder questions.

**Ridge Runner Resources I (Delaware Basin E&P; Eddy / Lea County, NM) – Houston, TX** **6/2018 – 9/2022**  
 13,000 Net Acres | 1,000 Net BOEPD | 2 Rigs (NonOp) | 15 Employees (3 Years)  
*Reservoir Engineer / Senior Reservoir Engineer (A&D / Reserves)*

- Key player on small team with \$300MM private equity commitment from Warburg Pincus. Provided technical and commercial advisement in acquisition and following sale of 13,000 net acres in Delaware Basin assets.
- Began selling due to high comps in 9/2018 NM federal lease sale and Warburg transition away from O&G.
- Corresponded with Evercore during sales process. Helped populate data room and answer bidder questions.
- Setup and maintained database and GIS project for use by team in scouting and evaluation of A&D opportunities.
- Automated daily update emails to ensure team was aware of relevant development activity as soon as possible.
- Created type curve tool with automated DCA and economics capability for rapid opportunity screening/assessment.
- Automated determination of landing zones for new wells based on database of geo tops and well depths.
- Helped establish and quality control land database and exhibits for use in sales process.
- Developed program to map acreage exhibits and allocate acreage to DSU level for opportunity valuation.

3R 000052

**Sable Permian Resources (Midland Basin E&P; Reagan County, TX) – OKC, OK / Houston, TX 1/2017 – 6/2018**

56,500 Net Acres | 20,000 Net BOEPD | 5 Rigs | 150 Employees

(1.5 Years)

*Reservoir Engineer (Development / Reserves)*

- Led development planning presentations to management on a bi-weekly basis, for an assigned 20,000-acre area. Assessed well economics using ARIES and recommended optimal well locations, considering all strategic drivers.
- Setup and maintained ARIES model, including production forecasts, OPEX model, gas shrink, NGL yield, price differentials, and automated integration with systems/data from other departments within the business.
- Developed Python program to determine distances between wells, using point to point well survey distance calculations. Used to automatically assign reserves classifications based on proximity to producing wells.
- Performed RTA study to identify flow regimes, better understand well interference, and estimate EURs.
- Assessed degree of interference between wells at current well spacing and determined the impact of interference on single well economics and future field development. Recommended well spacing adjustment.
- Worked to optimize operational schedule and budget to accelerate production growth and maximize value.
- Estimated expected recovery factor based on OOIP maps, type curves, and existing well production forecasts.
- Created tool to generate development plans, with gun barrel visuals, based on acreage boundaries and well spacing.

**University Lands (Permian Basin Land Management; TX) – Houston, TX****5/2016 – 8/2016**

2.1 million Gross Acres | 65,000 Net BOEPD

(4 Months)

*Reservoir Engineering Intern*

- Coded automated DCA tool to forecast production for thousands of wells across the 2.1-million-acre Permian asset.
- Generated type curves and utilized ARIES to forecast type curve economics – provided acreage valuations.
- Presented analysis to management and was chosen to present to the University Lands Advisory Board.

**EDUCATION****Texas A&M University – College Station, TX****8/2013 – 12/2016**Bachelor of Science – Petroleum Engineering, Geology Minor – **3.83 GPA**

(3.5 Years)

**College Park High School – Academy of Science & Technology – The Woodlands, TX****8/2009 – 6/2013**Graduated Top 5% – **5.05 GPA****SKILLS****Economic Modeling/Reserves:** ARIES**Mapping:** QGIS, ArcGIS, Georeferencing**Public Data:** IHS, Enverus (DI)**Web Scraping:** Fed/State Data, IR Materials**Formation Evaluation:** Techlog**Land/Accounting Systems:** Quorum, Integra**Reservoir Simulation:** CMG, SGeMS**A&D:** I-Bank Sales Processes, Data Rooms, Due Diligence, EnergyNet**Programming/Automation:** Python, HTML, VBA**Data Analysis/Presentation:** MS Office, Spotfire**Data Management:** MSSQL, PostgreSQL, MS Access**Transient Analysis:** KAPPA Topaze/Saphir, IHS Harmony**Well Data/Scheduling:** WellView, SiteView, RigView**Nodal Analysis:** PROSPER

3R 000053

## Reservoir Slides

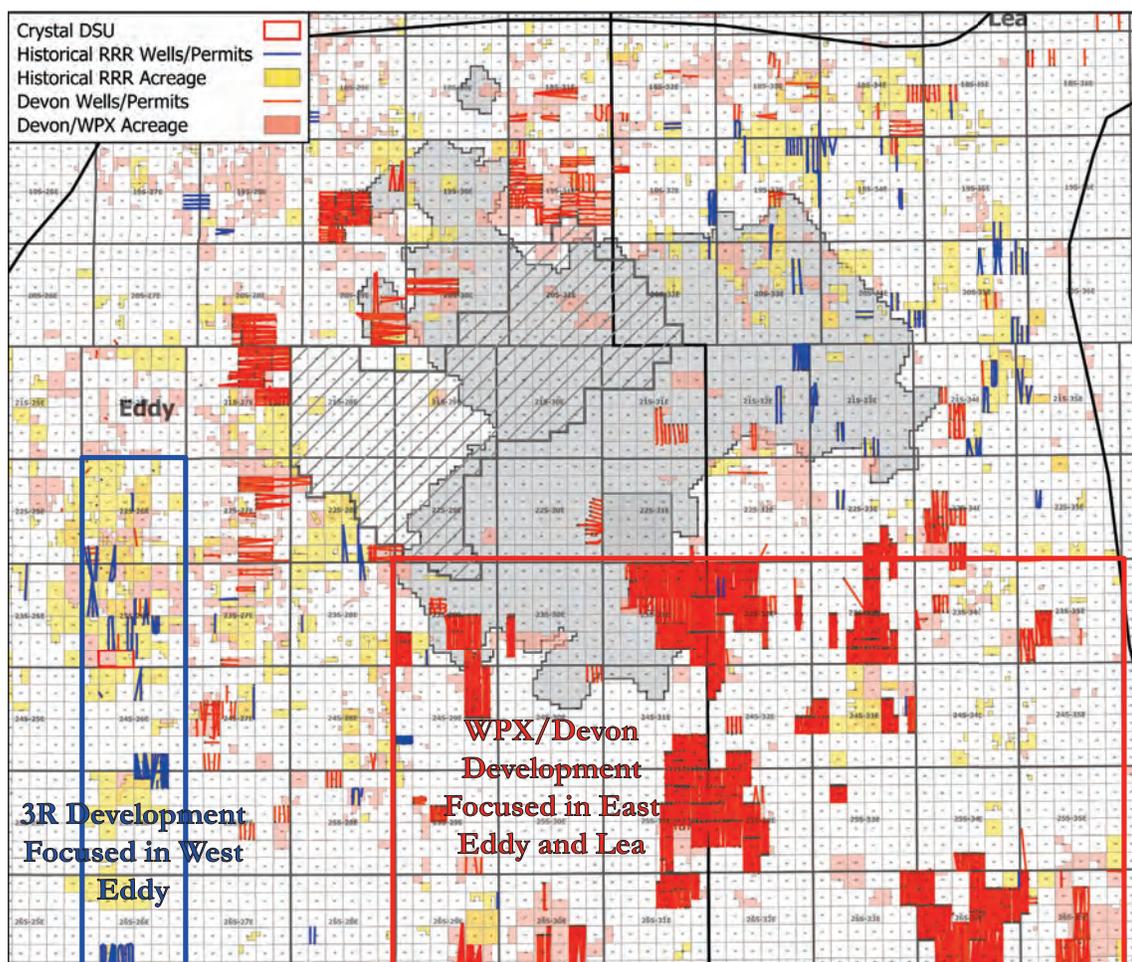
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**3R Operating:** 25123 & 25124 vs. **WPX Energy:** 25204 & 25205

3R 000054 **Lack of Risk; Prudent Operator and Prevent Waste**

# Ridge Runner Resources – Extensive New Mexico Track Record

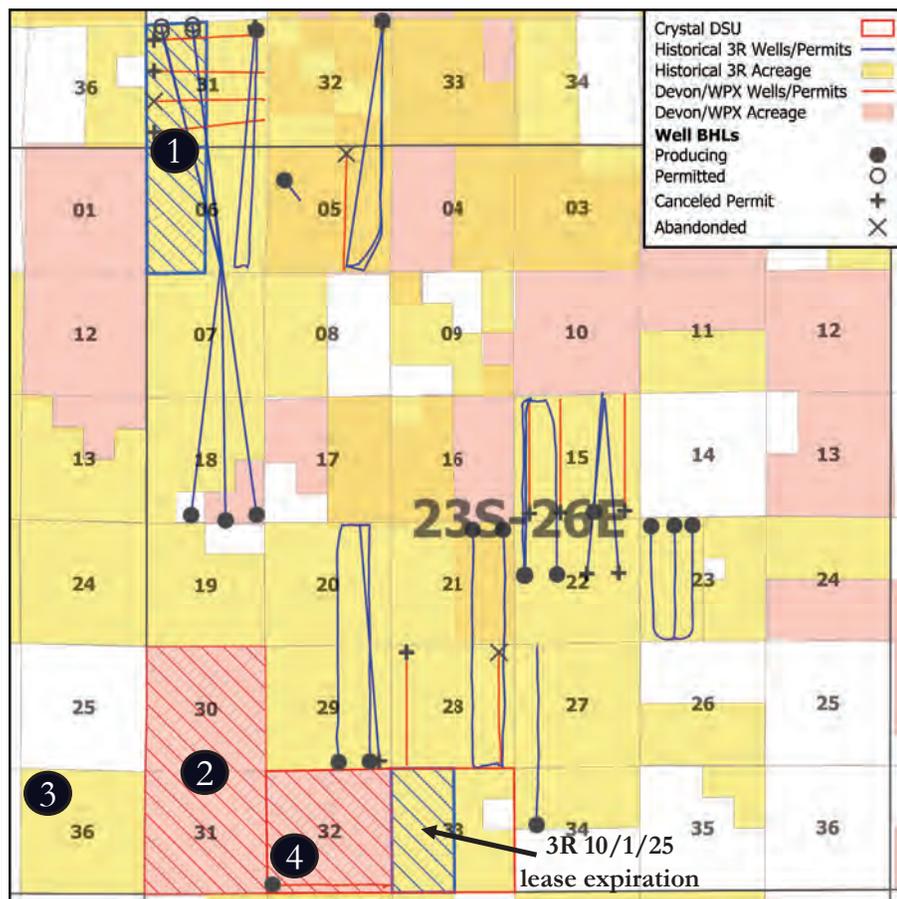
- 111 Horizontals Drilled in Eddy/Lea, NM
- Development focused in West Eddy, surrounding Crystal DSU.
- **Ridge Runner Resources II:** \$500+mm equity commitment from EnCap. Started in late 2023. Currently building NM Delaware Basin position. Continue to acquire acreage while actively trading existing properties to build operated DSUs.
- **Chisholm Energy Holdings:** Backed by Warburg Pincus. 3R team oversaw Chisholm Energy turnaround after COVID. Grew position to 13,500 boepd and 36,100 net acres in Lea and Eddy counties, NM. Exit to Earthstone for ~\$600mm in 2022. Two rig drilling program at the time of exit.
- **Ridge Runner Resources I:** \$300mm equity commitment from Warburg Pincus. Started in 2018. Grew position to ~15,000 net acres in NM. Exited primarily to Matador in 2021.
- **BC Operating:** Led by Scott Germann. Grew to 70,000 net acres and 5,000 boepd. Sold to Marathon for ~\$1.1bn in 2017.



3R 000055 **Good Faith Negotiations; Prudent Operator and Prevent Waste**

## Land/Development – 3R Activity vs WPX Lack of Activity

- 1 3R was the winning bidder of 2 tracts in the area in the 9/2024 NM SLO sale.
- 2 WPX/Devon let 1,274-acre federal lease (NMNM 134857) in sections 30 and 31 get terminated by the BLM, due to missed rental payment(s). This lease was originally issued in 9/2015, providing more than ample time for development.
- 3 3R acreage in 36 23S-25E (9/2025 lease expiration) is stranded due to WPX/Devon terminated federal lease, along with surface constraints.
- 4 The only recent horizontal activity in the area by WPX/Devon was to drill a single 1-mile Wolfcamp A well (Frontier 431H), which was brought online 3/2019. This well was drilled in a bare-minimum and last-minute effort to hold their VB2342 state lease. This lease was issued 1/2014 and had a 1/2019 lease term expiration date.



Wells/Permits in the Area

Operator	Status	Well/Permit Count	Well/Permit %
WPX/Devon	Producing	1	9%
WPX/Devon	Canceled Permit	7	64% 91%
WPX/Devon	Abandoned	3	27%
<b>WPX/Devon</b>	<b>Total</b>	<b>11</b>	<b>100%</b>
3R	Producing	20	69%
3R	Permitted	4	14%
3R	Canceled Permit	5	17%
<b>3R</b>	<b>Total</b>	<b>29</b>	<b>100%</b>



3R 000056

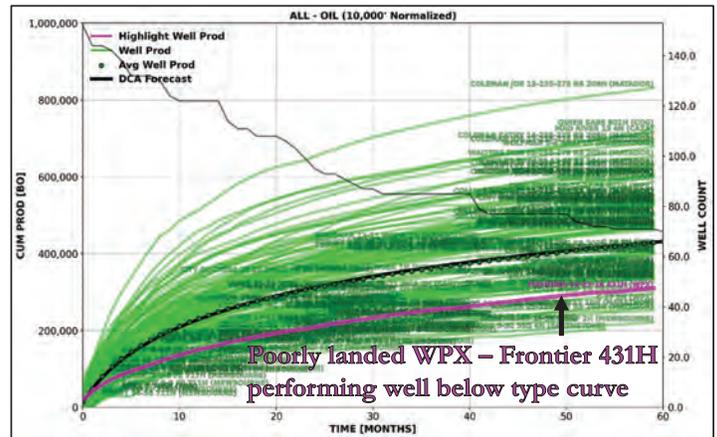
**Prudent Operator and Prevent Waste**

**Wolfcamp XY – 3R Optimal Reserves Capture vs WPX Underperformance**

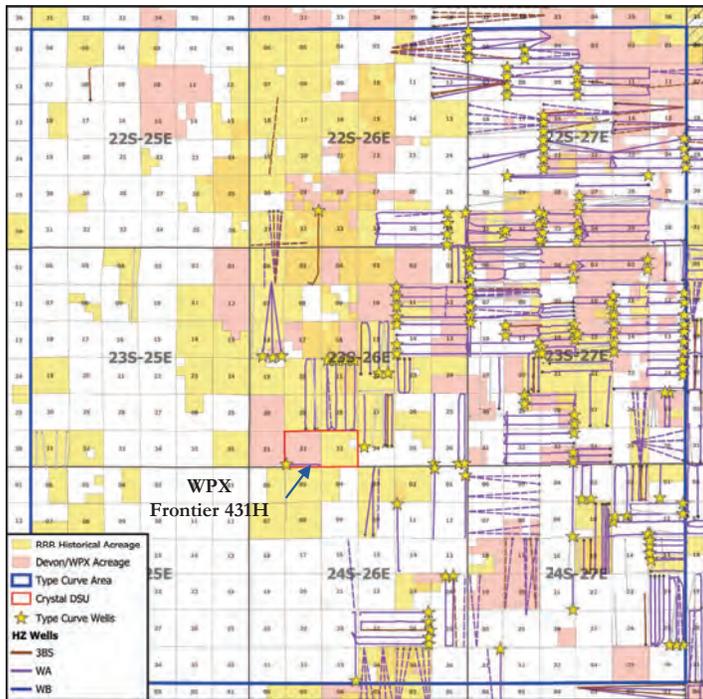
**Summary / Economics**

Zone	WXY	Oil EUR (MBO)	639
Lateral Length (FT)	10,000'	Gas EUR (MMCF)	3,472
Spacing (Wells/Sect.)	4	BOE EUR (MBOE)	1,218
Well Count	4	Total Reserves (MBOE)	4,871

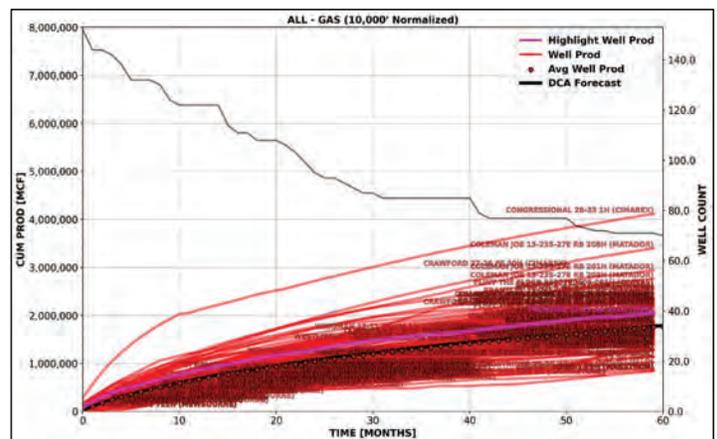
**Cumulative Oil vs Time**



**Locator Map**



**Cumulative Gas vs Time**



- 1) Type Curve Well Filters: Prod Start >1/1/2016; >1,500 #/ft and >1,500 gal/ft completion
- 2) Production normalized to 10,000' lateral length



