

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

**APPLICATION OF ENDURING RESOURCES, LLC
FOR APPROVAL OF THE BOBBY B UNIT,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NO. 26365

**ENDURING RESOURCES, LLC'S MOTION TO EXCLUDE
PREHEARING STATEMENT AND TESTIMONY OF EPIC ENERGY, LLC**

Enduring Resources, LLC ("Enduring" or "Applicant") respectfully submits this Motion to Exclude Epic Energy, LLC's ("Epic") Prehearing Statement and testimony and exhibits of Mark Thompson pursuant to Section 19.15.4.17(A) NMAC and the Pre-Hearing Order entered on August 20, 2026 (the "Prehearing Order"). Prehearing Order ¶ 6.

I. INTRODUCTION

This Motion does not seek to deny Epic the opportunity to participate in this proceeding; rather, Enduring requests that the Hearing Examiner confine the hearing to evidence that bears on the question actually before the Division in this case: whether the Bobby B Unit Agreement and the unitized operation of the approximately 18,294.60-acre Unit Area are in the interests of conservation, the prevention of waste, and the protection of correlative rights. *See* Application, Enduring Exhibit A ¶ 6. The Division's evaluation of those issues is based on (i) the geographic scope and acreage of the proposed unit; (ii) the unitized interval and geologic prospectivity; (iii) the structure of the unit agreement and whether it protects correlative rights and prevents waste; (iv) the development plan and obligation wells; (v) working-interest owner support; and (vi) to the extent applicable, support from the U.S. Bureau of Land Management, Federal Indian Minerals Office ("FIMO"), and the State Land Office.

Neither Epic's Prehearing Statement nor its testimony and exhibits from Mark Thompson address any of these issues. Instead, Epic's submitted materials focus exclusively on individual well-level APD compliance, anti-collision data for specific wells, and an incident in a geographically and legally distinct unit—the Ridge Unit—that is already the subject of separate proceedings Epic itself initiated. *See* Epic PHS at 3 (acknowledging Case Nos. 26450-62). Epic is simply attempting to inject these unrelated matters and evidence that are already at issue in separate proceedings that have no bearing on the Division's evaluation and the determination over whether to approve the Unit Agreement.

Under Section 19.15.4.17(A) NMAC, the Hearing Examiner may exclude evidence that is "immaterial, repetitious or otherwise unreliable." Epic's proposed evidence is immaterial to the unit-approval question and repetitious of issues being litigated in Epic's own Case Nos. 26450-62 ("Applications to Revoke"). Moreover, the Division's own precedent—outlined in Order No. R-22081 (Greater Lybrook Unit, April 4, 2022) and Order No. R-24088 (Alamos Canyon Unit, November 26, 2025)—establishes that the unit-approval inquiry does not encompass the categories of evidence Epic proposes to present; instead, it is limited to the factors outlined above. Epic's testimony and exhibits are not material to that inquiry and entirely duplicative and repetitious of issues that are already pending before the Division. Indeed, the very same wells that are identified as "Epic Wells" harmed by Enduring's operations in the Applications to Revoke—notably the South Blanco Federal 22-5, 23-3, and 23-4—are the specific wells whose alleged impacts are narrated in detail in the PHS and Thompson testimony.

Enduring respectfully requests that the Hearing Examiner exclude Epic's Prehearing Statement and the testimony and exhibits of its witness, Mark Thompson, in their entirety, or in the alternative, exclude the specific categories of evidence identified in Section IV.C below.

II. FACTUAL AND PROCEDURAL BACKGROUND

A. The Bobby B Unit Application

Enduring filed this Application seeking an order from the Division approving the Bobby B federal exploratory unit and a proposed expansion. The Bobby B Unit and Unit Agreement received final approval from the U.S. Bureau of Land Management (“BLM”) effective May 12, 2026. *See* Enduring Exhibit B-1 (BLM Final Approval of Unit Agreement). The Bobby B Unit Agreement (“Unit Agreement”) applies to new horizontal and multi-lateral wells only. All 100 existing wells within the Unit Area producing from the Mancos-Gallup formation are excluded from the terms of the Unit Agreement. *See* Application ¶ 3; Unit Agreement § 34. Enduring has also obtained approval of the Unit Agreement from the Federal Indian Mineral Office (“FIMO”), the State Land Office, and all committed working interest owners, demonstrating sufficient support to provide effective control of unit operations. *See* Enduring PHS at 3-4; Application ¶ 4.

Enduring’s Bobby B Unit Application is structurally identical to prior Enduring unit applications the Division has approved, including the Greater Lybrook Unit (Order No. R-22081, Case No. 22599, 18,086.44 acres, April 4, 2022) and the Alamos Canyon Unit (Order No. R-24088, Case No. 25282, 5,927.62 acres, November 26, 2025). Like the Bobby B Unit, both of these previously approved units applied only to new horizontal and multi-lateral wells and excluded existing wells within the unit area.

