

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

**APPLICATIONS OF 3R OPERATING, LLC
FOR APPROVAL OF STANDARD HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NOS. 25123-25124

**APPLICATIONS OF WPX ENERGY PERMIAN, LLC
FOR APPROVAL OF STANDARD HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 25204-25205
ORDER NO. R-23862**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a contested hearing on April 29-30, 2025, and considering the hearing record, the exhibits admitted by the Hearing Examiner, the administrative record, and recommendations of the Hearing and Technical Examiners, issues the following Findings and Conclusions:

FINDINGS OF FACT

1. These cases involve competing compulsorily pooling applications filed by 3R Operating, LLC (“3R”) and WPX Energy Permian, LLC (“WPX”) which were consolidated for a hearing. A single order is being issued for the consolidated cases.
2. Both 3R and WPX have the right to drill within the proposed spacing units, and each seeks to be named operator of its proposed wells and spacing units.
3. 3R submitted two applications under case numbers 25123 and 25124 to compulsorily pool the uncommitted oil and gas interests in the Wolfcamp formation. Together these cases comprise approximately 1,280 acres, described as (“Subject Lands”):

Township 23 South, Range 26 East, N.M.P.M.
Section 32 & 33: All

4. 3R’s applications involve the Purple Sage; Wolfcamp (Gas) [98220] pool. 3R’s exhibits demonstrated that 3R was unaware that the Purple Sage; Wolfcamp (Gas) pool is under special pool rules by Order R-14262.
5. In Case No. 25123, 3R proposed a 640-acre horizontal spacing unit in the north half of Sections 32 and 33 within the Subject Lands for the following wells: Crystal N 33 32 Fed Com No. 701H and No. 702H to target the Wolfcamp XY sand, in addition to the Crystal N 33 32 Fed Com No. 801H and No. 802H targeting the Wolfcamp B.

6. In Case No. 25124, 3R proposed a 640-acre horizontal spacing unit in the south half of Sections 32 and 33 within the Subject Lands for the following wells: Crystal N 33 32 Fed Com No. 703H to target the Wolfcamp XY sand, in addition to the Crystal N 33 32 Fed Com No. 803H and No. 804H targeting the Wolfcamp B.
7. WPX filed two competing applications under Case Nos. 25204 and 25205 to compulsorily pool the uncommitted oil and gas interests in the Wolfcamp formation, underlying the Subject Lands.
8. In Case No. 25204, WPX proposed a 640-acre horizontal spacing unit in the north half of Sections 32 and 33 within the Subject Lands for the following wells: Frontier 33-32 State Fed Com No. 601H and No. 602H to target the Wolfcamp XY sand.
9. In Case No. 25205, WPX proposed a 640-acre horizontal spacing unit in the south half of Sections 32 and 33 within the Subject Lands for the following wells: Frontier 33-32 State Fed Com No. 603H and No. 604H to target the Wolfcamp XY sand.
10. WPX is the operator of an active one-mile horizontal producer in Section 32 of the Subject Lands. This well, the Frontier 32-23-26 State No. 431H (API No. 30-015-45274) (“No. 431H”), is located approximately 330 feet from the south line and in 2018, was landed at the top of the Wolfcamp B interval as a test well. *See* Transcript (“Tr.”) (April 29, 2025), 265: 20-24; 266: 1-2
11. WPX has been awarded Orders R-23798 through R-23801 approving applications to compulsory pool the Bone Spring formation in the Subject Lands.
12. 3R presented four witnesses in support of its applications:
 - a. Brian van Staveren, Landman
 - b. Brian Atwell, Geologist
 - c. Jon Slagle, Reservoir Engineer
 - d. Tyler Lane, Operations Manager
13. WPX presented five witnesses in support of its applications:
 - a. Andy Bennet, Landman
 - b. Joe Dixon, Geologist
 - c. Keevin Barnes, Reservoir Engineer
 - d. Paul Melland, Facilities/Construction Engineer
 - e. Michael Tanner Womack, Completions Engineer
14. The Oil Conservation Commission (“Commission”) and OCD have developed several factors they “may consider” in evaluating competing compulsory pooling applications as follows:
 - a. A comparison of geologic evidence presented by each party as it relates to the proposed well location and the potential of each proposed prospect to efficiently recover the oil and gas reserves underlying the property.

