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September 23, 2026

Via OCD Online Imaging:

Oil Conservation Division – Hearings
1220 S. St. Francis
Santa Fe, NM 87505

*Re: In re Application of Enduring Resources, LLC, For Approval of the Bobby B Unit,
Rio Arriba County, New Mexico – Case No. 26365 – Amended Exhibit*

Dear Hearing Examiner:

Attached is the redacted Testimony of Mark Thompson, the unredacted version of which was Exhibit 3 to the Pre-Hearing Statement of Epic Energy, LLC (“Epic”). During the hearing in this matter, on September 15, 2026, the Hearing Examiner filed the Order on Enduring Resources, LLC’s Motion to Exclude Prehearing Statement and Testimony of Epic Energy, LLC (“Evidentiary Order”). Paragraph 5 of the Order provides:

Evidence concerning the Ridge Unit incident is largely cumulative of issues already pending in Case Nos. 26450-62, involves a geographically and legally distinct unit, and is of limited probative value to the forward-looking unit-approval inquiry. It is therefore properly excluded or severely limited.

Evidentiary Order ¶ 5, at 2. At the hearing, the Hearing Examiner did not limit the evidence, but, instead, excluded the evidence. The Hearing Examiner directed Epic to redact from any of its exhibits reference to the Ridge Unit incident. In accordance with that direction, attached to this cover letter is the redacted copy of Epic’s Pre-Hearing Statement Exhibit 3, which redacts evidence of the Ridge Unit incident.

Very truly yours,

PEIFER, HANSON, MULLINS & BAKER, P.A.

By: _____

Matthew M. Beck

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

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

Case No. 26365

TESTIMONY OF MARK THOMPSON

I, Mark Thompson, submit this testimony under penalty of perjury under the law of the State of New Mexico, in advance of the hearing in the Oil Conservation Division Case above.

1. I am currently an Operations Engineer for Walsh Engineering & Production (“Walsh”), which is a company contracted by Epic Energy, LLC (“Epic”), for a variety of services. I have been with Walsh since 2025.

2. I have not previously testified before the New Mexico Oil Conservation Division (the “Division”). I have attached my current resume as Exhibit 4. It outlines my education, training, and experience.

3. I hold a degree in Chemical Engineering from New Mexico State University and have worked in the oil and gas industry since 2009, with more than ten years focused on horizontal-well planning and anti-collision analysis.

4. From November 2013 through October 2025, I served as a Senior Well Planner at EOG Resources. I developed, permitted, and directionally planned horizontal drilling programs; prepared directional and drilling plans used at the rig and submitted to state and federal regulators; and worked with field personnel and regulatory officials regarding changing drilling programs.

5. I know that Enduring Resources, LLC (“Enduring”) submitted to the Division and Application for approval of the Bobby B exploratory unit and proposed expansion (“Bobby B

Unit”). I am familiar with the history of correspondence between Epic and Enduring related to Enduring’s practices applying for drilling permits and drilling and stimulating horizontal wells in proximity to Epic’s existing wells. I have reviewed Enduring’s APDs for the Bobby B wells planned from the Bobby B 040H pad. I am familiar with the standard of a prudent and responsible operator in well-planning, directional-drilling, anti-collision, drilling, completion, notice, and mitigation practices, and have opinions whether Enduring met that standard and whether Enduring’s practices have interfered with Epic’s operations and whether the planned Bobby B wells from the Bobby B 040H pad will interfere with Epic’s operations.

6. A proper anti-collision analysis identifies every existing and planned wellbore that could interact with the proposed well, regardless of operator. It uses the available survey information and an appropriate error model to calculate an ellipse of uncertainty around each wellbore and then evaluates the distance between the proposed and offset wellbores.

7. The principal collision-risk metric is the separation factor, which compares the distance between two surveyed wellbore centerlines to the combined size of their ellipses of uncertainty. A separation factor below 1.0 means that the two ellipses of uncertainty overlap and therefore presents a technical collision risk.