3R 000057

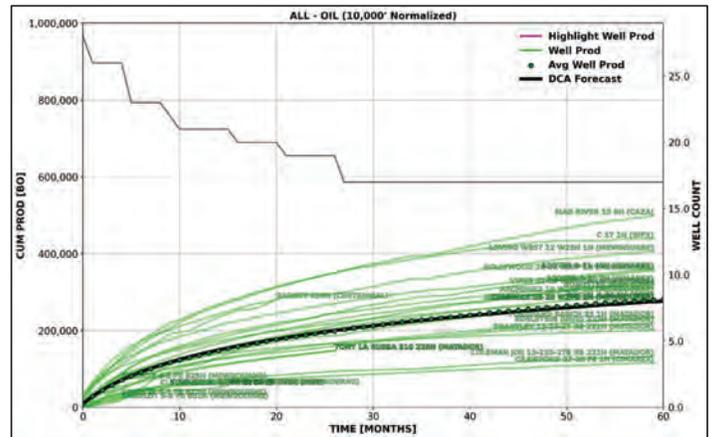
**Prudent Operator and Prevent Waste**

**Wolfcamp B – 3R Reserves Capture vs WPX Lack of Development**

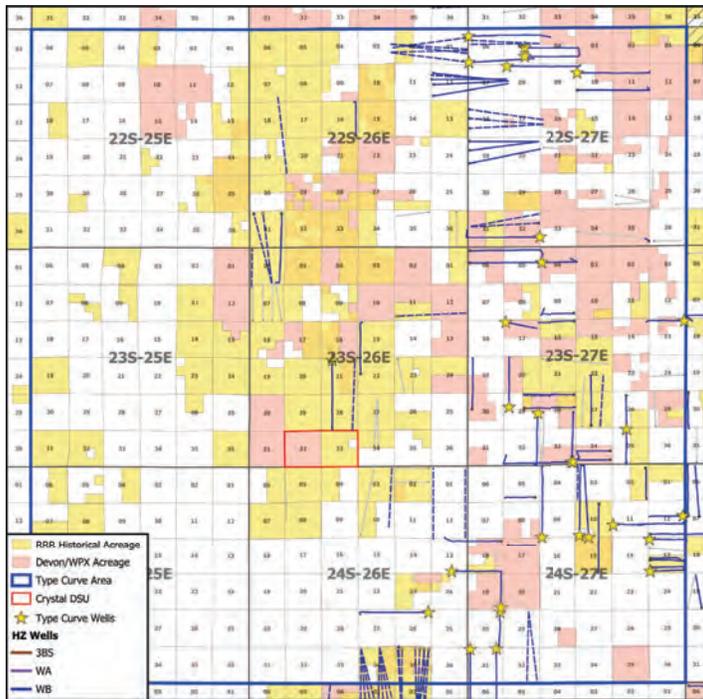
**Summary / Economics**

Zone	WB	Oil EUR (MBO)	439
Lateral Length (FT)	10,000'	Gas EUR (MMCF)	6,881
Spacing (Wells/Sect.)	4	BOE EUR (MBOE)	1,586
Well Count	4	Total Reserves (MBOE)	6,343

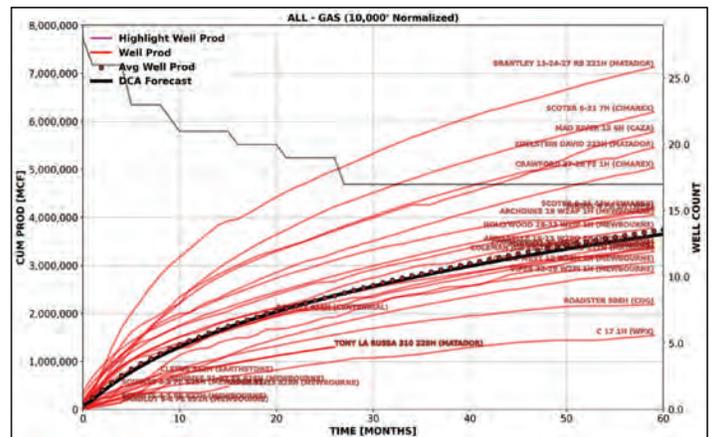
**Cumulative Oil vs Time**



**Locator Map**



**Cumulative Gas vs Time**



- 1) Type Curve Well Filters: Prod Start >1/1/2016; >1,500 #/ft and >1,500 gal/ft completion
- 2) Production normalized to 10,000' lateral length

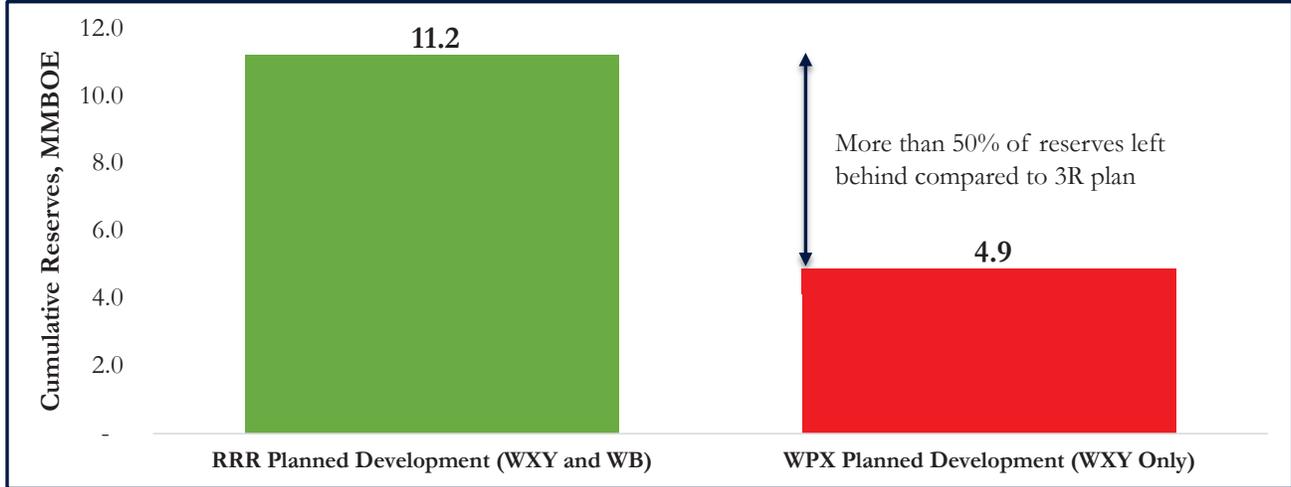


3R 000058

**Prudent Operator and Prevent Waste**

## 3R Development Plan Relative to WPX – Maximizing Reserve Recovery

- 3R’s development plan is designed to maximize recovery of economic reserves while minimizing waste across the unit
  - Development based on 4 wells per section in both the Wolfcamp XY and Wolfcamp B
  - WPX/Devon’s plan to develop only the Wolfcamp XY leaves more than 50% of reserves behind
- 3R’s development plan results in over 2x hydrocarbon recovery compared to WPX’s proposed development plan
- Development of both the Wolfcamp XY and Wolfcamp B will maximize recovery by helping to avoid future frac hits and unnecessary parent/child well issues that adversely impact well performance
- WPX/Devon’s AFEs suggest they plan to undercomplete their wells, which will result in additional reserves being uncaptured.



Note: Reserves volumes shown are based on 3R engineered type curves



3R 000059

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS, AND NATURAL RESOURCES  
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  
CASE NO. 25124**

**SELF-AFFIRMED STATEMENT OF TYLER LANE**

I, Tyler Lane, state the following:

1. My name is Tyler Lane, and I am employed by 3R Operating, LLC (“3R”) as the Operations Manager.
2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”), and my qualifications as an expert in petroleum facility engineering matters have not been accepted and made a matter of record. I have several years of experience in facility engineering matters, and I have worked directly or in a supervisory role with the properties that are the subject of this matter. A copy of my resume is attached below as **Exhibit 3R 000062**.
3. I am familiar with the applications in these cases and the operations engineering involved.
4. I submit this self-affirmed statement in support of 3R’s applications in the above-referenced cases.
5. I have been involved in the planning and development of the well pad and facility design associated with 3R’s development plan.
6. I prepared engineering exhibits pertaining to the proposed facilities intended to service the horizontal spacing units at issue in the above-referenced cases.

3R 000060

7. **3R 000065** shows 3R's proximate operations.
8. **3R 000066** is 3R's comprehensive area development plan.
9. **3R 000067** shows 3R's ability to mitigate surface and environmental impacts.
10. **3R 000069** illustrates 3R's extensive infrastructure.

11. Based upon my study as illustrated in the exhibits referenced above, my knowledge of completions in this area and facilities designs, and my education and training, it is my expert opinion that:

- a. 3R's development plan will efficiently and economically develop the spacing units, will prevent waste, and will avoid the drilling of unnecessary wells.
- b. 3R's comprehensive area development plan and extensive infrastructure will lower operating expenses over the life of the wells, increase safety and reliability, and eliminate routine flaring during the normal course of operations. This will prevent waste and reduce impacts to the surface and environment.

11. 3R's Operations Exhibits described above were prepared by me or under my direct supervision.

12. The granting of this application 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.

13. I affirm that to the best of my knowledge and belief, all of the matters set forth herein are true, correct, and accurate and made under penalty of perjury under laws of the State of New Mexico.

*[Remainder of page left intentionally blank]*

3R 000061

FURTHER AFFIANT SAYETH NOT.

Dated this 21 day of April, 2025.

\_\_\_\_\_  
Tyler Lane  
3R Operating, LLC

STATE OF Texas )  
 ) ss.  
COUNTY OF Harris )

The foregoing instrument was subscribed and sworn to before me this 21 day of April, 2025, by Tyler Lane, Operations Manager for 3R Operating, LLC.

Witness my hand and official seal.

My commission expires: March 12, 2029



\_\_\_\_\_

3R 000062

**TYLER LANE**HOUSTON, TX | PH: (806) 736-0191 | [TYLERLANE1988@YAHOO.COM](mailto:TYLERLANE1988@YAHOO.COM)**EXPERIENCE****Ridge Runner Resources II, LLC – Houston, TX***Operations Manager – N. Delaware Basin – NM*

6/2024 – Present

- Overseeing all operations and engineering for Ridge Runner Resources II in Delaware Basin (NM & TX) and Northwest Shelf.
- Drilled, Completed, and Constructed Facilities for Ridge Runner's first 3 wells in Eddy County, NM (2024).
- Providing AFE analysis for all Business Development opportunities.
- Managing RRR II's regulatory processes, staking pads/wells, and submitting permits to maintain a multiple rig program.
- Part of the team that has grown RRR II to ~36,000 net acres ~11,000 boepd in less than a year
- Backed with a strong EnCap Commitment of \$550MM plus RBL

**KTL Energy, LLC – Fort Worth, TX***Founder/Owner*

5/2022 – 5/2024

- Founded an engineering consulting business with the intent of assisting local operators in basins across US Land.
- Oversaw all engineering for Marlin Operating in the Northern Delaware Basin (Drilling & Completions)
  - Negotiate and organize MSAs, COIs, & W-9s with all vendors
  - Assist in ROW negotiations with Landowners
  - Design and implement road/pad construction
  - Submit permits to NMOCD
- Assisted multiple operators on AFE creation, operations implementation, and asset evaluation.

**Chisholm Energy Holdings, LLC – Fort Worth, TX***Operations Manager – N. Delaware Basin – NM*

3/2017 – 5/2022

- Oversaw all operations and engineering for Chisholm Energy in the Northern Delaware Basin (Drilling, Completions, Production and Workovers)
- Led operations team in building efficiencies across all aspects that resulted in class leading D&C \$/ft, as well as lifting \$/BOE
- From initial asset acquisition in May 2017, grew Chisholm Energy's operated production from <1,000 BOE/day to >13,000 BOE/day
- Built and circulated all D&C AFE's for approval. Also worked with planning and finance teams to develop forward looking costs for yearly D&C, LOE, workover, and P&A budget approval
- Developed process for submitting permits to the BLM & NMOCD to meet time requirements for approval
  - Scheduled on-sites with BLM for site & access approval
  - Designed road/pad construction to BLM/OCD specifications
  - Developed wellbore diagram, directional plan & excel model for casing/cement design, as well as safety factor calculations to submit within the drilling permit
  - Worked with the land team on SUA & ROW approval
- Implemented and tracked workover schedule for initial artificial lift install of multiple types, including ESP's & gas lift, as well as lift type conversions and P&A's
- Worked closely with midstream companies on scheduling of pipeline construction to meet timing of fracs and well turn-in-line dates as well as to achieve recycled water utilization targets

3R 000063

- Managed and helped develop BLM & NMOCD production reporting templates, streamlining the submittal process, and implementing a simplified approach for merging new wells from acquisitions
- Work with the team on asset valuation and acquisition transition (Nearburg Producing Co, Resource Rock Exploration, and various offset acreage opportunities) as part of Chisholm Energy's growth strategy
- Implemented Chisholm Energy's reporting software, W Energy Upstream (FKA: NeoFirma)
- Assisted in building Chisholm Energy's Power BI dashboard and reports for quick data analysis and presentation
- Provided technical input to Jefferies for Chisholm Energy's VDR presentation as part of the successful divestiture of Chisholm Energy's ~35,000 acres in the Northern Delaware Basin to Earthstone Energy for \$604 MM

### **Range Resources Corporation – Fort Worth, TX**

*Senior Drilling/Ops Engineer – Appalachian, Midland, Anadarko & Powder River Basins* 3/2015 – 3/2017

- Managed completion and production operations of ~150 horizontal Marcellus wells
- Developed interactive frac-packets utilized during frac ops that were uploaded into WellView
- Implemented procedures for installing artificial lift in Range Resources' first gas lift installs in Central Marcellus
- Managed drilling operations in the Appalachian basin, running up to 4 drilling rigs (both air drilling and fluid drilling)
- Drilled Range Resources' first horizontal Utica and Marcellus wells in northwest PA
- Drilled Range Resources' first horizontal Muddy Sandstone test in the Powder River Basin
- Assisted in the transfer of operations of the Anadarko Basin to the Fort Worth team and implemented new drilling design in the Mississippian "Chat" horizontal play that saved >\$1MM/well

*Drilling Engineer I, II, III – Appalachian, Barnett Shale & Midland Basins* 1/2011 – 3/2015

- Worked on 6-month rotation of sitting drilling rigs in Range Resources' NE Marcellus acreage
- Managed engineering duties for 2 to 4 horizontal drilling rigs and 1 to 2 air drilling rigs
- Implemented drilling program for Range Resources' Wolfberry vertical wells in Sterling & Glasscock County, TX
- Drilled Range Resources' first horizontal Wolfcamp and Cline Shale tests in Sterling County, TX
- Assisted in implementing a drilling program on Range Resources' first Eagleford well in Madison County, TX
- Drilled Barnett Shale wells before a successful divestiture to Legend Natural Gas IV LP

*Drilling/Completion/Production Engineering Internship – Fort Worth Basin – TX* Summer '10

*Reservoir Engineering Internship – Fort Worth Basin – TX* Summer '09

### **EDUCATION**

Texas Tech University

**Bachelor of Science in Petroleum Engineering** 12/2010

### **ASSOCIATIONS, CERTIFICATIONS & TRAINING**

Society of Petroleum Engineers (SPE) American Association of Drilling Engineers (AADE)  
 Fort Worth Wildcatters Halliburton Drill Bit School  
 Murchison Drilling School TADS Award Top 10% of Graduates  
 IADC Well Control Training

### **SOFTWARE**

Quorum, W Energy Software, Bolo, DocVue, Power BI, Spotfire, Tableau, WellView, SiteView, RigView, ARIES, OGRE

3R 000064

## Operations Slides

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**3R Operating:** 25123 & 25124 vs. **WPX Energy:** 25204 & 25205

3R 000065

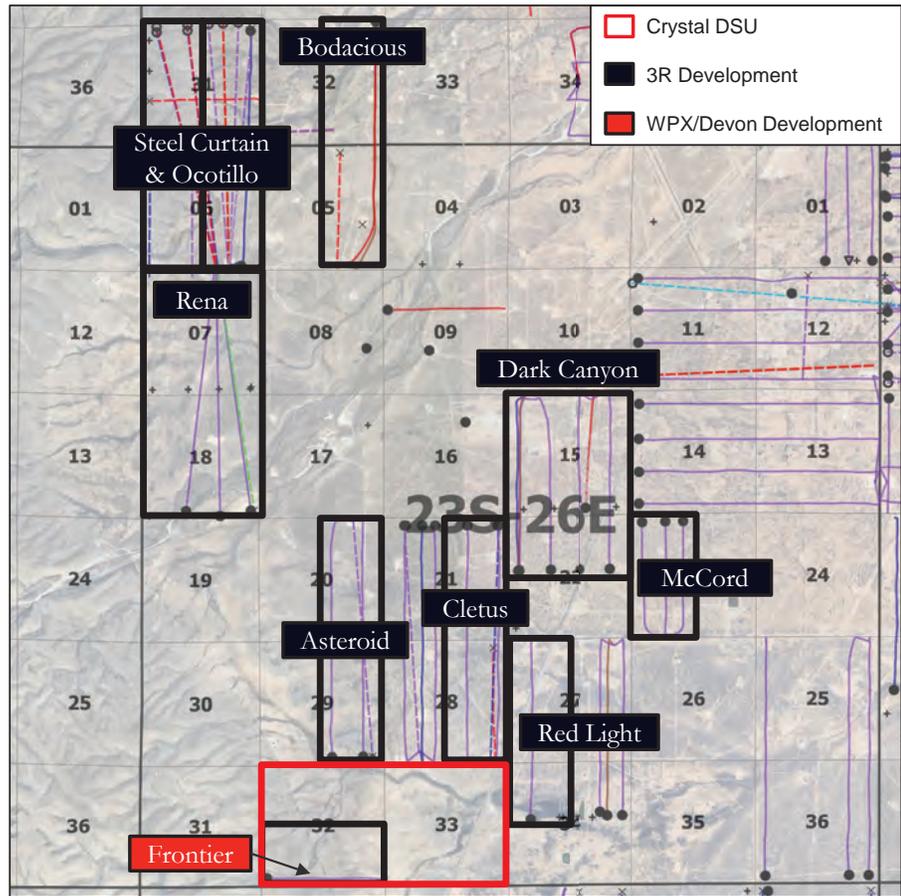
Lack of Risk (3R Experience)

