

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

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

CASE NO. 25514

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Reagan Armstrong
A-1	Application & Proposed Notice of Hearing
A-2	C-102 for the Well
A-3	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, Unit Recapitulation, Pooled Parties
A-4	Sample Well Proposal Letter & AFE
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Chris Reudelhuber
B-1	Regional Locator Map
B-2	Cross-Section Location Map
B-3	Subsea Structure Map
B-4	Stratigraphic Cross Section
B-5	Gun Barrel Diagram
Exhibit C	Self-Affirmed Statement of Jaclyn M. McLean
C-1	Notice Letter to All Interested Parties Sent July 16, 2025
C-2	Postal Delivery Report
C-3	Electronic Return Receipts
C-4	Affidavit of Publication for July 22, 2025

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25514	APPLICANT'S RESPONSE
Date: September 11, 2025	
Applicant	Permian Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Permian Resources Operating, LLC (OGRID No. 372165)
Applicant's Counsel:	Hardy McLean LLC
Case Title:	Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	Marathon Oil Permian, LLC
Well Family	Escopeta
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	9,568' to 10,605' TVD within the Bone Spring Formation
Pool Name and Pool Code:	Gramma Ridge; Bone Spring, North Pool (Code 28434)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	315.38
Building Blocks:	quarter-quarter
Orientation:	U-Turn Well
Description: TRS/County	NE/4 equivalent of irregular Section 2, Township 21 South, Range 34 East, Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes. Depth severances exist at the top of the First Bone Spring interval and at the base of the Second Bone Spring interval. The depth severance at the top of the First Bone Spring interval is found at 9,568' TVD, and the depth severance at the base of the Second Bone Spring interval is found at 10,605' TVD, as shown on the type log for the Butkus 2 State #001 well (API No. 30-025-35325).
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Escopeta State 121H SHL: 363' FNL & 1,169' FEL (Lot 1) of Section 2, T21S, R34E BHL: 100' FNL & 990' FEL (Lot 1) of Section 2, T21S, R34E Completion Target: Second Bone Spring (10,500' TVD)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	Exhibit A-3

Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	Exhibits B, B-4
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	9/2/2025

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

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

CASE NO. 25514

**SELF-AFFIRMED STATEMENT
OF REAGAN ARMSTRONG**

1. I am employed by Permian Resources Operating, LLC ("Permian Resources") as a Land Professional. I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. Copies of Permian Resources' application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit; therefore I do not expect any opposition at hearing.

4. Permian Resources seeks to pool all uncommitted interests from approximately 9,568' to 10,605' TVD within the Bone Spring formation underlying a 315.38-acre, more or less, standard horizontal spacing unit, comprised of the NE/4 equivalent of irregular Section 2, Township 21 South, Range 34 East, Lea County, New Mexico ("Unit").

5. The Unit will be dedicated to the **Escopeta State 121H** U-Turn well ("Well"), which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 2.

6. The completed interval of the Well will be orthodox.

**Permian Resources Operating, LLC
Case No. 25514
Exhibit A**

7. Depth severances exist within the Unit at the top of the First Bone Spring interval and at the base of the Second Bone Spring interval. The depth severance at the top of the First Bone Spring interval is found at approximately 9,568' TVD, and the depth severance at the base of the Second Bone Spring interval is found at approximately 10,605' TVD, as shown on the type log for the Butkus 2 State #001 well (API No. 30-025-35325).

8. **Exhibit A-2** contains the C-102 for the Well.

9. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Permian Resources seeks to pool highlighted in yellow.

10. Permian Resources has conducted a diligent search of all county public records, including phone directories and computer databases, as well as internet searches, to locate the interest owners it seeks to pool.

11. **Exhibit A-4** contains a sample well proposal letter and AFE sent to working interest owners for the Well. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

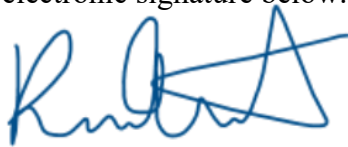
12. In my opinion, Permian Resources made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.

13. As operator of the Unit and the Well, Permian Resources requests overhead and administrative rates of \$10,000 per month while the Well is being drilled and \$1,000 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Permian Resources and other operators in the vicinity.

14. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

15. In my opinion, the granting of Permian Resources' application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

16. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my electronic signature below.



REAGAN ARMSTRONG

7/22/2025
Date

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

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

CASE NO. 25514

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, Permian Resources Operating, LLC (OGRID No. 372165) ("Permian Resources" or "Applicant") applies for an order pooling all uncommitted interests from approximately 9,568' to 10,605' TVD, within the Bone Spring formation, underlying a 315.38-acre, more or less, standard horizontal spacing unit, comprised of the NE/4 equivalent of irregular Section 2, Township 21 South, Range 34 East, Lea County, New Mexico ("Unit"). In support of this application, Permian Resources states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Escopeta State 121H** U-Turn well ("Well"), which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 2.
3. The completed interval of the Well will be orthodox.
4. A depth severance exists within the Unit. Therefore, Permian Resources seeks to pool only those uncommitted interests from approximately 9,568' to 10,605' TVD as found on the Butkus 2 State #001 (API No. 30-025-35325).
5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.

**Permian Resources Operating, LLC
Case No. 25514
Exhibit A-1**

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

7. In order to allow Applicant to obtain its 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 as the operator of the Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 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 Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HARDY McLEAN LLC

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

125 Lincoln Ave, Ste. 223

Santa Fe, NM 87501

Phone: (505) 230-4410

dhardy@hardymclean.com

jmclean@hardymclean.com

Counsel for Permian Resources Operating, LLC

Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests from approximately 9,568' to 10,605' TVD, within the Bone Spring formation, underlying a 315.38-acre, more or less, standard horizontal spacing unit, comprised of the NE/4 equivalent of irregular Section 2, Township 21 South, Range 34 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **Escopeta State 121H** U-Turn well ("Well"), which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 2. The completed interval of the Well will be orthodox. A depth severance exists within the Unit. A depth severance exists within the Unit. Therefore, Permian Resources seeks to pool only those uncommitted interests from approximately 9,568' to 10,605' TVD as found on the Butkus 2 State #001 (API No. 30-025-35325). Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 16.4 miles northwest of Eunice, New Mexico.

