

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

**APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR COMPULSORY POOLING,  
AND APPROVAL OF OVERLAPPING SPACING  
UNIT, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 26165**

**EXHIBIT INDEX**

**Compulsory Pooling Checklist**

<b>Exhibit A</b>	<b>Self-Affirmed Statement of Adam Reker</b>
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, Overlapping Spacing Unit Plat
A-4	Sample Well Proposal Letter & AFE
A-5	Chronology of Contact
A-6	Ownership Commitment Exhibit
<b>Exhibit B</b>	<b>Self-Affirmed Statement of Chris Reudelhuber</b>
B-1	Regional Locator Map
B-2	Cross-Section Location Map
B-3	Subsea Structure Map
B-4	Stratigraphic Cross-Section
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C-1	Notice Letter to All Interested Parties Sent May 6, 2026
C-2	Postal Delivery Report
C-3	Electronic Return Receipts
C-4	Affidavit of Publication for May 13, 2026

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 26165</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: June 30, 2026</b>	
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, and Approval of Overlapping Spacing Unit, Eddy County, New Mexico.
Entries of Appearance/Intervenors:	None.
Well Family	Koala 9-10 Fed Com
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Old Millman Ranch; Bone Spring (Assoc.) Pool (Code 48035)
Well Location Setback Rules:	Statewide
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	Quarter-quarter
Orientation:	West to East
Description: TRS/County	N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes.
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
<b>Well(s)</b>	
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	Koala 9-10 Fed Com 121H (API No. 30-015-54728) SHL: 863' FNL & 542' FEL (Unit A), Section 8, T20S-R28E BHL: 990' FNL & 10' FEL (Unit A), Section 10, T20S-R28E Completion Target: Second Bone Spring (Approx. 7,350' TVD)
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
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
<b>Ownership Determination</b>	
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)	N/A
<b>Joinder</b>	
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
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
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	N/A
<b>Forms, Figures and Tables</b>	
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-2
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
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Dana S. Hardy
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Dana S. Hardy
<b>Date:</b>	6/15/2026

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
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**APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR COMPULSORY POOLING,  
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UNIT, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 26165**

**SELF-AFFIRMED STATEMENT OF ADAM REKER**

1. I am employed by Permian Resources Operating, LLC (“Permian Resources”) as a Senior Staff Landman. 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 the hearing.

4. Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Koala 9-10 Fed Com 121H** well (“Well”), which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 9 to a last take point in the NE/4 NE/4 (Unit A) of Section 10.

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

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

**Permian Resources Operating, LLC  
Case No. 26165  
Exhibit A**

8. The spacing unit for the Well partially overlaps with the spacing units for the following wells, which produce from the Old Millman Ranch; Bone Spring (Assoc) (Code 48035):
- a. Government AB #006 (API No. 30-015-27846) dedicated to the NW/4 NW/4 of Section 10, Township 20 South, Range 28 East;
  - b. Government AB #007 (API No. 30-015-27847) dedicated to the NE/4 NW/4 of Section 10, Township 20 South, Range 28 East;
  - c. Government AB #008 (API No. 30-015-27863) dedicated to the NW/4 NE/4 of Section 10, Township 20 South, Range 28 East; and
  - d. Government AB Federal #012 (API No. 30-015-41049) dedicated to the W/2 NE/4 of Section 10, Township 20 South, Range 28 East.

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. Exhibit A-3 also contains a plat depicting the overlapping spacing units.

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. The Ownership Commitment Exhibit is attached as **Exhibit A-6**. This exhibit includes a list of all owners in the Unit and identifies each owner's ownership status, whether the owner has committed to the proposed spacing unit, and the type of commitment, *i.e.*, whether a signed letter of commitment, joint operating agreement, or verbal agreement. Exhibit C of the exhibit packet identifies when notice of this hearing was sent to each interest owner by our outside counsel, Hardy McLean LLC.

14. 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.

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

16. 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.

17. 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.

  
ADAM REKER

5/19/2026  
Date

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

**APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR COMPULSORY POOLING,  
AND APPROVAL OF OVERLAPPING SPACING  
UNIT, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 26165**

**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 in the Bone Spring formation underlying a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy 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 **Koala 9-10 Fed Com 121H** well (“Well”), which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 9 to a last take point in the NE/4 NE/4 (Unit A) of Section 10.
3. The completed interval of the Well will be orthodox.
4. The spacing unit for the Well partially overlaps with the spacing units for the following wells, which produce from the Old Millman Ranch; Bone Spring (Assoc) (Code 48035):
  - a. Government AB #006 (API No. 30-015-27846) dedicated to the NW/4 NW/4 of Section 10, Township 20 South, Range 28 East;
  - b. Government AB #007 (API No. 30-015-27847) dedicated to the NE/4 NW/4 of Section 10, Township 20 South, Range 28 East;

**Permian Resources Operating, LLC  
Case No. 26165  
Exhibit A-1**

- c. Government AB #008 (API No. 30-015-27863) dedicated to the NW/4 NE/4 of Section 10, Township 20 South, Range 28 East; and
  - d. Government AB Federal #012 (API No. 30-015-41049) dedicated to the W/2 NE/4 of Section 10, Township 20 South, Range 28 East.
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.
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 June 4, 2026, 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. Approving the overlapping spacing unit;
- D. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;

- F. 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
- G. 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*

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Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

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ATTORNEYS FOR PERMIAN RESOURCES  
OPERATING, LLC

**Application of Permian Resources Operating, LLC for Compulsory Pooling, and Approval of Overlapping Spacing Unit, Eddy County, New Mexico.** Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico (“Unit”). The Unit will be dedicated to the **Koala 9-10 Fed Com 121H** well (“Well”), which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 9 to a last take point in the NE/4 NE/4 (Unit A) of Section 10. The completed interval of the Well will be orthodox. The spacing unit for the Well partially overlaps with the spacing units for the following wells, which produce from the Old Millman Ranch; Bone Spring (Assoc) (Code 48035): Government AB #006 (API No. 30-015-27846) dedicated to the NW/4 NW/4 of Section 10, Township 20 South, Range 28 East; Government AB #007 (API No. 30-015-27847) dedicated to the NE/4 NW/4 of Section 10, Township 20 South, Range 28 East; Government AB #008 (API No. 30-015-27863) dedicated to the NW/4 NE/4 of Section 10, Township 20 South, Range 28 East; and Government AB Federal #012 (API No. 30-015-41049) dedicated to the W/2 NE/4 of Section 10, Township 20 South, Range 28 East. 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 12 miles northeast of Carlsbad, New Mexico.

<b>C-102</b>  Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department <b>OIL CONSERVATION DIVISION</b>	<b>Exhibit A-2</b> Revised July 9, 2024  Submittal Type: <input type="checkbox"/> Initial Submittal <input checked="" type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled
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**WELL LOCATION INFORMATION**

API Number 30-015-54728	Pool Code <b>48035</b>	Pool Name <b>Old Millman Ranch; Bone Spring (Assoc.)</b>
Property Code 334680	Property Name KOALA 9 FED COM	Well Number 121H
OGRID No. 372165	Operator Name PERMIAN RESOURCES OPERATING, LLC	Ground Level Elevation 3285.23'
Surface Owner: <input checked="" 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 checked="" type="checkbox"/> Federal

**Surface Location**

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
A	8	20-S	28-E		863' N	542' E	32.59300	-104.19276	EDDY

**Bottom Hole Location**

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
A	10	20-S	28-E		990' N	10' E	32.59282	-104.15649	EDDY

Dedicated Acres 320	Infill or Defining Well <b>Defining</b>	Defining Well API <b>30-015-54728</b>	Overlapping Spacing Unit (Y/N) <b>Y</b>	Consolidation Code <b>F,C</b>
Order Numbers. <b>Pending</b>			Well setbacks are under Common Ownership: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

**Kick Off Point (KOP)**

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
A	8	20-S	28-E		863' N	542' E	32.59300	-104.19276	EDDY