- b. A comparison of the risk associated with the parties' respective proposal for the exploration and development of the property.
- c. A review of the negotiations between the competing parties prior to the applications to force pool to determine if there was a "good faith" effort.
- d. A comparison of the ability of each party to prudently operate the property and, thereby, prevent waste.
- e. A comparison of the differences in well cost estimates (AFEs) and other operational costs presented by each party for their respective proposals.
- f. An evaluation of the mineral interest ownership held by each party at the time the application was heard.
- g. A comparison of the ability of the applicants to timely locate well sites and to operate on the surface (the "surface factor").

Geological Evidence:

- 15. 3R proposed three wells in the Wolfcamp XY bench and four wells in the Wolfcamp B bench. 3R's development plan and gun barrel diagram in Exhibit 3R 000045 include the Crystal N 33 32 Fed Com No. 704H landed in the Wolfcamp XY sand, but displayed as a "Pending Infill Location" due to concerns of this well's completion having adverse effects on WPX's existing No. 431H. 3R was less concerned of similar adverse effects to the No. 431H related to their proposed Crystal N 33 32 Fed Com No. 804H landed in the Wolfcamp B because of 450 feet of vertical separation and the existence of a relatively thick consistent clay-rich interval. *See* Tr. (April 29, 2025), 67: 1-23.
- 16. WPX proposed four wells in the Wolfcamp XY by utilizing the correct setbacks for the Purple Sage; Wolfcamp (gas) pool and optimizing placement of these four wells with respect to their existing No. 431H producer. WPX's proposal initially targets the more prolific XY interval with four laterals. *See* Tr. (April 29, 2025), 267: 5-9. WPX will be able to return to the Subject Lands at a later date after further evaluation to develop the Wolfcamp B bench without adversely affecting the Estimated Ultimate Recovery (EUR). *See* WPX Exhibit C-3; *see also* WPX Exhibit C, ¶ 10. WPX has also initiated development of the Bone Spring formation in the Subject Lands.
- 17. OCD finds that WPX has a strategy to place up to eight wells in these Wolfcamp spacing units with lower risk to their existing No. 431H producer and will be developing the resources in the Bone Spring resulting in a more thorough and strategic plan within the Subject Lands with the potential to recover approximately thirty-eight percent more reserves. *See* WPX Rebuttal Exhibit R-2.

Risk and Development:

- 18. 3R's proposed development plan is to pick up a rig in July, 2025 to drill the first two Crystal wells and return in February, 2026 to drill the other five Crystal wells (estimated dates).

19. WPX's proposed development plan is to drill all four Frontier, Wolfcamp XY wells in September, 2025 (estimated).
20. OCD finds that WPX's plan will result in more timely production from the Units without leaving two wellbores stranded for an unknown period of time.

Negotiations:

21. 3R and WPX each presented testimony and exhibits on their efforts to negotiate some form of agreement, but were unable to reach a mutually agreeable resolution. *See* 3R exhibit 000098; WPX exhibit A-4.
22. OCD finds each Applicant made effort to negotiate in the Subject Lands.

Prudent Operatorship:

23. 3R's Operations Manager Tyler Lane provided testimony related to modern facility designs, utilizing protective liner systems for drilling and completion activities in sensitive areas, and plans to install a proposed water recycle and reuse system.
24. WPX's Facilities/Construction Engineer Paul Melland provided testimony related to WPX's Low Emissions ("Low-E") standard facility design, the footprint resulting from the required drilling locations, flowlines, roads, and associated production facilities, and that surface footprint being roughly doubled by two operators conducting activities in the same Units. WPX's standard CTB facility can accommodate fourteen wells, which is sufficient for all proposed Wolfcamp and Bone Spring development in the Subject Lands.
25. OCD finds that 3R and WPX both take measures to operate in a prudent manner, however increasing the surface use of Subject Lands to develop the Wolfcamp and Bone Spring resources independently would result in unnecessary waste.

