

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

**APPLICATION OF 3R OPERATING, LLC,  
TO POOL AN ADDITIONAL WORKING INTEREST  
OWNER UNDER THE TERMS OF ORDER NO. R-22846**      **CASE NO. 25022  
ORDER NO. R-22846-B**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 9, 2025, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. On August 25, 2023, OCD issued Order R-22846 to Flat Creek Resources, LLC to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. On September 19, 2024, OCD issued Order R-22846-A to 3R Operating, LLC (“Operator”) granting an extension to R-22846 to August 25, 2025.
3. Subsequent to the issuance of Order R-22846, Operator discovered previously unidentified interest owner(s) in the Unit.
4. Exhibit A for R-22846 included an alternative Unit due to the Operator being uncertain about the availability of federal leases. Subsequently, Operator has determined its intended Unit and has provided an amended compulsory pooling application checklist describing the Unit.
5. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owner(s).
6. Operator presented evidence through affidavits in support of the Application.
7. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

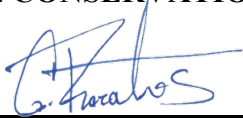
8. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
9. Operator is the owner of an oil and gas working interest within the Unit.
10. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
11. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

12. The previously unidentified interest owner(s) has not agreed to commit its interest to the Unit.
13. The pooling of the previously unidentified uncommitted interest in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords the previously unidentified interest owner(s) the opportunity to produce its just and equitable share of the oil or gas in the pool.

**ORDER**

15. The previously unidentified uncommitted interest in the Unit is hereby pooled in the Unit.
16. Exhibit A to Order R-22846 is replaced in its entirety by the attached R-22846-B Exhibit A.
17. Order R-22846, as amended, shall remain in full force and effect.
18. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**GERASIMOS RAZATOS  
DIRECTOR (ACTING)**

GR/dm

Date: 1/15/2025

# R-22846-B EXHIBIT A

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 25022</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: January 9, 2025</b>	
Applicant	3R Operating LLC
Designated Operator & OGRID (affiliation if applicable)	3R Operating LLC (OGRID No. 331569)
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of 3R Operating LLC to Pool Additional Interests Under Order No. R-22846, Eddy County, New Mexico.
Entries of Appearance/Intervenors:	N/A
Well Family	Rena
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Purple Sage; Wolfcamp (Gas) Pool (Code 98220)
Well Location Setback Rules:	Statewide
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	Quarter Section
Orientation:	North to South
Description: TRS/County	W/2 of Sections 7 and 18, Township 23 South, Range 26 East, Eddy County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	No. A non-standard spacing unit was approved administratively.
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No.
Proximity Tracts: If yes, description	No.
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Rena 7 Fed Com 702H (API # pending) SHL: 309' FSL & 1837' FEL of Section 6, T23S-R26E BHL: 330' FSL & 1900' FWL of Section 18, T23S-R26E Completion Target: Wolfcamp (Approx. 8,511' TVD)
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits B-1, B-2, B-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-4
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
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)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A

## R-22846-B EXHIBIT A

Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B in Case No. 23589
Spacing Unit Schematic	Exhibit A-6 in Case No. 23589
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2 in Case No. 23589
Well Orientation (with rationale)	Exhibit B in Case No. 23589
Target Formation	Exhibits B-2, B-6 in Case No. 23589
HSU Cross Section	Exhibits B-5 and B-6 in Case No. 23589
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-6 in Case No. 23589
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1 in Case No. 23589
Well Bore Location Map	Exhibit A-6 in Case No. 23589
Structure Contour Map - Subsea Depth	Exhibit B-3 in Case No. 23589
Cross Section Location Map (including wells)	Exhibit B-5 in Case No. 23589
Cross Section (including Landing Zone)	Exhibits B-5 and B-6 in Case No. 23589
<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):	Dana S. Hardy
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Dana S. Hardy
<b>Date:</b>	1/9/2025