B. Epic’s Opposition and Proposed Evidence

On September 9, 2026, Epic filed its Prehearing Statement (“Epic PHS”) opposing Enduring’s Application on grounds of “environmental harm,” “waste,” and “impairment of correlative rights.” Epic PHS at 2.

Epic's Prehearing Statement does not address whether the Bobby B Unit Agreement serves conservation or waste-prevention interests at the unit-structure level. Instead, Epic's proposed evidence falls into four categories, none of which the Division has treated as part of the unit-approval inquiry in any comparable proceeding:

(a) Alleged failures to comply with APD notice rules under Rules 19.15.16.15(A)(9) and 19.15.15.12(B) NMAC,¹ including with respect to the Bobby B 047H and other Bobby B wells. *See* Epic PHS at 3-5.

(b) The Ridge Unit incident, in which Enduring's drilling fluid from the Ridge Unit 135H well allegedly entered Epic's South Blanco Federal 22 #5 wellbore. *See* Epic PHS at 5-6. The Ridge Unit is a geographically and legally distinct unit in San Juan County, established by Order No. R-20594 in 2019.

(c) Anti-collision data and separation-factor analysis for the Bobby B 047H and other Bobby B wells, presented through the proposed testimony of Mark Thompson (operations engineer). *See* Epic PHS, Exhibit 3 (Thompson Testimony) ¶¶ 10-11.

(d) A proposed conditional-approval framework requiring, as a precondition to unit approval, advance APD notice, collision analysis, and monitoring plans for each future Bobby B well. *See* Epic PHS at 8; Thompson Testimony ¶¶ 20, 30.

Epic proposes to present testimony from a single witness, Mark Thompson, for with approximately 10 exhibits. Epic PHS at 9.

C. The Parallel Proceedings in Case Nos. 26450-62

Critically, Epic's own Prehearing Statement acknowledges that, on August 13, 2026—before this case was set for a contested hearing—Epic “filed applications to revoke several of

¹ Enduring disputes that these provisions are applicable to Enduring's horizontal wells.

Enduring's drilling permits in the Lybrook Units and the Ridge Unit." Epic PHS at 3 (citing Case Nos. 26450-62). These separate proceedings are directed at the same categories of evidence Epic seeks to present in this case: APD notice-rule noncompliance, drilling-safety deficiencies, and the consequences of wellbore proximity in Enduring's existing units. The Division's regulatory framework thus already provides a dedicated hearing forum for the very issues Epic now seeks to improperly inject into the Bobby B Unit hearing.

III. LEGAL STANDARD

Rule 19.15.4.17(A) NMAC governs the admission and exclusion of evidence at adjudicatory hearings before the Division. It provides that the Division Examiner "may admit relevant evidence, unless it is immaterial, repetitious or otherwise unreliable." 19.15.4.17(A) NMAC (emphasis added). This standard establishes three independent grounds for exclusion: immateriality, repetitiveness, and unreliability.

Although the formal rules of evidence applicable in a trial before a court without a jury "shall not control," the Division may "use such rules as guidance in conducting adjudicatory hearings." *Id.* This allows the Hearing Examiner to draw on established evidentiary principles—including the concepts of materiality and relevance—in evaluating Epic's proposed evidence. Rule 19.15.4.19 NMAC confirms that the Division Examiner "shall have the power to perform all acts and take all measures necessary and proper for the hearing's efficient and orderly conduct, including administering oaths to witnesses, receiving testimony and exhibits offered in evidence and ruling upon such objections as may be interposed." 19.15.4.19 NMAC.

IV. ARGUMENT

A. Epic's Evidence Is Immaterial to the Unit-Approval Inquiry

1. The Division's Unit-Approval Inquiry Focuses on Structural and Geological Adequacy, Not Individual Well-Level Compliance

The Division's established framework for evaluating unit applications is demonstrated by Order No. R-22081 (Greater Lybrook Unit) and Order No. R-24088 (Alamos Canyon Unit). Both orders follow an identical analytical sequence. The Division evaluates: (i) the geographic scope and acreage of the proposed unit area; (ii) the unitized interval and its geologic prospectivity; (iii) the structure of the unit agreement, including its limitation to horizontal and multi-lateral wells and the exclusion of existing wells; (iv) the obligation wells and development plan; (v) working-interest-owner support; and (vi) whether "all proposed unit acreage appears prospective for recovery of oil and gas from the target formations" and whether "the approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area." Order No. R-22081 ¶¶ (1)-(9); Order No. R-24088 ¶¶ (1)-(8).

Neither order addresses—in any finding, condition, or ordering paragraph—individual well-level APD compliance, anti-collision analysis for specific wells, historical drilling incidents, offset-operator notification practices, or the applicant's compliance record with separate Division rules. The consistent absence of these topics across both orders is not accidental; it reflects the Division's established understanding that the unit-approval inquiry is a purely structural and geological assessment—focused on the prospectivity of the targeted unitized interval—not an audit of the applicant's well-level operational history.