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Exhibit A-2 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 28434	Pool Name Gramma Ridge; Bone Spring, North
Property Code	Property Name ESCOPETA STATE	Well Number 121H
OGRID No. 372165	Operator Name PERMIAN RESOURCES OPERATING, LLC	Ground Level Elevation 3,696'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

Surface Location

UL	Section 2	Township 21S	Range 34E	Lot LOT 1	Ft. from N/S 363' FNL	Ft. from E/W 1,169' FEL	Latitude 32.521358°	Longitude -103.435868°	County LEA
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Bottom Hole Location

UL	Section 2	Township 21S	Range 34E	Lot LOT 1	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.522081°	Longitude -103.435289°	County LEA
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Dedicated Acres 315.38	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	Section 2	Township 21S	Range 34E	Lot LOT 1	Ft. from N/S 363' FNL	Ft. from E/W 1,169' FEL	Latitude 32.521358°	Longitude -103.435868°	County LEA
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First Take Point (FTP)

UL	Section 2	Township 21S	Range 34E	Lot LOT 2	Ft. from N/S 100' FNL	Ft. from E/W 2,310' FEL	Latitude 32.522078°	Longitude -103.439571°	County LEA
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Last Take Point (LTP)

UL	Section 2	Township 21S	Range 34E	Lot LOT 1	Ft. from N/S 100' FNL	Ft. from E/W 990' FEL	Latitude 32.522081°	Longitude -103.435289°	County LEA
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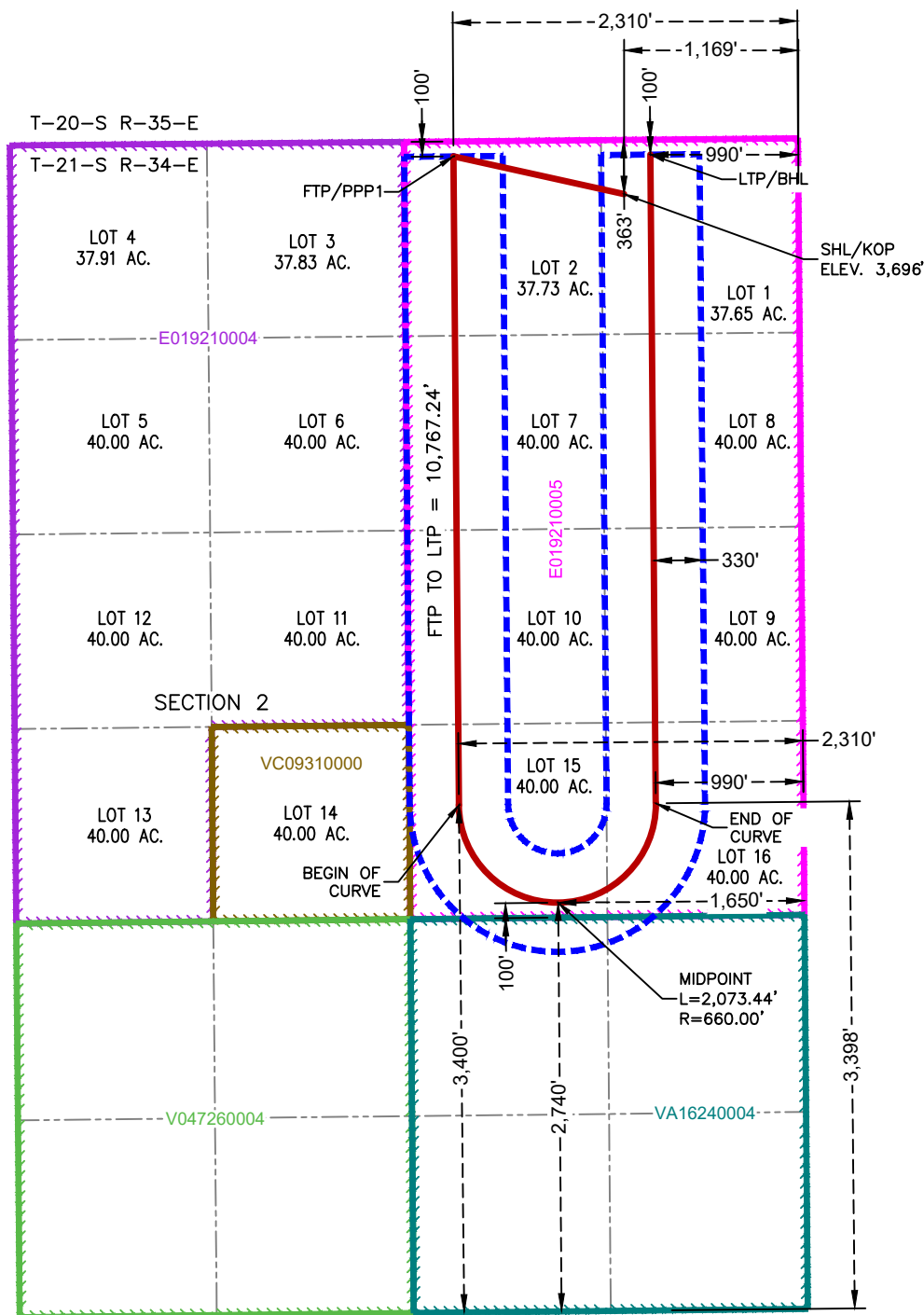
Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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OPERATOR CERTIFICATIONS I hereby certify that the information contained herein is true and complete 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 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 7/15/2025
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.

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.

ESCOPE TA STATE 121H



LAST TAKE POINT &
BOTTOM HOLE LOCATION
100' FNL & 990' FEL

NAD 83 X = 818,136.36'
NAD 83 Y = 554,829.94'
NAD 83 LAT = 32.522081°
NAD 83 LONG = -103.435289°
NAD 27 X = 776,954.12'
NAD 27 Y = 554,767.90'
NAD 27 LAT = 32.521957°
NAD 27 LONG = -103.434806°

