

PERMIAN RESOURCES, INC.

October 3, 2002

Ms. Mary Van Wyk
7562 S. University
Littleton, Colorado 80122

Certified Mail, Return Receipt Requested
7001 1140 0002 8314 5674

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear Mary:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

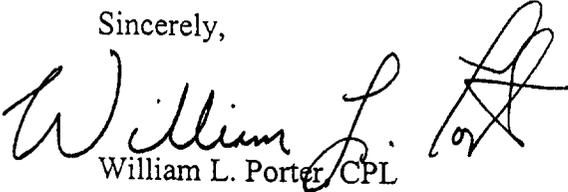
Your cooperation is appreciation.

P.O. BOX 590 • MIDLAND, TEXAS 79702-0590
608 NORTH MAIN • MIDLAND, TEXAS 79701
PHONE (915) 685-0113 • FAX (915) 685-3621

Permian Resources, Inc.
NMOCD Case #12954
October 24, 2002
Exhibit No. 8

Page Two
October 3, 2002

Sincerely,


William L. Porter CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1992 Section 70-2-17 (1995) for an order amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

OIL CONSERVATION DIV.
02 SEP 30 PM 4:30

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

MILLER, STRATVERT & TORGERSON, P.A.

By



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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

1. For the compulsory pooling of all interests in the Strawn formation,
(Northeast Shoe Bar-Strawn Oil Pool); underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division
Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104
for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's
Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of
Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working
interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for
pooling or farmout from certain other mineral interest owners in the Strawn formation
underlying the S/2 SE/4 of said Section 7.

SEP 30 PM 1:37
OIL CONSERVATION DIV.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and
5. Making such other and further provisions as the Division deems appropriate.

MILLER, STRATVERT & TORGERSON, P.A.



By

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

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

7002 1140 0002 8314 5674

| | |
|---|--|
| Postage \$ | |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |



Ms. Mary Van Wyk
7562 S. University
Littleton, CO 80122

PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ms. Mary Van Wyk
7562 S. University
Littleton, CO 80122

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) _____ B. Date of Delivery 10-7-02
- C. Signature [Signature] Agent Addressee
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: _____

3. Service Type
- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

2. 7002 1140 0002 8314 5674

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

PERMIAN RESOURCES, INC.

October 3, 2002

Mr. James Holden, Jr.
2250 Havensridge Drive
Colorado Springs, CO 80920

Certified Mail, Return Receipt Requested
7001 1140 0002 8314 5643

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear James:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

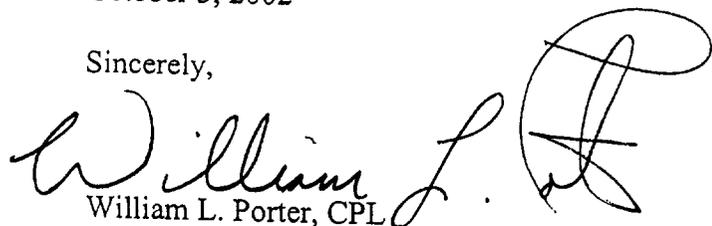
Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

Your cooperation is appreciation.

Page Two
October 3, 2002

Sincerely,

A handwritten signature in cursive script, appearing to read "William L. Porter". The signature is written in black ink on a white background.

William L. Porter, CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

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 amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

02 SEP 30 PM 1:30

OIL CONSERVATION DIV.

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

MILLER, STRATVERT & TORGERSON, P.A.

By



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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

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1. For the compulsory pooling of all interests in the Strawn formation,
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2. The designation of an 80-acre Special Project Area pursuant to Division
Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104
for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's
Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of
Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working
interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for
pooling or farmout from certain other mineral interest owners in the Strawn formation
underlying the S/2 SE/4 of said Section 7.

OIL CONSERVATION DIV.
SEP 30 PM 4:37

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

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6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

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Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

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MILLER, STRATVERT & TORGERSON, P.A.



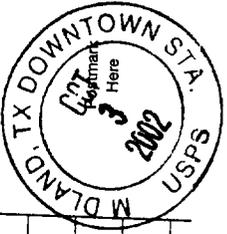
By

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

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only: No Insurance Coverage Provided)

7002 1140 0002 8314 5643

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| Postage \$ | |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total P/c | |



Sent To **James I. Holden, Jr.**
2250 Havensridge Drive
Colorado Springs, CO 80920

PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

James I. Holden, Jr.
2250 Havensridge Drive
Colorado Springs, CO 80920

2. 7002 1140 0002 8314 5643

PS Form 3811, July 1999 Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
Margaret E. Holden 10-7-02

C. Signature Agent Addressee
Margaret E. Holden

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
- Certified Mail Express Mail
 - Registered Return Receipt for Merchandise
 - Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

PERMIAN RESOURCES, INC.