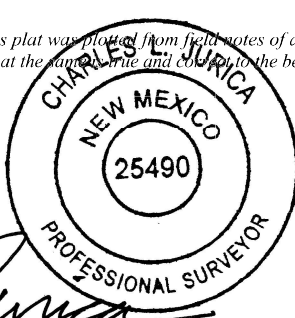
**First Take Point (FTP)**

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
D	9	20-S	28-E		990' N	100' W	32.59265	-104.19069	EDDY

**Last Take Point (LTP)**

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
A	10	20-S	28-E		990' N	100' E	32.59282	-104.15678	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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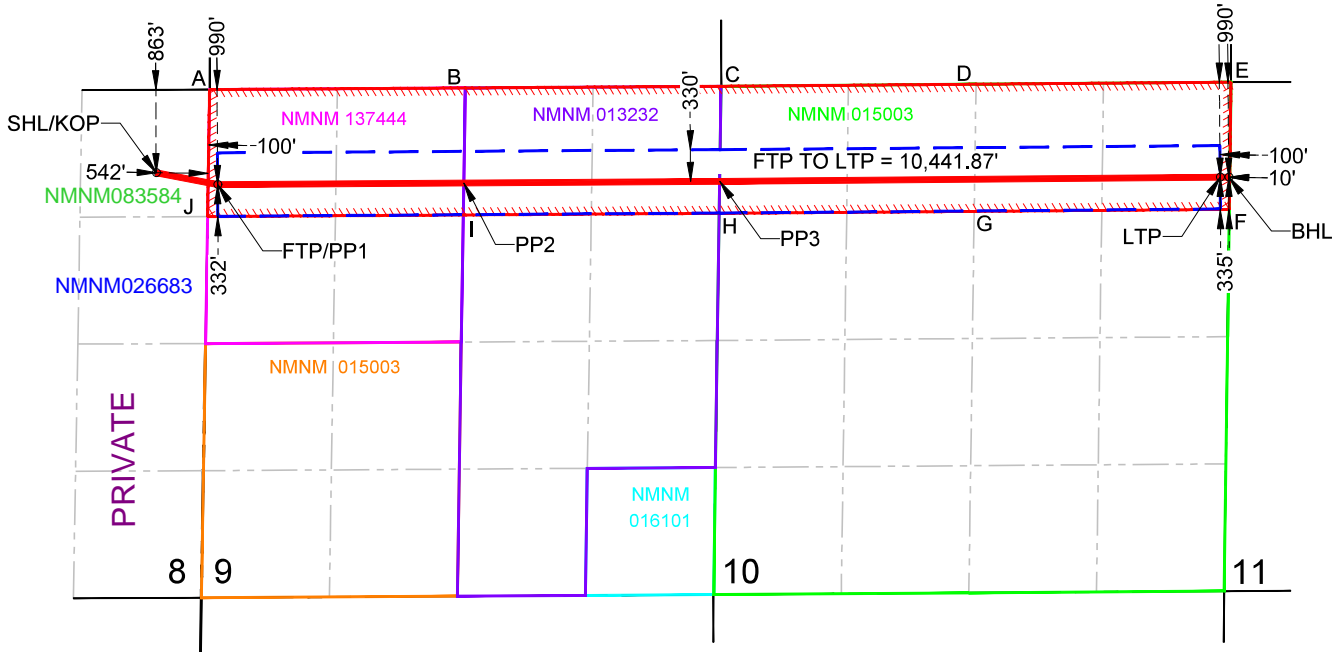
<p><b>OPERATOR CERTIFICATIONS</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the 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.</i></p> <p><i>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.</i></p> <p><i>Jennifer Elrod</i>      01/12/2026</p> <p>Signature _____ Date _____</p> <p><b>Jennifer Elrod</b></p> <p>Printed Name _____</p> <p><b>jelrod@ntglobal.com</b></p> <p>Email Address _____</p>	<p><b>SURVEYOR CERTIFICATIONS</b></p> <p><i>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 are true and correct to the best of my beliefs.</i></p> <p style="text-align: right;">12/22/2025</p> <p style="text-align: center;"><i>Charles L. Jurica</i></p> <p>Signature and Seal of Professional Surveyor</p> <div style="text-align: center;">  </div> <p>Certificate Number _____ Date of Survey _____</p>
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*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.



HSU COORDINATE TABLE		
POINT	N: (83)	E: (83)
A	580356.62	585185.65
B	580373.68	587849.16
C	580391.30	590513.47
D	580412.62	593168.80
E	580433.88	595824.69
F	579108.83	595806.99
G	579088.27	593150.19
H	579067.72	590493.67
I	579050.93	587828.64
J	579034.15	585164.52

**SURFACE HOLE LOCATION (SHL)  
KICK OFF POINT (KOP)**  
NEW MEXICO EAST - NAD 83  
X=584629.45 LAT.= 32.59300° N  
Y=579491.49 LONG.= 104.19276° W  
NEW MEXICO EAST - NAD 27  
X=543449.31 LAT.= 32.59288° N  
Y=579430.02 LONG.= 104.19226° W  
863' FNL, 542' FEL - SECTION 8

**FIRST TAKE POINT (FTP)  
PENETRATION POINT 1 (PP1)**  
NEW MEXICO EAST - NAD 83  
X=585269.85 LAT.= 32.59265° N  
Y=579367.14 LONG.= 104.19069° W  
NEW MEXICO EAST - NAD 27  
X=544089.71 LAT.= 32.59254° N  
Y=579305.66 LONG.= 104.19018° W  
990' FNL, 100' FWL - SECTION 9  
332' FSL, 100' FWL - LEASE

**PENETRATION POINT 2 (PP2)  
NEW MEXICO EAST - NAD 83  
X=587833.81 LAT.= 32.59269° N  
Y=579383.83 LONG.= 104.18236° W  
NEW MEXICO EAST - NAD 27  
X=546653.66 LAT.= 32.59257° N  
Y=579322.33 LONG.= 104.18185° W  
990' FNL, 2663' FWL - SECTION 9  
333' FSL, 0' FWL - LEASE**

**PENETRATION POINT 3 (PP3)  
NEW MEXICO EAST - NAD 83  
X=590498.66 LAT.= 32.59273° N  
Y=579401.18 LONG.= 104.17371° W  
NEW MEXICO EAST - NAD 27  
X=549318.50 LAT.= 32.59261° N  
Y=579339.66 LONG.= 104.17320° W  
990' FNL, 0' FEL - SECTION 9  
333' FSL, 0' FEL - LEASE**

**LAST TAKE POINT (LTP)**  
NEW MEXICO EAST - NAD 83  
X=595711.44 LAT.= 32.59282° N  
Y=579442.94 LONG.= 104.15678° W  
NEW MEXICO EAST - NAD 27  
X=554531.27 LAT.= 32.59270° N  
Y=579381.38 LONG.= 104.15627° W  
990' FNL, 100' FEL - SECTION 10  
335' FSL, 100' FEL - LEASE

**BOTTOM HOLE LOCATION (BHL)  
NEW MEXICO EAST - NAD 83  
X=595801.46 LAT.= 32.59282° N  
Y=579443.67 LONG.= 104.15649° W  
NEW MEXICO EAST - NAD 27  
X=554621.29 LAT.= 32.59270° N  
Y=579382.10 LONG.= 104.15598° W  
990' FNL, 10' FEL - SECTION 10  
335' FSL, 10' FEL - LEASE**

**Permian Resources Operating, LLC  
Koala 9-10 Fed Com 121H**

Township 20 South – Range 28 East, N.M.P.M.

