

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Permian Resources Operating, LLC, OGRID No. 372165 (“Permian”), files this application with the Oil Conservation Division (“Division”) pursuant to NMSA 1978, Section 70-2-17, seeking an order pooling all mineral interests in the Bone Spring formation (ESPERANZA; BONESPRING [97755]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the N/2 N/2 of Sections 8 and 9, all in Township 22 South, Range 26 East, in Eddy County, New Mexico. In support of this Application, Permian states as follows:

1. Permian is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Permian proposes to drill the following 2-mile wells in the proposed HSU:
 - **Mudshark 9 Fed Com 111H** well, to be horizontally drilled from an approximate surface hole location in the SW/4 of the NW/4 of Section 10, T22S-R26E, to an approximate bottom hole location 100’ FWL and 990’ FNL of Section 8, T22S-R26E.
 - **Mudshark 9 Fed Com 121H** well, to be horizontally drilled from an approximate surface hole location in the SW/4 of the NW/4 of Section 10, T22S-R26E, to an approximate bottom hole location 100’ FWL and 330’ FNL of Section 8, T22S-R26E.

- **Mudshark 9 Fed Com 131H** well, to be horizontally drilled from an approximate surface hole location in the SW/4 of the NW/4 of Section 10, T22S-R26E, to an approximate bottom hole location 100' FWL and 330' FNL of Section 8, T22S-R26E.

3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. Permian has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. For Permian to obtain its just and fair share of the minerals underlying the subject lands, all uncommitted interests in this HSU should be pooled and Permian should be designated the operator of the HSU.

WHEREFORE, Permian requests that this application be set for hearing before an examiner of the Division on May 2, 2024, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 320-acre, more or less, HSU comprised of the N/2 N/2 of Sections 8 and 9, all in Township 22 South, Range 26 East, in Eddy County, New Mexico;
- B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;
- C. Allowing the drilling of the following 2-mile wells in the HSU:

- **Mudshark 9 Fed Com 111H**
- **Mudshark 9 Fed Com 121H**
- **Mudshark 9 Fed Com 131H;**

D. Designating Permian as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Permian to recover its costs of drilling, equipping and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$10,000/month and, after completion, \$1,000/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Permian in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the Bone Spring formation (ESPERANZA; BONESPRING [97755]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the N/2 N/2 of Sections 8 and 9, all in Township 22 South, Range 26 East, in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile wells in the HSU: (1) **Mudshark 9 Fed Com 111H** well, to be horizontally drilled from an approximate surface hole location in the SW/4 of the NW/4 of Section 10, T22S-R26E, to an approximate bottom hole location 100' FWL and 990' FNL of Section 8, T22S-R26E; (2) **Mudshark 9 Fed Com 121H** well, to be horizontally drilled from an approximate surface hole location in the SW/4 of the NW/4 of Section 10, T22S-R26E, to an approximate bottom hole location 100' FWL and 330' FNL of Section 8, T22S-R26E; and (3) **Mudshark 9 Fed Com 131H** well, to be horizontally drilled from an approximate surface hole location in the SW/4 of the NW/4 of Section 10, T22S-R26E, to an approximate bottom hole location 100' FWL and 330' FNL of Section 8, T22S-R26E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 4 miles West of Carlsbad, New Mexico.