8. In my experience and consistent with accepted collision-avoidance practice, a separation factor above 2.0 generally indicates no material collision concern; a factor between 1.5 and 2.0 indicates a low risk of collision; a factor between 1.0 and 1.5 requires caution, management review, or a written exception; and a factor at or below 1.0 is a Level 1 warning requiring drilling to stop until the risk is resolved and appropriate mitigation is implemented.

9. Where a legacy vertical well has only limited deviation data, its positional uncertainty can be substantial. A prudent operator planning a nearby horizontal well should obtain

the best available offset-well information, coordinate with the offset operator, and, where appropriate, run a wireline gyroscopic survey, revise the planned trajectory, establish drilling controls, shut in or otherwise protect the offset well, and continuously monitor the risk.

10. The Bobby B 047H APD's anti-collision report identifies several active Epic wells as offset wells and reports separation factors below 1.0 for four Epic wells. See Ex. 2 at 25:

Summary						
Site Name	Reference Measured Depth (ft)	Offset Measured Depth (ft)	Distance Between Centres (ft)	Distance Between Ellipses (ft)	Separation Factor	Warning
Offset Well - Wellbore - Design						
Sec 14 T24N R07W						
Pre Ongard 001 - No surveys - No surveys	18,494.88	5,805.13	685.91	149.70	1.279	Level 3<2.00, CC
Pre Ongard 001 - No surveys - No surveys	18,500.00	5,805.17	685.93	149.53	1.279	Level 3<2.00, ES, SF
Sec 23 T24N R07W						
Byrd 001 - Orig hole - No surveys	16,700.00	5,674.74	1,306.95	817.44	2.670	CC
Byrd 001 - Orig hole - No surveys	16,704.45	5,674.78	1,306.95	817.36	2.669	ES, SF
Sec 24 T24N R07W						
Grace Federal 24 001R - Orig hole - Inc only surveys	15,339.62	5,620.43	79.82	-304.41	0.208	Level 3<2.00, CC, ES, SF
Grace Federal 24 002 - Orig hole - Inc only surveys	14,098.03	5,542.70	171.45	-156.58	0.523	Level 3<2.00, CC, ES, SF
Lybrook Fed 005 - Orig hole - Inc only surveys	11,013.98	5,569.87	175.24	-104.70	0.626	Level 3<2.00, CC, ES, SF
Pre ongard 001 (Grace Federal 24) - Orig hole - Inc only	14,859.29	5,582.86	364.42	-10.36	0.972	Level 3<2.00, CC, ES, SF
Pre ongard 001 (Reynolds Killarney 24) - Orig hole - No s	11,991.61	5,556.01	400.46	24.53	1.065	Level 3<2.00, CC, ES, SF
Rincon Largo Federal 24 002 - Orig hole - No surveys	12,663.45	5,605.40	1,044.87	651.37	2.655	CC, ES
Rincon Largo Federal 24 002 - Orig hole - No surveys	12,700.00	5,605.69	1,045.51	651.53	2.654	SF
Sec 30 T24N R06W						
Bobby B 040H - Orig hole - rev0	500.00	500.00	40.15	36.73	11.752	CC, ES
Bobby B 040H - Orig hole - rev0	600.00	599.95	42.66	38.53	10.325	SF
Bobby B 041H - Orig hole - rev0	500.00	500.00	19.91	16.50	5.828	CC, ES
Bobby B 041H - Orig hole - rev0	20,288.42	20,192.02	1,185.12	494.56	1.716	Level 3<2.00, SF
Bobby B 042H - Orig hole - rev0	500.00	500.00	139.84	136.42	40.933	CC, ES
Bobby B 042H - Orig hole - rev0	700.00	685.57	158.91	154.13	33.247	SF
Bobby B 043H - Orig hole - rev0	500.00	500.00	119.92	116.51	35.104	CC, ES
Bobby B 043H - Orig hole - rev0	800.00	792.46	144.81	139.26	26.115	SF
Bobby B 044H - Orig hole - rev0	500.00	500.00	100.01	96.60	29.276	CC, ES
Bobby B 044H - Orig hole - rev0	800.00	798.77	122.76	117.19	22.022	SF
Bobby B 045H - Orig hole - rev0	5,453.36	5,465.56	70.10	30.70	1.779	Level 3<2.00, CC, ES, SF
Bobby B 046H - Orig hole - rev0	1,919.68	1,952.14	41.38	25.36	2.582	CC, ES, SF
Rincon 001 - Orig hole - Inc only surveys	6,858.80	5,594.96	136.69	-34.10	0.800	Level 3<2.00, CC, ES, SF
Rincon 002 - Orig hole - Inc only surveys	4,899.02	4,801.56	599.65	480.24	5.022	CC
Rincon 002 - Orig hole - Inc only surveys	5,100.00	5,002.58	601.17	477.33	4.854	ES
Rincon 002 - Orig hole - Inc only surveys	5,300.00	5,195.67	615.58	487.29	4.798	SF