### Since 2018, 3R Team Leads In Drilling & Production In the Crystal Area

3R Team's development within a 6-mile radius has led to the production to date of:

**> 2.8 Million barrels of oil**  
**> 16 BCF of gas**

- The 3R team has extensive experience in the area
- Within the Crystal township, 23S-26E, 3R team has:
  - Drilled 20 wells totaling >360,000 feet
  - Perforated >160,000 lateral feet
  - Consistently delivered wells 5-10% under budget

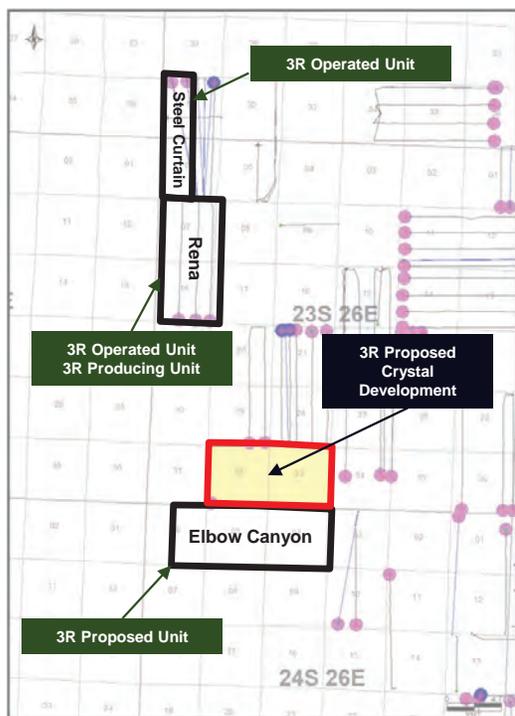


3R 000066

Cost Estimates

# 3R Implementing Comprehensive Near-Term Development Use Plan for Area

## Near-term permit approval and development timing with 3R development plan



Pad	Well Name	Permit Submitted	Permit Approved	Spud Date
1	Crystal 33 32 Fed Com 701H	Nov-24	Estimated 7/1/25	Aug-25
1	Crystal 33 32 Fed Com 702H	Nov-24	Estimated 7/1/25	Aug-25
1	Crystal 33 32 Fed Com 801H	Jul-25	Estimated 1/1/26	Feb-26
1	Crystal 33 32 Fed Com 802H	Jul-25	Estimated 1/1/26	Feb-26
2	Crystal 33 32 Fed Com 703H	Jul-25	Estimated 1/1/26	Feb-26
2	Crystal 33 32 Fed Com 803H	Jul-25	Estimated 1/1/26	Feb-26
2	Crystal 33 32 Fed Com 804H	Jul-25	Estimated 1/1/26	Feb-26

Target spud date of early 3Q25 to save 3R lease

- 3R plans to pick up a rig in June 2025 and plans development to commence at Crystal shortly after Compulsory Pooling Order, estimated to be July 2025.
- Permits have been halted at the BLM Carlsbad field office due to WPX/Devon protest without prior notification to 3R
- After protest was filed, 3R decided to hold on remaining APD submittals until a Compulsory Pooling Order was received
- Crystal APD's are on a "High Priority List" as communicated with the BLM NRA Agent on a regular basis by 3R's Director of Environmental & Regulatory



3R 000067

Surface Factor

## A 3R Core Doctrine: Environmental, Social, & Governance Policy

### Overview

- Zero spills for 2024, 1Q 2025
- Zero incidents with employees or contractors.
- Austin Trammell, Director of Environmental & Regulatory on staff
- Continuing to perform all operations at or above New Mexico Precursor Rule specifications
  - Zero flare policy as a company
  - Modern facility designs in compliance with NM Precursor rule and OOOOb for long term success
  - Fully enclosed vent system to prevent releases, improving environmental protection and operational safety
  - Drilling and Completions operations are conducted with adaptable & re-usable liner system for spill mitigation in sensitive Karst areas
- Working on utilizing turbine systems to create microgrid zones for immediate electrification on new pads. This will lower LOE (delivering close to line power costs), reduce emissions, and deliver more stable power to pads

3R Facility (Q3 2024)



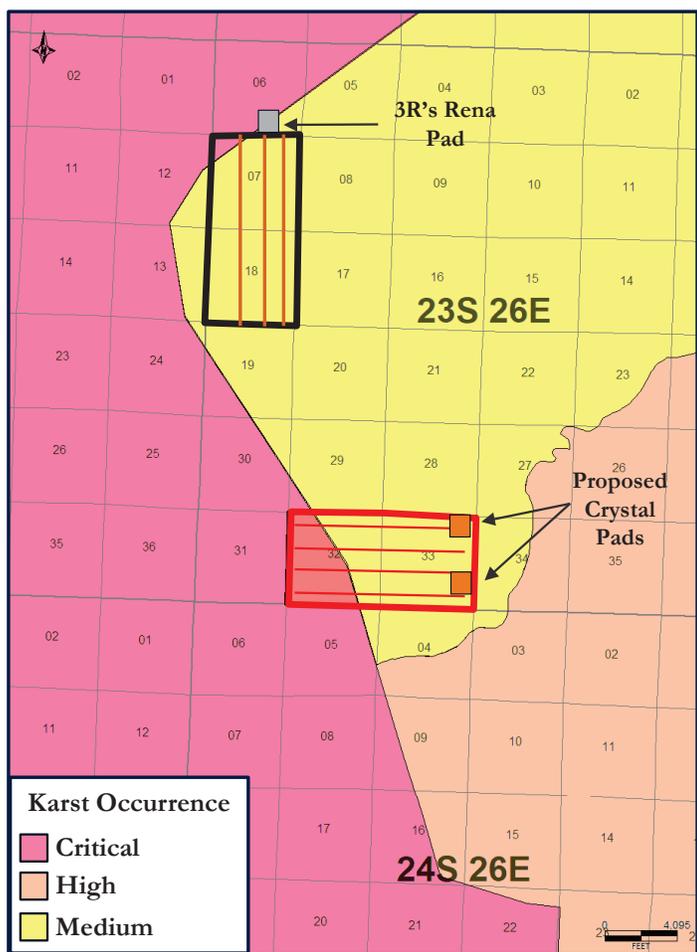
**Team has experience operating in compliance with New Mexico environmental laws and has full support of EnCap to make outlays to meet those standards.**



3R 000068

Surface Factor

# 3R Leading the Way: Inventive Protective Liner System in Sensitive area



## Sensitive Karst Protection

- 3R's proposed "puppy" pads for the Crystal Project Area lie within the medium karst occurrence area.
- 3R's drilling and completion operations are conducted on top of an adaptable & re-usable liner/berm system for spill mitigation in sensitive Karst areas

## Rena Pad Frac Ops (August 2024)



3R 000069

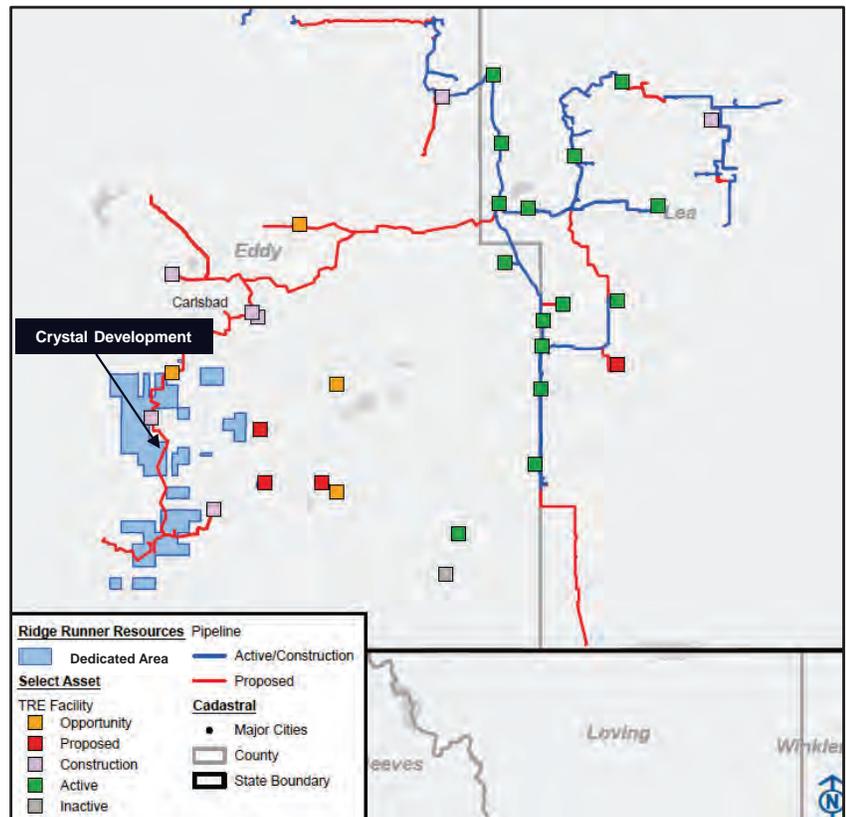
Surface Factor & Cost Estimate

3R has signed agreement to move forward with 100% Reuse/Recycle System

Concrete Plan with 100% Reuse of State's Water

- Long term dedication with industry sector leading partner
- Anchor operator – 3R will be 1<sup>st</sup> barrel on the system
- Recycle System will allow 3R to minimize impact on New Mexico’s freshwater resources; system is designed to make the most responsible use of the state’s water
- System is designed to handle produced and recycled water simultaneously
- Significant storage capacity for water recycling. 3R will not dispose of any produced water barrels for the first 2 years of development and possibly longer
- Proforma recycling throughput of >2.5MM bpd and 37 MM bbls of treated produced water storage capacity

System Trunkline Runs Near Crystal Locations



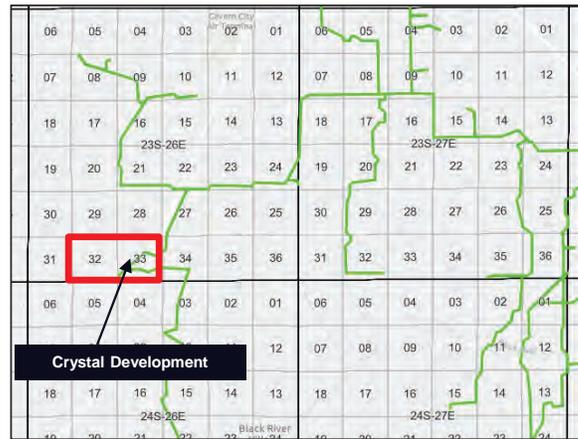
3R 000070

Surface Factor

# All Hydrocarbons Piped Day 1: No Flaring, No Hauling

## Plains Oryx Permian Basin Pipeline (Oil)

- Acreage currently dedicated to industry leading midstream company that includes gathering
- Plains Oryx has infrastructure in place to gather oil volumes on day 1 of production
- 3R plans to have 100% of the oil on pipeline in order to eliminate truck traffic and associated waste



## ETC/Sendero Pipeline Network (Gas)

- Acreage currently dedicated to industry leading midstream company that includes gathering.
- ETC has infrastructure in place to gather gas volumes on day 1 of production
- 3R plans to have 100% of the gas on pipeline, eliminating the need to flare and reducing environmental impact



**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  
CASE NO. 25124**

**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 applications filed by 3R in the above-referenced cases and the status of the lands in the subject lands.

4. Under Case No. 25123, 3R seeks an order (1) approving a standard 640 -acre, more or less, horizontal spacing unit (“HSU”) underlying the N/2 of Sections 32 and 33, Township 23 South, Range 26 East, Eddy County, and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

5. Under Case No. 25124, 3R seeks an order (1) approving a standard 640 -acre, more or less, horizontal spacing unit (“HSU”) underlying the S/2 of Sections 32 and 33, Township 23 South, Range 26 East, Eddy County, and (2) pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

3R 000072

6. **Exhibit 3R 000076** is a general location map showing the proposed Wolfcamp formation spacing units., covering federal and state lands.

7. **Exhibit 3R 000077** contains the Form C-102s reflecting that the proposed Wolfcamp wells to be drilled and completed in the subject units. The location of each well is orthodox and meets the Division's offset requirements.

8. **Exhibit 3R 000091** outlines the proposed Wolfcamp units and tracts therein and describes 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 owner.

9. **Exhibit 3R 000099** 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.

10. 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.

11. 3R requests the maximum cost, plus 200% risk charge be assessed against nonconsenting working interest owners.

12. **Exhibit 3R 000097** 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 owners' 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.

13. 3R requests that it be designated operator of the unit and wells.

14. 3R's Land Exhibits were either prepared by me or under my direction and supervision.

15. The granting of these applications for compulsory pooling and approval of standard spacing units are in the best interest of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

16. 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]*

3R 000074

FURTHER AFFIANT SAYETH NOT.

Dated this 22<sup>nd</sup> day of April, 2025.



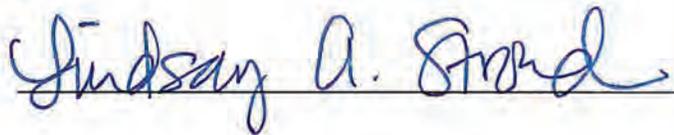
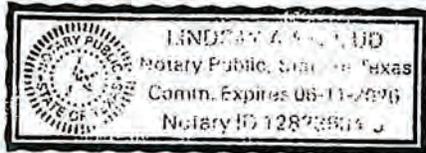
\_\_\_\_\_  
Brian van Staveren  
3R Operating, LLC

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF HARRIS                )

The foregoing instrument was subscribed and sworn to before me this 22 day of April, 2025, by Brian van Staveren, Senior Landman for 3R Operating, LLC.

Witness my hand and official seal.

My commission expires: 6/11/2026



3R 000075

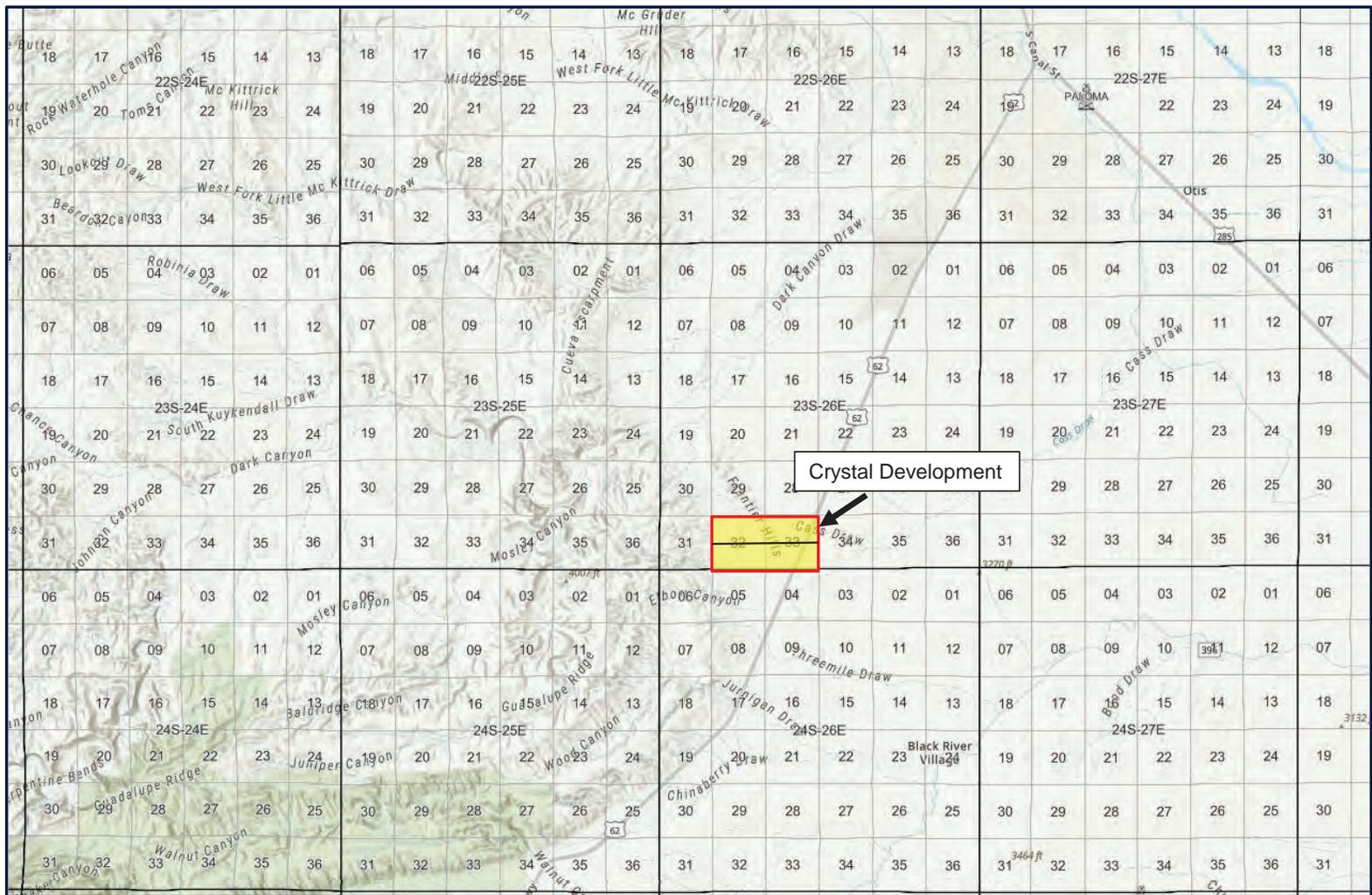
## Land Slides

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**3R Operating:** 25123 & 25124 vs. **WPX Energy:** 25204 & 25205

