

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

**APPLICATION OF EARTHSTONE OPERATING,  
LLC FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23270**

**PRE-HEARING STATEMENT**

Earthstone Operating, LLC (“Earthstone” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

**APPLICANT**

Earthstone Operating, LLC

**ATTORNEYS**

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**INTERESTED PARTY**

Tap Rock Operating, LLC

**ATTORNEYS**

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**STATEMENT OF THE CASE**

Earthstone applies for an order pooling all uncommitted interests from the top of the Second Bone Spring Formation to the base of the Bone Spring Formation underlying a 638.71-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 34, Township 19 South, Range 33 East, and Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of irregular Section

3, Township 20 South, Range 33 East, Lea County, New Mexico. The spacing unit will be dedicated to the following wells:

- **Jade 34-3 Fed 2BS Com 9H** well, to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East;
- **Jade 34-3 Fed 2BS Com 18H** well, to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East;
- **Jade 34-3 Fed HKY Com 19H** well, to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East;
- **Jade 34-3 Fed 3BS Com 21H** well, to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East; and
- **Jade 34-3 Fed 3BS Com 22H** well, to be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 34, Township 19 South, Range 33 East to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East.

The completed interval of the Jade 34-3 Fed HKY Com 19H well will be located within 330' of the quarter-quarter section line separating the W/2 E/2 and the E/2 E/2 of Sections 34 and 3 to allow for the creation of a 638.71-acre standard horizontal spacing unit.

There is a depth severance in the Bone Spring Formation in the Unit. Accordingly, Applicant seeks to pool interests from the top of the Second Bone Spring Formation at a

stratigraphic equivalent of approximately 9,730' TVD as shown on the Jade Federal #1 well log (API # 300253439000) to the base of the Third Bone Spring Formation.

The completed intervals of the wells will be orthodox. Also to be considered in each case will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

The wells are located approximately 30 miles southwest of Hobbs, New Mexico.

### **PROPOSED EVIDENCE**

<b>Witness</b>	<b>Occupation</b>	<b>Estimated Time</b>	<b>Exhibits</b>
Matt Solomon	Landman	Affidavit	Approx. 5
Jason Asmus	Geologist	Affidavit	Approx. 5

### **PROCEDURAL MATTERS**

Applicant will present this matter by affidavit if there is no opposition.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail this 29th day of December, 2022.

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
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QUESTIONS

Action 171050

**QUESTIONS**

Operator: Earthstone Operating, LLC 1400 Woodloch Forest; Ste 300 The Woodlands, TX 77380	OGRID: 331165
	Action Number: 171050
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>