October 3, 2002

Sotirios Rallis
General Delivery
Silivena Eqialias, Greece

Registered Mail, Return Receipt Requested

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear Sotirios:

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Page Two
October 3, 2002

Sincerely,

A handwritten signature in black ink, appearing to read "William L. Porter". The signature is written in a cursive style with a large, prominent "W" and "P".

William L. Porter, CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

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OIL CONSERVATION DIV.
10/01/2002
10:00 FAX

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3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

MILLER, STRATVERT & TORGERSON, P.A.

By



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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

SEP 30 PM 4:37
OIL CONSERVATION DIV.

1. For the compulsory pooling of all interests in the Strawn formation, (Northeast Shoe Bar-Strawn Oil Pool), underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

- 4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and
- 5. Making such other and further provisions as the Division deems appropriate.

MILLER, STRATVERT & TORGERSON, P.A.

By



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

registered no.

RR846315175US

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|--------------------|------------------------|
| Reg. Fee \$ | Special Delivery \$ |
| Handling Charge \$ | Return Receipt \$ |
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Attention: William L. Porter, CPL
 Permian Resources, Inc.
 P.O. Box 590
 Midland, Texas 79707

Sotirios Rallis
 General Delivery
 Silivena Eqialias, Greece

PS Form 3806, June 2000
 Receipt for Registered Mail (Customer Copy)
 (See Information on Reverse)



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| Item Description (Nature de l'envoi) | Registered Article (Envoi recommandé) | Letter (Lettre) | Printed Matter (Imprimé) | Other (Autre) | Recorded Delivery (Envoi à livraison attestée) | Express Mail International |
| Insured Parcel (Collis avec valeur déclarée) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Office of Mailing (Bureau de départ) | Midland Texas | | Article Number | | RR 846 315 175U | |
| Address (Adresse) | Sotirios Rallis | | Date of Posting (Date de dépôt) | | 10-3-02 | |
| Street (Rue) | General Delivery | | Country (Pays) (Pays) | | Greece (Grèce) | |
| Place (Lieu) | Silivena Eqialias, Greece | | Postmark of the office of destination (Timbre du bureau de destination) | | | |
| This receipt must be signed by: (1) the addressee; or, (2) a person authorized to sign under the regulations of the country of destination; or, (3) if these regulations so provide, by the employee of the office of destination. This signed form will be returned to the sender by the first mail. (Cet avis doit être signé par le destinataire ou par une personne y autorisée en vertu des règlements du pays de destination, ou, si ces règlements le comportent, par l'agent du bureau de destination, et renvoyé par le premier courrier directement à expéditeur.) | | | The article mentioned above was duly delivered. (L'envoi mentionné ci-dessus a été dûment livré.) | | Date | |
| Signature of Addressee (Signature du destinataire) | | | Office of Destination Employee Signature (Signature de l'agent du bureau de destination) | | | |

PS Form 2865, February 1991 (Reverse)

PERMIAN RESOURCES, INC.

October 3, 2002

Mr. David Marshall
c/o Nancy Fox
190 Aurielle Drive
Colchester, Vermont 05446

Certified Mail, Return Receipt Requested
7001 1140 0002 8314 5650

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear David:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

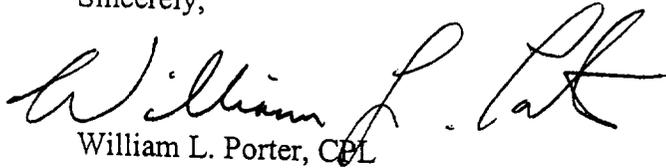
Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

Your cooperation is appreciation.

Page Two
October 3, 2002

Sincerely,

A handwritten signature in cursive script, appearing to read "William L. Porter". The signature is written in black ink and is positioned above the printed name.

William L. Porter, CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

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 amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

02 SEP 30 PM 4:30
OIL CONSERVATION DIV

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

SEP 30 4:37 PM '04
OIL CONSERVATION DIV.