# Area Locator Map

3R 000076

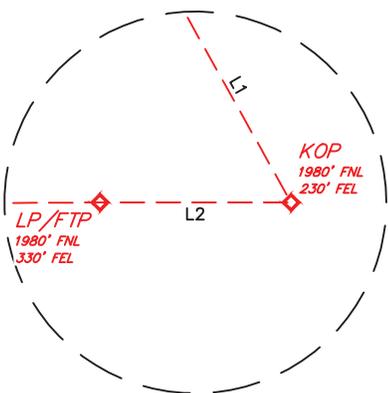








Property Name CRYSTAL N 33 32 FED COM	Well Number 702H	Drawn By N.R. 10-23-24	Revised By REV. 1 D.M.C. 11-14-24 (SHL MOVE & ADD KOP)
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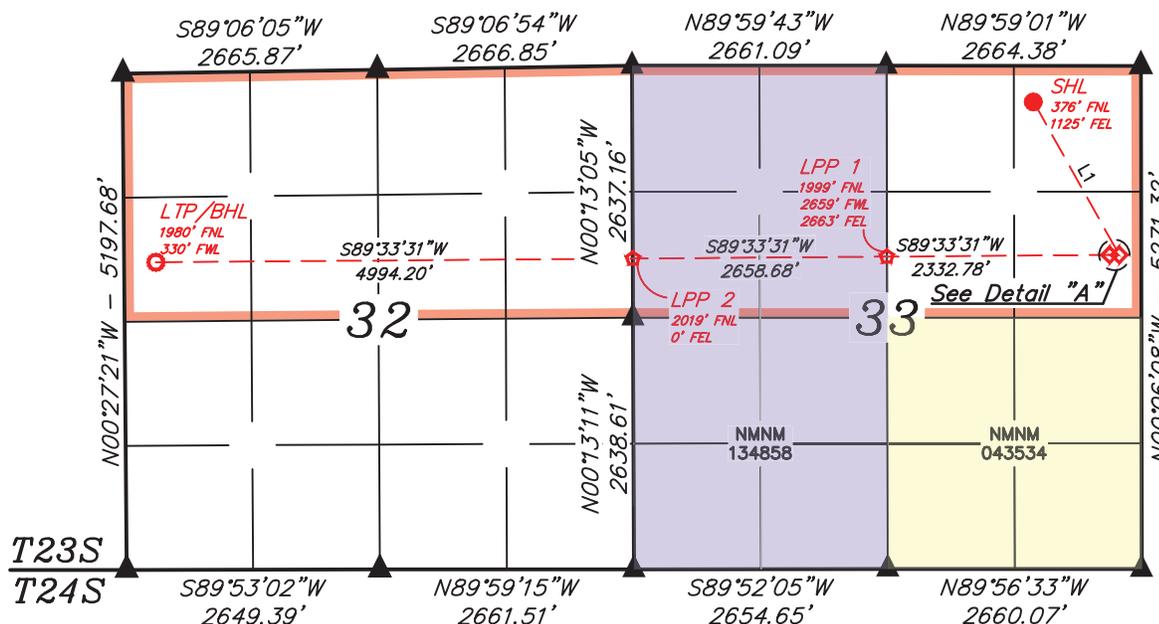


Detail "A"  
No Scale

- = 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'

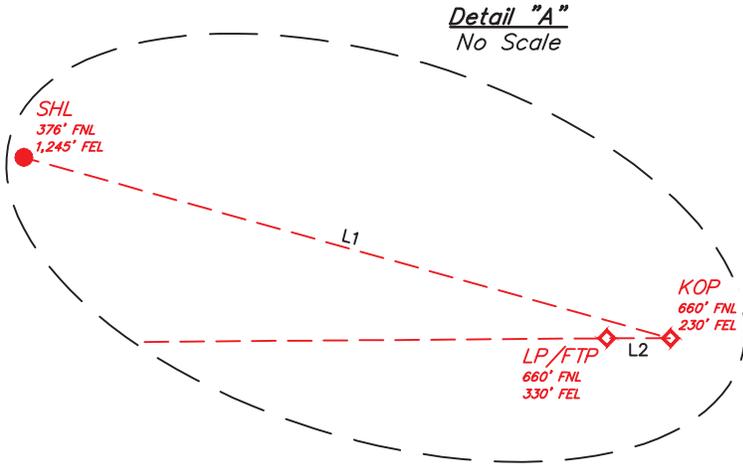


SCALE

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



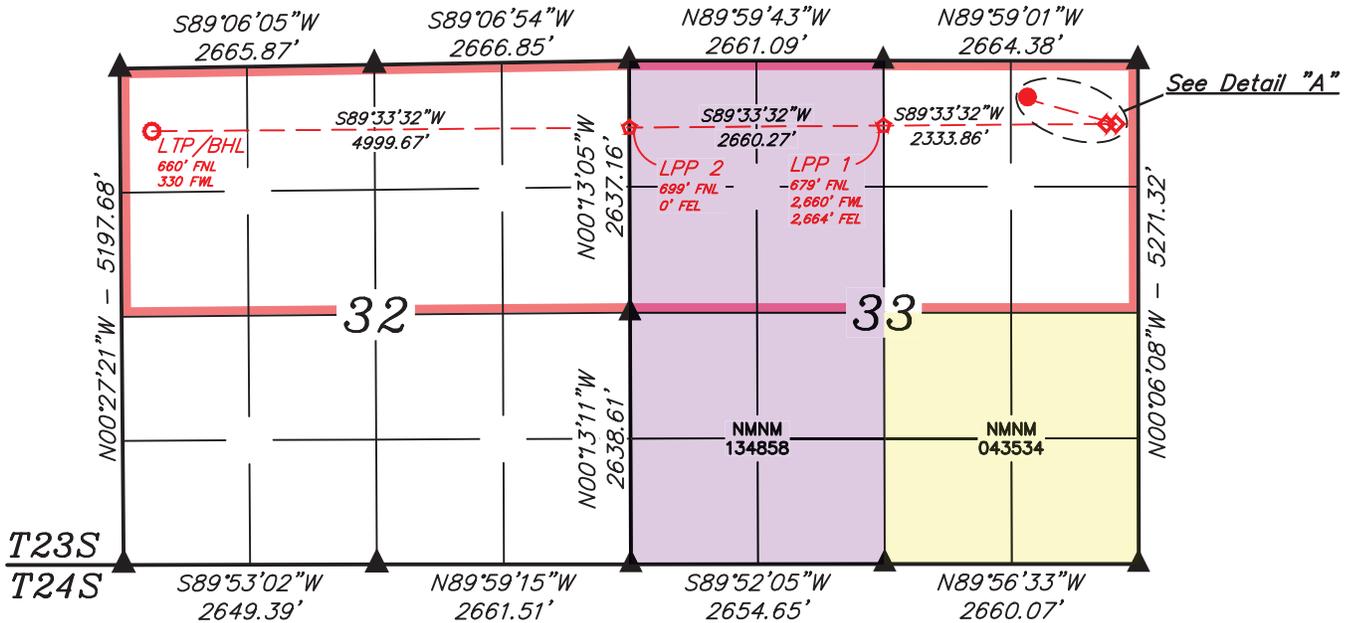
Property Name CRYSTAL N 33 32 FED COM	Well Number 801H	Drawn By N.R. 01-14-25	Revised By
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- = SURFACE HOLE LOCATION
- ◆ = KICK OFF POINT/LANDING POINT/FIRST TAKE POINT
- ☆ = LEASE PENETRATION POINT
- = LAST TAKE POINT/BOTTOM HOLE LOCATION
- ▲ = SECTION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

**NOTE:**

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- 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°)	
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N: 460433.62' E: 544520.32'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 460375.91' E: 503338.41'	

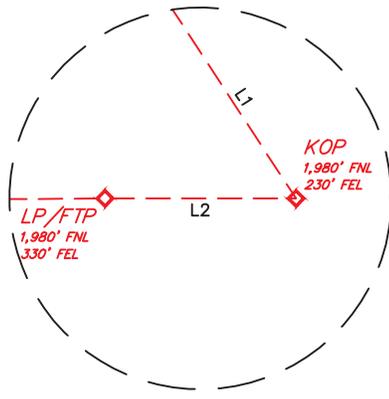


SCALE

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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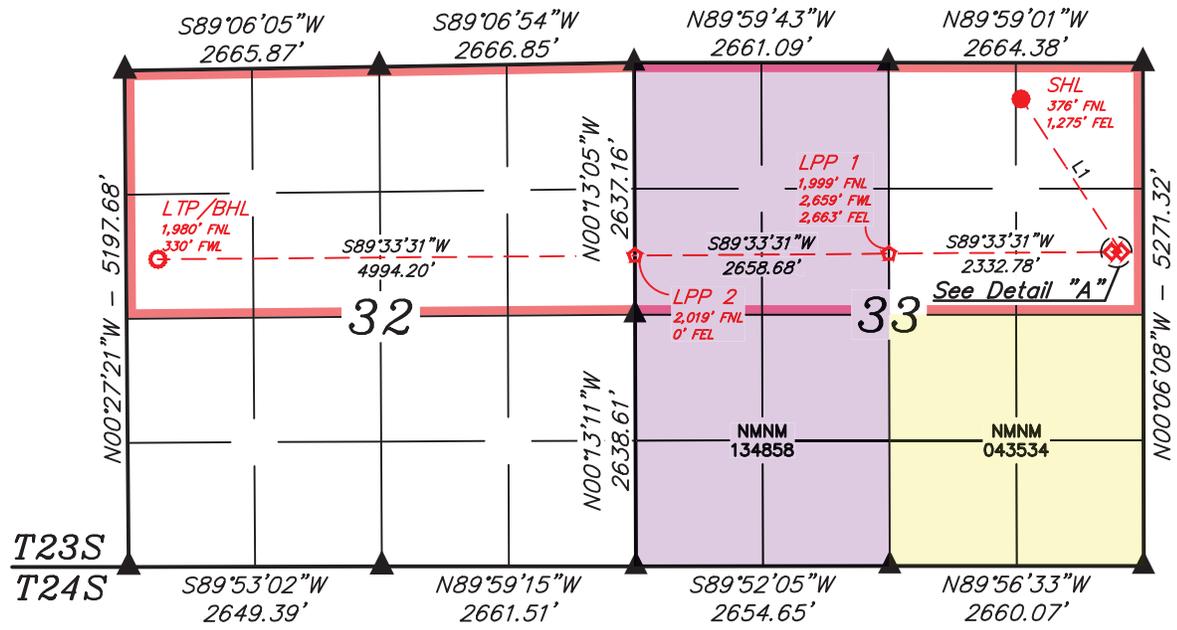


Detail "A"  
No Scale

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<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'

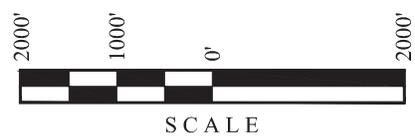
<b>NAD 83 (KICK OFF POINT)</b>
LATITUDE = 32°15'45.00" (32.262500°)
LONGITUDE = -104°17'25.32" (-104.290366°)
<b>NAD 27 (KICK OFF POINT)</b>
LATITUDE = 32°15'44.58" (32.262382°)
LONGITUDE = -104°17'23.51" (-104.289864°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 459233.15' E: 554618.85'
<b>STATE PLANE 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>
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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	S33°09'13"E	1916.17'
L2	N89°59'01"W	100.00'

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

**WELL LOCATION INFORMATION**

API Number	Pool Code 98220	Pool Name PURPLE SAGE; WOLFCAMP
Property Code	Property Name CRYSTAL S 33 32 FED COM	Well Number 703H
OGRID No. 331569	Operator Name 3R OPERATING, LLC	Ground Level Elevation 3,355.5'
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
I	33	23S	26E		1,335 SOUTH	295 EAST	32.257124°	-104.290541°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
L	32	23S	26E		1,980 SOUTH	330 WEST	32.258766°	-104.322936°	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
I	33	23S	26E		1,980 SOUTH	230 EAST	32.258896°	-104.290342°	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
I	33	23S	26E		1,980 SOUTH	330 EAST	32.258896°	-104.290666°	EDDY

Last Take Point (LTP)

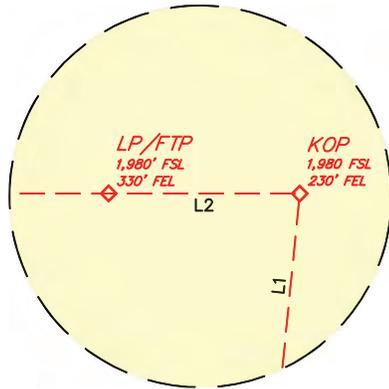
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
L	32	23S	26E		1,980 SOUTH	330 WEST	32.258766°	-104.322936°	EDDY

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 _____ January 15, 2025
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 S 33 32 FED COM	Well Number 703H	Drawn By N.R. 01-16-25	Revised By
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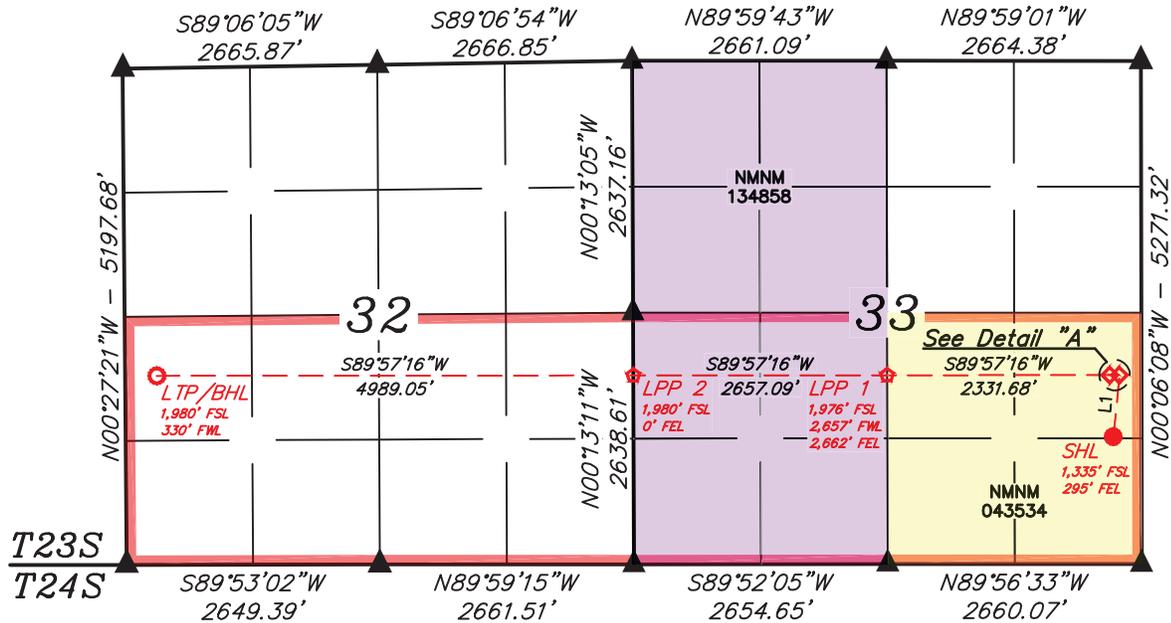


Detail "A"  
No Scale

- = 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:

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- 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°15'25.65" (32.257124°)	
LONGITUDE = -104°17'25.95" (-104.290541°)	
<b>NAD 27 (SURFACE HOLE LOCATION)</b>	
LATITUDE = 32°15'25.22" (32.257007°)	
LONGITUDE = -104°17'24.14" (-104.290039°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457277.57' E: 554565.57'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457219.71' E: 513383.48'	

<b>NAD 83 (KICK OFF POINT)</b>	
LATITUDE = 32°15'32.03" (32.258896°)	
LONGITUDE = -104°17'25.23" (-104.290342°)	
<b>NAD 27 (KICK OFF POINT)</b>	
LATITUDE = 32°15'31.60" (32.258779°)	
LONGITUDE = -104°17'23.43" (-104.289840°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457922.35' E: 554626.68'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457864.47' E: 513444.61'	

<b>NAD 83 (LPP)</b>	
LATITUDE = 32°15'32.02" (32.258896°)	
LONGITUDE = -104°17'26.40" (-104.290666°)	
<b>NAD 27 (LPP)</b>	
LATITUDE = 32°15'31.60" (32.258778°)	
LONGITUDE = -104°17'24.59" (-104.290164°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457922.03' E: 554526.71'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457864.16' E: 513344.63'	

<b>NAD 83 (LPP 1)</b>	
LATITUDE = 32°15'31.92" (32.258866°)	
LONGITUDE = -104°17'53.54" (-104.298207°)	
<b>NAD 27 (LPP 1)</b>	
LATITUDE = 32°15'31.50" (32.258749°)	
LONGITUDE = -104°17'51.74" (-104.297705°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457910.41' E: 552195.62'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457852.59' E: 511013.57'	

<b>NAD 83 (LPP 2)</b>	
LATITUDE = 32°15'31.79" (32.258832°)	
LONGITUDE = -104°18'24.48" (-104.306800°)	
<b>NAD 27 (LPP 2)</b>	
LATITUDE = 32°15'31.37" (32.258715°)	
LONGITUDE = -104°18'22.67" (-104.306298°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457897.17' E: 549539.21'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457839.41' E: 508357.18'	

