

5/19/23, 11:33 AM

C-145

Permit 343841

Form C-145
Revised May 19, 2017**District I**1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720**District III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator

Previous Operator Information

OGRID: 18917

Name: READ & STEVENS INC

Address: 1001 17th Street, Suite 1800

City, State, Zip: Denver, CO 80202

New Operator Information

Effective Date: Effective on the date of approval by the OCD

OGRID: 331569

Name: 3R Operating, LLC

Address: 4000 N BIG SPRING ST
STE 210

City, State, Zip: Midland, TX 79705

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, 3R Operating, LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(l) NMAC.

3R Operating, LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

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As the operator of record of wells in New Mexico, 3R Operating, LLC agrees to the following statements:

1. Initials BC I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials BC I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials BC I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials BC I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials BC I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials BC I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials BC I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials BC For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials BC I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials BC If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials BC No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials BC NMOC Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

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I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

Previous Operator

Signature: _____

Printed
Name: _____

Title: _____

Date: _____

Rob Montgomery
Rob Montgomery
Counsel
05/23/2023 Phone: 432-695-4222

New Operator

Signature: _____

Printed
Name: _____

Title: _____

Date: _____

Brian Cassens
Brian Cassens
CO-LEO
5/24/23 Phone: 432-413-4148

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NMOCD Approval

Electronic Signature(s): Rob Jackson, District 1
Rob Jackson, District 2

Date: June 29, 2023

District I

1625 N. French Dr., Hobbs, NM 88240
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District II

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Wells Selected for Transfer

Permit 343841

81 Wells Selected for Transfer

From:	READ & STEVENS INC	OGRID:	18917
To:	3R Operating, LLC	OGRID:	331569

OCD District Hobbs (46 Wells selected.)

Property	Well	Lease Type	ULSTR	OCD Unit	API	Pool ID	Pool Name	Well Type
334207	APACHE #001	S	P-03-10S-33E	P	30-025-22119			O
334213	CAPROCK 12 STATE COM #001	S	L-12-12S-31E	L	30-005-27936			O
334216	COYOTE 10 FEDERAL #002	F	M-10-20S-34E	M	30-025-26675			O
334231	HIGHWAY 5 FEDERAL COM #001	F	4-05-20S-34E	D	30-025-39120			G
334236	HUDSON FEDERAL #001	F	H-04-20S-34E	H	30-025-32819			O
	HUDSON FEDERAL #002	F	1-04-20S-34E	A	30-025-32971			O
	HUDSON FEDERAL #003	F	3-04-20S-34E	C	30-025-33017			O
	HUDSON FEDERAL #005	F	2-04-20S-34E	B	30-025-33247			O
334246	LAURIE D FEDERAL #001	F	A-15-20S-34E	A	30-025-29365			G
	LAURIE D FEDERAL #002	F	A-15-20S-34E	A	30-025-39822			O
334247	LIBERTY 4 #001	P	L-04-20S-36E	L	30-025-35371			G
334251	LUCY FEDERAL #001	F	D-14-20S-34E	D	30-025-30586			O
	LUCY FEDERAL #002	F	L-14-20S-34E	L	30-025-40055			O
334254	MANRY ELLIOTT #003	P	P-22-11S-31E	P	30-005-29035			G
334257	MARK FEDERAL #001	F	M-03-20S-34E	M	30-025-30183			O
	MARK FEDERAL #002	F	N-03-20S-34E	N	30-025-31189			O
	MARK FEDERAL #003	F	O-03-20S-34E	O	30-025-31790			O
	MARK FEDERAL #004	F	P-03-20S-34E	P	30-025-31818			O
	MARK FEDERAL #005	F	K-03-20S-34E	K	30-025-32166			O
	MARK FEDERAL #006	F	L-03-20S-34E	L	30-025-32165			O
	MARK FEDERAL #007	F	J-03-20S-34E	J	30-025-32153			G
334115	NORTH LEA FEDERAL #001Y	F	I-10-20S-34E	I	30-025-29134			G
	NORTH LEA FEDERAL #003	F	H-10-20S-34E	H	30-025-30066			G
	NORTH LEA FEDERAL #004	F	D-10-20S-34E	D	30-025-31355			O
	NORTH LEA FEDERAL #006	F	B-10-20S-34E	B	30-025-31719			O
	NORTH LEA FEDERAL #007	F	G-10-20S-34E	G	30-025-31737			O
	NORTH LEA FEDERAL #008	F	F-10-20S-34E	F	30-025-31886			O
	NORTH LEA FEDERAL #010	F	A-10-20S-34E	A	30-025-31822			O
	NORTH LEA FEDERAL #011	F	I-10-20S-34E	I	30-025-34748			O
	NORTH LEA FEDERAL #012	F	E-10-20S-34E	E	30-025-39939			O
334267	PEARL 33 FEDERAL #001	F	N-33-19S-34E	N	30-025-34119			O
334270	QUAIL FEDERAL #001	F	G-03-20S-34E	G	30-025-32939			O
	QUAIL FEDERAL #002	F	F-03-20S-34E	F	30-025-33663			O
	QUAIL FEDERAL #003	F	3-03-20S-34E	C	30-025-33664			O
	QUAIL FEDERAL #004	F	E-03-20S-34E	E	30-025-33884			O
	QUAIL FEDERAL #005	F	4-03-20S-34E	D	30-025-33885			O
	QUAIL FEDERAL #006	F	H-03-20S-34E	H	30-025-34116			O
334271	QUAIL RIDGE 3 FEDERAL #001	F	2-03-20S-34E	B	30-025-32475			O
334113	SHELL STATE #002	S	H-18-11S-33E	H	30-025-22596			O
334286	TRUMAN FEDERAL #001	F	I-04-20S-34E	I	30-025-33043			O
	TRUMAN FEDERAL #002	F	J-04-20S-34E	J	30-025-30633			O
	TRUMAN FEDERAL #003	F	K-04-20S-34E	K	30-025-33374			O
	TRUMAN FEDERAL #004	F	O-04-20S-34E	O	30-025-33516			O
	TRUMAN FEDERAL #005	F	N-04-20S-34E	N	30-025-33665			O
	TRUMAN FEDERAL #006	F	L-04-20S-34E	L	30-025-33859			O
	TRUMAN FEDERAL #007	F	M-04-20S-34E	M	30-025-33872			O