Comparison of Cost:

26. 3R proposes a supervision cost of \$8,000 per month while drilling and \$800 per month while producing and a risk charge of 200%. 3R estimates the cost of an individual well is \$10.5 million.
27. WPX proposes a supervision cost of \$10,000 per month while drilling and \$1,000 per month while producing and a risk charge of 200%. WPX estimates the cost of an individual well is \$8.2 million. 3R asserted that WPX's cost estimates were too low because WPX was not using a modern frac design. *See* Exhibit 3R 000129. This assumption was shown to be based on incorrect data and miscalculated values. *See* WPX Rebuttal Exhibits R-3 and R-4.
28. OCD finds WPX's development cost is lower than 3R's development cost. Additionally, the synergy realized by developing Wolfcamp and Bone Spring

formations together in the Subject Lands improves the economics of the less prolific Wolfcamp B.

Working Interest:

29. Wolfcamp formation in the Subject Lands as represented by the exhibits: WPX – 50%, 3R – 46.875%, and Marathon – 3.125%.
30. OCD finds that 3R and WPX both have a significant and nearly identical working interest in the Wolfcamp formation. However, WPX has a clear advantage in the Subject Lands when taking into account WPX’s interest in the Bone Spring formation that WPX has initiated plans to develop.

Surface Factor:

31. 3R is seeking a development opportunity to pick up a drilling rig.
32. WPX has scheduled thirteen drilling rigs and three frac fleets.
33. OCD finds that 3R and WPX both demonstrated the desire, capability, and financial capacity to develop the Subject Lands. However, WPX possesses a logistical advantage with active resources to dispatch to projects as needed.

Conclusion:

34. OCD finds WPX’s proposal will result in effective recovery of hydrocarbons while preventing waste and protecting the correlative rights of the interest owners in the Subject Lands.
35. WPX will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
36. WPX proposes the supervision and risk charges for the Well(s) described in Exhibit A.
37. WPX identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.

CONCLUSIONS OF LAW

38. OCD has jurisdiction over the subject-matter pursuant to NMSA 1978, § 70-2-17.
39. WPX is the owner of an oil and gas working interest within the Subject Lands.
40. WPX satisfied the notice requirements for the Applications and the hearing as required by 19.15.4.12 NMAC.

41. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
42. WPX has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Subject Lands described in Exhibit A.
43. The Subject Lands contain separately owned uncommitted interests in oil and gas minerals.
44. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Subject Lands.
45. The pooling of uncommitted interests in the Subject Lands will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
46. This Order affords the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

47. The uncommitted interests in each Unit within the Subject Lands are pooled as set forth in Exhibit A.
48. The Units within the Subject Lands shall be dedicated to the Well(s) set forth in Exhibit A.
49. WPX is designated as operator of each Unit within the Subject Lands and the Well(s).
50. 3R's Applications are hereby denied.
51. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, WPX shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
52. If a Unit is a non-standard horizontal spacing unit which has not been approved under this Order, WPX shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
53. WPX shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
54. This Order shall terminate automatically if WPX fails to comply with the preceding paragraph unless WPX requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20)

days the extension is automatically granted up to one year. If a protest is received the extension is not granted and WPX must set the case for a hearing.

55. WPX may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.
56. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
57. WPX shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
58. No later than thirty (30) days after WPX submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to WPX no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
59. No later than one hundred eighty (180) days after WPX submits a Form C-105 for a well, WPX shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
60. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to WPX its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or WPX shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
61. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that

the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

62. No later than within ninety (90) days after WPX submits a Form C-105 for a well, WPX shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
63. WPX may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
64. WPX may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
65. WPX shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
66. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, WPX shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
67. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
68. Except as provided above, WPX shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
69. A Unit in the Subject Lands shall terminate if (a) the owners of all Pooled Working Interests in that Unit reach a voluntary agreement; or (b) the well(s) drilled on the

Unit are plugged and abandoned in accordance with the applicable rules. WPX shall inform OCD no later than thirty (30) days after such an occurrence.

70. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ALBERT C.S. CHANG
DIRECTOR
AC/asf

Date: 7/3/2025

Exhibit A

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| WPX COMPULSORY POOLING APPLICATION CHECKLIST | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS | |
| Case: 25204 | APPLICANT'S RESPONSE |
| Date: April 29, 2025 (Scheduled hearing) | |
| Applicant | WPX ENERGY PERMIAN, LLC |
| Designated Operator & OGRID (affiliation if applicable) | 246289 |
| Applicant's Counsel: | Darin C. Savage, Abadie & Schill, P.C. |
| Case Title: | APPLICATION OF WPX ENERGY PERMIAN, LLC FOR A COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO |
| Entries of Appearance/Intervenors: | Competing Application: 3R Operating, LLC, Case No. 25123 Additional Party: Marathon Oil Permian, LLC |
| Well Family | Frontier 33-32 State Fed Com |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Wolfcamp formation |
| Primary Product (Oil or Gas): | Gas |
| Pooling this vertical extent: | Wolfcamp formation |
| Pool Name and Pool Code: | PURPLE SAGE: Wolfcamp; Pool Code: [98220] |
| Well Location Setback Rules: | Field rules prusant to Order No. R-14262 |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 640-acre, more or less |
| Building Blocks: | Quarter Sections (160-Acre Blocks) |
| Orientation: | East to West |
| Description: TRS/County | N/2 of Sections 32 and 33, all in Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application? | Wells proposed herein are unorthodox in their location; the take points do not comply with setback requirements in Order No. R-14262 governing the Purple Sage; Wolfcamp pool. WPX will be applying with the Division for administrative approval of the nonstandard locations |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No, N/A |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | N/A |
| Applicant's Ownership in Each Tract | See Exhibit A-2, breakdown of ownership |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed |

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CASE NO. 25123, 25124, 25204, 25205
ORDER NO. R-23862

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| Well #1 | Frontier 33-32 State Fed Com 601H Well (API No. 30-015-Pending), SHL: Unit A, 840' FNL, 1,035' FEL, Section 33, T23S-R26E; BHL: Unit D, 330' FNL, 20' FWL, Section 32, T23S-R26E, NMPM; Eddy County, New Mexico Completion Target: Wolfcamp formation Well Orientation: East-West / Laydown Completion Location: Nonstandard |
| Horizontal Well First and Last Take Points | Frontier 33-32 State Fed Com 601H Well FTP: Unit A, 330' FNL, 100' FEL, Section 33, T23S-R26E LTP: Unit D, 330' FNL, 100' FWL, Section 32, T23S-R26E |
| Completion Target (Formation, TVD and MD) | Frontier 33-32 State Fed Com 601H Well TVD approx. 8,730', TMD 18,730'; Wolfcamp formation, See Exhibit A, A-1 & B-2 |
| Well #2 | Frontier 33-32 State Fed Com 602H Well (API No. 30-015-Pending), SHL: Unit A, 900' FNL, 1,035' FEL, Section 33, T23S-R26E; BHL: Unit E, 1,650' FNL, 20' FWL, Section 32, T23S-R26E, NMPM; Eddy County, New Mexico Completion Target: Wolfcamp formation Well Orientation: East-West / Laydown Completion Location: Nonstandard |
| Horizontal Well First and Last Take Points | Frontier 33-32 State Fed Com 602H Well FTP: Unit H, 1,650' FNL, 100' FEL, Section 33, T23S-R26E LTP: Unit E, 1,650' FNL, 100' FWL, Section 32, T23S-R26E |
| Completion Target (Formation, TVD and MD) | Frontier 33-32 State Fed Com 602H Well TVD approx. 8,730', TMD 18,730'; Wolfcamp formation, See Exhibit A, A-1 & B-2 |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$10,000, Exhibit A |
| Production Supervision/Month \$ | \$1,000, Exhibit A |
| Justification for Supervision Costs | See Exhibit A |
| Requested Risk Charge | 200%, Exhibit A |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit E, E-1 |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit E-2 |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit E-3 |