Section 9: N/2N/2

Section 10: N/2N/2

Eddy County, New Mexico

Bone Spring Formation

320.00 Acres, more or less


Section 9, T20S-R28E

Section 10, T20S-R28E

Tract 1: BLM NMNM 137444
Tract 2: BLM NMNM 013232
Tract 3: BLM NMNM 15003

**Tract 1: Section 9: N/2NW/4 (Containing 80.00 Acres More or Less)**

Permian Resources Operating, LLC	100.000000%
Colgate Production, LLC	Record Title
<b>Total</b>	<b>100.000000%</b>

**Tract 2: Section 9: N/2NE/4 (Containing 80.00 Acres More or Less)**

Permian Resources Operating, LLC	88.362496%
James H. Barnett	0.500000%
Milestone Resources, LLC	2.000000%
Lepkast Properties, LP	2.000000%
Chief Capital O&G II LLC	2.000000%
Daniel Energy, Inc.	0.500000%
Pocahontas Oil Co., Inc.	2.000000%
Rutter & Wilbanks Corporation	2.000000%
Shepherd Oil & Gas, LLC	0.318752%
Charles W. Seltzer Trust	0.318752%
Chi Energy, Inc.	Record Title
Burton Flat Investors, Ltd.	Record Title
John R. Seay	Record Title
NRM 84-D Income, Ltd.	Record Title
<b>Total</b>	<b>100.000000%</b>

**Tract 3: Section 10: N/2N/2 (Containing 160.00 Acres More or Less)**

Permian Resources Operating, LLC	100.000000%
Colgate Production, LLC	Record Title
<b>Total</b>	<b>100.000000%</b>

**Unit Recapitulation:**

Permian Resources Operating, LLC	97.090624%
James H. Barnett	0.125000%
Milestone Resources, LLC	0.500000%
Lepkast Properties, LP	0.500000%
Chief Capital O&G II LLC	0.500000%
Daniel Energy, Inc.	0.125000%
Pocahontas Oil Co., Inc.	0.500000%
Rutter & Wilbanks Corporation	0.500000%
Shepherd Oil & Gas, LLC	0.079688%
Charles W. Seltzer Trust	0.079688%
Chi Energy, Inc.	Record Title
Burton Flat Investors, Ltd.	Record Title
John R. Seay	Record Title
NRM 84-D Income, Ltd.	Record Title
Colgate Production, LLC	Record Title
<b>Total</b>	<b>100.000000%</b>
Total Committed to Unit	<b>99.875000%</b>
Total Seeking to Pool	<b>0.125000%</b>
Parties Seeking to Pool	



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

OFFICE 432.695.4222  
FAX 432.695.4063

January 21, 2026

*Via Certified Mail*

Daniel Energy Inc.  
1521 Oliver Street  
Midland, TX 79701

**RE: Well Proposals – Koala 9-10 Fed Com 121H**  
Sections 9 & 10: N/2N/2  
Township 20 South, Range 28 East  
Eddy 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, the Koala 9-10 Fed Com 121H at the following approximate location within Township 20 South, Range 28 East, Eddy Co., NM:

**1. Koala 9-10 Fed Com 121H**

SHL: A legal location in the N/2NW/4 of Section 9  
BHL: 990’ FNL & 100’ FEL of Section 10  
FTP: 990’ FNL & 100’ FWL of Section 9  
LTP: 990’ FNL & 100’ FEL of Section 10  
TVD: Approximately 7,350’  
TMD: Approximately 17,635’  
Proration Unit: N/2N/2 of Sections 9 & 10, T20S-R28E  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. The surface hole location falls within an approved potash drill island and is subject to change based on BLM approval.

Permian is proposing to drill this well under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available 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 on the enclosed ballot. Please sign and return one copy of this letter, a signed copy of the proposed AFE, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

Due to 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 the spacing unit for the proposed well. 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.

**Permian Resources Operating, LLC**

**Case No. 26165**



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

OFFICE 432.695.4222  
FAX 432.695.4063

Please return elections by mail and/or email to the attention of Erin Lloyd, [Erin.Lloyd@permianres.com](mailto:Erin.Lloyd@permianres.com)

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact Erin Lloyd at [Erin.Lloyd@permianres.com](mailto:Erin.Lloyd@permianres.com) or myself at [Adam.Reker@permianres.com](mailto:Adam.Reker@permianres.com).

Respectfully,

A handwritten signature in blue ink, appearing to read "Adam C. Reker", is placed over a yellow rectangular background.

**Adam C. Reker** | Senior Staff Landman  
[adam.reker@permianres.com](mailto:adam.reker@permianres.com) | Office: (432) 400-4154  
300 N. Marienfeld Street, Suite 1000 | Midland, TX 79701

*Enclosures*

**ELECTION ON PAGE TO FOLLOW**



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

OFFICE 432.695.4222  
FAX 432.695.4063

**Koala 9-10 Fed Com 121H Election:**

<b>Well Elections:</b> <i>(Please indicate your responses in the spaces below)</i>		
<b>Well(s)</b>	<b>Elect to Participate</b>	<b>Elect to <u>NOT</u> Participate</b>
<b>Koala 9-10 Fed Com 121H</b>		

Company / Party Name:

-----

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

OFFICE 432.695.4222  
FAX 432.695.4063

**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC (“Permian”) by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Company / Party Name:

-----

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**COST ESTIMATE**

AFE Number:		AFE TYPE: Drill and Complete
AFE Name:	KOALA 9-10 FED COM 121H	
Well Operator:	PERMIAN RESOURCES	
Operator AFE #:		

Account	Description	Gross Est. (\$)
<b>Drilling Intangible</b>		
8015.1000	IDC - PERMITS,LICENSES,ETC	16,500.00
8015.1100	IDC - STAKING & SURVEYING	16,500.00
8015.1200	IDC - LEGAL, TITLE SERVICES	14,300.00
8015.1300	IDC - SURFACE DAMAGE / ROW	38,500.00
8015.1310	IDC - PERMANENT EASEMENT	13,200.00
8015.1400	IDC - ROAD, LOCATIONS, PITS	105,187.50
8015.1500	IDC - RIG MOB / TRUCKING	109,336.56
8015.1600	IDC - RIG MOB / STANDBY RATE	37,840.00
8015.1700	IDC - DAYWORK CONTRACT	402,050.00
8015.1900	IDC - DIRECTNL DRILL & SURVEY	165,845.63
8015.2000	IDC - CONDUCTOR HOLE & SERVICE	46,750.00
8015.2150	IDC - DRILL BIT	116,050.00
8015.2200	IDC - TOOLS, STABILIZERS	49,500.00
8015.2300	IDC - FUEL / POWER	83,565.63
8015.2350	IDC - Fuel / Mud	63,947.81
8015.2400	IDC - RIG WATER	13,750.00
8015.2500	IDC - MUD/CHEMICALS/ACIDIZING	158,320.92
8015.2700	IDC - INSPECTION, TESTING & REPAIR	40,700.00
8015.3000	IDC - CEMENT SERV/FLOAT EQUIP	156,172.50
8015.3100	IDC - CASING CREW & TOOLS	50,737.50
8015.3200	IDC - CONTRACT LABOR/ROUSTABOUT	29,700.00
8015.3400	IDC - MATERIALS & SUPPLIES	5,500.00
8015.3500	IDC - TRUCKING/VACUUM/ TRANSP	15,400.00
8015.3600	IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM	43,243.75
8015.3700	IDC - DISPOSAL	103,499.00
8015.3800	IDC - WELLHEAD PREPARE/REPAIR	13,750.00
8015.4100	IDC - RENTAL EQUIPMENT	55,000.00
8015.4200	IDC - MANCAMP	26,400.00
8015.4300	IDC - WELLSITE SUPERVISION	63,800.00
8015.4600	IDC - SAFETY / ENVIRONMENTAL	12,100.00
8015.5000	IDC - WELL CONTROL INSURANCE	6,050.00
8015.5200	IDC - CONTINGENCY	93,293.86
	<b>Sub-total</b>	<b>2,166,490.65</b>
<b>Flowback Intangible</b>		
8040.1100	IFC - ROAD, LOCATIONS, PITS	2,200.00
8040.1899	IFC - FRAC WATER RECOVERY	447,869.86
8040.2000	IFC - TRUCKING/VACUUM/TRANSP	8,800.00
8040.2900	IFC - FRAC FLOWBACK	93,500.00
8040.3400	IFC - RENTAL EQUIPMENT	11,000.00
8040.3420	IFC - TANK RENTALS	8,800.00
8040.3430	IFC - SURFACE PUMP RENTAL	8,800.00
8040.3500	IFC - WELLSITE SUPERVISION	5,500.00
8040.4000	IFC - CHEMICALS	15,400.00
	<b>Sub-total</b>	<b>601,869.86</b>