OCD District: Artesia (35 Wells selected.)

Property	Well	Lease Type	ULSTR	OCD Unit	API	Pool ID	Pool Name	Well Type
334112	BANDIT STATE #005	S	C-10-23S-26E	C	30-015-33319			O
	BANDIT STATE #006	S	E-10-23S-26E	E	30-015-34174			O
	BANDIT STATE #007	S	L-10-23S-26E	L	30-015-34761			O
	BANDIT STATE #008	S	F-10-23S-26E	F	30-015-37434			O
334208	BANSHIE STATE #001	S	O-36-15S-26E	O	30-005-60406			G
334210	BUFFALO VALLEY #002	S	J-02-15S-27E	J	30-005-60037			G

334217	CRYSTAL FEDERAL #001	F	O-04-24S-26E	O	30-015-26898		O
	CRYSTAL FEDERAL #002	F	H-04-24S-26E	H	30-015-31807		G
334218	ETTER COM #001	P	K-33-22S-27E	K	30-015-21096		G
334228	HARRIS FEDERAL #007	F	G-34-15S-27E	G	30-005-61179		G
	HARRIS FEDERAL #008	F	F-26-15S-27E	F	30-005-61372		G
	HARRIS FEDERAL #009	F	F-23-15S-27E	F	30-005-61373		G
	HARRIS FEDERAL #011	F	N-26-15S-27E	N	30-005-63087		G
334229	HARRIS FEDERAL COM #002	F	C-24-15S-27E	C	30-005-60277		G
	HARRIS FEDERAL COM #005	F	E-25-15S-27E	E	30-005-60798		G
	HARRIS FEDERAL COM #006	F	I-23-15S-27E	I	30-005-61038		G
	HARRIS FEDERAL COM #012	F	H-27-15S-27E	H	30-005-63734		G
334233	HORSESHOE 17 FEDERAL COM #001	F	P-17-16S-27E	P	30-015-35195		G
334235	HOT DOG 23 FEDERAL #002	F	L-23-16S-27E	L	30-015-38337		O
	HOT DOG 23 FEDERAL #004	F	M-23-16S-27E	M	30-015-40841		O
334237	HURD #001	F	C-12-15S-27E	C	30-005-60112		G
334242	LAKE 4 FEDERAL UNIT #001	F	12-04-16S-27E	12	30-015-35235		G
334243	LANGLEY COM #001	F	C-13-15S-27E	C	30-005-60253		G
334245	LANGLIE FEDERAL COM #003	F	O-14-15S-27E	O	30-005-62266		G
334249	LOTS A LUCK FEDERAL #002	F	H-28-16S-27E	H	30-015-33020		G
334250	LOTS A LUCK FEDERAL COM #001	F	E-27-16S-27E	E	30-015-32691		G
334259	MIDWEST COM #001	S	7-06-15S-28E	M	30-005-60128		G
334268	PIATT STATE COM #001	S	1-18-15S-28E	D	30-005-60160		G
334274	ROSE #001	F	J-13-15S-27E	J	30-005-60299		G
334275	ROSE FEDERAL #004	F	A-13-15S-27E	A	30-005-61597		G
334111	SARAGOSSA 10 STATE #002	S	B-10-23S-26E	B	30-015-33586		O
334282	TOLES FEDERAL #002	F	L-24-15S-27E	L	30-005-62271		G
334283	TRAVIS ATR 24 STATE COM #001	S	K-24-18S-28E	K	30-015-29658		G
334284	TROBAUGH A STATE COM #001	S	J-12-15S-27E	J	30-005-60155		G
334285	TROBOUGH COM #001	S	J-01-15S-27E	J	30-005-60104		G