

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

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

CASE NOS. 25283, 25284

CONSOLIDATED PRE-HEARING STATEMENT

Permian Resources Operating, LLC (“Permian Resources”) submits its Consolidated Pre-Hearing Statement in accordance with the Pre-Hearing Order issued by the New Mexico Oil Conservation Division (“Division”) on April 24, 2025.

APPLICANT

Permian Resources Operating, LLC

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OPPONENT

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INTERESTED PARTIES

COG Operating LLC and
Concho Oil & Gas LLC

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STATEMENT OF THE CASES

In these cases, Permian Resources seeks to fully develop the Bone Spring formation underlying the S/2 equivalent of irregular Section 7 and Section 8, Township 20 South, Range 27 East, Eddy County, New Mexico. MRC Permian Company ("MRC") objects to Permian Resources' applications but has not proposed a competing development plan. As discussed below and as demonstrated by Permian Resources' testimony and exhibits, its development plan will best prevent waste and protect correlative rights and should be approved.

In Case No. 25283, Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of Lot 3, NE/4 SW/4, N/2 SE/4 (N/2 S/2 equivalent) of irregular Section 7, and the N/2 S/2 of Section 8, Township 20 South, Range 27 East, Eddy County, New Mexico. This unit will be dedicated to the Fiero 7 Fed Com 133H well, which will be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 7.

In Case No. 25284, Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of Lot 4, SE/4 SW/4, S/2 SE/4 (S/2 S/2 equivalent) of irregular Section 7, and the S/2 S/2 of Section 8, Township 20 South, Range 27 East, Eddy County, New Mexico. This unit will be dedicated to the Fiero 7 Fed Com 134H well, which will be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 7.

The Fiero 7 Fed Com 133H and Fiero 7 Fed Com 134H wells (collectively referred to as the “Fiero Wells”) will be completed in the Third Bone Spring interval of the Bone Spring Formation within the Avalon, Bone Spring, North Pool (Code 3712). Permian Resources plans to complete infill wells in the Second Bone Spring interval within each spacing unit.

Permian Resources controls approximately 86% of the working interest in its proposed spacing units, while MRC owns less than 8% of the working interest in the proposed units. In addition, Permian Resources has actively pursued its development plan since it acquired the acreage in May of 2024 and has submitted APDs to the BLM, obtained NEPA approval, conducted an on-site with the BLM, and submitted well pad and central tank battery plans. In contrast, MRC has not taken any action to develop its acreage in the SE/4 of Section 8 or the SW/4 of Section 9 despite having owned it for years.

Permian Resources has oil, gas, and water takeaway agreements in place and is ready to commence operations as soon as the BLM approves its APDs. Permian Resources has successful developments in this area and currently has six (6) Bone Spring wells producing in the adjacent spacing unit. As a result, Permian Resources will be able to minimize surface disturbance by creating new facilities and flowlines at locations adjoining existing batteries and operations. This reduction in surface facilities prevents surface, environmental, and economic waste.

Permian Resources has diligently negotiated with MRC in good faith, to no avail. MRC requested that Permian Resources move the surface locations for its wells to Section 7, but Permian Resources is unable to do so because karsts underlie that acreage. MRC also requested that Permian Resources extend its laterals into the SW/4 of Section 9, but that plan would strand BLM acreage in the S/2 SE/4 of Section 9.

Permian Resources is ready to proceed with its plan to develop the Bone Spring formation underlying the S/2 equivalent of irregular Section 7 and Section 8 and should be permitted to do so. The denial of Permian Resources' applications would result in waste because MRC does not have plans to drill in the S/2 of Section 7 and SW/4 of Section 8 prior to the expiration of Permian Resources' lease. Accordingly, Permian Resources' plan will best prevent waste and protect correlative rights and should be approved.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Permian Resources as the operator of the Fiero Wells, and a 200% charge for the risk involved in drilling and completing the wells.

PROPOSED EVIDENCE

In accordance with the Pre-Hearing Order, Permian Resources is filing its direct testimony and exhibits contemporaneously with this Pre-Hearing Statement.

<u>Witness</u>	<u>Occupation</u>	<u>Estimated Time</u>	<u>Exhibits</u>
Ryan Curry	Landman	30 minutes	Approx. 10
Sam Hamilton	Reservoir Engineer	30 minutes	Approx. 10
Chris Cantin	Geologist	30 minutes	Approx. 8

PROCEDURAL MATTERS

These cases have been consolidated for hearing. Permian Resources reserves the right to present rebuttal testimony and exhibits at hearing.

Respectfully submitted,

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COUNSEL FOR PERMIAN RESOURCES OPERATING,
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CERTIFICATE OF SERVICE

I hereby certify that on May 19, 2025, I caused a true and correct copy of the foregoing Prehearing Statement to be served upon the following counsel of record:

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QUESTIONS

Action 464948

QUESTIONS

Operator: Permian Resources Operating, LLC 300 N. Marienfeld St Ste 1000 Midland, TX 79701	OGRID: 372165
	Action Number: 464948
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.