1. For the compulsory pooling of all interests in the Strawn formation, (Northeast Shoe Bar-Strawn Oil Pool), underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and
5. Making such other and further provisions as the Division deems appropriate.

MILLER, STRATVERT & TORGERSON, P.A.

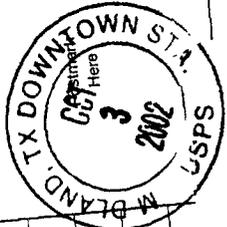
By



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

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Mr. David Marshall
 C/o Nancy Fox
 190 Aurielle Drive
 Colchester, Vermont 05446

Serial
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 City, State, ZIP+4[®]

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- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. David Marshall
 C/o Nancy Fox
 190 Aurielle Drive
 Colchester, Vermont 05446

2. A 7001 1140 0002 8314 5650

PS Form 3811, July 1999

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COMPLETE THIS SECTION ON DELIVERY

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| A. Received by (Please Print Clearly) | B. Date of Delivery |
| <i>[Signature]</i> | 10-7-02 |
| C. Signature | <input type="checkbox"/> Agent |
| <i>[Signature]</i> | <input type="checkbox"/> Addressee |
| D. Is delivery address different from item 1? If YES, enter delivery address below: | <input type="checkbox"/> Yes <input type="checkbox"/> No |

3. Service Type

| | |
|--|---|
| <input checked="" type="checkbox"/> Certified Mail | <input type="checkbox"/> Express Mail |
| <input type="checkbox"/> Registered | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Insured Mail | <input type="checkbox"/> C.O.D. |

4. Restricted Delivery? (Extra Fee) Yes

PERMIAN RESOURCES, INC.

October 3, 2002

Nancy Fox
190 Aurielle Drive
Colchester, Vermont 05446

Certified Mail, Return Receipt Requested
#7001 1140 0002 8314 5667

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear Nancy:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

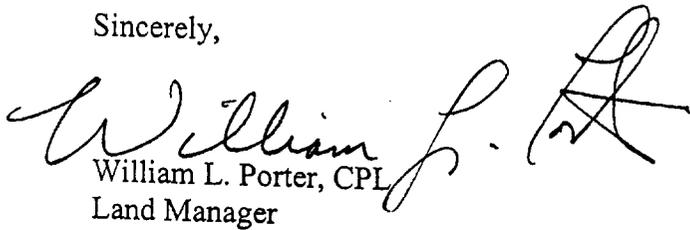
Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

Your cooperation is appreciation.

Page Two
October 3, 2002

Sincerely,

A handwritten signature in cursive script, appearing to read "William L. Porter". The signature is written in black ink and is positioned above the printed name.

William L. Porter, CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1988 Section 70-2-17 (1995) for an order amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

02 SEP 30 PM 4:30
OIL CONSERVATION DIV.

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

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WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

SEP 30 2004 4:37

OIL CONSERVATION DIV.

1. For the compulsory pooling of all interests in the Strawn formation, (Northeast Shoe Bar-Strawn Oil Pool); underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

4. Approving the simultaneous dedication of

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only: No Insurance Coverage Provided)

7002 1140 0002 8314 5667

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| Postage \$ | |
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| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total | |



Nancy Fox
190 Aurielle Drive
Colchester, Vermont 05446

PS Form 3811, July 1999 PS Form Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nancy Fox
190 Aurielle Drive
Colchester, Vermont 05446

2. 7001 1140 0002 8314 5667

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) Nancy Fox B. Date of Delivery 10-7-00
- C. Signature [Signature] Agent Address Yes No
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

PERMIAN RESOURCES, INC.

October 3, 2002

Sotirios Papadopoulos
Lot 4, Whitebread Place
North Rocks 2151
Sydney, Australia

Registered Mail, Return Receipt Requested

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear Sotirios:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

Your cooperation is appreciation.

Page Two
October 3, 2002

Sincerely,


William L. Porter, CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

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 amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

OIL CONSERVATION DIV.
02 SEP 30 PM 4:38

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

MILLER, STRATVERT & TORGERSO, P.A.

By



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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

SEP 30 4:37 PM '04
OIL CONSERVATION DIV.

1. For the compulsory pooling of all interests in the Strawn formation, (Northeast Shoe Bar-Strawn Oil Pool), underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and

5. Making such other and further provisions as the Division deems appropriate.

MILLER, STRATVERT & TORGERSON, P.A.

