

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

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

CASE NO. 23395

NOTICE OF REVISED COMPULSORY POOLING CHECKLIST AND EXHIBIT A

Permian Resources Operating, LLC applicant in the above-referenced case, gives notice that it is filing the attached exhibit for acceptance into the record.

Revised Compulsory Pooling Checklist and **Exhibit A** reflect that the request for overhead and administrative costs for drilling the well be set at \$8,500 and that there is no depth severance.

Respectfully submitted,

HOLLAND & HART LLP



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**ATTORNEYS FOR PERMIAN OPERATING
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CERTIFICATE OF SERVICE

I hereby certify that on April 27, 2023, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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Paula M. Vance

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23395	APPLICANT'S RESPONSE
Date	April 20, 2023
Applicant	Permian Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Permian Resources Operating, LLC (372165)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	V-F Petroleum, Inc., Gahr Energy Company, Fuel Products, Inc., & MRC Permian Company
Well Family	Eric Cartman
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Ojo Chiso; Bone Spring [96553]
Well Location Setback Rules:	Statewide setbacks
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	400-acre, more or less
Building Blocks:	40 acres
Orientation:	Standup
Description: TRS/County	E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Exhibit A-4
Well(s)	

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Eric Cartman 31 State Com 506H (API: 30-025-50161) SHL: 135' FNL, 382' FEL (Unit A) of Section 31, T21S-R35E FTP: 100' FNL, 330' FEL (Unit A) of Section 31, , T21S-R35E LTP: 2,540' FNL, 330' FEL (Unit H) of Section 7, T22S-R35E BHL: 2,540' FNL, 330' FEL (Unit H) of Section 31, T22S-R35E Completion Target: Bone Spring formation Well Orientation: North to South Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-3
Completion Target (Formation, TVD and MD)	Exhibit A-5
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,500
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-4
Tract List (including lease numbers and owners)	Exhibit A-4
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-IO and Working Interests	Exhibit A-6

Overhead Rates In Proposal Letter	Exhibit A-5
Cost Estimate to Drill and Complete	Exhibit A-5
Cost Estimate to Equip Well	Exhibit A-5
Cost Estimate for Production Facilities	Exhibit A-5
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B, B-4, B-5
HSU Cross Section	Exhibit B-4, B-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-3
Tracts	Exhibit A-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-4
General Location Map (including basin)	Exhibit B-1, B-2
Well Bore Location Map	Exhibit B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2, B-3
Cross Section (including Landing Zone)	Exhibit B-4, B-5
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Paula M Vance
Signed Name (Attorney or Party Representative):	
Date:	4/27/2023

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CASE NO. 23395

SELF-AFFIRMED STATEMENT OF CHRIS ASTWOOD

1. My name is Chris Astwood. I work for Permian Resources Operating, LLC (“Permian”) as a Senior Landman.

2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum land matters. I have included a copy of my resume as **Permian Exhibit A-1** for the Division to review and respectfully request that my credentials be accepted as a matter of record, and that I be tendered as an expert in land matters.

3. I am familiar with the application filed by Permian in this case, and I am familiar with the status of the lands in the subject area.

4. None of the uncommitted parties in this case has indicated opposition to proceeding by self-affirmed statement and, therefore, I do not expect any opposition at the hearing.

5. In **Case No. 23395**, Permian seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit from the top of the Bone Spring formation to 10,388 feet comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Permian proposes to dedicate the above-referenced spacing unit to

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Revised Exhibit No. A

Submitted by: Permian Resources Operating, LLC

Hearing Date: April 20, 2023

Case No. 23395

the drilled but not yet producing **Eric Cartman 31 State Com #506H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 7, Township 22 South, Range 35 East.

6. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 7 and 18, Township 22 South, Range 35 East, dedicated to the Tostada 7 State Com #501H (API: 30-025-50705); Tostada 7 State Com #502H (API: 30-025-50706); Tostada 7 State Com #503H (API: 30-025-50707); Tostada 7 State Com #601H (API: 30-025-49586); and the Tostada 7 State Com #602H (API: 30-025-49587). *See* Division Order R-22044.

7. Permian is the designated operator in the above-referenced existing horizontal well spacing units. Therefore, **Permian Exhibit A-2** includes a sample of the notice letter mailed to the other working interest owners in both the new and existing spacing units, along with a list of the working interest owners that were noticed, waivers received, and a diagram depicting the newly proposed spacing unit in relation to the existing spacing unit.

8. **Permian Exhibit A-3** contains a draft Form C-102 for the well in this overlapping spacing unit. This form demonstrates that the completed interval for the **Eric Cartman 31 State Com #506H** well will comply with statewide setbacks for oil wells. The exhibit shows that the well will be assigned to the (Ojo Chiso; Bone Spring [Pool Code 96553]).

9. **Permian Exhibit A-4** identifies the tracts of land comprising the overlapping horizontal spacing unit, the ownership interests in each tract, and ownership interests on a spacing unit basis. The subject acreage is comprised of state lands.

10. **Permian Exhibit A-5** contains a sample of the well proposal letter and AFE sent to owners with a working interest. The costs reflected in the AFE are consistent with what Permian and other operators have incurred for drilling similar horizontal wells in the area in this formation.

11. Permian requests that the overhead and administrative costs for drilling and producing the proposed well be set at \$8,500 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

12. **Permian Exhibit A-6** contains a general summary of the contacts with the uncommitted interest owners. As indicated in the exhibit, Permian has made a good faith effort to locate and has had communications with the majority of the parties that it seeks to pool in this case in an effort to reach voluntary joinder. In my opinion, Permian has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

13. Permian has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Permian seeks to pool and instructed that they be notified of this hearing. Permian has conducted a diligent search of all public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each interest owner.

14. **Permian Exhibits A-1 through A-6** were either prepared by me or compiled under my direction and supervision.

15. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



Chris Astwood

4/26/2023

Date