The Bobby B Unit Application maps directly onto this framework. Enduring's Application addresses the same elements the Division evaluated in the Greater Lybrook and Alamos Canyon proceedings: geographic scope (18,294.60 acres in Rio Arriba County), unitized interval (top of

the Mancos Formation to the base of the Gallup Sandstone, 4,478 to 5,660 feet), agreement structure (horizontal and multi-lateral wells only, 100 existing wells excluded), obligation wells (Bobby B Unit 001H, 002H, 003H, 012H), working-interest and royalty owner support (BLM, FIMO, State Land Office, and all committed working interest owners), and the conservation justification. *See* Application ¶¶ 1-6; Enduring PHS at 2-4.

2. The Reservation-of-Jurisdiction Clauses Confirm That Well-Level Oversight Is a Post-Approval Function

Both precedent orders contain a standard clause providing that the Division's approval "shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom." Order No. R-22081, Ordering ¶ (12); Order No. R-24088, Ordering ¶ (7).

This clause establishes that the Division views individual well-level oversight—including Epic's claims about APD notice compliance, drilling safety, and environmental enforcement—as an ongoing supervisory function that continues after unit approval, not as a precondition to unit formation. Unit approval does not create a regulatory vacuum. Every individual well drilled within the Bobby B Unit must obtain its own APD approval from the Division and BLM, and the Division retains full authority to enforce compliance with all applicable well-level rules through its ordinary supervisory processes. Epic has demonstrated it knows how to invoke that authority through its separate Applications to Revoke. Those issues and the related evidence have no place here.

3. Application to Each Category of Epic's Proposed Evidence

i. APD Notice-Compliance History

Epic contends that Enduring failed to comply with Rules 19.15.16.15(A)(9) and 19.15.15.12(B) NMAC for the Bobby B 047H and other wells. *See* Epic PHS at 3-5. Neither

precedent order treats the applicant's APD notice-compliance record as part of the unit-approval inquiry. Epic's claims regarding notice compliance is a well-level permitting issue that is addressed through the Division's ordinary supervisory processes—the same processes Epic is invoking in its separately filed Applications to Revoke. This evidence is immaterial to whether the Bobby B Unit Agreement should be approved. Moreover, this evidence will be entirely duplicative of the evidence Epic presents in support of its Applications to Revoke, which make the same allegations.

ii. The Ridge Unit Incident.

Epic proposes to present evidence of the Ridge Unit 135H wellbore incident that occurred months before the Bobby B Unit Application, in a geographically and legally distinct unit in San Juan County established by a separate Division order (Order No. R-20594). *See* Epic PHS at 5-6. Neither the Greater Lybrook nor the Alamos Canyon order contains any historical-incident review as part of the unit-approval process. The Division's unit-approval inquiry is forward-looking and structural, not backward-looking and compliance-oriented. A months-old incident in a different unit, in a different county, is immaterial to the Bobby B Unit approval question. To the extent Epic contends it is relevant because it forecasts potential future issues, that is pure speculation. Enduring and its predecessors-in-interests have operated numerous horizontal-only units, excluding hundreds of existing vertical wells, across the San Juan Basin for more than a dozen years without substantial incident. More problematic is the fact that the Ridge Unit 135H is itself the subject of Epic's application to revoke in Case No. 26460. Epic's evidence and testimony on that well will be entirely duplicative of the evidence it will present in that separate proceeding.

iii. Anti-Collision Data and Separation-Factor Analysis.

Epic proposes testimony from Mark Thompson on the Bobby B 047H anti-collision report and separation factors below 1.0. *See* Thompson Testimony ¶¶ 10-11. Neither precedent order addresses anti-collision analysis as part of the unit-approval determination. The Alamos Canyon order addresses horizontal spacing unit configuration and setback requirements in its ordering paragraphs as an operational framework matter—not as a precondition to approval based on the applicant’s anti-collision performance. *See* Order No. R-24088, Ordering ¶ (5). Anti-collision analysis for specific proposed wells pertains to individual well-level permitting, not to the structural adequacy of the unit agreement. And, as with all of Epic’s proposed evidence and testimony, this category is entirely duplicative of the allegations and claims raised in each of Epic’s Applications to Revoke.

iv. Epic’s Proposed Conditional-Approval Framework.

Epic requests that any approval order require advance APD notice, collision analysis, monitoring plans, and coordinated mitigation for each future Bobby B well. *See* Epic PHS at 8; Thompson Testimony ¶¶ 20, 30. Neither the Greater Lybrook nor the Alamos Canyon order includes any such well-level operational conditions. Both orders approve the unit development plan “in principle” while reserving the Division’s ongoing supervisory authority. *See* Order No. R-22081, Ordering ¶ (12); Order No. R-24088, Ordering ¶ (7). The Division has never, in any comparable proceeding, conditioned unit approval on the kind of individual well-level safeguards Epic proposes. Evidence offered to support a form of relief the Division has never granted in comparable proceedings is of no material consequence to this proceeding.