Those values are not merely cautionary; they are Level 1 warnings showing overlapping uncertainty envelopes and an unacceptable risk that the planned wellbore may collide with, breach, or otherwise damage the existing wells.

11. In my professional opinion, Enduring should not proceed to drill the Bobby B 047H on the plan reflected in that report. Before drilling, Enduring should resolve each warning, particularly where the separation factor is less than 1.0, through a documented re-plan and coordinated mitigation acceptable to the affected offset operator and the regulators. At a minimum,

that process should include timely disclosure of the APD and directional plan, verification of offset-well locations, consideration of gyro surveys, trajectory changes or safety buffers, protective measures for the active offsets, and real-time communication and monitoring.

12. Based on my knowledge and the records I reviewed, Enduring did not provide Epic the required advance information concerning the Bobby B 047H APD (or the APDs for the Bobby B 040H, 041H, 042H, 043H, 044H, 045H, or 046H) before regulatory approval. That failure deprived Epic of the practical opportunity to identify the Level 1 warnings, provide well-specific information, propose mitigation, protect its active wells, and alert the BLM and the Division before approval was granted.

13. The risks shown for the Bobby B 047H are confirmed by Enduring's prior operations. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

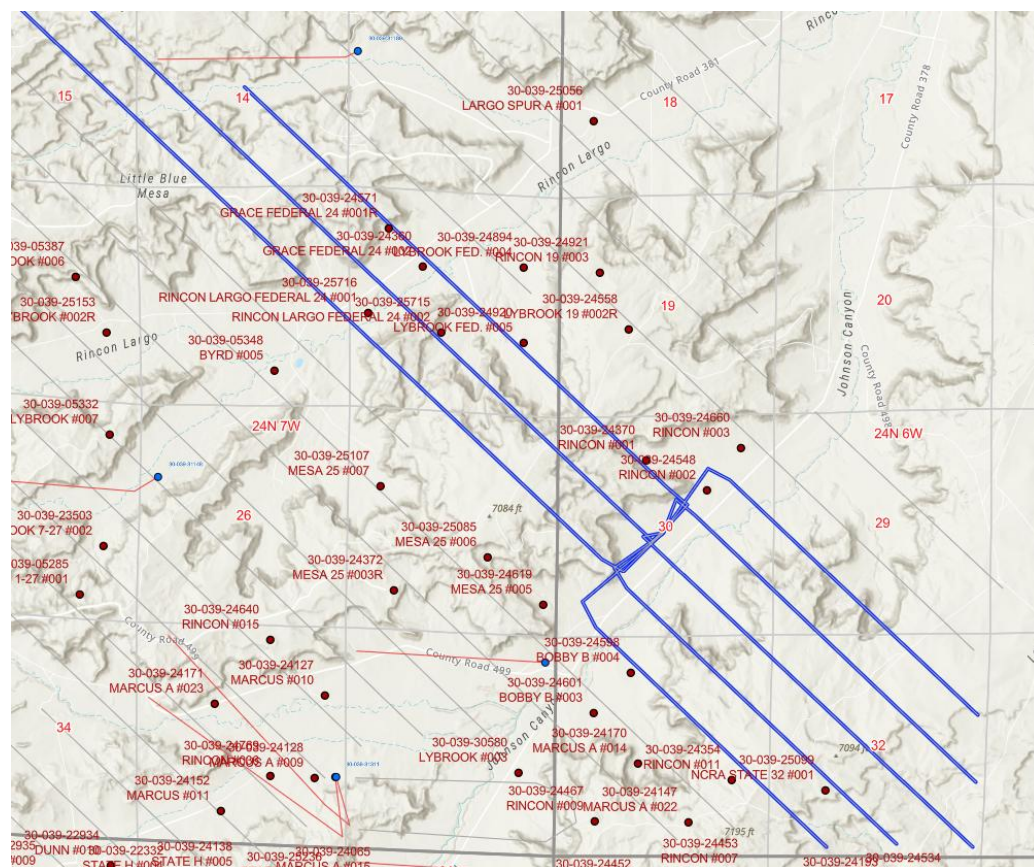
14. That incident demonstrates the foreseeable consequences of drilling through a Level 1 anti-collision warning without notice, coordination, or mitigation: uncontrolled subsurface communication, loss of drilling fluids and hydrocarbons, surface releases, emergency-response

