

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Melanie A. Kenderdine
Deputy Secretary – Designate

Ben Shelton
Deputy Secretary (Acting)

Gerasimos “Gerry” Razatos
Division Director (Acting)
Oil Conservation Division



Jaclyn M. McLean
jmclean@hinklelawfirm.com

Administrative Order NSP – 2244

ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT

Earthstone Operating, LLC [OGRID 331165]
El Campeon Federal Com Well No. 122H [30-025-PENDING]
E/2 W/2, W/2 SW/4 SEC 29 & W/2 SEC 32, T26S R35E, Lea County, N.M.

Reference is made to your application received on December 17th, 2024.

You have requested approval of a non-standard horizontal spacing unit to be included in your proposed horizontal spacing unit, as follows:

Proposed Horizontal Spacing Unit:

Description	Acres	Pool	Pool Code
E/2 W/2, W/2 SW/4 of SEC 29 W/2 of SEC 32	387.65	Wildcat; Bone Spring	96672

You have requested an exception pursuant to Rule 19.15.16.15(A)(3) NMAC, to approve a non-standard horizontal spacing unit consisting of the entire area described above as the horizontal spacing unit. The proposed horizontal spacing unit does not consist of a quarter - quarter section or equivalent in both sections, as required by Rule 19.15.16.15(B)(1)(C) NMAC.

NSP - 2244
Earthstone Operating, LLC
Page 2 of 2

We understand that you are seeking this exception for an allowance to create a non-standard horizontal spacing unit, comprised of the Proposed Horizontal Spacing Unit referenced above within Lea County, New Mexico.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units which are being excluded.

You have requested this non-standard horizontal spacing unit in order to obtain maximum lateral length of the well, to properly place stimulation energy and to optimize pressure drawdown, thus creating cost efficiencies within the unique HSU. This approval will prevent waste underlying the E/2 W/2, W/2 SW/4 of SEC 29 and W/2 of SEC 32 within the referenced Horizontal Spacing Unit's Bone Spring formation.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the horizontal spacing unit. The additional well(s) shall be designated to the same horizontal spacing unit and pool/formation. Submit a Change of Plans to the OCD's permitting website. Once submitted, email the Action ID number to the following e-mail address: ocd.engineer@emnrd.nm.gov of notice for additional wells.

General Provisions

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.



Gerasimos Razatos
Division Director (Acting)
GR/lrl

Date: 2/17/2025

Revised March 23, 2017

NSP - 2244

ID NO. 413035

RECEIVED:

12/17/24

REVIEWER:

TYPE:

APP NO:

pLEL2435856804

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Earthstone Operating, LLCOGRID Number: 331165Well Name: El Campeon Federal Com 122HAPI: 30-025-PENDINGPool: WC-025 G-08 S263412K; Bone SpringPool Code: 96672

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☒ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required

FOR OCD ONLY

☐

Notice Complete

☐Application
Content
Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

12/17/24

Date

Jaclyn M. McLean

Print or Type Name

505-660-5640

Phone Number

Jaclyn M. McLeanDigitally signed by Jaclyn M. McLean
Date: 2024.12.17 13:36:09 -0700

Signature

jmclean@hinklelawfirm.com

e-mail Address



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:
Jaclyn M. McLean, Partner
jmclean@hinklelawfirm.com

December 17, 2024

VIA ONLINE FILING

Gerasimos Razatos
Acting Division Director
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**Re: Earthstone Operating, LLC
Request for Administrative Approval of Non-Standard Horizontal Spacing
Unit**

El Campeon Federal Com 122H
E/2 W/2 and W/2 SW/4 of Section 29 and the N/2 N/W4 (Lots 3 & 4) of Section 32,
Township 26 South, Range 35 East, Lea County, New Mexico
WC-025 G-08 S263412K; Bone Spring Pool (Code 96672)

Dear Mr. Razatos,

Earthstone Operating, LLC ("Earthstone"), as a wholly owned subsidiary of Permian Resources Operating, LLC ("Permian") (OGRID No. 372165), pursuant to Division Rules 19.15.16.15(B)(5) and 19.15.15.11 NMAC, seeks administrative approval of Non-Standard Horizontal Spacing Unit for its El Campeon Federal Com 122H (formerly known as El Campeon Federal Com 121H) well, in a 387.65-acre, more or less, spacing unit underlying the E/2 W/2 and W/2 SW/4 of Section 29 and the N/2 NW/4 (Lots 3 & 4) of Section 32, Township 26 South, Range 35 East, Lea County, New Mexico.