<b>NAD 83 (LTP/BHL)</b>	
LATITUDE = 32°15'31.56" (32.258766°)	
LONGITUDE = -104°19'22.57" (-104.322936°)	
<b>NAD 27 (LTP/BHL)</b>	
LATITUDE = 32°15'31.14" (32.258649°)	
LONGITUDE = -104°19'20.76" (-104.322433°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457872.30' E: 544551.43'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457814.66' E: 503369.47'	

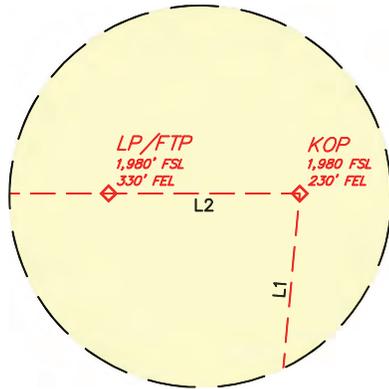


SCALE

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N05°39'17"E	647.83'
L2	N89°56'33"W	100.00'



Property Name CRYSTAL S 33 32 FED COM	Well Number 803H	Drawn By N.R. 01-16-25	Revised By
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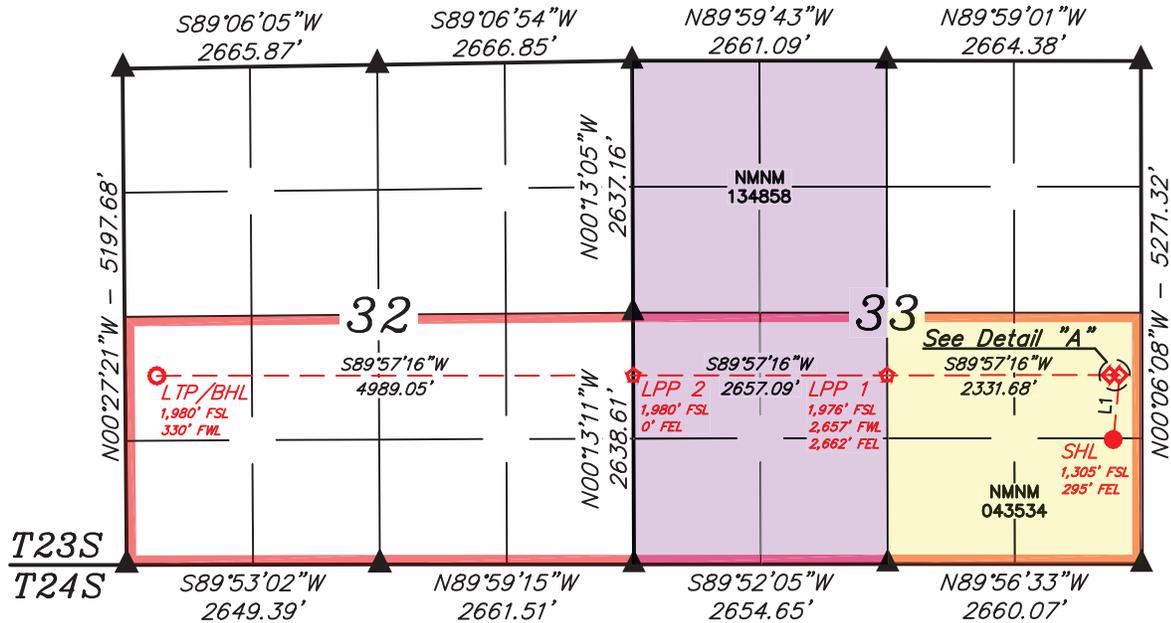


Detail "A"  
No Scale

- = 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°15'25.35" (32.257042°)	
LONGITUDE = -104°17'25.94" (-104.290540°)	
<b>NAD 27 (SURFACE HOLE LOCATION)</b>	
LATITUDE = 32°15'24.93" (32.256924°)	
LONGITUDE = -104°17'24.14" (-104.290038°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457247.58' E: 554565.75'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457189.72' E: 513383.66'	

<b>NAD 83 (KICK OFF POINT)</b>	
LATITUDE = 32°15'32.03" (32.258896°)	
LONGITUDE = -104°17'25.23" (-104.290342°)	
<b>NAD 27 (KICK OFF POINT)</b>	
LATITUDE = 32°15'31.60" (32.258779°)	
LONGITUDE = -104°17'23.43" (-104.289840°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457922.35' E: 554626.68'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457864.47' E: 513444.61'	

<b>NAD 83 (LPP)</b>	
LATITUDE = 32°15'32.02" (32.258896°)	
LONGITUDE = -104°17'26.40" (-104.290666°)	
<b>NAD 27 (LPP)</b>	
LATITUDE = 32°15'31.60" (32.258779°)	
LONGITUDE = -104°17'24.59" (-104.290164°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457922.03' E: 554526.71'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457864.16' E: 513344.63'	

<b>NAD 83 (LPP 1)</b>	
LATITUDE = 32°15'31.92" (32.258866°)	
LONGITUDE = -104°17'53.54" (-104.298207°)	
<b>NAD 27 (LPP 1)</b>	
LATITUDE = 32°15'31.50" (32.258749°)	
LONGITUDE = -104°17'51.74" (-104.297705°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457910.41' E: 552195.62'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457852.59' E: 511013.57'	

<b>NAD 83 (LPP 2)</b>	
LATITUDE = 32°15'31.79" (32.258832°)	
LONGITUDE = -104°18'24.48" (-104.306800°)	
<b>NAD 27 (LPP 2)</b>	
LATITUDE = 32°15'31.37" (32.258715°)	
LONGITUDE = -104°18'22.67" (-104.306298°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457897.17' E: 549539.21'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457839.41' E: 508357.18'	

<b>NAD 83 (LTP/BHL)</b>	
LATITUDE = 32°15'31.56" (32.258766°)	
LONGITUDE = -104°19'22.57" (-104.322936°)	
<b>NAD 27 (LTP/BHL)</b>	
LATITUDE = 32°15'31.14" (32.258649°)	
LONGITUDE = -104°19'20.76" (-104.322433°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 457872.30' E: 544551.43'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 457814.66' E: 503369.47'	

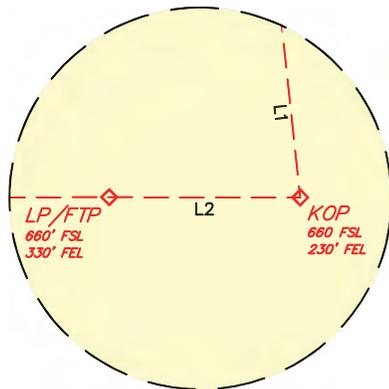


SCALE

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N05°24'01"E	677.68'
L2	N89°56'33"W	100.00'



Property Name CRYSTAL S 33 32 FED COM	Well Number 804H	Drawn By N.R. 01-16-25	Revised By
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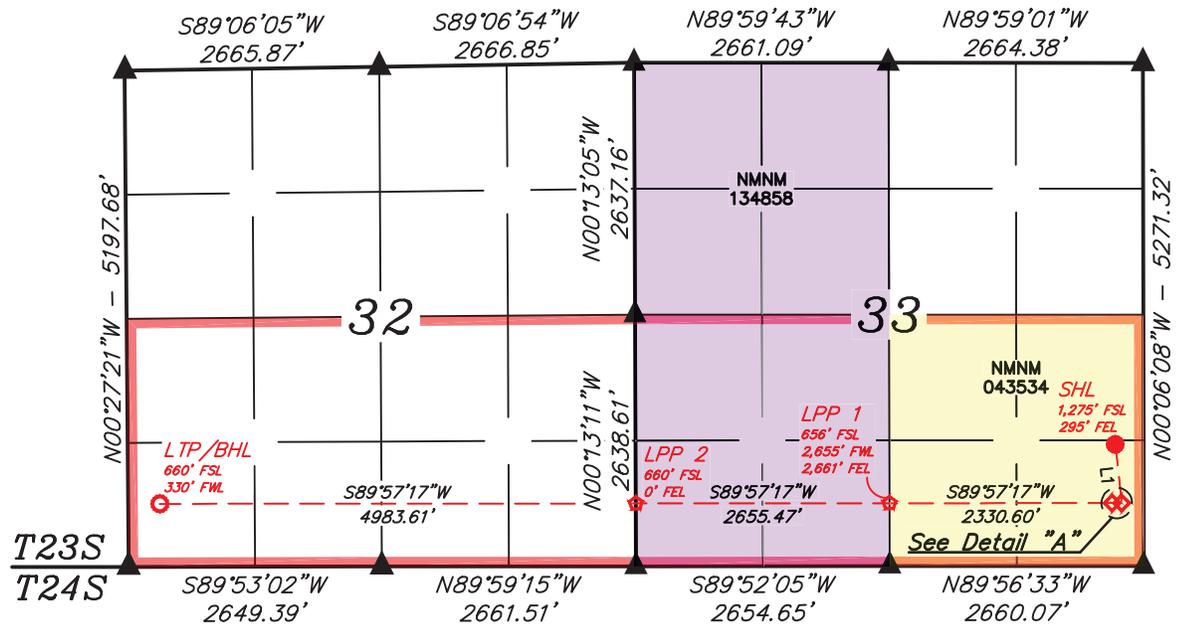


Detail "A"  
No Scale

- = 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:

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<b>NAD 83 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°15'25.05" (32.256959°)
LONGITUDE = -104°17'25.94" (-104.290540°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°15'24.63" (32.256842°)
LONGITUDE = -104°17'24.14" (-104.290038°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 457217.59' E: 554565.93'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 457159.73' E: 513383.84'

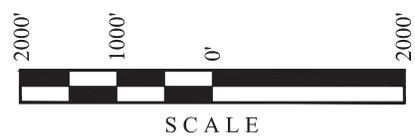
<b>NAD 83 (KICK OFF POINT)</b>
LATITUDE = 32°15'18.97" (32.255269°)
LONGITUDE = -104°17'25.15" (-104.290318°)
<b>NAD 27 (KICK OFF POINT)</b>
LATITUDE = 32°15'18.54" (32.255151°)
LONGITUDE = -104°17'23.34" (-104.289817°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 456602.69' E: 554634.57'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 456544.85' E: 513452.47'

<b>NAD 83 (LP/FTP)</b>
LATITUDE = 32°15'18.96" (32.255268°)
LONGITUDE = -104°17'26.31" (-104.290642°)
<b>NAD 27 (LP/FTP)</b>
LATITUDE = 32°15'18.54" (32.255150°)
LONGITUDE = -104°17'24.50" (-104.290140°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 456602.37' E: 554534.59'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 456544.53' E: 513352.49'

<b>NAD 83 (LPP 1)</b>
LATITUDE = 32°15'18.86" (32.255238°)
LONGITUDE = -104°17'53.44" (-104.298179°)
<b>NAD 27 (LPP 1)</b>
LATITUDE = 32°15'18.44" (32.255121°)
LONGITUDE = -104°17'51.64" (-104.297677°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 456590.76' E: 552204.59'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 456532.97' E: 511022.51'

<b>NAD 83 (LPP 2)</b>
LATITUDE = 32°15'18.73" (32.255204°)
LONGITUDE = -104°18'24.36" (-104.306767°)
<b>NAD 27 (LPP 2)</b>
LATITUDE = 32°15'18.31" (32.255087°)
LONGITUDE = -104°18'22.55" (-104.306265°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 456577.53' E: 549549.80'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 456519.80' E: 508367.75'

<b>NAD 83 (LTP/BHL)</b>
LATITUDE = 32°15'18.50" (32.255138°)
LONGITUDE = -104°19'22.38" (-104.322885°)
<b>NAD 27 (LTP/BHL)</b>
LATITUDE = 32°15'18.08" (32.255021°)
LONGITUDE = -104°19'20.57" (-104.322382°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 456552.69' E: 544567.46'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 456495.09' E: 503385.46'



LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S06°07'46"E	618.87'
L2	N89°56'33"W	100.00'

3R 000091

**Ownership Interest**

**Lease Tract Uncommitted Ownership – Crystal N (25123)**

**Working Interest Ownership To Be Pooled**  
 WPX Energy Permian – Tract 4  
 Marathon Oil Permian – Tract 3

**Overriding Royalty Ownership To Be Pooled**  
 Exxon Corporation – Tract 1  
 Zunis Energy Corporation – Tract 2  
 JSA Investments, LLC – Tract 2  
 Marathon Oil Permian, LLC – Tract 2  
 Broken Arrow Royalties, LLC – Tract 4



Tract	Lease No.
1	State of New Mexico L-912
2	United States NMNM-134858 (expires 10/1/25)
3	State of New Mexico VA-696
4	State of New Mexico VB-23420

**Record Title Ownership To Be Pooled**  
 WPX Energy, Inc. – State of New Mexico VB-2324  
 Marathon Oil Permian, LLC – United States NMNM-134858  
 XTO Holdings, LLC – State of New Mexico L-912  
 Marathon Oil Permian, LLC – State of New Mexico VA-696



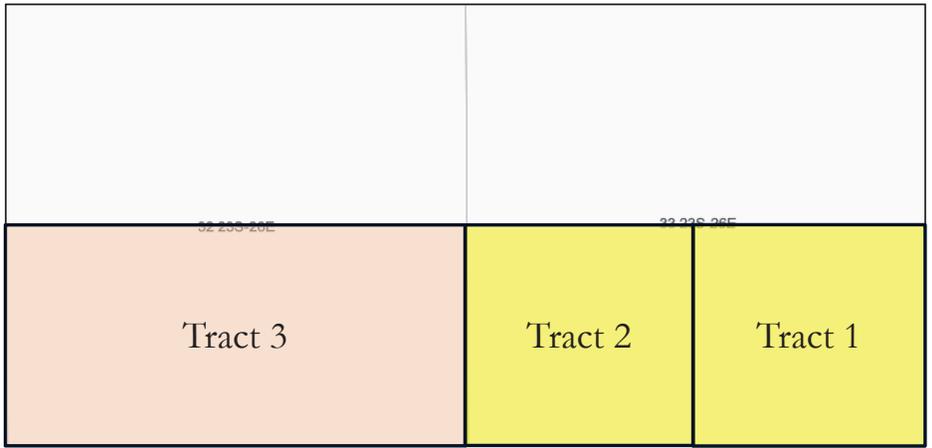
3R 000092

**Ownership Interest**

Lease Tract Uncommitted Ownership – Crystal N (25124)

Working Interest Ownership To Be Pooled  
 WPX Energy Permian – Tract 3

Overriding Royalty Ownership To Be Pooled  
 EOG Resources, Inc. – Tract 1  
 Andrew Lawson – Tract 1  
 Travis Ross Lawson – Tract 1  
 Marathon Oil Permian, LLC – Tract 1  
 Zunis Energy, LLC – Tract 2  
 JSA Investments, LLC – Tract 2  
 Marathon Oil Permian, LLC – Tract 2  
 Broken Arrow Royalties, LLC – Tract 3



Tract	Lease No.
1	United States NMNM-43534
2	United States NMNM-134858 (expires 10/1/25)
3	State of New Mexico VB-23420

Record Title Ownership To Be Pooled  
 WPX Energy, Inc. – State of New Mexico VB-2324  
 Marathon Oil Permian, LLC – United States NMNM-134858  
 EOG Resources, LLC – United States NMNM-43534



3R 000093

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	1.00000000	0.81318750	

3R 000094

Tract	Name	Leasehold Interest Burdened	Tract Acres	Unit Acres	Working Interest	Lease Net Revenue 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

Case No. 25123  
3R Operating, LLC - Exhibit C-4

3R 000095

Crystal SW Ownership - 703H 503H 504H 803H 804H

5/2 of Section 33, Township 23 South, Range 26 East  
 5/2 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	NMNM-43534	SE/4 of Section 33	Ridge Runner II Nominee Corp. (3R Operating, LLC)	160.0000	1.00000000	0.75000000	160.00000000	0.75000000
					1.00000000	0.75000000	160.00000000	

Tract	Lease Number	Description	Owner Name	Gross Acres	WI	NRI	Net Acres	8/8ths NRI
2	NMNM-134858	SW/4 of Section 33	Ridge Runner II Nominee Corp. (3R Operating, LLC)	160.0000	1.00000000	0.75000000	160.00000000	0.75000000
					1.00000000	0.75000000	160.00000000	

Tract	Lease Number	Description	Owner Name	Gross Acres	WI	NRI	Net Acres	8/8ths NRI
4	State of NM VB-23420	S/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	320.00000000	0.50000000	0.37500000	0.75000000
WPX Energy, Inc. (Devon)	640.00000000	320.00000000	0.50000000	0.40625000	0.81250000
		640.00000000	1.00000000	0.78125000	

