

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

OIL CONSERVATION DIV.
01 JUL 30 PM 3:56

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in the Wolfcamp formation underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, to form a standard 160-acre spacing and proration unit, and in support thereof, Applicant would show the Division:

1. Applicant owns certain working interests in and under the SE/4 of Section 7, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Chambers No. 2 well to be drilled at a standard location for a Wolfcamp and Strawn well in the N/2 SE/4 of said Section 7 to a depth sufficient to test the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool), as well as the Strawn formation (North Shoe Bar Strawn Oil Pool).
3. Applicant owns the rights to the Strawn formation underlying the N/2 SE/4 of Section 7, and has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the Wolfcamp formation underlying the S/2 SE/4 of said Section 7.

PERMIAN RESOURCES
NMOCD CASE # 12954
October 24, 2002
Exhibit No. 3

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

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

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 23, 2001 and that after notice and hearing as required by law, the Division enter its Order pooling the lands, and including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall
J. Scott Hall
Attorneys for Permian Resources, Inc.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614