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| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit A-2 |
| Tract List (including lease numbers and owners) | Exhibit A-2 |
| 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) | All uncommitted WI owners; ORRI owners; and Record Title owners; including as shown on Exhibit A-2 |
| Unlocatable Parties to be Pooled | Exhibit A, Para. 12 |
| Ownership Depth Severance (including percentage above & below) | N/A |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-3 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-2 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-4 |
| Overhead Rates In Proposal Letter | Exhibit A-3 |
| Cost Estimate to Drill and Complete | Exhibit A-3 |
| Cost Estimate to Equip Well | Exhibit A-3 |
| Cost Estimate for Production Facilities | Exhibit A-3 |
| Geology | |
| Summary (including special considerations) | Exhibit B |
| Spacing Unit Schematic | Exhibit B-1, B-3 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-4, B-5 |
| Well Orientation (with rationale) | Exhibit B, B-1, B-3 |
| Target Formation | Exhibit B-2, B-4, B-5 |
| HSU Cross Section | Exhibit B-2, B-4, B-5 |
| Depth Severance Discussion | N/A |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-1 |
| Tracts | Exhibit A-2 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-2 |
| General Location Map (including basin) | Exhibit A-2 |
| Well Bore Location Map | Exhibit A-1, B-1, B-2, B-3 |
| Structure Contour Map - Subsea Depth | Exhibit B-1 |
| Cross Section Location Map (including wells) | Exhibit B-2, B-4, B-5 |
| Cross Section (including Landing Zone) | Exhibit B-2, B-4, B-5 |
| Additional Information | |
| Special Provisions/Stipulations | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Darin C. Savage |
| Signed Name (Attorney or Party Representative): | /s/ Darin Savage |
| Date: | 22-Apr-25 |

| AMENDED WPX COMPULSORY POOLING APPLICATION CHECKLIST | |
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| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS | |
| Case: 25205 | APPLICANT'S RESPONSE |
| Date: April 29, 2025 (Scheduled hearing) | |
| Applicant | WPX ENERGY PERMIAN, LLC |
| Designated Operator & OGRID (affiliation if applicable) | 246289 |
| Applicant's Counsel: | Darin C. Savage, Abadie & Schill, P.C. |
| Case Title: | APPLICATION OF WPX ENERGY PERMIAN, LLC FOR A COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO |
| Entries of Appearance/Intervenors: | Competing Application: 3R Operating, LLC, Case No. 25124 Additional Party: Marathon Oil Permian, LLC |
| Well Family | Frontier 33-32 State Fed Com |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Wolfcamp formation |
| Primary Product (Oil or Gas): | Gas |
| Pooling this vertical extent: | Wolfcamp formation |
| Pool Name and Pool Code: | PURPLE SAGE: Wolfcamp; Pool Code: [98220] |
| Well Location Setback Rules: | Field rules pursuant to Order No. R-14262 |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 640-acre, more or less |
| Building Blocks: | Quarter Sections (160 Acre Blocks) |
| Orientation: | East to West |
| Description: TRS/County | S/2 of Sections 32 and 33, all in Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N). If No, describe and is approval of non-standard unit requested in this application? | Wells proposed herein are unorthodox in their location; the take points do not comply with setback requirements in Order No. R-14262 governing the Purple Sage; Wolfcamp pool. WPX will be applying with the Division for administrative approval of the nonstandard locations |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No, N/A |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | N/A |
| Applicant's Ownership in Each Tract | See Exhibit A-2, breakdown of ownership |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed |