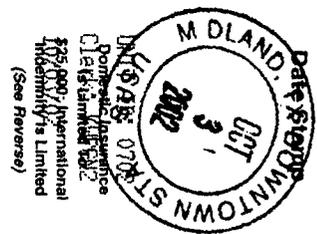
By



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

Registered No.

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| Reg. Fee \$ | Special Delivery \$ |
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| FROM | Attention: William L. Porter, CPL Permian Resources, Inc. P.O. Box 590 Midland, Texas 79707 |
| TO | Sotirios Papadopoulos Lot 4, Whitebread Place North Rocks 2151 Sydney, Australia |

PS Form 3806, June 2000 Receipt for Registered Mail (Customer Copy) (See Information on Reverse)

PERMIAN RESOURCES, INC.

October 3, 2002

Andrei Rallis
29 Victory Street
Rose Bay
Sydney 2023 NSW
Australia

Registered Mail, Return Receipt Requested

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear Andrei:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

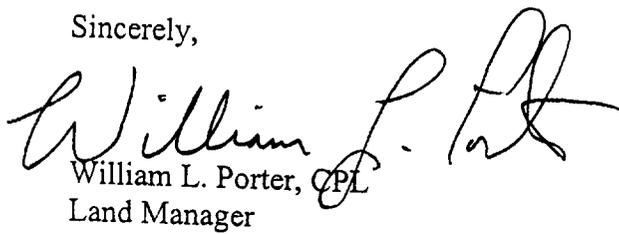
Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

Your cooperation is appreciation.

Page Two
October 3, 2002

Sincerely,



William L. Porter, CPL
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1988 Section 70-2-17 (1995) for an order amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

OIL CONSERVATION DIV.

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order amending Order No. R-11682 to include new provisions reflecting the actual costs for the re-entry and re-completion of the Chambers No. 1 well, the adoption of such actual costs as reasonable costs, and providing the pooled interest owners the opportunity to object to those costs and tender their proportionate share of such costs as they may elect, and making such other provisions as may be proper.

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

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

OIL CONSERVATION DIV.
SEP 30 4:37

1. For the compulsory pooling of all interests in the Strawn formation, (Northeast Shoe Bar-Strawn Oil Pool); underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

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2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and

5. Making such other and further provisions as the Division deems appropriate .

MILLER, STRATVERT & TORGERSON, P.A.

By



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

Registered No.

8889631516115

Date Stamp

To Be Completed By Post Office

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| Handling Charge \$ | | Return Receipt Restricted \$ | 1.75 |
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FROM

Attention: William L. Porter, CPL
 Permian Resources, Inc.
 P.O. Box 590
 Midland, Texas 79707

Andrei Rallus
 29 Victory Street
 Rose Bay
 Sydney 2023 NSW
 Australia

UNIT JR. 4902 DOWN
 CLEARING UNIT
 10/03/02 31
 Domestic Insurance
 is Limited
 \$25,000 Per Package
 Indemnity is Excluded
 (See Reverse)

PS Form 3806, Receipt for Registered Mail (Customer Copy)
 June 2000 (See Information on Reverse)

PERMIAN RESOURCES, INC.

October 3, 2002

Miriam P. Christopher
566 Willow Road
Winnetka, Illinois 60093-4138

Certified Mail, Return Receipt Requested
#7001 1140 0002 8314 5681

RE: Amended Waiver
Administrative Approval of Unorthodox Location
Chambers No. 2 Well
Section 7, T-16-S, R-36-E
Lea County, New Mexico

Dear Miriam:

Permian Resources, Inc. has filed with the New Mexico Oil Conservation Division an Application seeking approval of, among other matters, Permian Resources's request to drill its Chambers No. 2 well at an unorthodox well location. A copy of that Application is enclosed for your information. Permian Resources initially proposed to directionally drill the Chambers No. 2 well from a surface location of 990 feet from the South line and 1,100 feet from the East line of Section 7 to a bottom hole location of 1,500 feet from the East line and 1,350 feet from the South line in the NW/4 SE/4 of Section 7. In connection with that original proposal, you were asked to execute a waiver of objections.