Approval of the Non-Standard Horizontal Spacing Unit is requested to allow the standard proration unit to be of an unorthodox shape. The lateral will begin 1,650' FWL of Section 29, 330' from the Matador Resources Grevey Unit and then deviate back westward to 1,330' FWL after passing the W2NW4. Permian is the present operator of record and has voluntary joinder by the other working interest owner(s) in the E2W2 and W2SW of Section 29 and N2NW and Lots 3 & 4 of Section 32 to drill this well. The new spacing unit will allow for a 387.65-acre horizontal spacing unit on the New Mexico portion of this lateral that will penetrate the state line into Texas. Permian additionally has joinder by the State of New Mexico and the State of Texas to perform this action. This well is located in the WC-025 G-08 S263412K; Bone Spring pool (96672). Due to the optimal spacing of the planned wells in

PO BOX 10
ROSWELL, NEW MEXICO 88202
(575) 622-6510
FAX (575) 623-9332

7601 JEFFERSON ST NE · SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

PO BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

December 17, 2024

Page 2

this section, Permian has planned the El Campeon 151H, 122H, and 152H with at least 835' apart. To obtain maximum lateral length, properly place stimulation energy, and optimize pressure drawdown, which will create cost efficiencies, prevent waste, and protect correlative rights, Permian respectfully requests approval of this non-standard location.

Exhibit A is a Form C-102 showing the location of the El Campeon Federal Com 122H well, in a 387.65-acre, non-standard horizontal spacing unit.

Exhibit B is a plat for the E/2 W/2 and W/2 SW/4 of Section 29 and the N/2 N/W4 (Lots 3 & 4) of Section 32, Township 26 South, Range 35 East, in relation to the adjoining tracts. Exhibit B also identifies the operators of the adjoining tracts.

Exhibit C is a spreadsheet listing all affected persons that were sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application.

Thank you for your attention to this matter. Please let me know if you require additional information.

Very truly yours,

/s/ Jaclyn M. McLean

Jaclyn M. McLean

HINKLE SHANOR LLP

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	<input checked="" type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
			<input type="checkbox"/> As Drilled

WELL LOCATION INFORMATION

API Number	Pool Code 96672	Pool Name WC-025 G-08 S263412K; Bone Spring
Property Code	Property Name EL CAMPEON FED COM	Well Number 122H
OGRID No. 372165	Operator Name PERMIAN RESOURCES OPERATING, LLC	Ground Level Elevation 3,174.23'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal		Mineral Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL N	Section 20	Township 26S	Range 35E	Lot	Ft. from N/S 352' FSL	Ft. from E/W 2,071' FWL	Latitude 32.022493°	Longitude -103.391261°	County LEA
----------------	----------------------	------------------------	---------------------	-----	---------------------------------	-----------------------------------	-------------------------------	----------------------------------	----------------------

State Line Crossing

UL LOT 3	Section 32	Township 26S	Range 35E	Lot	Ft. from N/S 0' FSL	Ft. from E/W 1,330' FWL	Latitude 32.000293°	Longitude -103.393617°	County LEA
--------------------	----------------------	------------------------	---------------------	-----	-------------------------------	-----------------------------------	-------------------------------	----------------------------------	----------------------

Dedicated Acres 387.65	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

Kick Off Point (KOP)

UL N	Section 20	Township 26S	Range 35E	Lot	Ft. from N/S 352' FSL	Ft. from E/W 2,071' FWL	Latitude 32.022493°	Longitude -103.391261°	County LEA
----------------	----------------------	------------------------	---------------------	-----	---------------------------------	-----------------------------------	-------------------------------	----------------------------------	----------------------

First Take Point (FTP)

UL C	Section 29	Township 26S	Range 35E	Lot	Ft. from N/S 100' FNL	Ft. from E/W 1,650' FWL	Latitude 32.021252°	Longitude -103.392618°	County LEA
----------------	----------------------	------------------------	---------------------	-----	---------------------------------	-----------------------------------	-------------------------------	----------------------------------	----------------------

Last Take Point (LTP), Bottom Hole Location (BHL)

UL	Section 25	Block C24	Abstract 701	Lot	Ft. from N/S 100' FSL	Ft. from E/W 4,921' FWL	Latitude 31.993219°	Longitude -103.393606°	County LOVING, TX
----	----------------------	---------------------	------------------------	-----	---------------------------------	-----------------------------------	-------------------------------	----------------------------------	-----------------------------