More problematic, imposing such relief would impose terms and conditions on a form of unit agreement—a private contractual agreement—already finalized and approved by the BLM,

State Land Office, FIMO, and committed working interest owners. Epic provides no legal authority that would authorize the Division to modify a private contractual agreement between these parties by imposing conditions and requirements that are not even required by Division regulations.

B. Epic's Evidence Is Repetitious of Issues Being Litigated in Case Nos. 26450-62

Epic's own Prehearing Statement acknowledges that, on August 13, 2026, Epic "filed applications to revoke several of Enduring's drilling permits in the Lybrook Units and the Ridge Unit" in Case Nos. 26450-62. Epic PHS at 3. By initiating those proceedings, Epic has acknowledged that the Division's regulatory framework provides a distinct mechanism for adjudicating the very issues Epic now seeks to litigate in the Bobby B Unit hearing: individual well-level APD noncompliance, drilling-safety deficiencies, and the consequences of wellbore proximity.

The Ridge Unit incident narrative—the centerpiece of Epic's historical-pattern argument—is presumably a central exhibit in the permit-revocation proceedings in Case Nos. 26450-62, since the Ridge Unit is expressly named as a target of those applications and is a specific target for revocation in Case No. 26460. Re-presenting this evidence in this case is needlessly duplicative and repetitious.

The alleged notice-rule violations under Rules 19.15.16.15(A)(9) and 19.15.15.12(B) NMAC are the legal basis for Epic's permit-revocation applications. *See* Epic PHS at 6-7. Presenting the same legal theory and supporting evidence in the Bobby B Unit hearing duplicates what is already before the Division in Case Nos. 26450-62. Re-presenting this evidence in this case is needlessly duplicative and repetitious.

Even to the extent the Bobby B 047H anti-collision evidence is not specifically at issue in Case Nos. 26450-62, the legal theory and factual pattern are identical: Enduring allegedly failed to provide required notice, the anti-collision report allegedly shows dangerous separation factors, and the claimed result is foreseeable harm. Presenting the same category of evidence in two parallel proceedings before the Division is precisely the kind of redundancy the “repetitious” exclusion ground in Section 19.15.4.17(A) NMAC is designed to prevent.

Allowing Epic to present its full evidentiary program in this hearing would effectively transform the Bobby B Unit hearing into a shadow enforcement proceeding, duplicating the function of Case Nos. 26450-62, with substantial additional evidence and testimony on matters not germane to what is necessary for Division approval. It would also require a mini-hearing on the alleged applicability of Rules 19.15.16.15(A)(9) and 19.15.15.12(B) NMAC—which Enduring disputes are applicable here.

This would undermine the Division’s orderly administration of its docket and impose unnecessary burdens on the Division and all parties. This is especially problematic where the evidence is not relevant and immaterial to the assessment at issue before the Division for unit approval. Rule 19.15.4.19 NMAC vests the Hearing Examiner with power to “take all measures necessary and proper for the hearing’s efficient and orderly conduct.” Excluding repetitious evidence serves that objective.

C. In the Alternative, Specific Categories of Epic’s Evidence Should Be Excluded

Even if this Motion is not granted in full, the Hearing Examiner should exclude the following specific categories of Epic’s proposed evidence.

1. The Ridge Unit Incident.

All testimony and exhibits related to the Ridge Unit 135H wellbore breach should be excluded. The Ridge Unit is a geographically distinct unit in San Juan County, established by a separate Division order (Order No. R-20594) in 2019. The incident occurred months before the Bobby B Unit Application. It is the subject of Epic's separately filed permit-revocation proceedings in Case Nos. 26450-62 and specifically Case No. 26460. Neither Division precedent order includes any historical-incident review as part of the unit-approval process. This evidence is both immaterial to the unit-approval question and repetitious of the parallel proceedings.

2. APD-Level Anti-Collision Analyses.

The detailed anti-collision analyses and separation-factor data for the Bobby B 047H and other specific Bobby B wells (Epic PHS Exhibits 2, 5, 6, 7, 8) should be excluded. These exhibits pertain to individual well-level permitting—a matter governed by separate Division rules and subject to the Division's ongoing supervisory authority—not to the structural adequacy of the Bobby B Unit Agreement. Neither the Greater Lybrook nor the Alamos Canyon order addresses anti-collision analysis as part of the unit-approval inquiry.

3. Notice-Rule Compliance History.

Evidence of Enduring's compliance or noncompliance with Rules 19.15.16.15(A)(9) and 19.15.15.12(B) NMAC—including the correspondence and regulatory communications attached to Epic's Prehearing Statement—should be excluded as pertaining to the Division's ongoing supervisory function rather than to the threshold unit-approval determination. The Division's reservation-of-jurisdiction clauses in both precedent orders confirm that these matters are addressed through post-approval oversight, and on a well-by-well basis as issues and objections arise, not as preconditions to unit formation.