**COST ESTIMATE**

Account	Description	Gross Est. (\$)
<b>Artificial Lift Intangible</b>		
8060.1100	IAL - ROAD, LOCATIONS, PITS	2,200.00
8060.1200	IAL - WORKOVER RIG	27,500.00
8060.2000	IAL - TRUCKING/VACUUM/TRANSP	5,500.00
8060.2010	IAL - KILL TRUCK	5,500.00
8060.2300	IAL - COMPLETION FLUIDS	5,500.00
8060.2600	IAL - CONTRACT LABOR/ROUSTABOUT	14,300.00
8060.3400	IAL - RENTAL EQUIPMENT	16,500.00
8060.3410	IAL - LAYDOWN MACHINE	5,500.00
8060.3420	IAL - REVERSE UNIT RENTAL	5,500.00
8060.3500	IAL - WELLSITE SUPERVISION	11,000.00
	<b>Sub-total</b>	<b>99,000.00</b>
<b>Drilling Tangible</b>		
8020.1100	TDC - CASING - SURFACE	21,294.63
8020.1200	TDC - CASING - INTERMEDIATE - 1	98,698.60
8020.1400	TDC - CASING - PRODUCTION	497,992.03
8020.1500	TDC - WELLHEAD EQUIPMENT	58,437.50
	<b>Sub-total</b>	<b>676,422.76</b>
<b>Pipeline</b>		
8036.1300	PLN - SURFACE DAMAGE / ROW	1,375.00
8036.1310	PLN - PERMANENT EASEMENT	25,600.00
8036.1700	PLN- RENTALS	13,750.00
8036.2100	PLN - INSPECTION & TESTING	4,125.00
8036.2200	PLN - LABOR	70,400.00
8036.2400	PLN - SUPERVISION	2,750.00
8036.2800	PLN - FLOWLINE	52,800.00
8036.3200	PLN - VALVES FITTINGS & PIPE	11,000.00
	<b>Sub-total</b>	<b>181,800.00</b>
<b>Completion Intangible</b>		
8025.1100	ICC - ROAD, LOCATIONS, PITS	11,550.00
8025.1400	ICC - WIRELINE OPEN/CASED HOLE	42,130.00
8025.1500	ICC - FUEL / POWER	268,775.84
8025.1600	ICC - COILED TUBING	487,987.50
8025.1800	ICC - WATER DISPOSAL/VACUUM TRUCK	22,926.75
8025.2000	ICC - TRUCKING	15,812.50
8025.2200	ICC - ELECTRIC LOGGING / PERFORATING	388,299.45
8025.2300	ICC - COMPLETION FLUIDS	11,000.00
8025.2500	ICC - WELL STIMULATION/FRACTUR	1,589,454.90
8025.2600	ICC - CONTRACT LABOR/ROUSTABOUT	16,500.00
8025.3000	ICC - WATER HANDLING	278,273.81
8025.3050	ICC - SOURCE WATER	347,842.26
8025.3100	ICC - WELLHEAD/FRACTURE REPAIR	44,000.00
8025.3400	ICC - RENTAL EQUIPMENT	177,056.55
8025.3500	ICC - WELLSITE SUPERVISION	55,687.50
8025.3600	ICC - SUPERVISION/ENGINEERING	5,500.00
8025.3700	ICC - SAFETY / ENVIRONMENTAL	16,500.00
8025.3800	ICC - OVERHEAD	11,000.00
	<b>Sub-total</b>	<b>3,784,797.06</b>

**COST ESTIMATE**

Account	Description	Gross Est. (\$)
<b>Facilities</b>		
8035.1300	FAC - SURFACE DAMAGE / ROW	1,375.00
8035.1310	FAC - PERMANENT EASEMENT	11,000.00
8035.1400	FAC - ROAD LOCATIONS PITS	82,500.00
8035.1500	FAC - MATERIALS & SUPPLIES	12,375.00
8035.1600	FAC - TRANSPORTATION TRUCKING	5,500.00
8035.1700	FAC - RENTAL EQUIPMENT	22,000.00
8035.1800	FAC - FUEL / POWER	11,000.00
8035.1900	FAC - WATER DISPOSAL / SWD	550.00
8035.2100	FAC - INSPECTION & TESTING	1,375.00
8035.2200	FAC - CONTRACT LABOR / ROUSTAB	82,500.00
8035.2400	FAC - SUPERVISION	19,250.00
8035.2500	FAC - CONSULTING SERVICES	1,375.00
8035.2900	FAC - TANK BATTERY	123,750.00
8035.3000	FAC - HEATER TREATER/SEPERATOR	126,500.00
8035.3100	FAC - DEHYDRATOR EQUIPMENT	4,125.00
8035.3200	FAC - VALVES FITTINGS & PIPE	137,500.00
8035.3300	FAC - CIRCULATING TRNSFER PUMP	35,750.00
8035.3400	FAC - METER & LACT	22,000.00
8035.3500	FAC - COMPRESSOR	11,000.00
8035.3600	FAC - ELECTRICAL	96,250.00
8035.3700	FAC - COMM TELEMETRY & AUTOMAT	68,750.00
8035.3800	FAC - FLARE/COMBUSTER	44,000.00
8035.4000	FAC - SAFETY / ENVIRONMENTAL	1,100.00
8035.4400	FAC - COMPANY LABOR	1,375.00
8035.4500	FAC - CONTINGENCY	24,337.50
	<b>Sub-total</b>	<b>947,237.50</b>
<b>Artificial Lift Tangible</b>		
8065.1100	TAL - TUBING	60,500.00
8065.1320	TAL - GAS LIFT EQUIPMENT/INSTALL	5,500.00
8065.2000	TAL - WELLHEAD EQUIPMENT	66,000.00
8065.2300	TAL - GAS LIFT INJECTION LINE & INSTALL	88,000.00
8065.2400	TAL - COMPRESSOR INSTALL & STARTUP	77,000.00
8065.2500	TAL - VALVES/CONNECTIONS/FTGS	16,500.00
8065.3100	TAL - MEASUREMENT EQUIPMENT	33,000.00
8065.3200	TAL - COMM, TELEMETRY & AUTOMA	11,000.00
8065.3400	TAL - CONTRACT LABOR INSTALL	11,000.00
	<b>Sub-total</b>	<b>368,500.00</b>
<b>Completion Tangible</b>		
8030.2000	TCC - WELLHEAD EQUIPMENT	51,975.00
	<b>Sub-total</b>	<b>51,975.00</b>
	<b>Grand Total</b>	<b>8,878,092.83</b>

Company/Party: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**Case No. 26165 - Permian Resources Operating, LLC - Koala 9-10 Fed Com 121H Well**

<b>Owner Name</b>	<b>Ownership Status (Committed or Uncommitted)</b>	<b>Type of Commitment (JOA, Signed Letter of Commitment, or Verbal Agreement)</b>
Chief Capital O&G II LLC	Committed	Signed JOA
Daniel Energy Inc.	Committed	Signed JOA
James Barnett	Uncommitted	
Lepkast Properties, LP	Committed	Signed JOA
Milestone Resources, LLC	Committed	Signed JOA
Pocahontas Oil Co, Inc.	Committed	Signed JOA
Rutter & Willbanks Corp	Committed	Signed JOA
Shepherd Oil & Gas, LLC	Committed	Signed JOA
The Charles W Seltzer Trust	Committed	Signed JOA
Burton Flat Investments	uncommitted (record title)	
Chi Energy, Inc.	uncommitted (record title)	
NRM 84-D Income, Ltd	uncommitted (record title)	
John R. Seay	uncommitted (record title)	

**Permian Resources Operating, LLC  
Case No. 26165  
Exhibit A-6**

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

APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR COMPULSORY POOLING,  
AND APPROVAL OF OVERLAPPING SPACING  
UNIT, EDDY COUNTY, NEW MEXICO.

CASE NO. 26165

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 these cases.

3. **Exhibit B-1** is a regional locator map that identifies the Koala project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of these applications.

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 the **Koala 9-10 Fed Com 121H** proposed well (“Well”) is represented by a dashed orange line. 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’ names and a black line in proximity to the proposed Well.