Permian Resources Operating, LLC – Escopeta

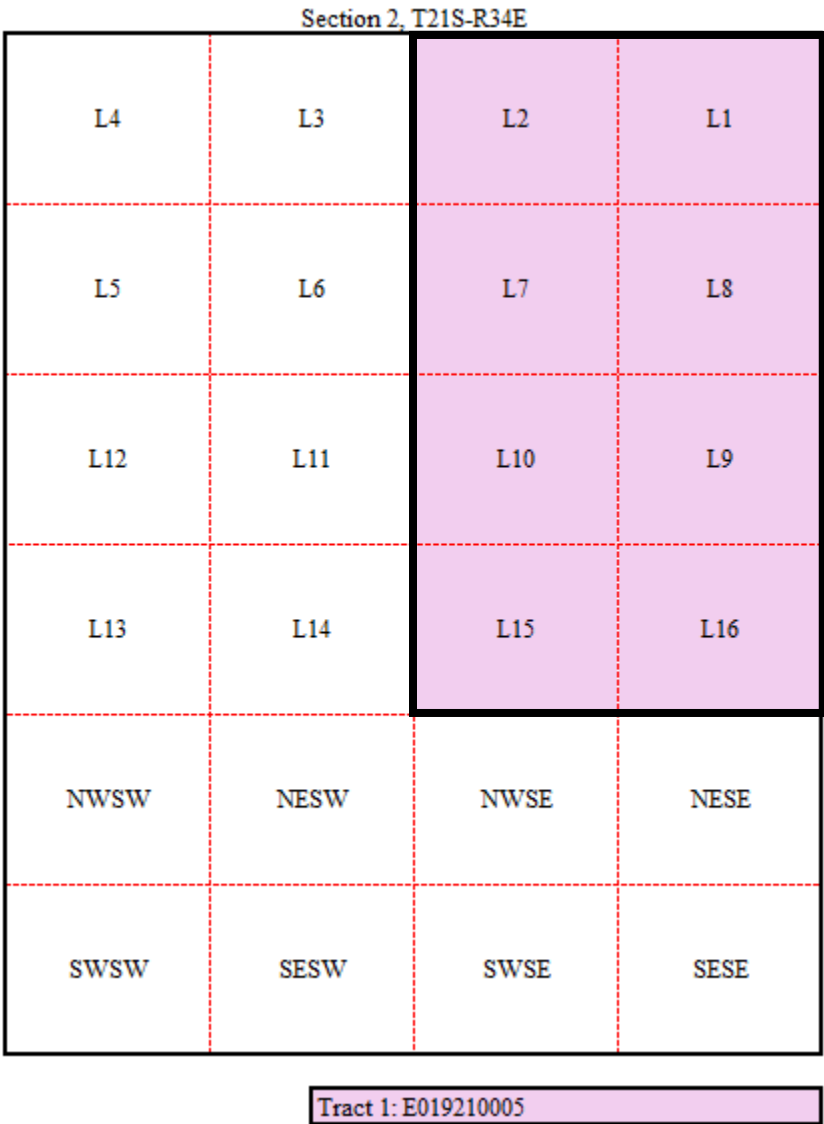
Township 21 South Range - 34 East

Section 2: Lot 1, 2, 7-10, 15-16

Lea County, New Mexico

Limited in Depth from the Top of the Bone Spring Formation to the Base of the Second Bone Formation

315.38 Acres, More or less



Tract 1: Section 2: Lot 1, 2, 7-10, 15-16 (Containing 315.38 Acres More or Less)

Party Name	Working Interest
Earthstone Permian, LLC	67%
Marathon Oil Permian LLC	33%
Total	100%

Unit Capitulation:

Party Name	Working Interest
Earthstone Permian, LLC	67%
Marathon Oil Permian LLC	33%
Earthstone Permian, LLC	Lessee of Record
Total	100%

***Parties Seeking to Pool**



300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

May 15, 2025

Marathon Oil Permian LLC
PO Box 732312
Dallas, TX 75373-2312

RE: Well Proposals – Escopeta State 121H
Section 2: Lots 1-2, 7-10, 15-16, T21S-R34E
Lea County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), as Operator, hereby proposes the drilling and completion of the following well, at the below listed approximate location within Section 2, Township 21 South, Range 34 East, Lea County, New Mexico:

1. Escopeta State 121H

SHL: 80' FNL & 1470' FEL of Section 2 or at a legal location in the N/2NE/4 of Section 2

BHL: 100' FNL & 990' FEL of Section 2

FTP: 100' FNL & 2,310' FEL of Section 2

LTP: 100' FNL & 990' FEL of Section 2

TVD: Approximately 10,500'

TMD: Approximately 23,785'

Targeted Interval: SBSG

Proration Unit: Section 2: Lots 1-2, 7-10, 15-16

Total Cost: See attached AFE

*This is a U-Turn Well

Please further accept this well proposal as a formal notice of intent to form a non-standard proration unit encompassing the full 315.38 gross acres in order to ensure commingling approval and reduction of costs associated with these projects.

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement will be provided upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed well(s) on the enclosed ballot. Please sign and return this letter, a signed copy of each proposed AFE, and your geologic well requirements.

Permian Resources Operating, LLC
Case No. 25514
Exhibit A-4

Permian Resources is a result of the merger of Centennial Resource Development and Colgate Energy effective September 1, 2022.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

If you have any questions or concerns regarding this proposal, please contact Travis Macha at Travis.Macha@permianres.com. Please mail or email your elections to Jordan Ireton at the above address or at Jordan.Ireton@permianres.com.

Respectfully,



Travis Macha
New Mexico Land Manager

Enclosures

Elections on page to follow.

Well Elections: <i>(Please indicate your responses in the spaces below)</i>		
Well(s)	Elect to Participate	Elect to <u>NOT</u> Participate
Escopeta State 121H		

Marathon Oil Permian LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

Cost Estimate

Printed Date: May 13, 2025

AFE Number:	501235TM	Description:	Escopeta State 121H
AFE Name:	Escopeta State 121H	AFE TYPE:	Drill and Complete
Well Operator:	PERMIAN RESOURCES		
Operator AFE #:			

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
Artificial Lift Tangible		
8065.1300	TAL - DOWNHOLE ARTIFICIAL LIFT EQPT	\$20,000.00
8065.1100	TAL - TUBING	\$125,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA	\$5,000.00
8065.2100	TAL - WELL SITE POWER EQUIPMENT/INSTALL	\$75,000.00
8065.3100	TAL - MEASUREMENT EQUIPMENT	\$5,000.00
8065.2000	TAL - WELLHEAD EQUIPMENT	\$60,000.00
8065.1310	TAL - ESP EQUIPMENT/INSTALL	\$100,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	\$15,000.00
	Sub-total	\$405,000.00
Facilities		
8035.1700	FAC - RENTAL EQUIPMENT	\$25,000.00
8035.1500	FAC - MATERIALS & SUPPLIES	\$2,500.00
8035.1900	FAC - WATER DISPOSAL / SWD	\$1,500.00
8035.4500	FAC - CONTINGENCY	\$9,315.00
8035.2100	FAC - INSPECTION & TESTING	\$2,500.00
8035.2500	FAC - CONSULTING SERVICES	\$4,000.00
8035.3400	FAC - METERS	\$25,000.00
8035.1600	FAC - TRANSPORTATION TRUCKING	\$10,000.00
8035.2400	FAC - SUPERVISION	\$10,000.00
8035.1400	FAC - ROAD LOCATIONS PITS	\$5,000.00
8035.3000	FAC - HEATER TREATER/SEPARATOR	\$110,000.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	\$25,000.00
8035.3700	FAC - AUTOMATION MATERIAL	\$30,000.00
8035.3600	FAC - ELECTRICAL	\$30,000.00
8035.3200	FAC - VALVES FITTINGS & PIPE	\$30,000.00
	Sub-total	\$319,815.00
Completion Intangible		
8025.3000	ICC - WATER HANDLING	\$210,704.00
8025.3500	ICC - WELLSITE SUPERVISION	\$60,750.00
8025.2300	ICC - COMPLETION FLUIDS	\$10,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	\$2,143,798.00
8025.3800	ICC - OVERHEAD	\$10,000.00
8025.1600	ICC - COILED TUBING	\$184,906.00
8025.3100	ICC - WELLHEAD/FRACTREE REPAIR	\$40,000.00
8025.2000	ICC - TRUCKING	\$14,375.00
8025.3600	ICC - SUPERVISION/ENGINEERING	\$5,000.00
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	\$380,034.00
8025.1100	ICC - ROAD, LOCATIONS, PITS	\$10,500.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	\$40,000.00
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	\$15,000.00