Case No. 25124  
 3R Operating, LLC - Exhibit C-4

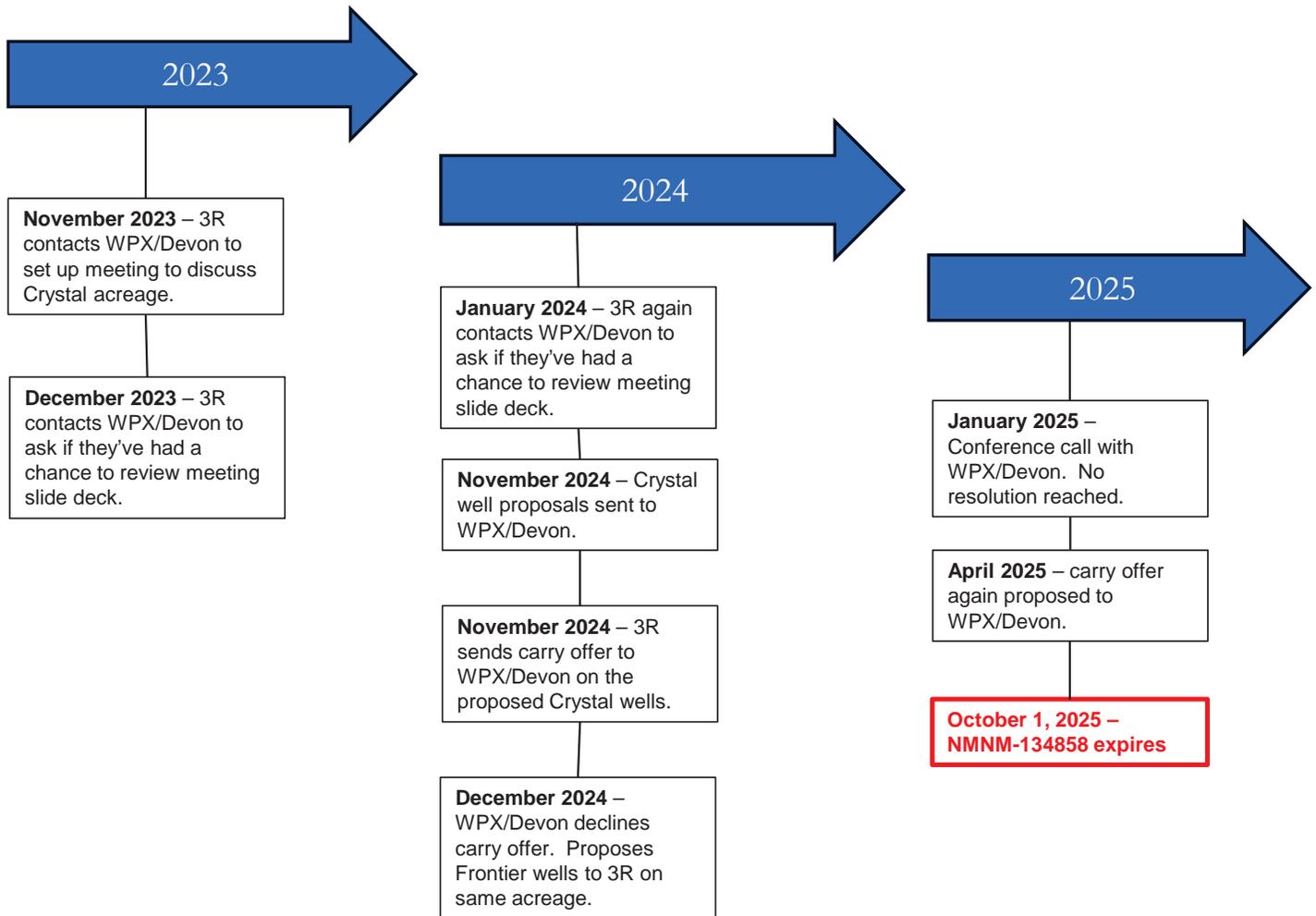
3R 000096

Tract	Name	Leasehold Interest Burdened	Tract Acres	Unit Acres	Working Interest	Lease Net Revenue Interest	Owner NRI
1	Ridge Runner II Nominee Corp.	1.00000000 1.00000000	160.00000000	640.00000000	0.25000000	0.75000000	0.18750000 0.18750000
2	Ridge Runner II Nominee Corp.	1.00000000 1.00000000	160.00000000	640.00000000	0.25000000	0.75000000	0.18750000 0.18750000
4	WPX Energy, Inc. (Devon)	1.00000000 1.00000000	320.00000000	640.00000000	0.50000000	0.81250000	0.40625000 0.40625000

3R 000097

Negotiations

## 3R has Taken Proactive Approach to Negotiations with WPX/Devon



3R 000098

Negotiations

## 3R's Record of Exhaustive Negotiation Attempts with WPX/Devon

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- 11/08/2023 – Email from Chris Canon (3R) to Lindsay Miles and David Korell (WPX/Devon) to set up meeting.
- 11/13/2023 – Email from Chris Canon to Lindsay Miles and David Korell as a courtesy follow-up to the email listed above.
- 12/04/2023 – Email from Chris Canon to Lindsay Miles and David Korell asking if WPX/Devon team has had a chance to review the meeting slide deck.
- 12/04/2023 – Email from David Korell to Chris Canon confirming that WPX/Devon is still considering the meeting materials.
- 1/03/2024 – Email from Chris Canon to David Korell again asking if WPX/Devon has reviewed the previous meeting slide deck information.
- 1/03/2024 – Email from David Korell to Chris Canon stating that Mr. Korell hopes a decision will be made soon.
- 11/02/2024 – Email from a third-party introducing Doug Rook (3R) to David Korell. No response from Mr. Korell.
- 11/04/2024 – Email from Brian van Staveren (3R) to Jake Nourse (WPX/Devon) inquiring as to whether or not WPX/Devon received the Crystal well proposals.
- 11/04/2024 – Email from Jake Nourse to Brian van Staveren confirming receipt of the Crystal well proposals.
- 11/05/2024 – Email from Brian van Staveren to Jake Nourse regarding a voicemail left by Mr. van Staveren.
- 11/05/2024 – Email from Jake Nourse confirming upcoming conference call to discuss the Crystal well proposals.
- 11/05/2024 – Email from Doug Rook to David Korell to inquire about facilitating a conference call. No response from Mr. Korell.
- 11/06/2024 – Follow-up email from Doug Rook to David Korell. No response from Mr. Korell.
- 11/07/2024 – Email from Brian van Staveren to Jake Nourse to schedule a time for conference call. No response from Mr. Nourse.
- 11/08/2024 – Email from Brian van Staveren to Jake Nourse to schedule a time for conference call.
- 11/12/2024 – Email from Brian van Staveren to Jake Nourse with additional Crystal well proposals.
- 11/14/2024 – Email from Jake Nourse to Brian van Staveren requesting formation targets and a map of potentially tradeable acreage.
- 11/19/2024 – Email from Brian van Staveren to Jake Nourse with carry-offer for WPX/Devon's interest in the Crystal wells.
- 12/02/2024 – Email from Jake Nourse to Brian van Staveren clarifying the carry-offer.
- 12/04/2024 – Email from Jake Nourse to Brian van Staveren declining 3R's carry-offer for WPX/Devon's interest in the Crystal wells and including WPX's Frontier well proposals.
- 1/28/2025 – Conference call between Brian van Staveren and Chris Canon (3R) and Andy Bennett and Jake Nourse (WPX/Devon).
- 04/07/2025 – Email from Brian van Staveren to Andy Bennett with another carry-offer for WPX/Devon's interest in the Crystal wells.
- 04/09/2025 – Conference call between Brian van Staveren and Andy Bennett.
- 04/17/2025 – Email from Brian van Staveren to Andy Bennett with increased carry offer.
- 04/18/2025 – Negotiated trade proposal involving extending adjacent State of New Mexico lease denied by SLO.
- 10/01/2025 – 3R's NMNM-134858 lease expires.



3R 000099

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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

3R 000100

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%)

Well: Crystal 33 32 Fed Com 701H  
 Field: \_\_\_\_\_  
 County, State: Eddy County, NM  
 BHL: Horizontal WCXY  
 Proposed TD: 19,000 MD 8,740 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/Drilg 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
COMPLETION COSTS: INTANGIBLES			
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	
TOTAL COMPLETION COST - INTANGIBLES		\$5,324,225	\$5,324,225
TOTAL WELL COST		\$3,732,755	\$6,644,225
			\$10,376,980

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%)

Well: Crystal 33 32 Fed Com 702H  
 Field: \_\_\_\_\_  
 County, State: Eddy County, NM  
 BHL: Horizontal WCXY  
 Proposed TD: 19,000 MD 8,740 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/Drilg 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
COMPLETION COSTS: INTANGIBLES			
2520-100	Roads/Location	\$5,000	\$5,000
2520-120	Perforating Services	\$248,333	\$248,333
2520-125	Equipment Rental	\$120,000	\$120,000
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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	
TOTAL COMPLETION COST - INTANGIBLES		\$5,324,225	\$5,324,225
TOTAL WELL COST		\$3,732,755	\$6,644,225
		\$6,644,225	\$10,376,980

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

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

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

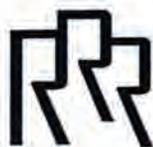
Approved by: \_\_\_\_\_

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

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

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

Brian van Staveren  
Land Advisor  
bvanstaveren@3ROperating.com



3R 000105

3R Operating, LLC

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

3R 000106



**3R Operating, LLC**

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 Field: Crystal N 33 32 Fed Com 801H  
 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/Drig 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
<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>
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 Field: Crystal N 33 32 Fed Com 802H  
 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
<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>		\$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: \_\_\_\_\_

### Ridge Runner Resources II

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

Well: Crystal 33 32 Fed Com 703H  
 Field: \_\_\_\_\_  
 County, State: Eddy County, NM  
 BHL: Horizontal WCXY  
 Proposed TD: 19,000 MD 8,740 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/Drilg 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
COMPLETION COSTS: INTANGIBLES			
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	
TOTAL COMPLETION COST - INTANGIBLES		\$5,324,225	\$5,324,225
TOTAL WELL COST		\$3,732,755	\$6,644,225
		\$10,376,980	

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

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

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

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

### Ridge Runner Resources II

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

Well Crystal S 33 32 Fed Com 803H  
 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
<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 S 33 32 Fed Com 804H  
 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	

TOTAL COMPLETION COST - TANGIBLES		\$1,320,000	\$1,320,000
COMPLETION COSTS: INTANGIBLES			
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	
TOTAL COMPLETION COST - INTANGIBLES		\$5,324,225	\$5,324,225
TOTAL WELL COST		\$3,973,178	\$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: \_\_\_\_\_

3R 000117

## 3R Type Curve and Economics Rebuttal

### WPX Wolfcamp Valuation & Wolfcamp XY Type Curve:

- WPX's type curve economics suggest a total PV10 for their Wolfcamp rights in the Crystal DSU of \$9,780,240. This suggests a valuation of \$7,641/acre (\$9,780,240/1,280 acres). 3R has offered to acquire WPX's acreage in the unit for ~2X this valuation.

Zone	Unit	Acres	PV10 (\$)/Well	Wells	PV10 (\$)	PV10 (\$/Acre)
WXY	N/2	640	2,572,620	2	5,145,240	8,039
WXY	S/2	640	2,317,500	2	4,635,000	7,242
<b>Total</b>		<b>1,280</b>	<b>2,445,060</b>	<b>4</b>	<b>9,780,240</b>	<b>7,641</b>

- WPX's water-oil ratio (WOR) approach to type curving, along with a frac hit heavy dataset, resulted in artificially high WOR for their Wolfcamp XY type curve. WPX is showing a WOR of ~8, while 3R is showing a WOR of ~6. This demonstrates a lack of experience in this area.

### Wolfcamp B Type Curve & Frac Hits to Wolfcamp XY:

- WPX's Wolfcamp B type curve well sample set includes older vintage, under completed wells that are not representative of modern well performance. This is causing WPX to underestimate the economics of the Wolfcamp B in the area.

Operator	Type Curve	Type Curve Wells	Avg Production Start Date	Avg Lat Length (ft)	Avg Prop/ft (lbs/ft)	Avg Fluid/ft (gal/ft)
WPX	Wolfcamp B	16	9/2/2018	7,044	1,863	1,863
3R	Wolfcamp B	29	6/6/2020	7,675	2,359	2,233

- In WPX's WFMP XY/WFMP B interference example, one of the Wolfcamp XY wells (Pliny the Elder 201H) is currently producing negligible hydrocarbons (down from ~100 BOPD) after being frac hit by the subsequent Wolfcamp B development. This is an example of significant waste and uncaptured reserves caused by the lack of a comprehensive development plan in the Wolfcamp.

3R 000118

**Prudent Operator and Prevent Waste**

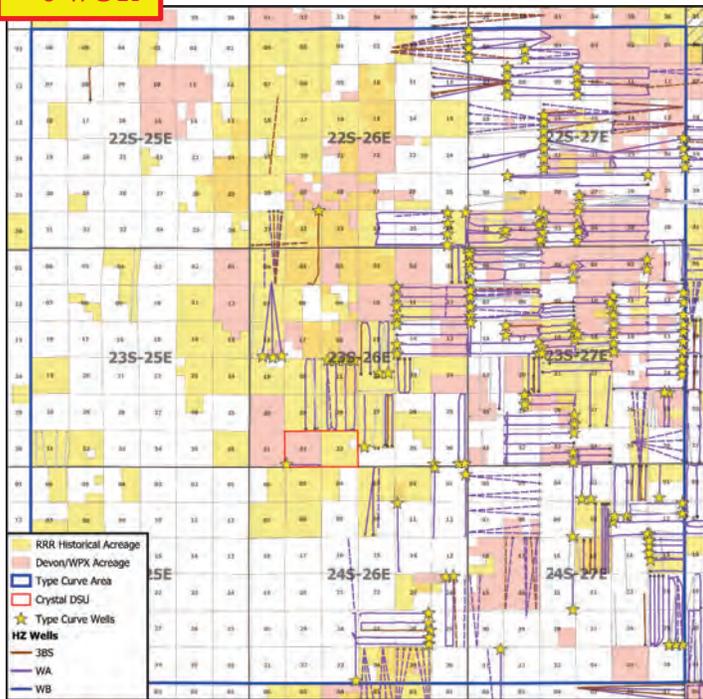
**3R Wolfcamp XY Economics and WOR**

**Summary / Economics**

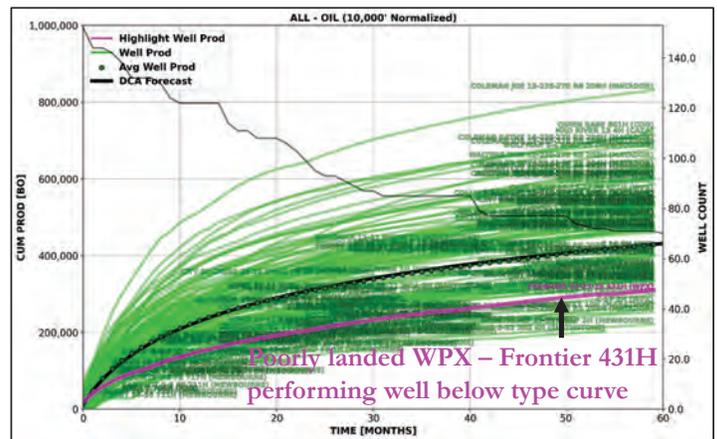
<b>Zone</b>	<b>WXY</b>	<b>WI</b>	100%
<b>Lateral Length (FT)</b>	10,000'	<b>NRI</b>	80%
<b>Oil EUR (MBO)</b>	639	<b>IRR</b>	68%
<b>Gas EUR (MMCF)</b>	3,472	<b>PV10 (\$MM)</b>	7.5
<b>Water EUR (MBW)</b>	3,929	<b>PV20 (\$MM)</b>	4.8
<b>D&amp;C (\$MM)</b>	9.1	<b>Pricing</b>	\$60/\$3/\$20

**~6 WOR**

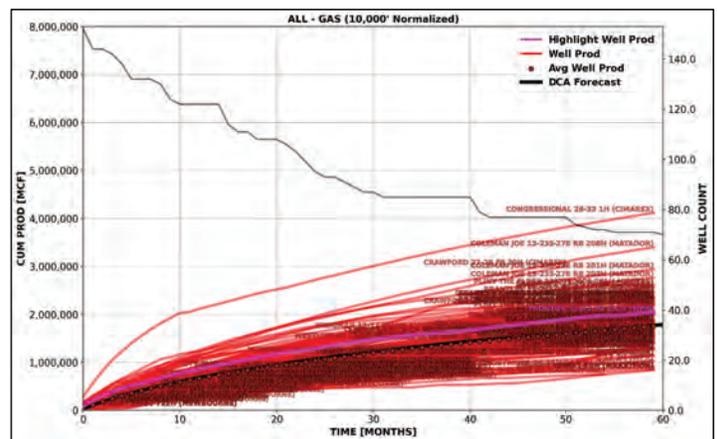
**Locator Map**



**Cumulative Oil vs Time**



**Cumulative Gas vs Time**



2

- 1) Type Curve Well Filters: Prod Start >1/1/2016; >1,500 #/ft and >1,500 gal/ft completion
- 2) Production normalized to 10,000' lateral length