5. **Exhibit B-3** is a Subsea Structure map of the Base of Second Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies the approximate

Permian Resources Operating, LLC  
Case No. 26165  
Exhibit B

wellbore path for the proposed Well with a dashed orange line. It also identifies the location of the cross-section running 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 east 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** is a stratigraphic cross-section that 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 west to east and is hung on the top of the Third Bone Spring 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 west to east 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 Second Bone Spring formation. The spacing units are defined by a blue box and are labeled with the case number.

8. In my opinion, a laydown 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.

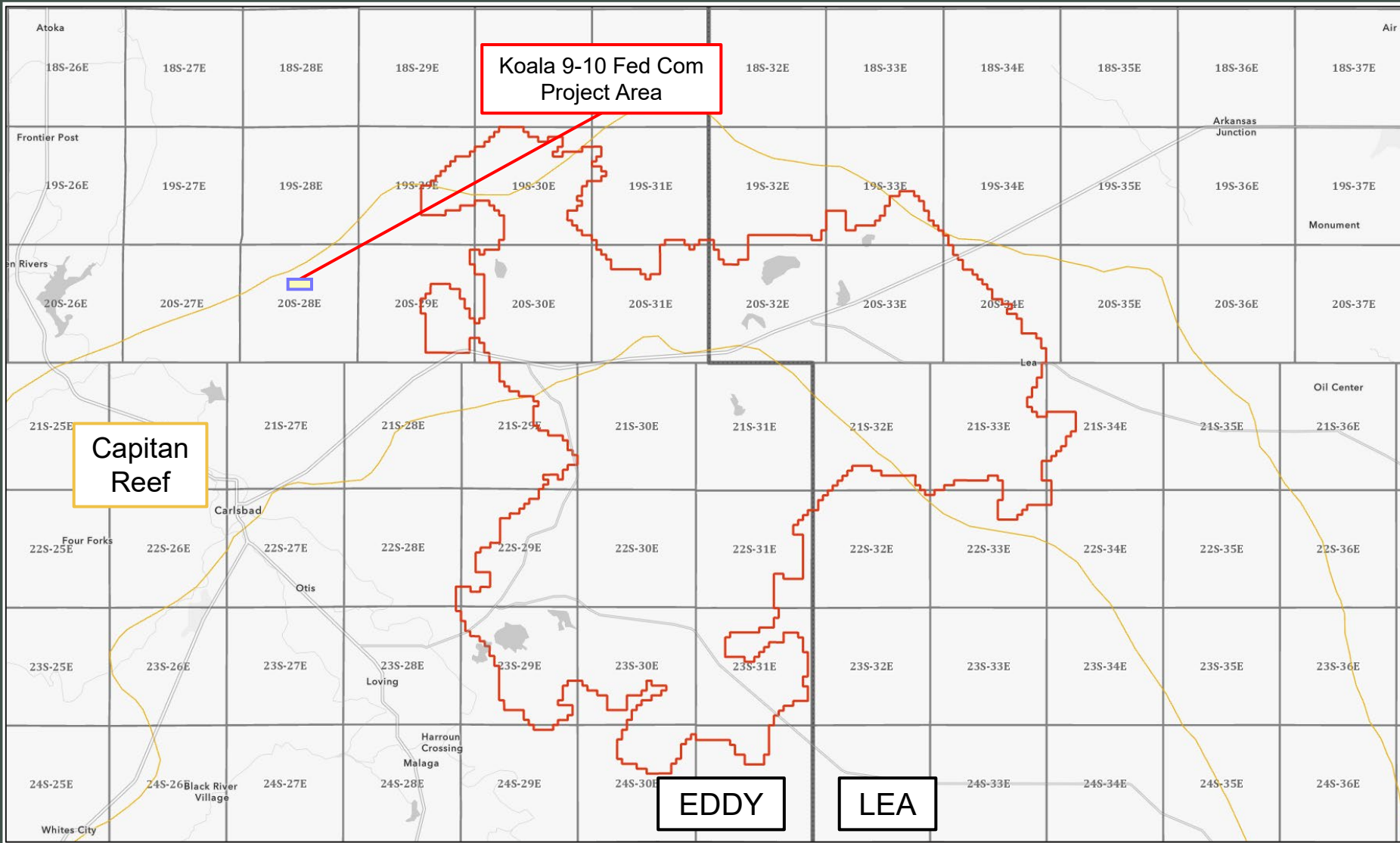
Chris Reudelhuber  
CHRIS REUDELHUBER

5/28/26  
DATE

# Regional Locator Map

## Koala 9-10 Fed Com 121H

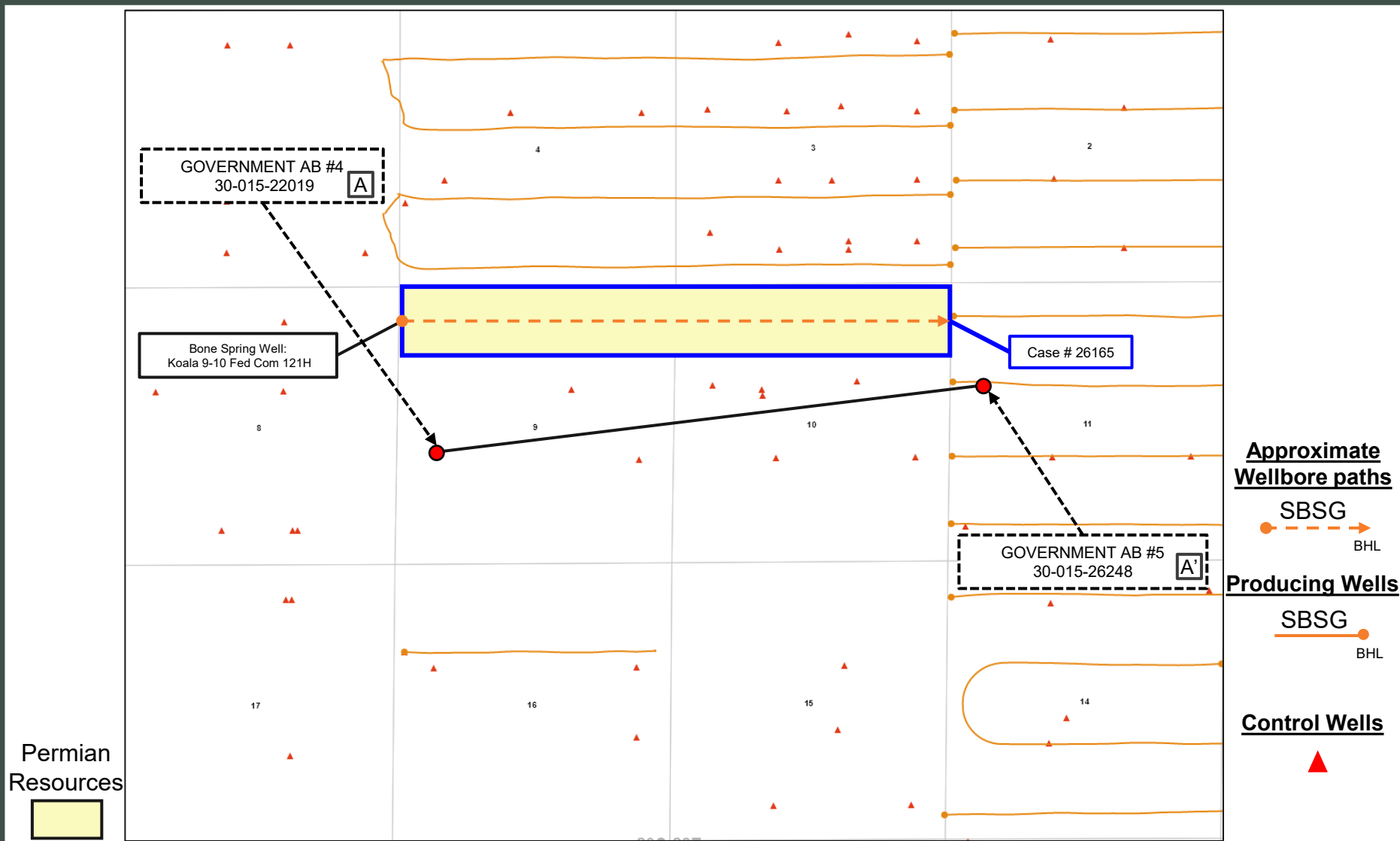
Permian Resources Operating, LLC  
Case No. 26165  
Exhibit B-1