300 N Marienfeld Street, Suite 1000, Midland, TX 79701
 TEL (432) 695-4222 www.permianres.com

Cost Estimate

Printed Date: May 13, 2025

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8025.3050	ICC - SOURCE WATER	\$321,323.00
8025.3400	ICC - RENTAL EQUIPMENT	\$171,135.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	\$15,000.00
8025.1500	ICC - FUEL / POWER	\$507,392.00
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	\$14,018.00
Sub-total		\$4,153,935.00
Drilling Intangible		
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	\$217,234.50
8015.4600	IDC - SAFETY / ENVIRONMENTAL	\$21,450.00
8015.2300	IDC - FUEL / POWER	\$144,632.81
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	\$269,000.00
8015.4200	IDC - MANCAMP	\$42,900.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	\$63,112.50
8015.1310	IDC - PERMANENT EASEMENT	\$12,000.00
8015.4100	IDC - RENTAL EQUIPMENT	\$90,750.00
8015.2200	IDC - BITS, TOOLS, STABILIZERS	\$54,916.00
8015.1500	IDC - RIG MOB / TRUCKING	\$95,625.00
8015.2350	IDC - FUEL/MUD	\$80,625.00
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	\$47,812.50
8015.1300	IDC - SURFACE DAMAGE / ROW	\$35,000.00
8015.1000	IDC - PERMITS,LICENSES,ETC	\$15,000.00
8015.3100	IDC - CASING CREW & TOOLS	\$70,000.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	\$24,750.00
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	\$27,000.00
8015.1600	IDC - RIG MOB / STANDBY RATE	\$36,300.00
8015.1100	IDC - STAKING & SURVEYING	\$15,000.00
8015.2150	IDC - DRILL BIT	\$150,000.00
8015.4300	IDC - WELLSITE SUPERVISION	\$95,700.00
8015.3700	IDC - DISPOSAL	\$159,664.00
8015.2400	IDC - RIG WATER	\$20,625.00
8015.5200	IDC - CONTINGENCY	\$129,439.29
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	\$12,500.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	\$95,625.00
8015.1700	IDC - DAYWORK CONTRACT	\$636,384.38
8015.3400	IDC - MATERIALS & SUPPLIES	\$5,000.00
8015.1200	IDC - LEGAL, TITLE SERVICES	\$13,000.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	\$278,746.88
8015.2700	IDC - INSPECTION, TESTING & REPAIR	\$37,000.00
8015.5000	IDC - WELL CONTROL INSURANCE	\$9,075.00
Sub-total		\$3,005,867.86
Flowback Intangible		
8040.2900	IFC - WELL TESTING / FLOWBACK	\$125,000.00
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	\$20,000.00
8040.3430	IFC - SURFACE PUMP RENTAL	\$20,000.00
8040.4000	IFC - CHEMICALS	\$65,000.00
8040.3420	IFC - TANK RENTALS	\$20,000.00

Cost Estimate

Printed Date: May 13, 2025

<u>Account</u>	<u>Description</u>	<u>Gross Est. (\$)</u>
8040.1899	IFC - FRAC WATER RECOVERY	\$292,990.00
8040.3500	IFC - WELLSITE SUPERVISION	\$10,000.00
	Sub-total	\$552,990.00
Artificial Lift Intangible		
8060.1400	IAL - WIRELINE OPEN/CASED HOLE	\$10,000.00
8060.1200	IAL - WORKOVER RIG	\$20,000.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	\$7,000.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	\$10,000.00
8060.1210	IAL - SPOOLING SERVICES	\$6,000.00
8060.3420	IAL - REVERSE UNIT RENTAL	\$5,000.00
8060.3500	IAL - WELLSITE SUPERVISION	\$13,000.00
8060.2300	IAL - COMPLETION FLUIDS	\$5,000.00
8060.3810	IAL - ACID	\$30,000.00
8060.3410	IAL - LAYDOWN MACHINE	\$5,000.00
8060.1900	IAL - INSPECTION & TESTING	\$3,000.00
8060.2010	IAL - KILL TRUCK	\$5,000.00
8060.3400	IAL - RENTAL EQUIPMENT	\$10,000.00
	Sub-total	\$129,000.00
Completion Tangible		
8030.2000	TCC - WELLHEAD EQUIPMENT	\$47,250.00
	Sub-total	\$47,250.00
Pipeline		
8036.3200	PLN - VALVES FITTINGS & PIPE	\$12,500.00
8036.2200	PLN - CONTRACT LABOR	\$13,000.00
8036.1300	PLN - SURFACE DAMAGE / ROW	\$5,000.00
8036.1310	PLN - PERMANENT EASEMENT	\$1,969.70
8036.2800	PLN - FLOWLINE MATERIAL	\$11,050.00
	Sub-total	\$43,519.70
Drilling Tangible		
8020.1200	TDC - CASING - INTERMEDIATE - 1	\$246,961.13
8020.1500	TDC - WELLHEAD EQUIPMENT	\$63,750.00
8020.1400	TDC - CASING - PRODUCTION	\$875,871.92
8020.1700	TDC - PACKER/DOWNHOLE TOOLS	\$53,125.00
8020.1100	TDC - CASING - SURFACE	\$115,008.19
	Sub-total	\$1,354,716.24
	Grand Total	\$10,012,093.80

Accepted and Approved By:
 Company Name (If Applicable): _____

By: _____

Printed Name: _____

Title: _____

Date: _____

Contact Chronology

Date	Party	Description
5/15/2025	Marathon Oil Permian	Preorder proposals was sent via certified mail with development details, options to participate in the development, and an email contact for questions.
7/23/2025	Marathon Oil Permian	An email was sent to the responsible Landman to ask if they had any questions about PR's proposal.

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

APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 25514

SELF-AFFIRMED STATEMENT
OF CHRIS REUDELHUBER

1. I am a geologist with Permian Resources Operating, LLC ("Permian Resources"). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum geology were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced cases.

3. **Exhibit B-1** is a regional locator map that identifies the Escopeta project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring spacing unit that is the subject of this application.