4. Epic's Proposed Conditional-Approval Framework.

Epic provides no legal authority that would empower the Division to modify a private contractual agreement between the BLM, State Land Office, FIMO, and all the committed working interest owners by imposing conditions and requirements that are not even required by existing Division regulations.

V. CONCLUSION

For the foregoing reasons, Enduring respectfully requests that the Hearing Examiner enter an order:

- (a) Excluding Epic's Prehearing Statement and the testimony of Mark Thompson in their entirety under Section 19.15.4.17(A) NMAC as immaterial to the unit-approval question and repetitious of issues being litigated in Epic's separately filed Case Nos. 26450-62;
- (b) In the alternative, excluding the specific categories of evidence identified in Section IV.C above, including all evidence relating to the Ridge Unit incident, the detailed APD-level anti-collision analyses for individual Bobby B wells, Enduring's notice-rule compliance history under Rules 19.15.16.15(A)(9) and 19.15.15.12(B) NMAC, and its proposed conditional-approval framework; and
- (c) Exercising the Hearing Examiner's authority under Section 19.15.4.19 NMAC to take all measures necessary for the efficient and orderly conduct of the hearing, including confining cross-examination and argument to the issues properly before the Hearing Examiner in this unit-approval proceeding.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on September 11, 2026, I served a copy of the foregoing Motion upon the following counsel of record via electronic mail:

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**Case No. 22599
Order No. R-22081**

APPLICATION OF ENDURING RESOURCES, LLC FOR (1) THE CREATION OF THE GREATER LYBROOK UNIT, EFFECTIVE OCTOBER 1, 2021; (2) TO AMEND ORDER NO. R-14051 TO FREEZE THE EXISTING WEST LYBROOK UNIT, EFFECTIVE OCTOBER 1, 2021; (3) TO AMEND ORDER NO. R-14084 TO FREEZE THE EXISTING KIMBETO WASH UNIT, EFFECTIVE OCTOBER 1, 2021; (4) TO EXPAND THE WEST LYBROOK; MANCOS POOL TO INCLUDE THE PROPOSED GREATER LYBROOK UNIT AND KIMBETO WASH UNIT AREAS; AND (5) TO CONTRACT THE BASIN MANCOS GAS POOL OUTSIDE THE PROPOSED GREATER LYBROOK UNIT AND KIMBETO WASH UNIT AREAS, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came for hearing March 3, 2022, at Santa Fe, New Mexico, before Examiner Dean McClure.

NOW, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Oil Conservation Division ("OCD") has jurisdiction of this case and its subject matter.

(2) Enduring Resources, LLC ("Applicant") is seeking approval from the U.S. Bureau of Land Management ("BLM") of the Greater Lybrook Unit ("Unit") consisting of 18,086.44 acres of the following federal and Indian Allotment lands situated in San Juan County, New Mexico ("Unit Area"):

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TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM

Section 6: S/2 S/2

Sections 7 and 8: All

Sections 17 through 19: All

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 11: SW/4 and E/2

Sections 12 through 15: All

Sections 17 through 30: All

Section 31: NE/4

Sections 32 through 35: All

(3) Under the proposed Greater Lybrook Unit Agreement, the Unitized Interval will be defined as all oil and gas in the interval from the stratigraphic equivalent of the top of the Mancos Shale found at a measured depth of 3,933 feet beneath the surface down to the stratigraphic equivalent of a depth of 5,226 feet as encountered in the WPX Energy Nageezi Federal #1 well in Section 19, Township 23 North, Range 8 West, N.M.P.M. (API #30-045-26303).

(4) The proposed Greater Lybrook Unit Agreement will apply only to horizontal and multi-lateral wells drilled after the effective date of October 1, 2021, and all existing vertical wells and horizontal wells drilled prior to October 1, 2021, within the Unit Area are excluded. These wells were identified on Exhibit D in the Unit Agreement.

(5) The Applicant presented testimony and exhibits as follows:

a. On September 8, 2015, the Division issued Order No. R-14051 in Case No. 15356 approving formation of the West Lybrook Unit consisting of 12,807.24 acres, more or less, of Federal and Allotted Indian lands in San Juan County, New Mexico.

b. The West Lybrook Unit's Unitized Interval is currently defined as the top of the Mancos formation at a measured depth of 3,820 feet down to the stratigraphic equivalent at a depth of 5,071 feet as encountered in the log run on the Federal Davis Oil Company Chaco Well No. 6 (API No. 30-045-05082) located in Section 12, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico. See Order No. R-14051, at Ordering ¶ 4.

c. Order No. R-14051 also created a new pool for horizontal wells drilled within the West Lybrook Unit's Unitized Interval known as the West Lybrook Unit Mancos Pool. See Order No. R-14051, at Ordering ¶ 7.

d. Order No. R-14051 expressly provides that "The Division may expand or contract the horizontal boundaries of the West Lybrook Unit Mancos Pool if the boundaries of the Unit are altered." See Order No. R-14501, Ordering ¶ 10.