# Cross-Section Location Map

Koala 9-10 Fed Com 121H

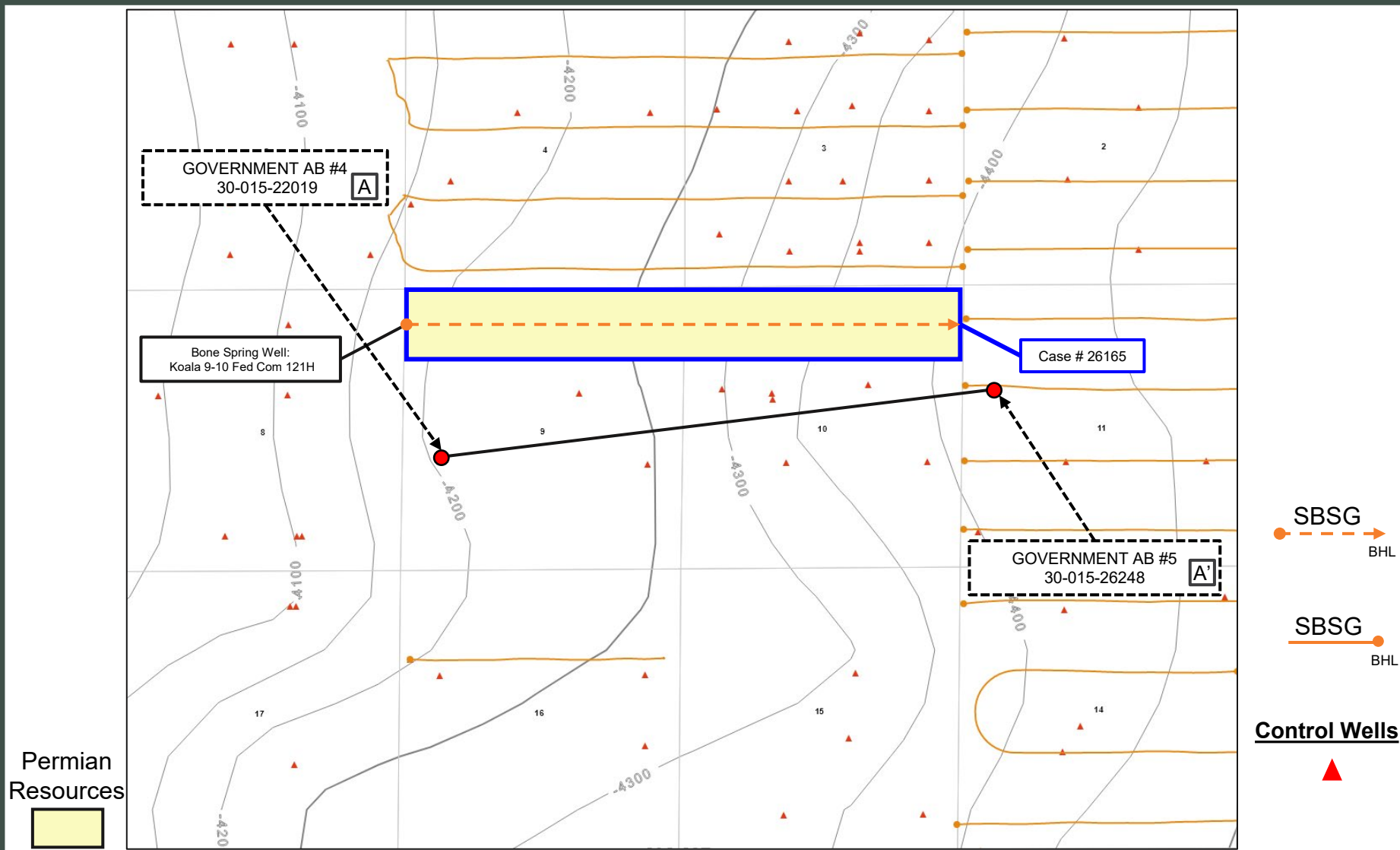
Permian Resources Operating, LLC  
Case No. 26165  
Exhibit B-2