4. **Exhibit B-2** is a cross-section location map for the proposed horizontal spacing units within the Bone Spring formation. The approximate wellbore path for Escopeta State 121H U-Turn well ("Well"0 is represented by dashed orange lines. Existing producing wells in the targeted interval are represented by solid orange lines. This map identifies the cross-section running from A-A' with the cross-section wells name and a black line in proximity to the proposed Well.

5. **Exhibit B-3** is a Subsea Structure map of the Bone Spring formation in TVD subsea with a contour interval of 100 ft. The map identifies the approximate wellbore path for the proposed Well with a dashed orange line. It also identifies the location of the cross-section running

Permian Resources Operating, LLC
Case No. 25514
Exhibit B

from A-A' in proximity to the proposed Well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the west in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

6. **Exhibit B-4** identifies two wells penetrating the targeted interval, which I used to construct a stratigraphic cross-section from A to A'. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from north to south and is hung on the top of the second Bone Spring sand formation. The proposed landing zone for the Well is labeled on the exhibit. The approximate well-path for the proposed Well is indicated by a dashed orange line to be drilled from north to south across the units. This cross-section demonstrates the target interval is continuous across the Unit.

7. **Exhibit B-5** is a gun barrel diagram that shows the proposed Well in the Bone Spring formation. The spacing unit is defined by a blue box and is labeled with the case number.

8. In my opinion, a stand-up orientation for the Well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and the preferred fracture orientation in this portion of the trend.

9. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

10. In my opinion, the granting of Permian Resources' application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

11. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

12. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

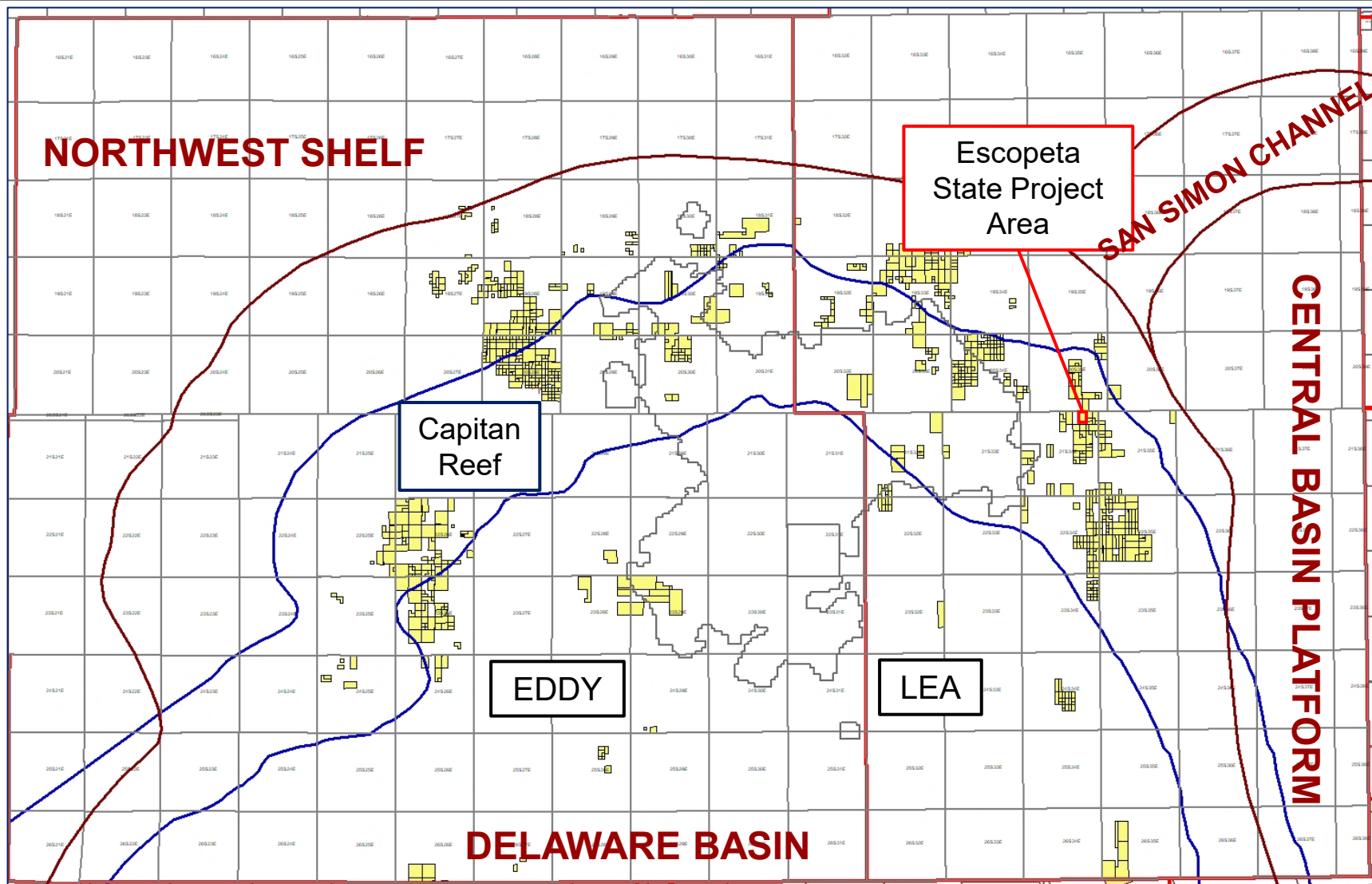