and plugging costs, destruction of an existing producing asset, loss of future production, waste, environmental harm, and impairment of the offset owner's correlative rights.

15. Like the Bobby B 047H, additional Enduring wells are planned or were drilled with Level 1 separation factors ("SF") near offsetting wells, including, but not limited to, Epic wells:

- Bobby B 040H Anticollision Report ("AR"): three wells with <1.0 SF. *See Ex. 5.*
- Bobby B 041H AR: four wells with <1.0 SF. *See Ex. 6.*
- Bobby B 043H AR: one well with <1.0 SF. *See Ex. 7.*
- Bobby B 045H AR: one well with <1.0 SF. *See Ex. 8.*

Aside from the Anticollision Reports, an image of the planned Enduring horizontal wells from the Bobby B 040H pad with existing wells identified demonstrates the dangerous proximity of the planned Bobby B horizontal wells to existing wells.



Ex. 9. These facts show a recurring pattern rather than an isolated accident.

16. Any other Bobby B well that Enduring proposed or will propose with a similarly low separation factor presents the same class of danger. The precise consequence may depend on the geology, the condition and pressure of the existing well, and the drilling and completion program, but a separation factor at or below 1.0 establishes that the well paths cannot be treated as safely separated and that drilling must not proceed without resolving the risk.

17. Approval of the Bobby B Unit would facilitate the drilling of the Bobby B 047H and additional horizontal or multi-lateral wells in the Unit while excluding existing wells from the Unit Agreement. Unless the approval expressly addresses individual-well notice, full anti-collision analysis, risk resolution, and coordinated mitigation, it would permit Enduring to repeat the same practices that produced the prior incidents described above.

18. In my professional opinion, allowing Enduring to drill the Bobby B 047H or any other Bobby B well with a Level 1 (<1.0 SF) or comparably dangerous separation factor, after failing to provide the required notice to affected offset operators, would create an unreasonable and foreseeable risk of collision, wellbore breach, drilling-fluid or cement migration, frac communication, surface and subsurface releases, injury to personnel, and damage to existing wells and equipment.

19. Those consequences constitute waste because they can cause the loss of drilling fluids and recoverable hydrocarbons, require unnecessary remediation and plugging, and destroy productive capacity. They also create environmental harm through surface releases and subsurface contamination and impair correlative rights by interfering with, damaging, or destroying Epic's active wells and Epic's ability to recover its share of hydrocarbons.

20. For these reasons, I conclude that the Division should not approve the Bobby B Unit unless and until Enduring demonstrates that the Bobby B 047H and every other proposed Unit well can be drilled consistently with conservation, prevention of waste, protection of the environment, and protection of correlative rights. At a minimum, any approval should require timely advance notice of each APD to every operator of an offset well within the applicable area of concern, disclosure of complete directional and anti-collision information, resolution of all Level 1 warnings before drilling, written and coordinated mitigation plans, and continuing notice of material changes in drilling or completion timing and design.