AMENDED

| | |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Well #1 | Frontier 33-32 State Fed Com 603H Well (API No. 30-015-Pending), SHL: Unit I, 1,420' FSL, 259' FEL, Section 33, T23S-R26E; BHL: Unit L, 2,310' FSL, 20' FWL, Section 32, T23S-R26E, NMPPM; Eddy County, New Mexico Completion Target: Wolfcamp formation Well Orientation: East-West / Laydown Completion Location: Nonstandard |
| Horizontal Well First and Last Take Points | Frontier 33-32 State Fed Com 603H Well FTP: Unit I, 2,310' FSL, 100' FEL, Section 33, T23S-R26E LTP: Unit L, 2,310' FSL, 100' FWL, Section 32, T23S-R26E |
| Completion Target (Formation, TVD and MD) | Frontier 33-32 State Fed Com 603H Well TVD approx. 8,755', TMD 18,755'; Wolfcamp formation, See Exhibit A, A-1 & B-2 |
| Well #2 | Frontier 33-32 State Fed Com 604H Well (API No. 30-015-Pending), SHL: Unit I, 1,360' FSL, 259' FEL, Section 33, T23S-R26E; BHL: Unit M, 900' FSL, 20' FWL, Section 32, T23S-R26E, NMPPM; Eddy County, New Mexico Completion Target: Wolfcamp formation Well Orientation: East-West / Laydown Completion Location: Nonstandard |
| Horizontal Well First and Last Take Points | Frontier 33-32 State Fed Com 604H Well FTP: Unit P, 900' FSL, 100' FEL, Section 33, T23S-R26E LTP: Unit M, 900' FSL, 100' FWL, Section 32, T23S-R26E |
| Completion Target (Formation, TVD and MD) | Frontier 33-32 State Fed Com 604H Well TVD approx. 8,755', TMD 18,755'; Wolfcamp formation, See Exhibit A, A-1 & B-2 |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$10,000, Exhibit A |
| Production Supervision/Month \$ | \$1,000, Exhibit A |
| Justification for Supervision Costs | Exhibit A |
| Requested Risk Charge | 200%, Exhibit A |
| Notice of Hearing | |
| Proposed Notice of Hearing | Exhibit E, E-1 |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit E-2 |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit E-3 |

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| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | Exhibit A-2 |
| Tract List (including lease numbers and owners) | Exhibit A-2 |
| 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) | All uncommitted WI owners; ORRI owners; and Record Title owners; including as shown on Exhibit A-2 |
| Unlocatable Parties to be Pooled | Exhibit A, Para. 12 |
| Ownership Depth Severance (including percentage above & below) | N/A |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-3 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-2 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-4 |
| Overhead Rates In Proposal Letter | Exhibit A-3 |
| Cost Estimate to Drill and Complete | Exhibit A-3 |
| Cost Estimate to Equip Well | Exhibit A-3 |
| Cost Estimate for Production Facilities | Exhibit A-3 |
| Geology | |
| Summary (including special considerations) | Exhibit B |
| Spacing Unit Schematic | Exhibit B-1, B-3 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-4, B-5 |
| Well Orientation (with rationale) | Exhibit B, B-1, B-3 |
| Target Formation | Exhibit B-2, B-4, B-5 |
| HSU Cross Section | Exhibit B-2, B-4, B-5 |
| Depth Severance Discussion | N/A |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-1 |
| Tracts | Exhibit A-2 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-2 |
| General Location Map (including basin) | Exhibit A-2 |
| Well Bore Location Map | Exhibit A-1, B-1, B-2, B-3 |
| Structure Contour Map - Subsea Depth | Exhibit B-1 |
| Cross Section Location Map (including wells) | Exhibit B-2, B-4, B-5 |
| Cross Section (including Landing Zone) | Exhibit B-2, B-4, B-5 |
| Additional Information | |
| Special Provisions/Stipulations | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Darin C. Savage |
| Signed Name (Attorney or Party Representative): | /s/ Darin Savage |
| Date: | 14-May-25 |