CHRIS REUDELHUBER

7/23/25
Date



Regional Locator Map

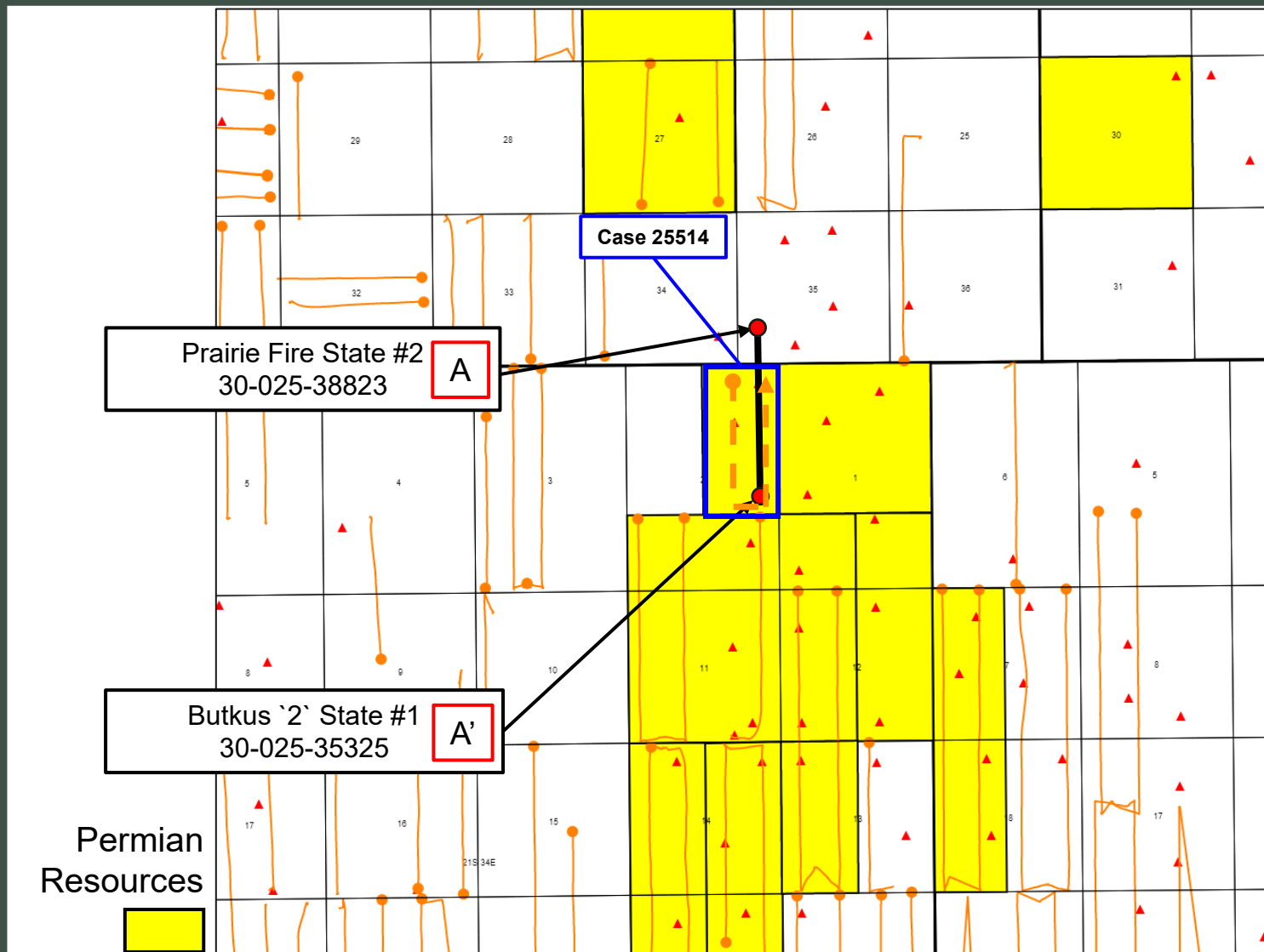
Escopeta State 121H





Cross-Section Locator Map

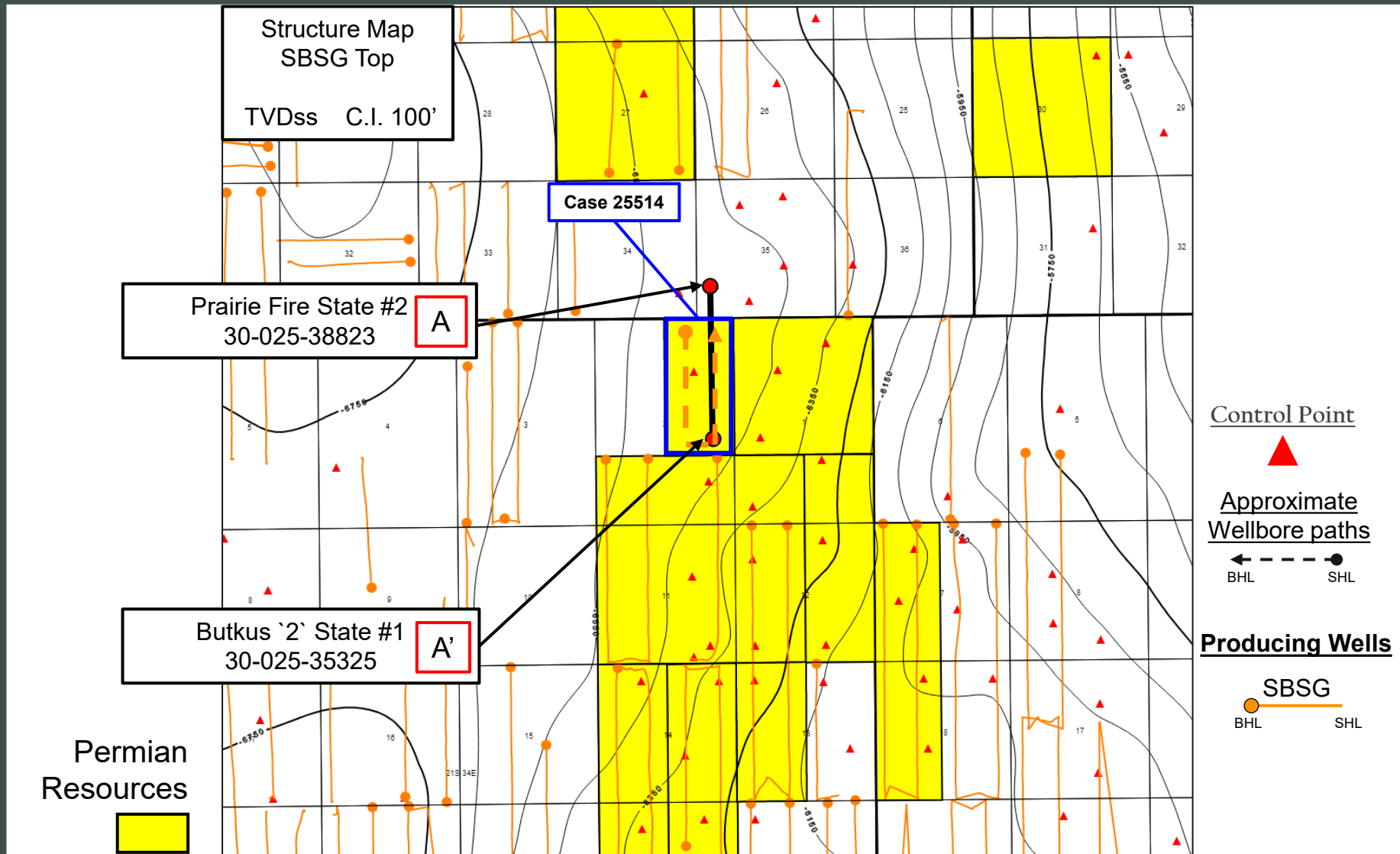
Escopeta State 121H





Second Bone Spring – Structure Map

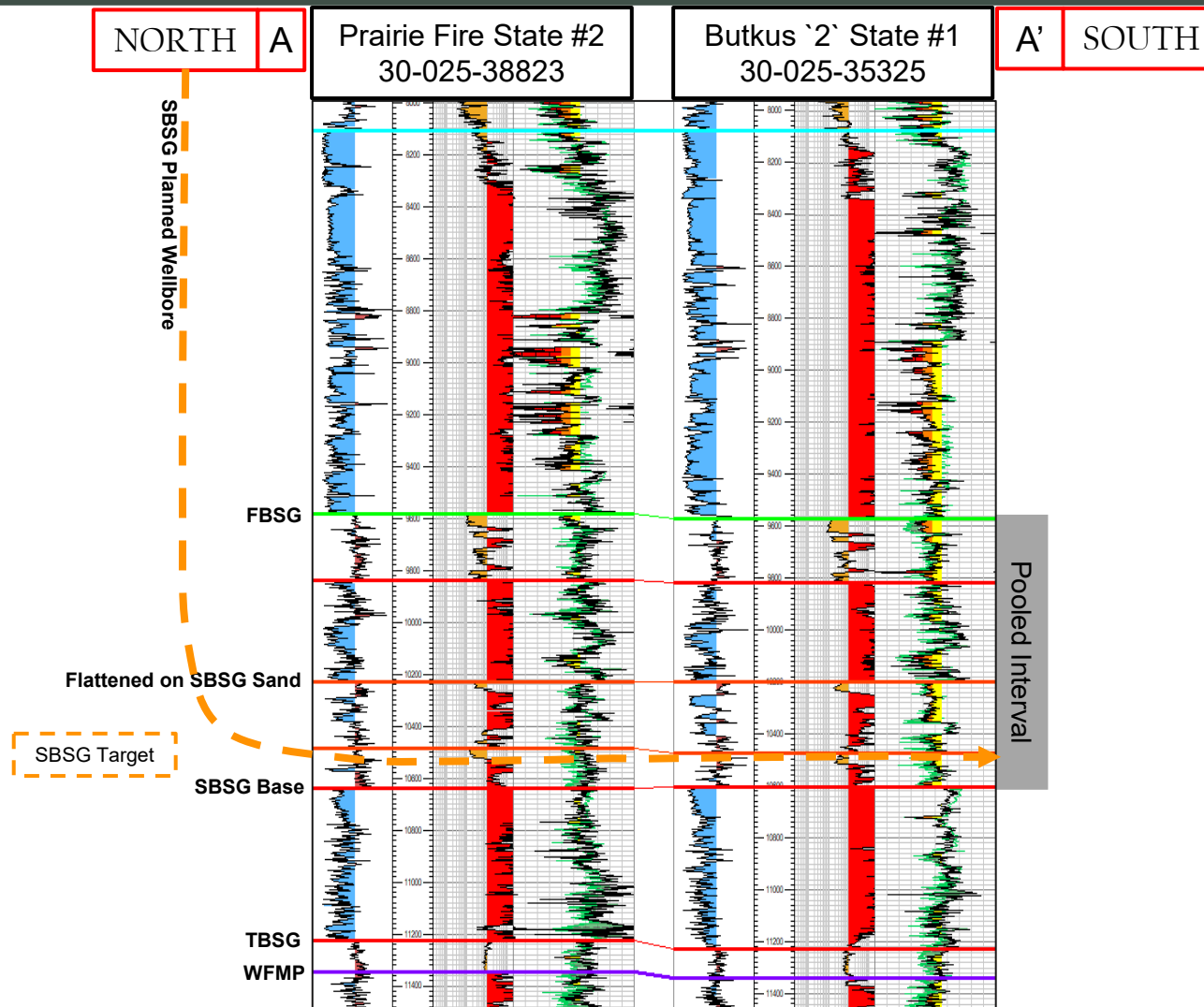
Escopeta State 121H





Stratigraphic Cross-Section A-A'