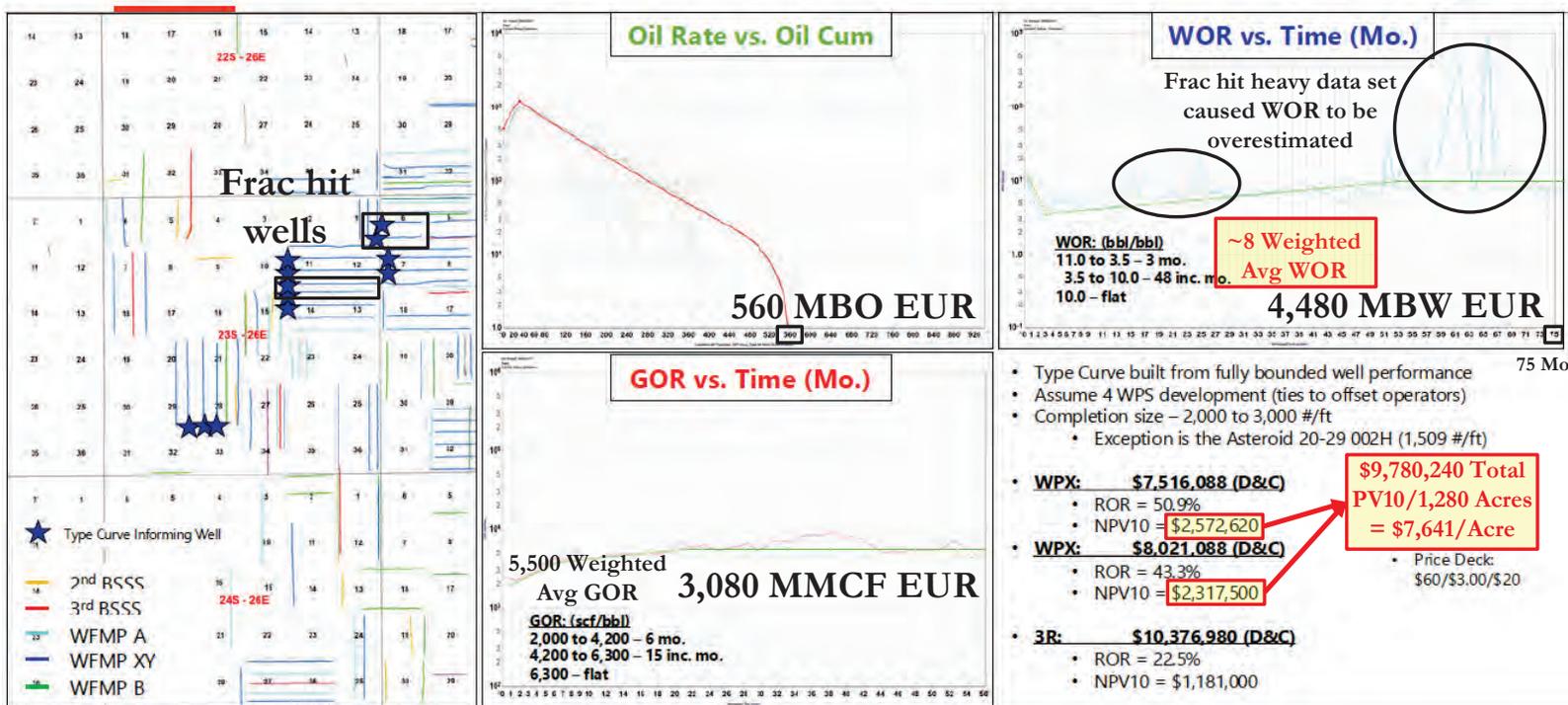


3R 000119

## \$7,641/Acre WPX Valuation and Overestimated Wolfcamp XY WOR

- Using their modeled PV10s, WPX is estimating their Wolfcamp rights in the unit to be worth \$7,641/acre. 3R has offered to acquire WPX's acreage in this unit for ~2X this valuation.
- WPX has overestimated the Wolfcamp XY WOR, resulting in underestimated economics. This is due to using a WOR estimate, rather than true water forecast in their type curve, along with a frac hit heavy dataset. This demonstrates a lack of experience in this area.

### Frontier Review – WFMP XY Performance (Primary Target)



3R 000120

Prudent Operator and Prevent Waste

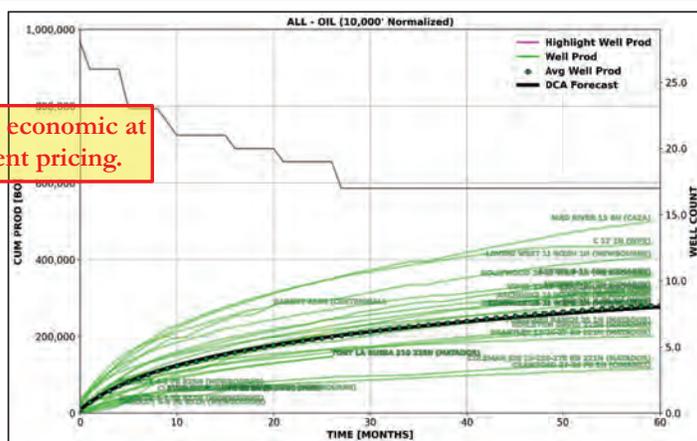
### 3R Type Curve Shows Wolfcamp B is Solidly Economic at Current Pricing

#### Summary / Economics

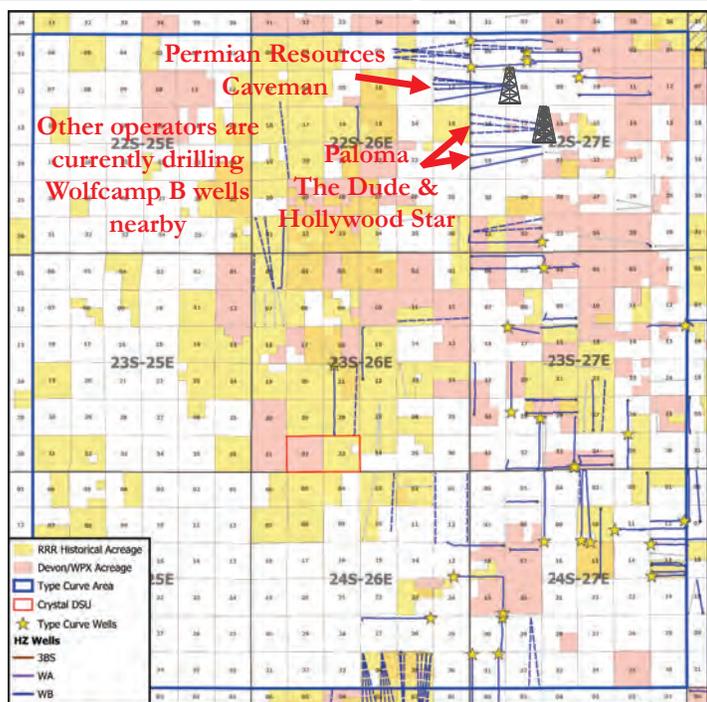
Zone	WB	WI	100%
Lateral Length (FT)	10,000'	NRI	80%
Oil EUR (MBO)	439	IRR	26%
Gas EUR (MMCF)	6,881	PV10 (\$MM)	3.2
Water EUR (MBW)	2,692	PV20 (\$MM)	0.8
D&C (\$MM)	9.8	Pricing	\$60/\$3/\$20

Solidly economic at current pricing.

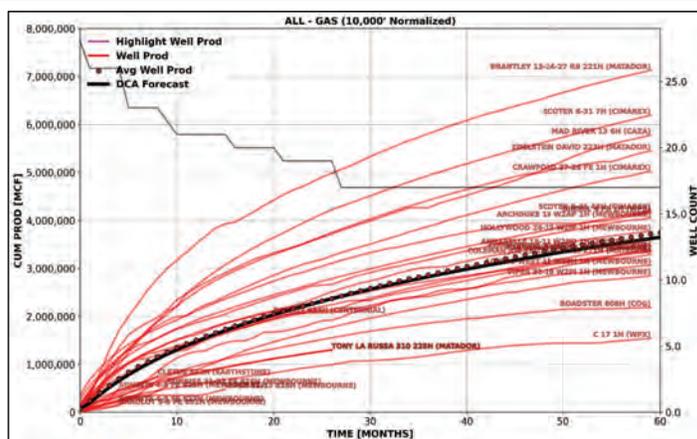
#### Cumulative Oil vs Time



#### Locator Map



#### Cumulative Gas vs Time



- 1) Type Curve Well Filters: Prod Start >1/1/2016; >1,500 #/ft and >1,500 gal/ft completion
- 2) Production normalized to 10,000' lateral length

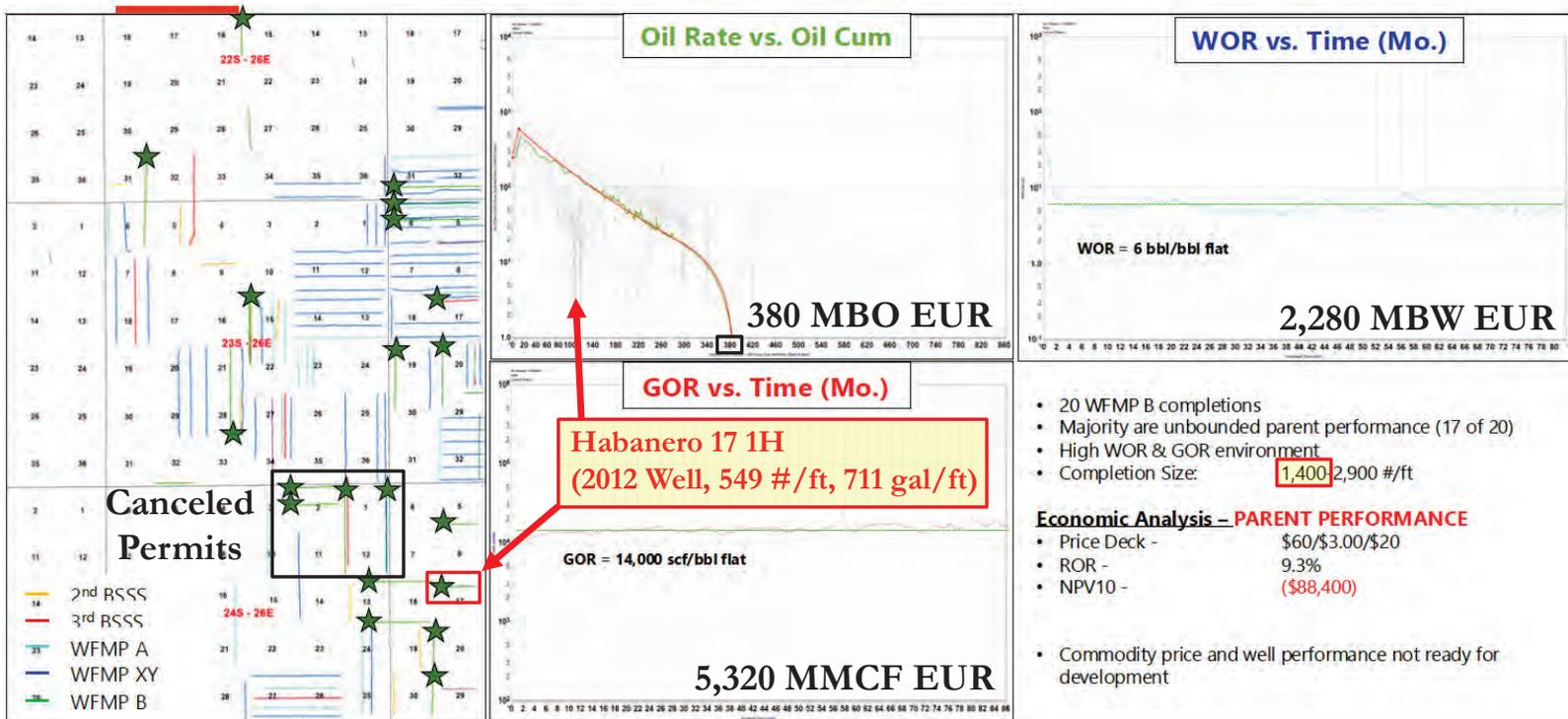


3R 000121

## WPX's Wolfcamp B Economics Underestimated Due to Older Vintage Well Set

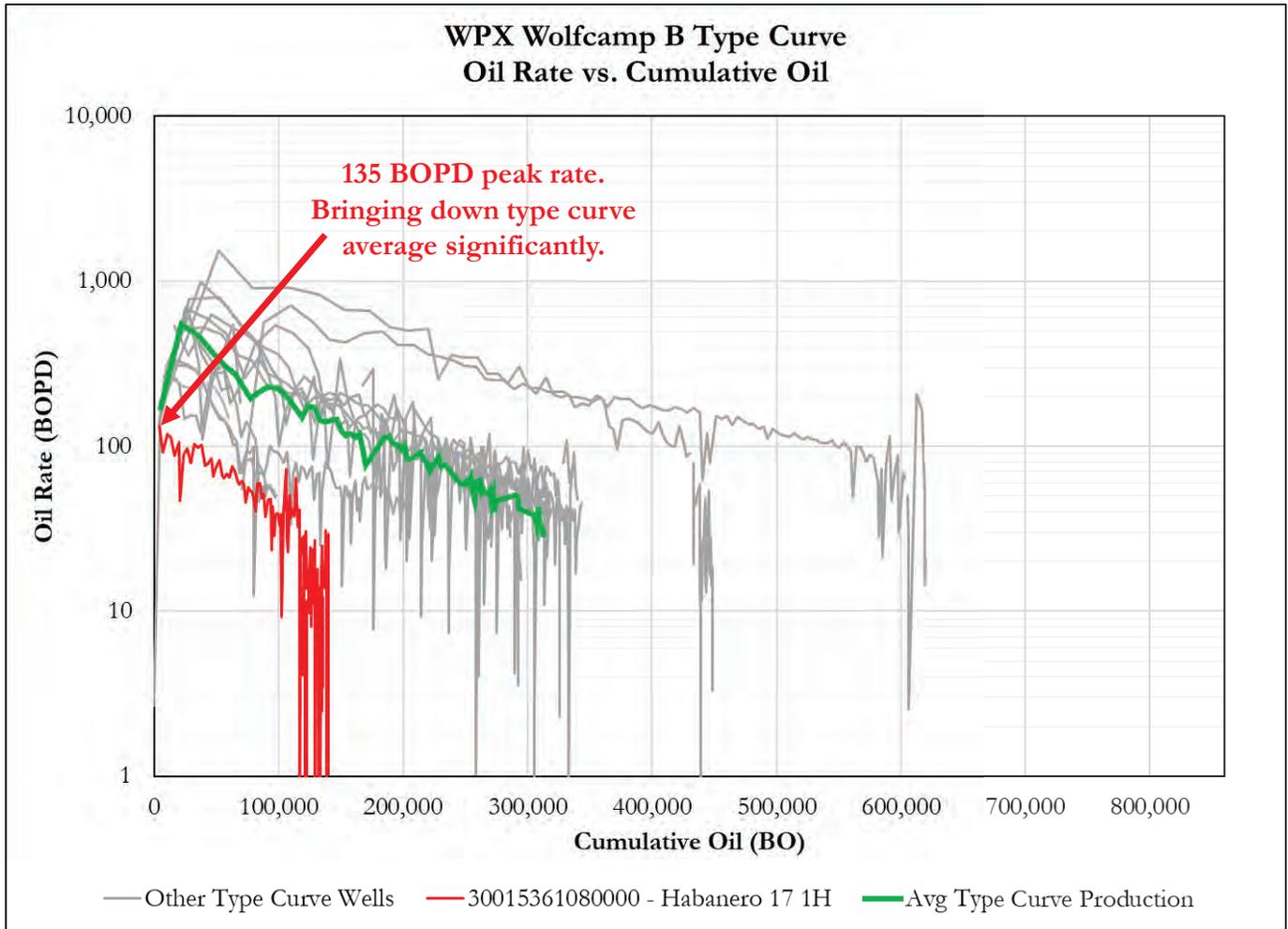
- WPX's Wolfcamp B type curve well sample set includes older vintage, under completed wells that are not representative of modern well performance. This is causing WPX to underestimate the economics of the Wolfcamp B in the area.
- Despite quoting a 1,400 #/ft minimum completion size, WPX's type curve well set includes a well that came online in 2012 with a 549 #/ft completion. This is not at all representative of modern well performance and is dragging their type curve economics down significantly.