21. Based on the information I reviewed, Enduring has not made that showing. For example, its plan for the Bobby B 047H contains Level 1 anti-collision warnings involving active Epic wells. Enduring did not provide any notice to Epic that it sought approval of the Bobby B 047H (or other Bobby B wells from the Bobby B 040H pad). And its email to Epic in late August that it was mobilizing a drilling rig alerted Epic only days before mobilization, and did not advise Epic of which Bobby B wells it planned to drill or when. *See* Ex. 1. Its prior conduct shows that ignoring offset-operator notice and mitigation can cause environmental releases, waste, and unnecessary damage to or destruction of Epic's producing wells. Approval without effective safeguards would therefore expose Epic and the public to a foreseeable repetition of those harms.

22. Advance notice is therefore not a procedural technicality. It is an essential engineering and operational safeguard. Timely and complete notice allows the offset operator to verify the affected well, provide survey and completion information, install protective equipment, shut in or monitor the well, arrange personnel and emergency response, and coordinate changes before the drilling or completion operation creates an uncontrolled path for fluid or pressure.

23. When an APD is withheld as confidential and becomes available to offset operators only after approval, an offset operator cannot perform those functions before the regulator has acted. If the applicant also omits the offset operator from the required notice, the practical result is that a technically dangerous well can be approved without the affected operator or the regulator receiving the information needed to test the operator's assumptions and require mitigation.

24. I am aware that, for over a year, Epic has communicated with Enduring to alert it to its improper notice practices and to request advance notice of Enduring's drilling of wells in proximity to Epic's offset wells. Enduring ignored and refused these requests until just weeks ago, when Enduring provided Epic notice for the first time of its intention to mobilize a drilling rig to the Bobby B 040H pad, although the notice did not specify which wells would be drilled when, and was provided less than two weeks (14 days) before the drilling rig was mobilized. *See Ex. 1.* I am also aware that even the Division, over a year ago, advised Enduring that it needs to take appropriate actions to avoid negative impacts in compliance with the Division's Rules. *See Ex. 10.*

25. Approval of the Bobby B Unit would not cure the Bobby B 047H risk. It would instead provide the development framework for additional horizontal and multi-lateral wells while the existing vertical wells remain outside the Unit Agreement. Without enforceable individual-well notice and collision-risk requirements, later wells may be approved and drilled through the same process and may present the same or even lower separation factors.

26. The resulting waste includes drilling fluid and cement lost into the formation or offset wellbore, produced oil and gas released or left unrecoverable, productive wells prematurely shut in or permanently abandoned, unnecessary workover, emergency-response, remediation, and plugging operations, and damage to reservoir connectivity that reduces the efficient recovery of hydrocarbons.

27. The environmental harms include uncontrolled surface discharges of produced oil and drilling fluids, contamination of soil and public lands, subsurface migration of drilling mud, cement, frac fluid, and proppant into existing wells and productive formations, and increased risks to personnel responding to an unexpected pressure or fluid event.

28. Epic's correlative rights are impaired when Enduring's operations prevent Epic from safely operating an existing well, require Epic to bear defensive and repair costs, reduce or eliminate production, alter the well's connection to the reservoir, or destroy the well as a producing asset. Those are not limited to theoretical future possibilities; they are outcomes that already have occurred with previous Enduring wells.

29. Approval of the Bobby B Unit without enforceable protections will allow Enduring to drill wells that were or may be approved after Enduring ignored required notice to affected offset operators, including wells with separation factors indicating overlapping uncertainty envelopes. That approval would create a foreseeable risk of repeating the Ridge event (among others), causing waste, environmental harm, impairment of correlative rights, and unnecessary damage to or destruction of Epic's active wells.

30. Accordingly, the Division should deny the Bobby B Unit Application. If the Division nevertheless approves the Unit, its Order should expressly require, before submission of each APD to the BLM and the Division: (1) advance notice to every operator of an offset well within the applicable area of concern; (2) disclosure of the complete planned trajectory and anti-collision analysis; (3) independent resolution of every separation factor at or below 1.0; (4) coordinated well-protection and monitoring plans; and (5) prompt notice of any material change in drilling or completion design, sequence, or timing.

31. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

09-08-2026
Date

/s/ Mark Thompson
Mark Thompson