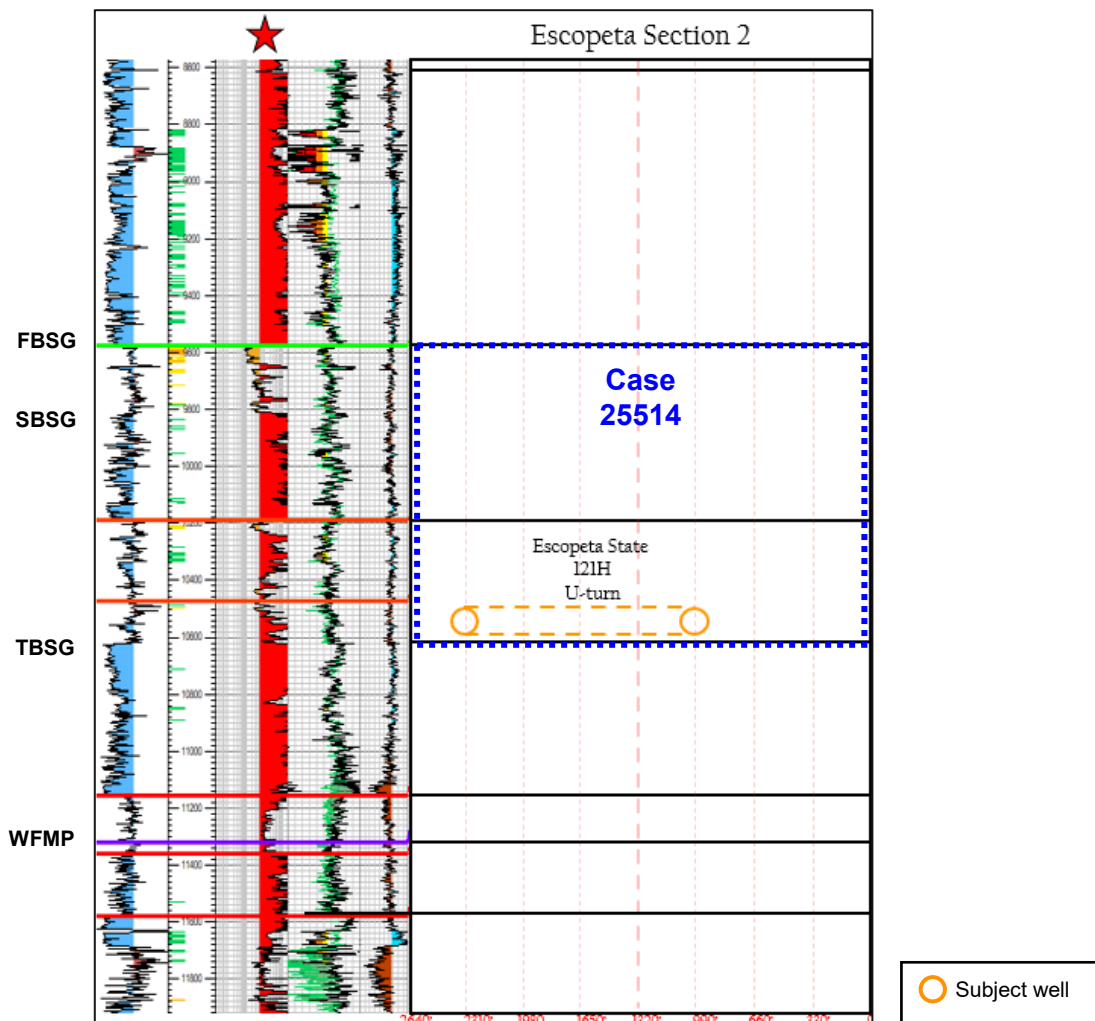
Escopeta State 121H



Gun Barrel Development Plan

Escopeta State 121H

Permian Resources Operating, LLC
Case No. 25514
Exhibit B-5

Exhibit B-5

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

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

CASE NO. 25514

**SELF-AFFIRMED STATEMENT
OF JACLYN M. MCLEAN**

1. I am attorney in fact and authorized representative of Permian Resources Operating LLC ("Permian Resources") the Applicant herein.
2. I am familiar with the Notice Letter attached as **Exhibit C-1**, and caused the Notice Letter, along with the Application in this case, to be sent to the party listed in the Postal Delivery Report attached as **Exhibit C-2**.
3. Exhibit C-2 also provides the date the Notice Letter was sent, along with the delivery status of each.
4. An electronic return receipt is attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.
5. On July 22, 2025, I caused a notice to be published in the Hobbs News-Sun. An Affidavit of Publication from the legal clerk of the Hobbs-News Sun along with a copy of the Notice Publication, is attached as **Exhibit C-4**.
6. I understand this Self-Affirmed Statement will be used as written testimony in the subject case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/Jaclyn M. McLean
Jaclyn M. McLean

July 25, 2025
Date

**Permian Resources Operating, LLC
Case No. 25514
Exhibit C**



July 16, 2025

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL PARTIES ENTITLED TO NOTICE

**Re: Case No. 25514 - Application of Permian Resources Operating, LLC for
Compulsory Pooling, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **August 7, 2025**, beginning at 9:00 a.m.

The hearing will be conducted in a hybrid fashion, both virtually and in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505. The hearing may be held only virtually at the discretion of the Division. To confirm the manner in which the hearing will be held, and to participate virtually, please visit the OCD Hearings website at the following link: <https://www.emnrd.nm.gov/oed/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days prior to the scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. If you are not registered with the OCD's E-Permitting system, you must submit the statement via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties; whether or not the parties are represented by counsel; a concise statement of the case; the names of witnesses anticipated to be called to testify at the hearing; the approximate amount of time needed to present the case; and an identification of any procedural matters that are to be resolved prior to the hearing.

125 Lincoln Avenue, Suite 223
Santa Fe, NM 87501
505-230-4410

HardyMcClean.com

Writer:
Jaclyn M. McLean
Managing Partner
jmclean@hardymcclean.com

**Permian Resources Operating, LLC
Case No. 25514
Exhibit C-1**

Hardy McLean LLC
July 16, 2025

Page 2

If you have any questions about these applications, please contact Reagan Armstrong, Landman for Permian Resources Operating, LLC at reagan.armstrong@permianres.com.

Sincerely,
/s/ Jaclyn M. McLean
Jaclyn M. McLean

Postal Delivery Report
Permian Resources Escopeta - Case No. 25514

Recipient	Date Mailed	USPS Tracking Number	Date Received	Status
Marathon Oil Permian LLC	7/16/2025	9414836208551284974855	7/23/2025	Delivered, PO Box DALLAS, TX 75260

Permian Resources Operating, LLC
Case No. 25514
Exhibit C-2



July 23, 2025

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8362 0855 1284 9748 55.

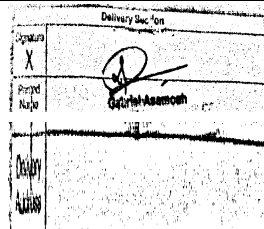
Item Details

Status: Delivered, PO Box
Status Date / Time: July 23, 2025, 3:15 am
Location: DALLAS, TX 75260
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: MARATHON OIL PERMIAN LLC

Recipient Signature

Signature of Recipient:

Address of Recipient:



Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Marathon Oil Permian LLC
PO Box 732312
Dallas , TX 75373
Reference #: PR Escopeta 25514
Item ID: PR Escopeta 25514

Permian Resources Operating, LLC
Case No. 25514
Exhibit C-3

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
July 22, 2025
and ending with the issue dated
July 22, 2025.

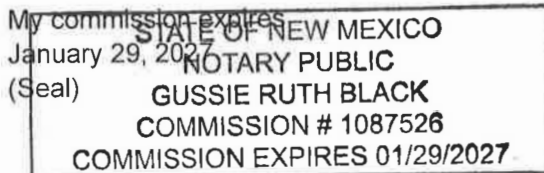


Publisher

Sworn and subscribed to before me this
22nd day of July 2025.



Business Manager



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL NOTICE July 22, 2025

This is to notify all interested parties, including; Marathon Oil Permian LLC; and their successors and assigns; that the New Mexico Oil Conservation Division will conduct a hearing on the application submitted Permian Resources Operating, LLC ("Applicant") for Case No. 25514. The hearing will be conducted on August 7, 2025, in a hybrid fashion, both virtually and in person at the Energy, Minerals, Natural Resources Department, 1st Floor, Santa Fe, NM 87505. To participate virtually, see the instructions posted on the OCD website: <https://www.emnrd.nm.gov/oed/hearing-info/>. In Case No. 25514, Applicant seeks an order pooling all uncommitted interests from approximately 9,568' to 10,605' TVD, within the Bone Spring formation, underlying a 315.38-acre, more or less, standard horizontal spacing unit, comprised of the NE/4 equivalent of irregular Section 2, Township 21 South, Range 34 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the Escopeta State 121H U-Turn well ("Well"), which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 2. The completed interval of the Well will be orthodox. A depth severance exists within the Unit. A depth severance exists within the Unit. Therefore, Permian Resources seeks to pool only those uncommitted interests from approximately 9,568' to 10,605' TVD as found on the Butkus 2 State #001 (API No. 30-025-35325). Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 16.4 miles northwest of Eunice, New Mexico.
#00302886

67118479

00302886

HARDY MCLEAN LLC
125 LINCOLN AVE, STE. 223
SANTA FE, NM 87501

Permian Resources Operating, LLC
Case No. 25514
Exhibit C-4