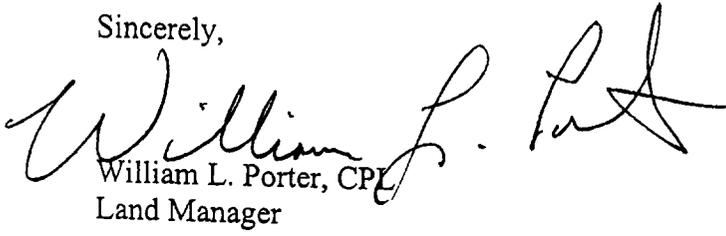
Based on further geological analysis, Permian Resources has determined that the well should be directionally drilled from a new unorthodox surface location of 1,000 feet from the South line and 1,100 feet from the East line of Section 7 to an unorthodox bottom hole location of 950 feet from the South line and 1,500 feet from the East line in SW/4 SE/4 of Section 7.

If you have no objection to this amended location for the drilling of Permian's proposed Chambers No. 2 Well, please sign the enclosed Amended Waiver and return it to our office in Midland, Texas in the enclosed self addressed stamped envelope.

Your cooperation is appreciation.

Page Two
October 3, 2002

Sincerely,

A handwritten signature in cursive script that reads "William L. Porter". The signature is written in black ink and is positioned above the printed name and title.

William L. Porter, CPE
Land Manager

WLP/bmm
Enclosures

WAIVER

_____, hereby waives objection to the above referenced Application of Unorthodox Location for Permian Resources Holdings, Inc. Chambers #2 well.

Date: _____

By: _____

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

IN THE MATTER OF THE APPLICATION OF PERMIAN
RESOURCES, INC. TO AMEND THE COST RECOVERY PROVISIONS
OF COMPULSORY POOLING ORDER NO. R-11682,
LEA COUNTY, NEW MEXICO

CASE NO. 12715

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 amending the cost recovery provisions of Order No. R-11682 pooling all interests in the Wolfcamp formation, (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, forming a standard 160-acre spacing and proration unit. In support thereof, Applicant would show the Division:

OIL CONSERVATION DIV.
02 SEP 30 PM 4:30

1. On October 30, 2001, pursuant to a hearing held on September 6, 2001, the Division issued Order No. R-11862 pooling certain uncommitted interests in the SE/4 of Section 7 preparatory to the drilling of Applicant's Chambers No. 2 well at a standard location 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).

The evidence at the hearing established that Applicant owned or controlled 100 percent of the available working interest in the SE/4 of Section 7 and that Applicant sought to pool only the remaining unleased mineral interests constituting a relatively small percentage of the interests in the unit and owned primarily by foreign individuals.

Applicant demonstrated that it had been unable to obtain leases or voluntary agreement for pooling or farmout from those interest owners and the Division accordingly granted Applicant's request to pool those interests.

2. Subsequent to the hearing and the issuance of Order No. R-11682, Applicant made the determination that it would be feasible to test the Wolfcamp formation by re-entering and re-completing the existing Chambers No. 1 well previously drilled by Merit Energy Company located 555 feet from the South line and 2085 feet from the East line in the SW/SE of Section 7 (Unit O). Applicant re-entered the Chambers No. 1 well in December, 2001 and successfully re-completed the well as a Wolfcamp producer that same month.

3. The evidence of well costs and drilling and producing supervision charges presented at the September 6, 2001 hearing on the original Application are no longer applicable, in part, to the costs incurred in connection with the re-entry and re-completion of the Chambers No. 1 well.

4. Applicant will present evidence of, among other things, the actual costs incurred in the re-entry and re-completion of the Chambers No. 1 well and the revised drilling and supervision charges. Applicant will also present its proposal that will provide the pooled interest owners the opportunity to object to those costs and to tender their proportionate share of well costs as they may elect.

5. The amendment of Order No. R-11682 to provide for the revision of the well cost provisions will promote the efficient and orderly development of the subject lands, will protect the rights of the pooled interest owners, will serve to prevent waste and is otherwise in the interests of conservation.

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,
UNORTHODOX WELL LOCATION, DESIGNATION
OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert &
Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA
1978 Section 70-2-17 (1995) for an order providing as follows:

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OIL CONSERVATION DIV.

1. For the compulsory pooling of all interests in the Strawn formation, (Northeast Shoe Bar-Strawn Oil Pool), underlying the S/2 SE/4 of Section 7;
2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.

4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.

5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.

6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.

7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

8. 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.

9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, 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 October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
2. Approving the unorthodox well locations;
3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and 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;

4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and

5. Making such other and further provisions as the Division deems appropriate.

MILLER, STRATVERT & TORGERSON, P.A.

By



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