***LTP & BHL WILL BE IN TEXAS**

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
---	---	-------------------------

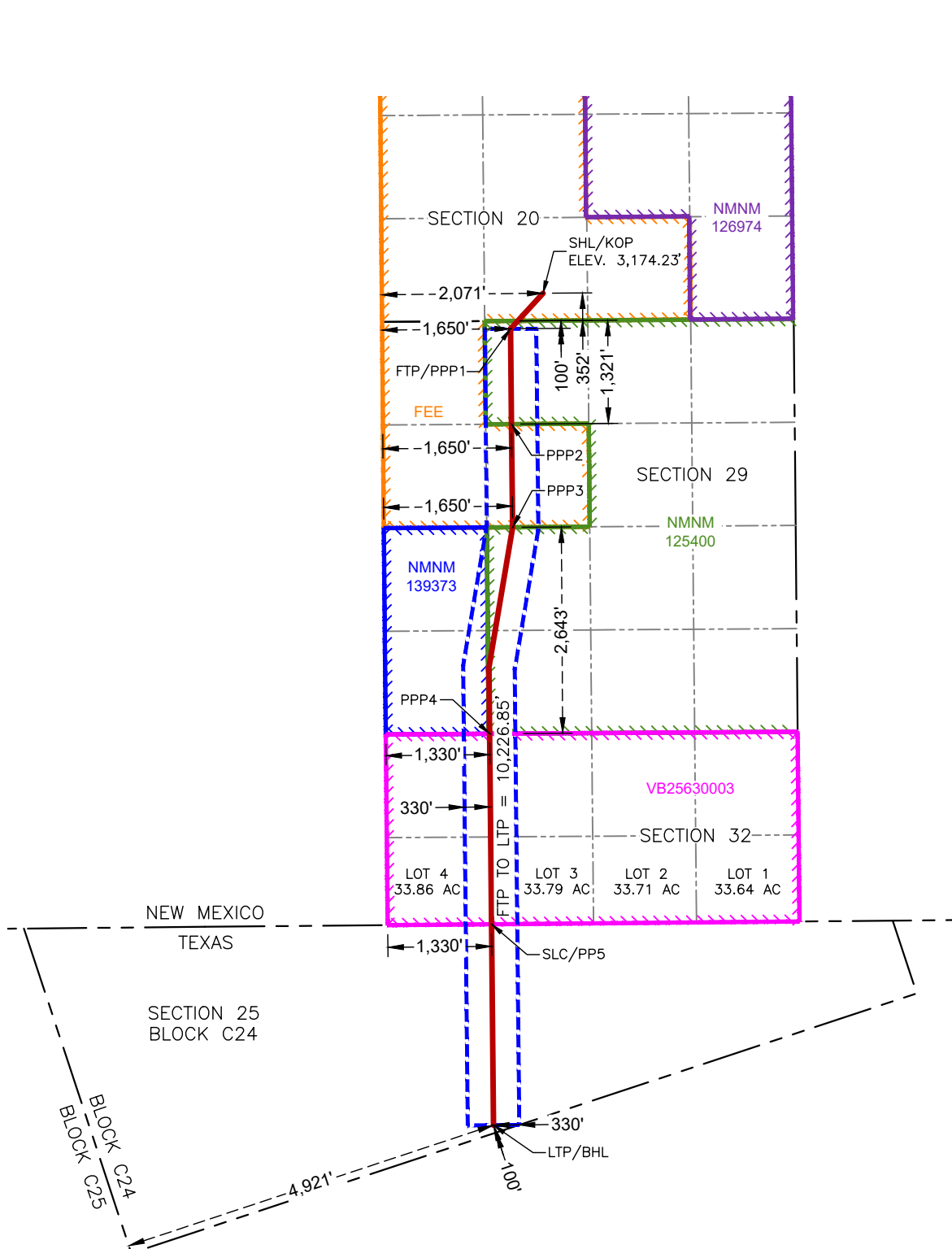
OPERATOR CERTIFICATIONS I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.		SURVEYOR CERTIFICATIONS I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. PRELIMINARY EXHIBIT A THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY PURPOSE AND SHALL NOT BE USED OR VIEWED OR RELIED UPON AS A FINAL SURVEY DOCUMENT. MARK J. MURRAY P.L.S. NO. 12177	
Signature _____ Date _____		Signature and Seal of Professional Surveyor _____	
Printed Name _____		Certificate Number 12177	Date of Survey 11/22/2024
Email Address _____			

Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

SURFACE HOLE LOCATION
& KICK-OFF POINT

352' FSL & 2,071' FWL
ELEV. = 3,174.23'

NAD 83 X = 833,303.18'
NAD 83 Y = 373,194.76'
NAD 83 LAT = 32.022493°
NAD 83 LONG = -103.391261°
NAD 27 X = 792,114.85'
NAD 27 Y = 373,137.58'
NAD 27 LAT = 32.022367°
NAD 27 LONG = -103.390801°

FIRST TAKE POINT &
PENETRATION POINT 1

100' FNL & 1,650' FWL

NAD 83 X = 832,886.61'
NAD 83 Y = 372,739.58'
NAD 83 LAT = 32.021252°
NAD 83 LONG = -103.392618°
NAD 27 X = 791,698.26'
NAD 27 Y = 372,682.41'
NAD 27 LAT = 32.021126°
NAD 27 LONG = -103.392158°

PENETRATION POINT 2
1,321' FNL & 1,650' FWL

NAD 83 X = 832,899.54'
NAD 83 Y = 371,518.17'
NAD 83 LAT = 32.017895°
NAD 83 LONG = -103.392610°
NAD 27 X = 791,711.14'
NAD 27 Y = 371,461.04'
NAD 27 LAT = 32.017768°
NAD 27 LONG = -103.392151°

PENETRATION POINT 3
2,643' FSL & 1,650' FWL

NAD 83 X = 832,913.54'
NAD 83 Y = 370,196.76'
NAD 83 LAT = 32.014262°
NAD 83 LONG = -103.392602°
NAD 27 X = 791,725.07'
NAD 27 Y = 370,139.67'
NAD 27 LAT = 32.014136°
NAD 27 LONG = -103.392143°

PENETRATION POINT 4
0' FSL & 1,330' FWL

NAD 83 X = 832,618.74'
NAD 83 Y = 367,552.14'
NAD 83 LAT = 32.007000°
NAD 83 LONG = -103.393627°
NAD 27 X = 791,430.16'
NAD 27 Y = 367,495.12'
NAD 27 LAT = 32.006874°
NAD 27 LONG = -103.393168°

STATE LINE CROSSING &
POINT OF PENETRATION 5

0' FSL & 1,330' FWL

NAD 83 X = 832,643.25'
NAD 83 Y = 365,111.94'
NAD 83 LAT = 32.000293°
NAD 83 LONG = -103.393617°
NAD 27 X = 791,454.57'
NAD 27 Y = 365,054.98'
NAD 27 LAT = 32.000166°
NAD 27 LONG = -103.393158°

LAST TAKE POINT &
BOTTOM HOLE LOCATION

100' FSL & 4,921' FWL

NAD 83 X = 832,669.11'
NAD 83 Y = 362,538.54'
NAD 83 LAT = 31.993219°
NAD 83 LONG = -103.393606°
NAD 27 X = 791,480.38'
NAD 27 Y = 362,481.65'
NAD 27 LAT = 31.993092°
NAD 27 LONG = -103.393147°

[illegible]

El Campeon NSP Notice - Mailing Information						
Date Mailed	Notice Party	Address	City	State	Zip	Tracking Number
12/17/2024	Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508	9589071052701502390993
12/17/2024	State of New Mexico	310 Old Santa Fe Trail	Santa Fe	NM	87501	9589071052701502391006
12/17/2024	Marathon Oil Permian, LLC (Offset Operator)	990 Town and Country Boulevard	Houston	TX	77024	9589071052701502391013
12/17/2024	Matador Resources (Offset Operator)	One Lincoln Centre 5400 LBJ Freeway, Suite 1500	Dallas	TX	75240	9589071052701502391020
12/17/2024	Franklin Mountain (Working Interest Owner)	44 Cook Street, Suite 1000	Denver	CO	80206	9589071052701502391037

EXHIBIT C

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 413035

CONDITIONS

Operator: Permian Resources Operating, LLC 300 N. Marienfeld St Ste 1000 Midland, TX 79701	OGRID: 372165
	Action Number: 413035
	Action Type: [UF-NSP] Non-Standard Proration (NSP)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	12/23/2024