

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

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

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Earthstone Permian LLC (“Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 387.65-acre, more or less, non-standard horizontal spacing unit comprised of the E/2 W/2 and W/2 SW/4 of Section 29 and the N/2 NW/4 and Lots 3-4 (S/2 NW/4 equivalent) of irregular Section 32, Township 26 South, Range 35 East, Lea County, New Mexico¹ (“Unit”). In support of its application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
 - a. **El Campeon Fed Com 111H**, which will be drilled from a surface hole location in the NW/4 SW/4 (Unit L) of Section 29, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas;
 - b. **El Campeon Fed Com 122H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 20, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas;

¹ The spacing unit crosses the state line and extends into Texas. Applicant seeks to pool only the acreage situated in New Mexico.

- c. **El Campeon Fed Com 151H**, which will be drilled from a surface hole location in the NW/4 SW/4 (Unit L) of Section 29, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas;
 - d. **El Campeon Fed Com 112H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 20, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas; and
 - e. **El Campeon Fed Com 152H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 20, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas.
- 3. The completed intervals of the Wells will be orthodox.
 - 4. Applicant has received administrative approval of the non-standard horizontal spacing unit from the Division.
 - 5. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
 - 6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 - 7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled.

8. Applicant requests that Permian Resources Operating, LLC ("Permian Resources") (OGRID No. 372165) be designated the operator of the Wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 10, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Permian Resources as the operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Permian Resources to recover its costs of drilling, equipping, and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Permian Resources in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HARDY McLEAN LLC

/s/ Dana S. Hardy

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