# Base SBSG – TVDSS Structure Map (50' C.I.)

Koala 9-10 Fed Com 121H

Permian Resources Operating, LLC  
Case No. 26165  
Exhibit B-3



Permian Resources

SBSG  
BHL

SBSG  
BHL

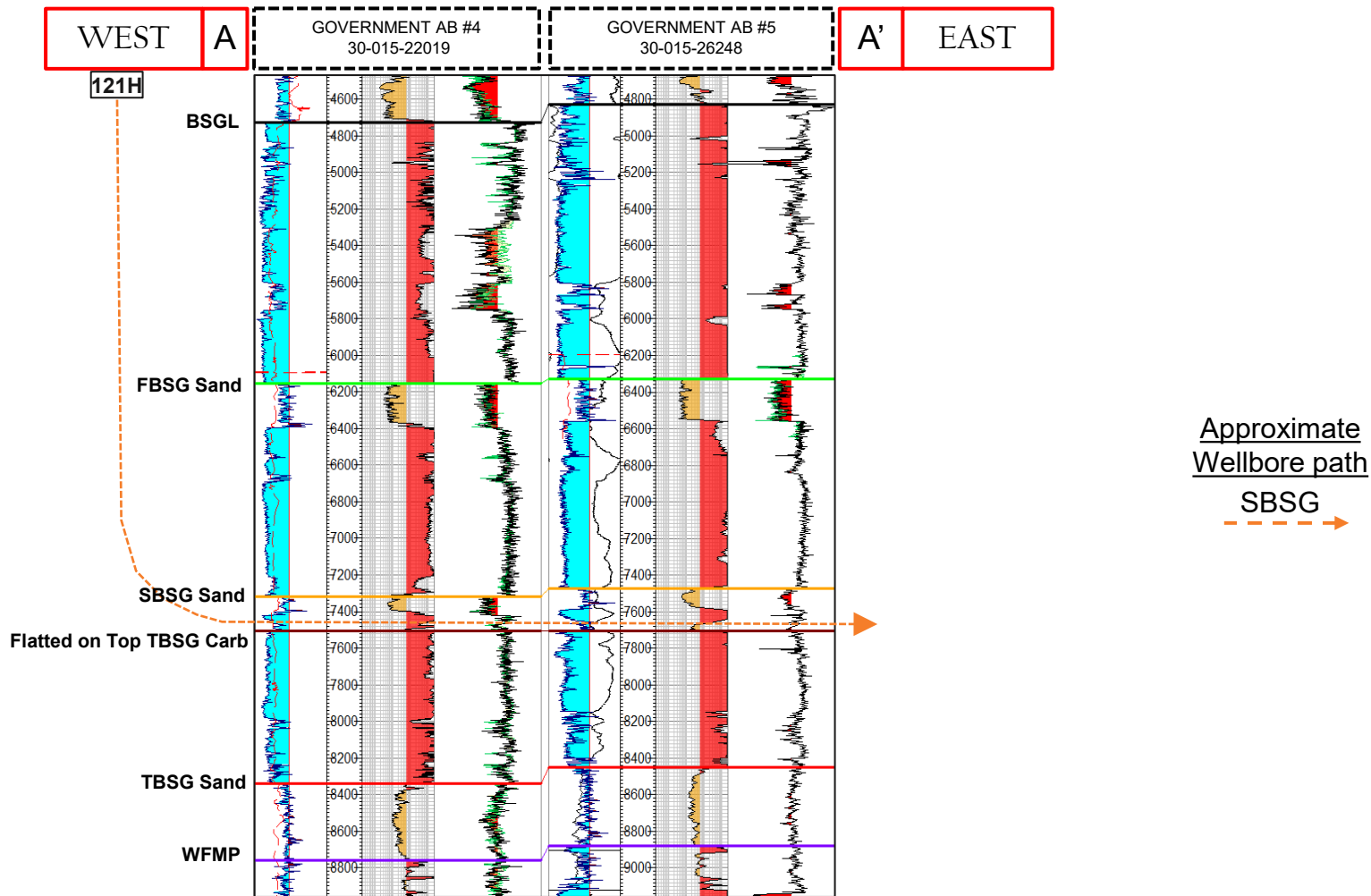
**Control Wells**



# Stratigraphic Cross-Section A-A'

Koala 9-10 Fed Com 121H

Case No. 26165  
Exhibit B-4



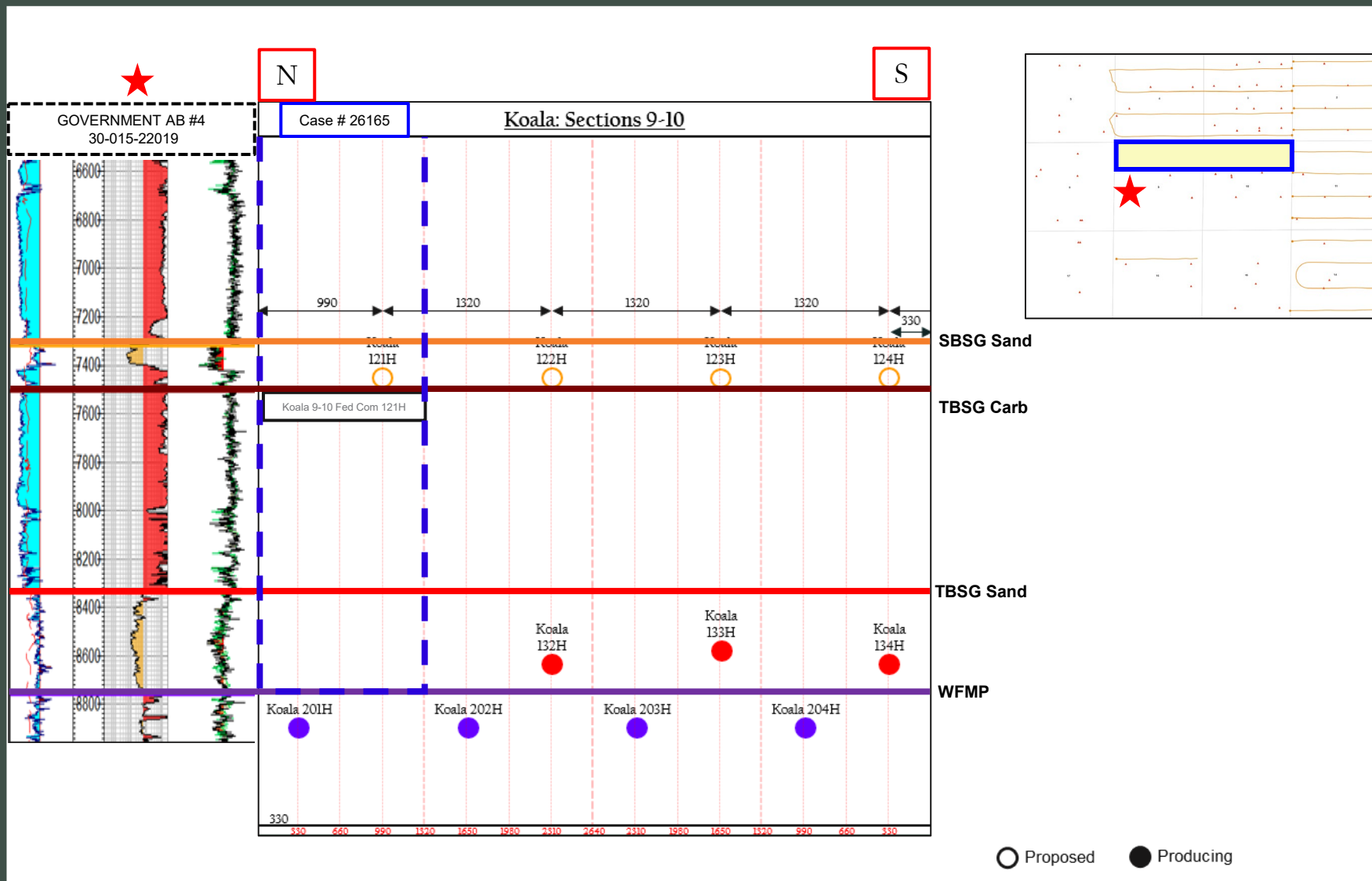


# Gun Barrel Development Plan

## Koala 9-10 Fed Com 121H

Case No. 26165

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,  
AND APPROVAL OF OVERLAPPING SPACING  
UNIT, EDDY COUNTY, NEW MEXICO.

CASE NO. 26165

SELF-AFFIRMED STATEMENT  
OF JACLYN M. MCLEAN

1. I am attorney in fact and authorized representative of Permian Resources Operating, LLC 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 parties 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. Electronic return receipts are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.

5. On May 13, 2026, I caused a notice to be published in the Carlsbad Current Argus. An Affidavit of Publication from the legal clerk of the Carlsbad Current Argus 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

June 22, 2026  
Date

Permian Resources Operating, LLC  
Case No. 26165  
Exhibit C



May 6, 2026

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL PARTIES ENTITLED TO NOTICE**

**Re: Case No. 26165 - Application of Permian Resources Operating, LLC for  
Compulsory Pooling and Approval of an Overlapping Spacing Unit,  
Eddy 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 **June 4, 2026**, 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, 1<sup>st</sup> 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/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, 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](mailto: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.

If you have any questions about this application, please contact Adam.Reker, Landman, for Permian Resources Operating, LLC at [Adam.Reker@permianres.com](mailto:Adam.Reker@permianres.com).

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

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

[HardyMcClean.com](http://HardyMcClean.com)

**Writer:**  
Jaclyn M. McLean  
Managing Partner  
[jmclean@hardymclean.com](mailto:jmclean@hardymclean.com)

**Permian Resources Operating, LLC**  
**Case No. 26165**  
**Exhibit C-1**

## Postal Delivery Report

### Permian Resources Koala - Case No. 26165

Recipient	Date Mailed	USPS Tracking Number	Date Received	Status
New Mexico State Land Office	5/6/2026	9414836208551300160194	5/15/2026	DELIVERED INDIVIDUAL PICKED UP AT PO
Bureau of Land Management	5/6/2026	9414836208551300160187	5/8/2026	DELIVERED FRONT DESK/RECEPTION/MAIL ROOM
Daniel Energy Inc.	5/6/2026	9414836208551300160224	5/9/2026	DELIVERED LEFT WITH INDIVIDUAL
James Barnett	5/6/2026	9414836208551300160231	N/A	PROCESSED THROUGH USPS FACILITY
Lepkast Properties, LP	5/6/2026	9414836208551300160262	N/A	PICKUP REMINDER
Milestone Resources, LLC	5/6/2026	9414836208551300160279	N/A	DEPARTED USPS REGIONAL FACILITY
Pocahontas Oil Co, Inc.	5/6/2026	9414836208551300160309	5/13/2026	DELIVERED INDIVIDUAL PICKED UP AT USPS MIDLAND, TX 79705
The Charles W Seltzer Trust	5/6/2026	9414836208551300160330	5/9/2026	DELIVERED LEFT WITH INDIVIDUAL
Shepherd Oil & Gas, LLC	5/6/2026	9414836208551300160347	N/A	RESCHEDULED TO NEXT DELIVERY DAY
Chi Energy, Inc.	5/6/2026	9414836208551300160361	5/11/2026	DELIVERED INDIVIDUAL PICKED UP AT PO MIDLAND, TX 79701
Burton Flat Investors, Ltd.	5/6/2026	9414836208551300160392	N/A	PROCESSED THROUGH USPS FACILITY
NRM 84-D Income, Ltd.	5/6/2026	9414836208551300160408	N/A	DEPARTED USPS REGIONAL FACILITY
John R. Seay	5/6/2026	9414836208551300160446	N/A	DEPARTED USPS REGIONAL FACILITY