### Frontier Review – WFMP B Performance



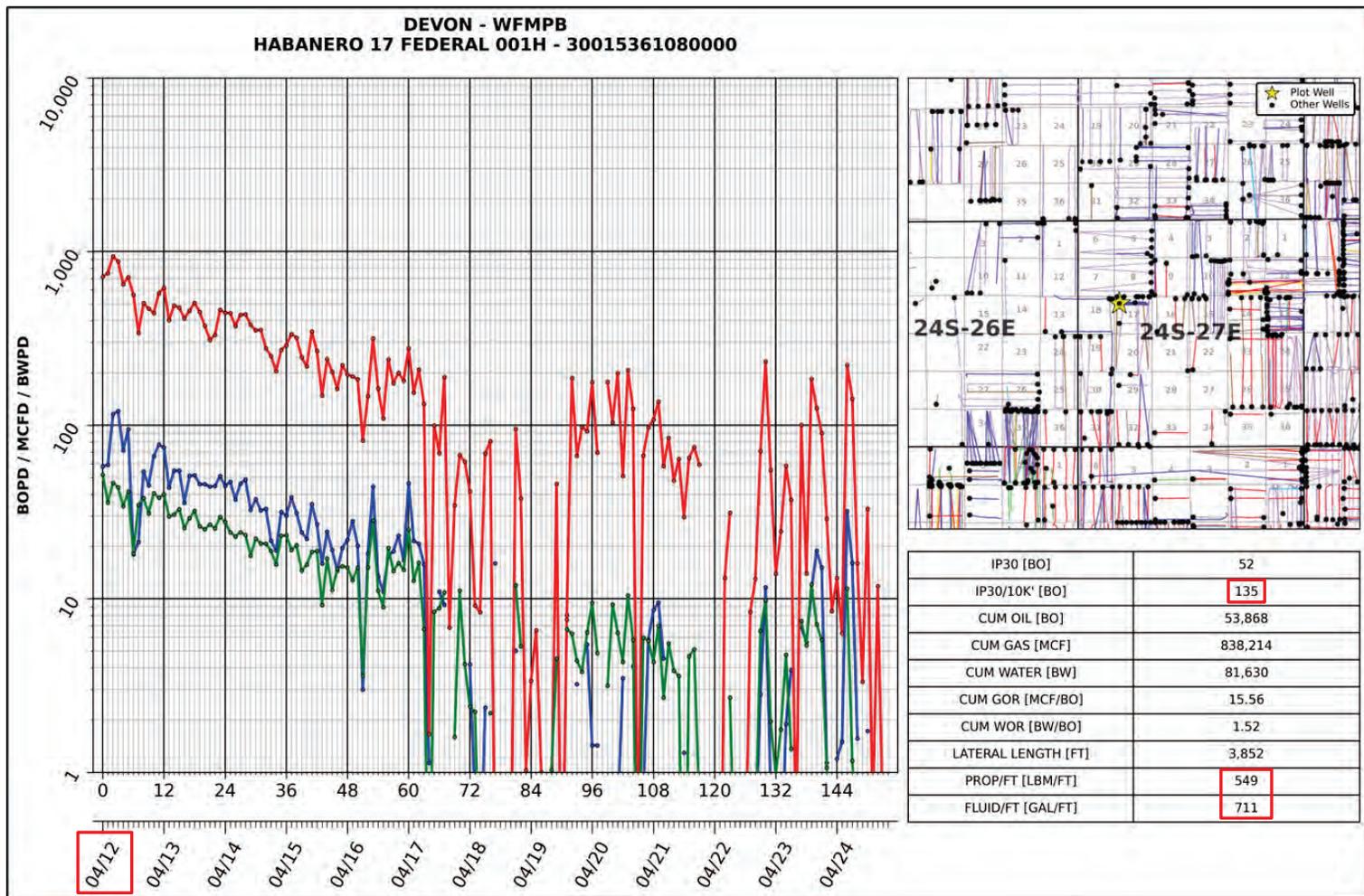
3R 000122

## 2012 Well Dragging Down WPX's Wolfcamp B Type Curve Economics



3R 000123

Under Completed, Very Poor Performing 2012 Wolfcamp B Well Included in WPX's Type Curve



7



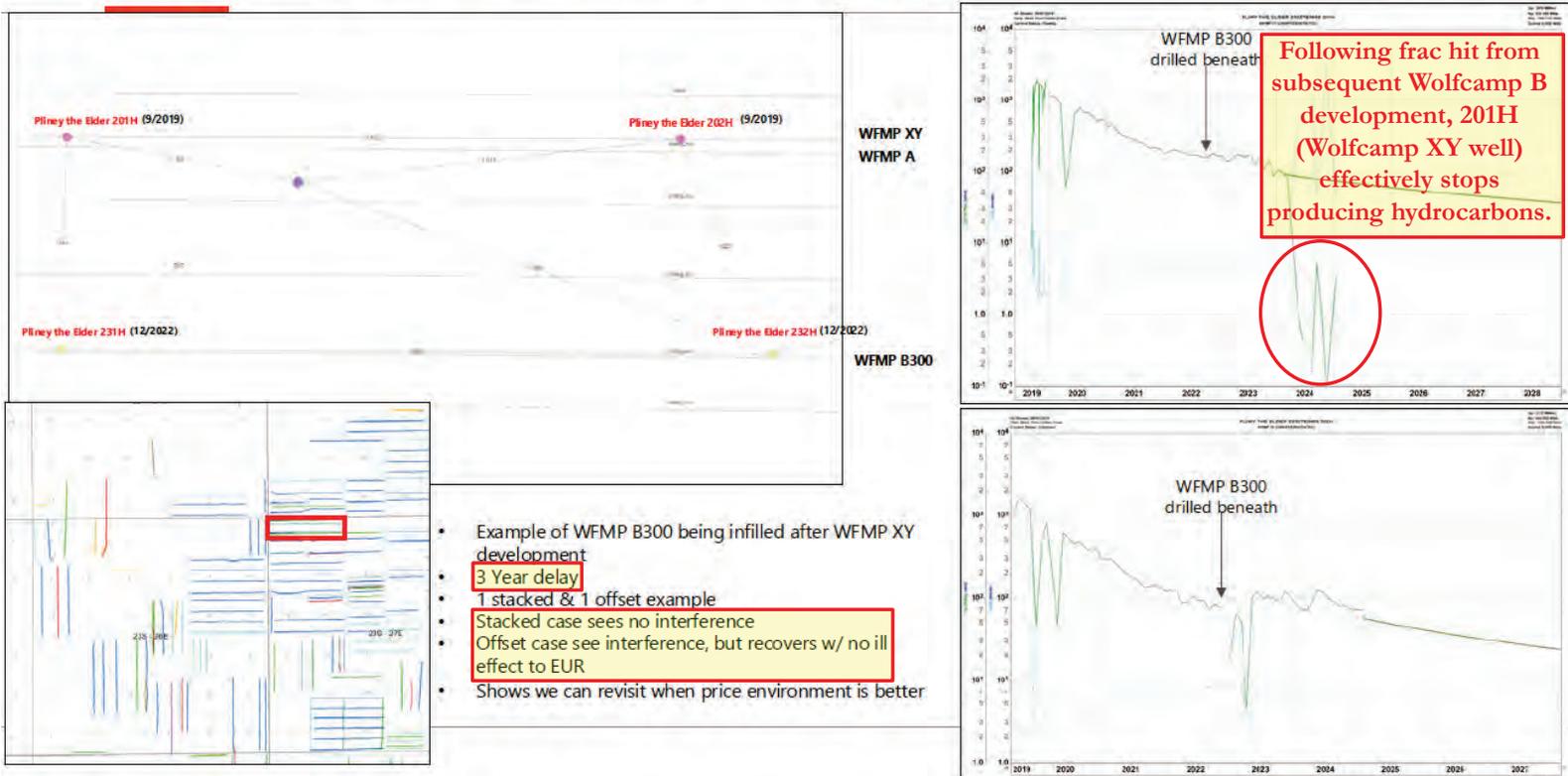


3R 000125

### WPX Subsequent Wolfcamp B Development Example – Wolfcamp XY Well Damage

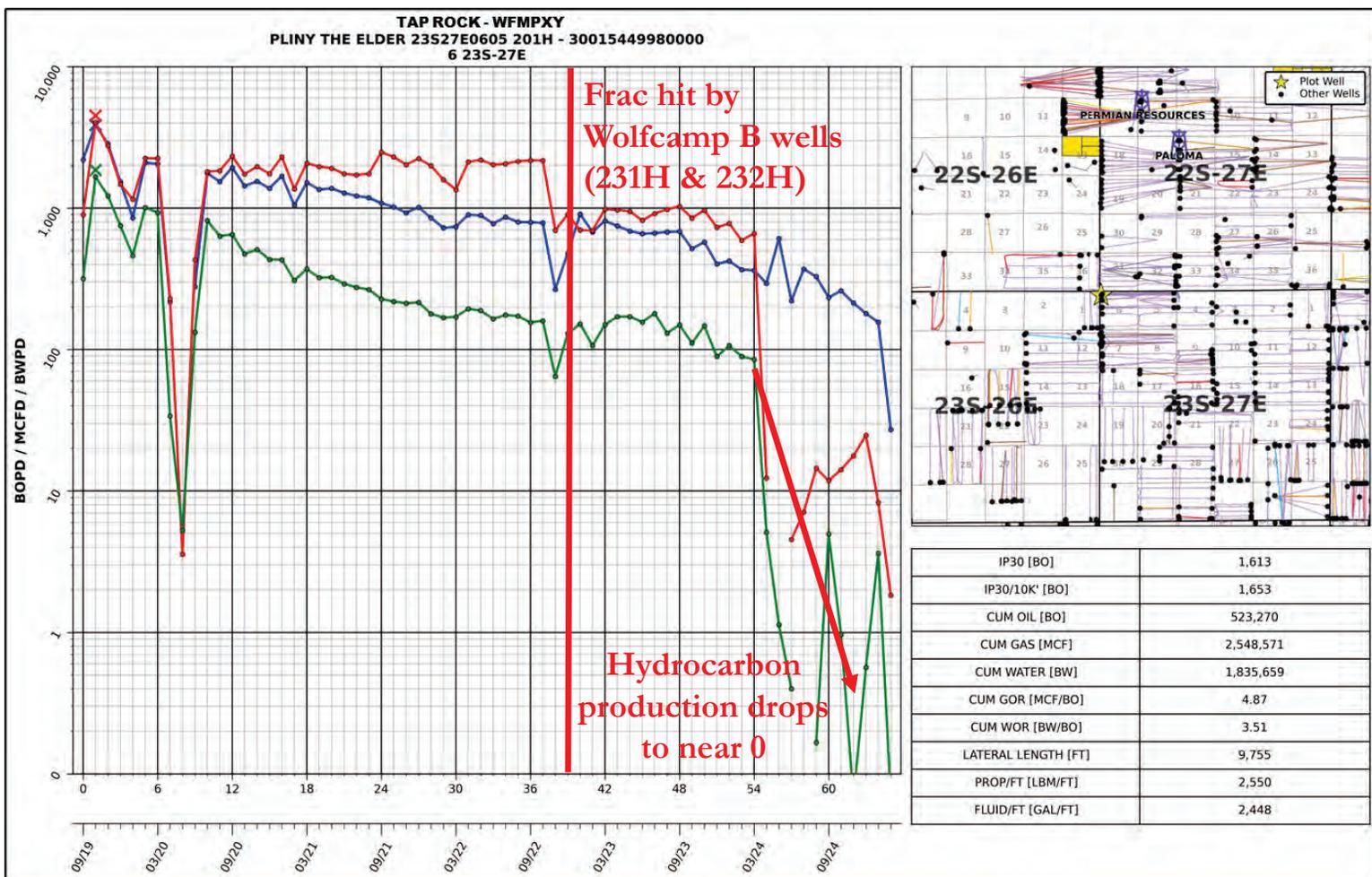
- WPX's example of subsequent Wolfcamp B development, after 3 years of Wolfcamp XY/A production, actually shows one of the Wolfcamp XY wells (201H) dropping to effectively 0 hydrocarbon production following a frac hit from development of the underlying Wolfcamp B wells. This caused significant waste and uncaptured reserves.

### Frontier Review – Interference (WFMP XY/WFMP B300)



3R 000126

### Dramatic Production Drop in Wolfcamp XY Well (201H) Following Wolfcamp B Frac Hit



3R 000127

## WPX/Devon – Slow to Update to Modern Frac Design

- WPX/Devon has been slow to update to a modern frac design. Only starting to convert to a modern design in the last 3 years and still slightly undersized.

Operator	Production Start Year	Lateral Length (ft)	Proppant/ft (lbs/ft)	Fluid/ft (gal/ft)
WPX/Devon	2016	5,009	1,419	1,462
WPX/Devon	2017	5,626	1,505	1,264
WPX/Devon	2018	7,622	1,950	1,527
WPX/Devon	2019	8,444	2,136	1,558
WPX/Devon	2020	8,724	2,095	1,659
WPX/Devon	2021	9,788	2,209	1,693
WPX/Devon	2022	9,910	2,097	1,648
WPX/Devon	2023	10,705	2,397	1,846
WPX/Devon	2024	10,720	2,305	1,812
WPX/Devon	2025	10,016	2,313	1,988
<b>Average</b>		<b>8,656</b>	<b>2,043</b>	<b>1,646</b>

- WPX/Devon is still pumping significantly undersized frac designs (~1,500 gal/ft) as recently as 2024 in certain wells, negatively impacting well performance.

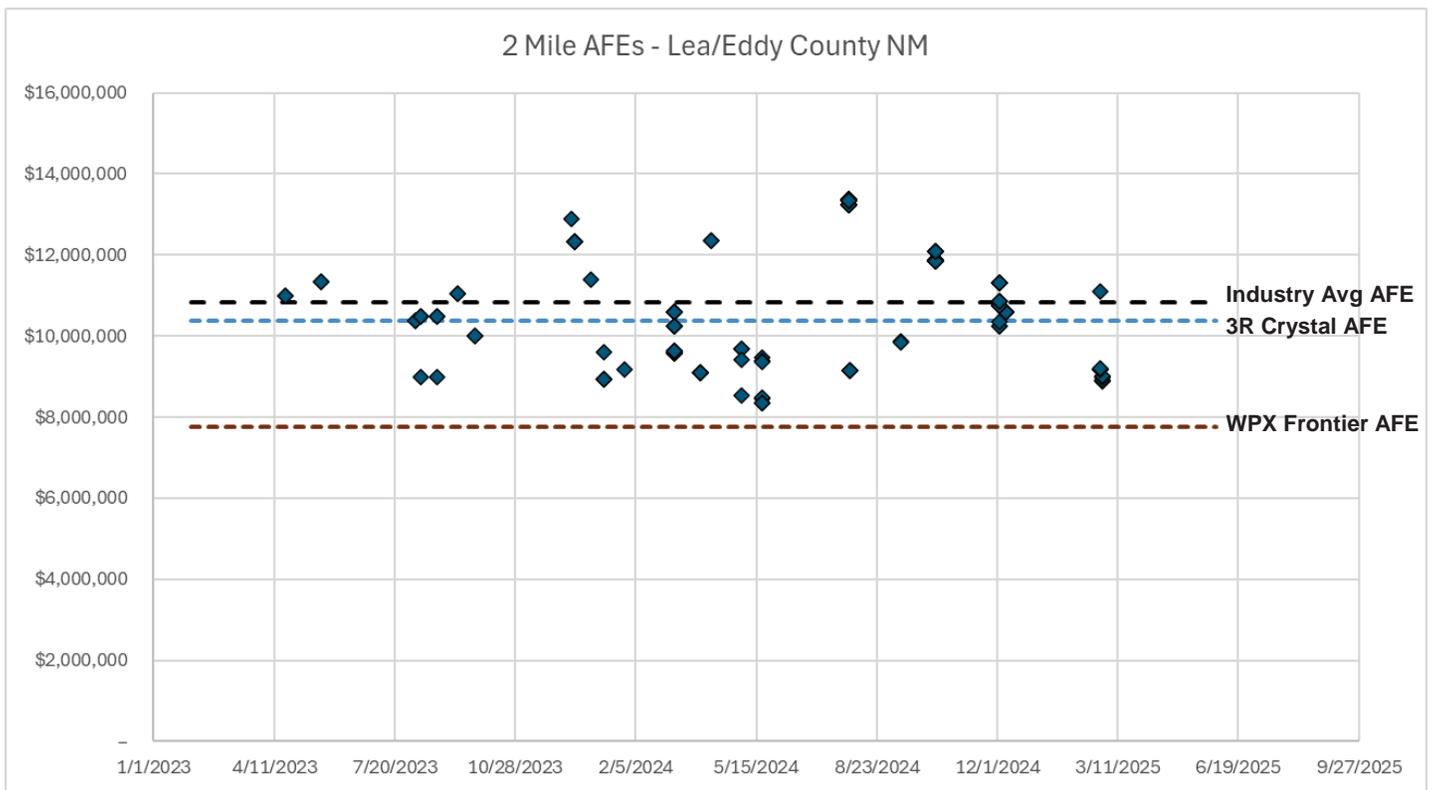
API	Well	Zone	Operator	Production Start Date	Proppant/ft (lbs/ft)	Fluid/ft (gal/ft)
30015549440000	MIMOSA 18-16 STATE COM 624H	WFMPA	WPX/Devon	12/1/2024	2,004	1,472
30015548050000	MIMOSA 18-16 STATE COM 623H	WFMPA	WPX/Devon	12/1/2024	2,002	1,471
30015546010000	PRAIRIE FIRE 27-25 FED COM 722H	WFMPB	WPX/Devon	9/1/2024	2,006	1,501
30015546000000	PRAIRIE FIRE 27-25 FED COM 621H	WFMPA	WPX/Devon	9/1/2024	2,012	1,497



3R 000128

## WPX D&C CAPEX AFE Significantly Below Average – Under Stimulation?

- 3R reviewed 124 2-mile AFEs that have been proposed in Lea and Eddy New Mexico since 1/2024.
- The average 2-mile AFE was \$10.8MM, and the minimum was \$8.34MM.
- The WPX AFE is lower than the lowest AFEs in 3R’s industry database.
- With AFEs \$3 million dollars lower than average, 3R is concerned that WPX does not plan to maximize reserves capture and avoid waste by appropriately stimulating the rock.



3R 000129

## WPX AFEs Do Not Accurately Reflect Modern Completion Size Costs (2,000-3,000 pounds of sand/foot)

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- Dyed fuel costs do not represent the amount of fuel necessary for a modernized stimulation
  - Typical 2-mile lateral with 2,000-3,000 #/ft stimulation requires >100,000 gals of dyed diesel.
  - Avg pricing of dyed diesel can vary, but recent prices float in the \$2-3/gal range.
  - Using this range, WPX's value represented in the AFE's equates to 40,000-60,000 gallons, way below the necessary fuel volume
- Water cost are low and do not reflect the amount of water needed for a modern completion
  - Recycled and fresh water typically range between \$0.70-1.50/bbl. Typical modern completions utilize between 45-60 bbl/ft (1,890-2,520 gal/ft)
  - Thus, a 10,000' lateral would need 450,000 – 600,000 bbls of water
  - Using this range, WPXs value represented in the AFEs equates to 97,000-208,000 bbls, way below the modern standard
- Stimulation & Proppant is significantly low compared to recent 3R RFQ's. WPX's costs would represent under-stimulation
- Facility estimates appear low as well. If a CTB is to be constructed, WPX AFE's appear to leave out pipeline costs associated with transporting hydrocarbons to the CTB
- With the above items underestimated by WPX, 3R calls into question if the AFE is underestimated in its entirety or if the well will be under stimulated compared to modern completion designs