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- e. Separately, on November 30, 2015, the Division issued Order No. R-14084 in Case No. 15375 approving formation of the Kimbeto Wash Unit, consisting of 5,279.20 acres, more or less, of Federal and Indian Allotted lands in San Juan County, New Mexico.
- f. The Kimbeto Wash Unit is contiguous with the western boundary of the West Lybrook Unit.
- g. The Unitized Interval of the Kimbeto Wash Unit includes all oil and gas from the top of the Mancos formation at a measured depth of 2,873 feet down to the stratigraphic equivalent at a depth of 4,680 feet as encountered in the BCO, Inc. Federal E Well No. 1 (API 30-045-20949) located in Section 17, Township 22 North, Range 9 West, NMPM, San Juan County, New Mexico. See Order No. R-14084, Ordering ¶ 3.
- h. Horizontal wells drilled within the Kimbeto Wash Unit are to be dedicated to the Basin Mancos Gas Pool. See Order No R-14084, ordering paragraph 4. However, Order No R-14084 expressly provides that if a new pool for Mancos development is formed that encompasses the Kimbeto Wash Unit, the Basin Mancos Gas pool will be contracted and the wells in the Kimbeto Was Unit shall be incorporated into the new Mancos pool.
- i. Enduring is the successor-in-interest to WPX Energy Production, LLC and successor operator of the West Lybrook Unit under the terms of the West Lybrook Unit Agreement, and successor operator of the Kimbeto Wash Unit under the terms of the Kimbeto Wash Unit Agreement.
- j. Thus, Enduring proposes to create the new Greater Lybrook Unit and combine the acreage of the Kimbeto Wash and West Lybrook Unit into this one unit. The Applicant proposes to limit the existing West Lybrook Unit and Kimbeto Wash Unit to existing wells drilled as of October 1, 2021. This will allow Enduring to develop and operate the acreage encompassing both existing units more efficiently and effectively.
- k. The Greater Lybrook Unit exterior boundaries encompass both the West Lybook Unit and Kimbeto Wash Unit, which are two existing federal units.
- l. Enduring proposes to freeze the existing West Lybrook Unit and Kimbeto Wash Unit to existing wells and production. The existing wells will remain in place and all wells drilled before October 21, 2021 will remain dedicated to each respective unit.
- m. All existing and producing wells in the existing West Lybrook and Kimbeto Wash units will remain committed to their respective Units and Unit Agreements. All 35 vertical and horizontal wells drilled within the unit area prior to October 21, 2021 will be excluded from the Greater Lybrook Unit and a list of these wells was submitted as Exhibit D to the Unit Agreement. Enduring will continue to pay royalty for production on the same interests from the existing 35 wells in the West Lybrook and Kimbeto Wash units for as long as they

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produce. All mineral interest owners in both existing units will receive an additional royalty payment from wells drilled in the Greater Lybrook Unit after October 1, 2021.

n. Horizontal and multi-lateral wells drilled within the Unit area after October 1, 2021 will be committed to the Greater Lybrook Unit.

o. The proposed Greater Lybrook Unit is comprised of sixty-four federal and Indian Allotment tracts. Eleven (11) tracts are federal, and fifty-three (53) tracts are Indian Allotment. Federal land consists of 9,607.35 acres or approximately 53.12 % of the Unit. Indian Allotted land totals 8,479.09 acres or 46.88% of the Unit.

p. Enduring owns approximately 96.61 % of the working interest in the proposed Unit area and anticipates obtaining the voluntary agreement of the remaining interest owners.

q. Enduring anticipates that remaining working interest owners in each unit will ratify amendments to freeze the West Lybrook Unit and Kimbeto Wash unit agreements to apply only to existing wells and production, effective October 1, 2021

r. Since October 2021, Enduring has drilled five horizontal wells in the proposed Unit area and plans to drill future horizontal wells that will develop acreage across the proposed Unit area. Enduring presented a map which includes the five wells and a future plan of development. The five wells serve as the obligation wells for the proposed Greater Lybrook Unit.

s. The five Unit obligation wells are the W Lybrook Unit #724H (30-45-38261), the W Lybrook unit #756H (30-045-38262), the W Lybrook Unit #757H (30-045-38263), the W Lybrook #758 (30-045-38264) and the W Lybrook Unit 720H (30-045-38260). All wells were completed in the Lybrook Mancos W pool, with pool code 98157. C-102s were attached in the as Exhibit B4.

