

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

**APPLICATION OF PBEX OPERATIONS, LLC
FOR COMPULSORY POOLING AND
APPROVAL OF AN OVERLAPPING SPACING
UNIT, EDDY COUNTY AND LEA COUNTY, NEW
MEXICO.**

CASE NO. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17, PBEX Operations, LLC (“PBEX” or “Applicant”), through its undersigned attorney, files this application with the Oil Conservation Division (“Division”) seeking an order pooling a standard 642.79 acre, more or less, horizontal spacing unit in the Bone Spring formation comprised of the SE/4 of Section 35 and the S/2 of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and lots 3-4, E/2 SW/4 of Section 31, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, PBEX states the following.

1. Applicant (OGRID No. 332544) is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the Unit to the following proposed wells (“Wells”):
 - a. **Dr. Vogel SW 35-31 Fed Com 104H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 2230’ from the South Line and 2540’ from the West Line of Section 31 (Unit K), Township 18 South, Range 32 East, in Lea County, New Mexico.
 - b. **Dr. Vogel SW 35-31 Fed Com 105H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy

County New Mexico to a bottom hole located 1254' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.

- c. **Dr. Vogel SW 35-31 Fed Com 106H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 330' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.
- d. **Dr. Vogel SW 35-31 Fed Com 207H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 2230' from the South Line and 2540' from the West Line of Section 31 (Unit K), Township 18 South, Range 32 East, in Lea County, New Mexico.
- e. **Dr. Vogel SW 35-31 Fed Com 209H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 1254' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.
- f. **Dr. Vogel SW 35-31 Fed Com 211H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 330' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the Unit.

4. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

5. The proposed spacing unit will cover acreage in both Lea and Eddy Counties.

6. The proposed spacing unit will also partially overlap with the spacing units for the following pre-existing wells:

- a. **Nervous Horz Com #2H**
API No. 30-015-37143
Operated by COG Operating LLC
Producing Spacing Unit: 18-31, Sec. 36: E2E2
Producing Formation: Bone Spring
- b. **Nervous Horz Com #4H**
API No. 30-015-37146
Operated by COG Operating LLC
Producing Spacing Unit: 18-31, Sec. 36: W2W2
Producing Formation: Bone Spring
- c. **Nervous Horz Com #3H**
API No. 30-015-37145
Operated by COG Operating LLC
Producing Spacing Unit: 18-31, Sec. 36: W2E2
Producing Formation: Bone Spring
- d. **Lusk 31 Fed #2**
API No. 30-025-39079
Operated by EGL Resources Inc.
Producing Spacing Unit: 18-32, Sec. 31: NESW
Producing Formation: Bone Spring
- e. **Eddy JP St Com #1**
API No. 30-015-23504
Operated by Matador Production Co
Producing Spacing Unit: 18-31, Sec. 36: SESW
Producing Formation: Bone Spring

7. Applicant requests that the Division approve its overlapping spacing unit.

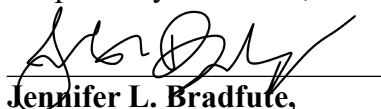
8. To allow Applicant to obtain it's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an

Examiner of the Oil Conservation Division on May 8, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the initial wells in the Unit;
- C. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- D. Approving the overlapping spacing units;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,



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CASE _____: **Application of PBEX Operations, LLC for Compulsory Pooling and Approval of an Overlapping Spacing Unit, Eddy County and Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling a standard 642.79 acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the SE/4 of Section 35 and the S/2 of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and lots 3-4, E/2 SW/4 of Section 31, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico initially dedicated to the proposed Dr. Vogel SW 35-31 Fed Com 104H, 105H, 106H, and the Dr. Vogel SW 35-31 Fed Com 207H, 209H, and 211H wells to be horizontally drilled as follows:

- **Dr. Vogel SW 35-31 Fed Com 104H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 2230' from the South Line and 2540' from the West Line of Section 31 (Unit K), Township 18 South, Range 32 East, in Lea County, New Mexico.
- **Dr. Vogel SW 35-31 Fed Com 105H**, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 1254' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.
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The spacing unit for these wells will overlap with the spacing units for the: **Nervous Horz Com #2H** (API No. 30-015-37143) in the E/2 E/2 of Section 36, Township 18 South, Range 31 East; **Nervous Horz Com #4H** (API No. 30-015-37146) in the W/2 W/2 of Section 36, Township 18 South, Range 31 East; **Nervous Horz Com #3H** (API No. 30-015-37145) in the W/2 E/2 of Section 36, Township 18 South, Range 31 East; **Lusk 31 Fed #2** (API No. 30-025-39079) in the NESW of Section 31, Township 18 South, Range 32 East; **Eddy JP St Com #1** (API No. 30-015-23504) in the SESW of Section 36, Township 18 South, Range 31 East. Applicant requests approval of the overlapping spacing unit. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of PBEX Operations, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 30.1 miles Northeast of Carlsbad, New Mexico.