May 28, 2026

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 1300 1601 94.**

**Item Details**

**Status:** Delivered, Individual Picked Up at Post Office  
**Status Date / Time:** May 15, 2026, 10:26 am  
**Location:** SANTA FE, NM 87501  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
 Return Receipt Electronic

**Recipient Name:** New Mexico State Land Office

**Shipment Details**

**Weight:**

**Recipient Signature**

<b>Signature of Recipient:</b>	Signature	<input checked="" type="checkbox"/>
	Printed Name	Marcus A. Banola
<b>Address of Recipient:</b>	Delivery Address	1148

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

New Mexico State Land Office  
 310 Old Santa Fe Trail  
 Santa Fe, NM 87501  
 Reference #: PR Koala 26165  
 Item ID: PR Koala 26165

**Permian Resources Operating, LLC**  
**Case No. 26165**  
**Exhibit C-3**



May 11, 2026

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 1300 1601 87.**

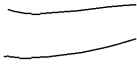
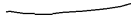
**Item Details**

<b>Status:</b>	Delivered, Front Desk/Reception/Mail Room
<b>Status Date / Time:</b>	May 8, 2026, 10:38 am
<b>Location:</b>	SANTA FE, NM 87508
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™ Return Receipt Electronic
<b>Recipient Name:</b>	Bureau of Land Management

**Shipment Details**

**Weight:** 2.0oz

**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.

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

Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508 Reference #: PR Koala 26165 Item ID: PR Koala 26165
---

**Permian Resources Operating, LLC**  
**Case No. 26165**  
**Exhibit C-3**



May 11, 2026

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 1300 1602 24.**

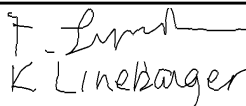
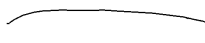
**Item Details**

**Status:** Delivered, Left with Individual  
**Status Date / Time:** May 9, 2026, 4:30 pm  
**Location:** GRANBURY, TX 76049  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
 Return Receipt Electronic  
**Recipient Name:** Daniel Energy Inc

**Shipment Details**

**Weight:** 2.0oz

**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.

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

Daniel Energy Inc.  
 5932 Henslee Court  
 Granbury, TX 76049  
 Reference #: PR Koala 26165  
 Item ID: PR Koala 26165



May 15, 2026

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 1300 1603 09.**

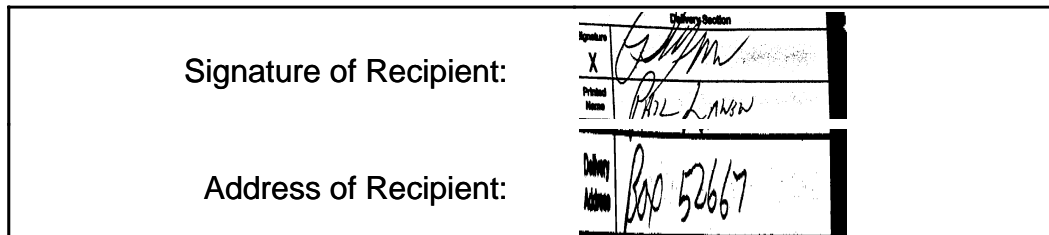
**Item Details**

**Status:** Delivered, Individual Picked Up at Postal Facility  
**Status Date / Time:** May 13, 2026, 3:15 pm  
**Location:** MIDLAND, TX 79705  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
 Return Receipt Electronic  
**Recipient Name:** Pocahontas Oil Co Inc

**Shipment Details**

**Weight:** 2.0oz

**Recipient Signature**



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

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

Pocahontas Oil Co, Inc.  
 PO Box 52667  
 Midland, TX 79710  
 Reference #: PR Koala 26165  
 Item ID: PR Koala 26165



May 11, 2026

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 1300 1603 30.**

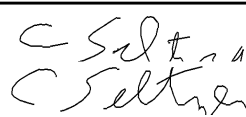

**Item Details**

<b>Status:</b>	Delivered, Left with Individual
<b>Status Date / Time:</b>	May 9, 2026, 12:43 pm
<b>Location:</b>	MIDLAND, TX 79701
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™ Return Receipt Electronic
<b>Recipient Name:</b>	The Charles W Seltzer Trust

**Shipment Details**

**Weight:** 2.0oz

**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.

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

The Charles W Seltzer Trust 214 W. Texas Ave Ste 509 Midland, TX 79701 Reference #: PR Koala 26165 Item ID: PR Koala 26165
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May 15, 2026

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 1300 1603 61.**


**Item Details**

**Status:** Delivered, Individual Picked Up at Post Office  
**Status Date / Time:** May 11, 2026, 10:05 am  
**Location:** MIDLAND, TX 79701  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
 Return Receipt Electronic  
**Recipient Name:** Chi Energy Inc

**Shipment Details**

**Weight:** 2.0oz

**Recipient Signature**

Signature of Recipient:	 PO BOX 1799 MIDLAND, TX 79702-1799
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

Chi Energy, Inc. PO Box 1799 Midland, TX 79702 Reference #: PR Koala 26165 Item ID: PR Koala 26165
--

# Affidavit of Publication

# Copy of Publication:

No. 103430

State of New Mexico

County of Eddy:

**Adrian Hedden**

being duly sworn, says that he is the **Publisher**

of the Carlsbad Current Argus, a weekly newspaper of general circulation, published in English at Carlsbad, said county and state, and that the hereto attached

### Legal Ad

was published in a regular and entire issue of the said Carlsbad Current Argus, a weekly newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/day on the same

day as follows:

First Publication May 13, 2026

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Fifth Publication \_\_\_\_\_

Sixth Publication \_\_\_\_\_

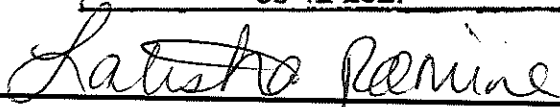
Seventh Publication \_\_\_\_\_

Eighth Publication \_\_\_\_\_

Subscribed and sworn before me this

13th day of May 2026

**LATISHA ROMINE**  
Notary Public, State of New Mexico  
Commission No. 1076338  
My Commission Expires  
05-12-2027



Latisha Romine

Notary Public, Eddy County, New Mexico

This is to notify all interested parties, including; Bureau of Land Management; New Mexico State Land Office; Daniel Energy Inc; James Barnett; Lepkast Properties, LP; Milestone Resources, LLC; Pocahontas Oil Co, Inc; Shepherd Oil & Gas, LLC; The Charles W Seltzer Trust; Chi Energy, Inc.; Burton Flat Investors, Ltd.; John R. Seay; NRM 84-D Income, Ltd; and their successors and assigns; that the New Mexico Oil Conservation Division will conduct a hearing on the application submitted by Permian Resources Operating, LLC (Applicant) for Case No. 26165. The hearing will be conducted on June 4, 2026, in a hybrid fashion, both virtually and in person at the Energy, Minerals, and Natural Resources Department, 1st Floor, Santa Fe, NM 87505. To participate virtually, see the instructions posted on the OGD website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. In Case No. 26165, Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico (Unit). The Unit will be dedicated to the Koala 9-10 Fed Com 121H well (Well), which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 9 to a last take point in the NE/4 NE/4 (Unit A) of Section 10. The completed interval of the Well will be orthodox. The spacing unit for the Well partially overlaps with the spacing units for the following wells, which produce from the Old Millman Ranch: Bone Spring (Assoc) (Code 48035): Government AB #006 (API No. 30-015-27846) dedicated to the NW/4 NW/4 of Section 10, Township 20 South, Range 28 East; Government AB #007 (API No. 30-015-27847) dedicated to the NE/4 NW/4 of Section 10, Township 20 South, Range 28 East; Government AB #008 (API No. 30-015-27863) dedicated to the NW/4 NE/4 of Section 10, Township 20 South, Range 28 East; and Government AB Federal #012 (API No. 30-015-41049) dedicated to the W/2 NE/4 of Section 10, Township 20 South, Range 28 East. 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 12 miles northeast of Carlsbad, New Mexico. 103430-Published in Carlsbad Current Argus May 13, 2026.

**Permian Resources Operating, LLC**  
**Case No. 26165**  
**Exhibit C-4**