t. Initial geological development objectives are the Gallup and Mancos silt member of the Mancos Formation. No faults or other geologic impediments were observed that would hinder development of the proposed unit area. The targeted intervals are continuous across the unitized areas and can be more efficiently and effectively developed under a common unit development plan.

u. The Unitized interval will be defined as all oil and gas in the interval from the stratigraphic equivalent of the top of the Mancos Shale found at a measured depth of 3,933 feet beneath the surface down to the stratigraphic equivalent of a depth of 5,226 feet as encountered in the WPX Energy Nageezi Federal #1 well in Section 19, Township 23 North, Range 8W, N.M.P.M (API 30-045-26303). The proposed Unit interval for the Greater Lybrook Unit matches the unitized interval for the existing West Lybrook Unit, but uses a new type log because it has better modern high quality triple combination log

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as compared to the 1957 electric type log (the Federal Davis Oil Company Chaco Well No. 6 (API No. 30-045-05082) mentioned above) originally used for the West Lybrook Unit.

v. The Greater Lybrook Unit plan of development includes approximately 8 pads and 40 laterals. Surface impacts from unitization will be reduced by about 33% and resulting longer lateral lengths of approximately 10,000 feet. This economy of scale results in a one-third reduction in the number of laterals thus minimizing all elements of environmental impacts. Longer laterals are generally more efficient and expected to produce more oil. Twenty of the laterals will be drilled across the former boundary of the West Lybrook and Kimbeto Wash Units. By eliminating the need for setbacks an additional 800 feet of wellbore per lateral will allow for the recovery of an additional 60 barrels of oil per foot over the projected 25-year life of the new wells.

w. The Greater Lybrook Unit acreage is located within two pools: the Basin Mancos Gas Pool (Pool code 97232) which covers the Kimbeto Wash Unit, and the West Lybrook; Mancos Pool (Pool Code 98157) which covers acreage in the West Lybrook Unit area. To avoid having multiple pools the Applicant requests the Division contract the Basin Mancos Gas Pool outside of the exterior boundaries the Kimbeto Wash Unit and expand the West Lybrook Unit Mancos Pool to include the Kimbeto Wash Unit and thus all of the proposed Greater Lybrook Unit.

x. By the first day of the next month after the Unit is approved, Enduring is required to re-assign all Kimbeto Wash Unit wells to the West Lybrook Mancos pool, using the C-103 and C-102 forms.

y. Enduring has met with the Bureau of Land Management regarding the proposed unitized area and the Unit Agreement and presented a copy of a preliminary approval letter from the BLM. This letter contains several requirements and obligations for final approval from the agency that will be met by the Applicant.

z. A copy of the proposed Greater Lybrook Unit Agreement was presented as Exhibit 1. Applicant presented the proposed Unit Agreement ("Unit Agreement"), which is Exhibit A-1. The voluntary Unit Agreement designates the Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.

(6) Notice of this application was provided to the Bureau of Land Management, the Federal Indian Minerals Office and Indian Allottees.

(7) No other party appeared at the hearing or otherwise opposed this application.

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(8) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(9) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Greater Lybrook Unit comprised of federal and Indian Allotment lands in San Juan County, New Mexico.

(2) The Unit Area comprises 18,086.44 acres situated in San Juan County, New Mexico and described above.

(3) This Order will expand the West Lybrook; Mancos Pool to include the proposed Greater Lybrook Unit and Kimbeto Wash unit areas.

(4) This Order will contract the Basin Mancos Gas Pool outside the proposed Greater Lybrook Unit and Kimbeto Wash Unit areas.

(5) Order R-14051 will be amended to freeze the existing West Lybrook Unit, effective October 1, 2021.

(6) Order R-14084 will be amended to freeze the existing Kimbeto Wash unit, effective October 1, 2021.

(7) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(8) OCD recognizes that Enduring Resources, Inc. (OGRID No 372286) is designated the Unit Operator under the proposed Unit Agreement.

(9) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a "unitized area" as provided in 19.15.16 NMAC.

(10) By the first day of the next month after the Unit is approved, Enduring is required to re-assign all Kimbeto Wash Unit wells to the West Lybrook Mancos pool, using the C-103 and C-102 forms.

(11) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

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(12) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(13) The Unit Operator shall file with the OCD the fully executed Unit Agreement within 30 days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within 30 days after approval or notification of BLM, the amended Unit Agreement or other documentation reflecting the changes.

(14) All filings required by this Order shall be submitted to the OCD Engineering Bureau (OCD.Engineer@state.nm.us). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(15) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 4/04/2022

EXHIBIT B

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**Case No. 25282
Order No. R-24088**

**APPLICATION OF ENDURING RESOURCES, LLC FOR APPROVAL OF THE
ALAMOS CANYON UNIT, SANDOVAL COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 10, 2025, and after considering the administrative record including sworn testimony, admitted evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

(1) Enduring Resources, LLC (“Applicant”) is seeking approval from the U.S. Bureau of Land Management (“BLM”) of the Alamos Canyon Unit (“Unit”) consisting of 5,927.62 acres of the following lands situated in Sandoval County, New Mexico (“Unit Area”):

Township 22 North, Range 6 West, N.M.P.M.

Section 3: S/2
Section 4: Lots 3 & 4, S/2 NW/4, S/2 (W/2, SE/4 equivalent)
Section 5: S/2
Section 6: Lots 6 & 7, E/2 SW/4, SE/4 (S/2 equivalent)
Section 7: All
Section 8: All
Section 9: All
Section 10: NW/4
Section 17: N/2
Section 18: Lots 1 & 2, E/2 NW/4, NE/4 (N/2 equivalent)

Township 22 North, Range 7 West, N.M.P.M.

Section 11: E/2
Section 12: All

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Section 13: N/2, SW/4

Section 14: E/2

(2) Unitized Interval: The unitized interval for the Unit is the Mancos Formation, which is defined as the stratigraphic equivalent of the top of the Mancos Formation found at 4,416 feet MD to the base of the Greenhorn Limestone Formation found at 6,241 feet MD in the Logos No. 3 well located in the SE/4 SE/4 of Section 5 of Township 22 North, Range 6 West, N.M.P.M. in Sandoval County, New Mexico (API No. 30-043-21135).

(3) The unitized interval underlying the Unit is currently designated by the OCD as the Basin Mancos pool (Pool Code: 97232).

(4) Applicant presented testimony and exhibits as follows:

a. The Unit is a proposed federal exploratory unit and the Mancos Formation will be unitized.

b. The Unit is comprised of fourteen (12) tracts of which thirteen (13) are federal tracts and one (1) are tribal allottee tracts.

c. The Unit obligation wells will be three (3) horizontal wells, each with at least a 5,000-foot lateral within the Mancos Formation. The proposed obligation wells are:

Alamos Canyon Unit No. 226H (API No. 30-043-PENDING)

Surface hole location: SE/4 Sec 11-T22N-R7W

Bottom hole location: SW/4 Sec 13-T22N-R7W

Alamos Canyon Unit No. 224H (API No. 30-043-PENDING)

Surface hole location: SE/4 Sec 11-T22N-R7W

Bottom hole location: SW/4 Sec 13-T22N-R7W

Alamos Canyon Unit No. 222H (API No. 30-043-PENDING)

Surface hole location: SE/4 Sec 11-T22N-R7W

Bottom hole location: SW/4 Sec 13-T22N-R7W

d. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The BLM assigned NMNM 106366944 as the case serial number to the Unit.

e. Notice of this application was provided to the tribal allottee owners within the Unit Area. Public notice was published in the newspaper of general circulation.

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(5) Applicant requested the exclusion of some existing wells from the Unit. The Unit will include new horizontal and multi-lateral wells only. The Unit will exclude all existing wells producing from the Gallup formation, specifically excluding the following wells:

Lybrook 2206 16A No. 221H (API No. 30-043-21148)

Surface hole location: NE/4 NE/4 Sec 16-T22N-R6W

Bottom hole location: NW/4 NW/4 Sec 16-T22N-R6W

Lybrook 2206 16I No. 224H (API No. 30-043-21161)

Surface hole location: NE/4 SE/4 Sec 16-T22N-R6W

Bottom hole location: SW/4 SW/4 Sec 16-T22N-R6W

Logos No. 3 (API No. 30-043-21135)

Surface hole location: SE/4 SE/4 Sec 5-T22N-R6W

Bottom hole location: SE/4 SE/4 Sec 5-T22N-R6W

(6) No other party appeared at the hearing or otherwise opposed this application.

(7) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(8) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Unit.

(2) The Unit Area comprises 5,927.62 acres situated in Sandoval County, New Mexico and described above.

(3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that Enduring Resources, LLC (OGRID No. 372286) is designated the Unit Operator under the Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by OCD as a "unitized area" as provided in 19.15.16 NMAC.

For a horizontal well, the completed interval of which is located wholly within the Unit, the horizontal spacing unit configuration requirements of 19.15.16.15 B.(1)(c) and 19.15.16.15 B.(3)(c) NMAC do not apply. All other horizontal spacing unit configuration requirements

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apply, and Applicant shall obtain OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15 (B)(5) NMAC as necessary.

For a horizontal well, the completed interval of which is located wholly within the Unit, the setbacks prescribed in 19.15.16.15 C. NMAC apply only to the outer boundaries of the Unit.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with OCD the fully executed Unit Agreement within thirty (30) days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within thirty (30) days after approval or notification of the BLM or SLO, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to OCD via a Post Hearing Statement and the OCD Engineering Bureau shall be notified of the submission via email at OCD.Engineer@emnr.dnm.gov. OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(10) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ALBERT C. S. CHANG
DIRECTOR**

Date: 11/26/2025