

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

**APPLICATION OF RILEY PERMIAN
OPERATING COMPANY, LLC FOR
APPROVAL OF STANDARD
HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Riley Permian Operating Company, LLC (OGRID No. 372290) (“Riley” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 160.43-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the S/2 of the S/2 of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Red Lake; Glorieta Yeso Pool [51120] (“Yeso Pool”), designated as an oil pool, underlying said HSU.

In support of its Application, Riley states the following:

1. Riley and/or its affiliates are working interest owners in the Application Lands and have the right to drill wells thereon as the designated Operator of the Application Lands.
2. Riley seeks to dedicate all of the Application Lands to form a 160.43-acre, more or less, HSU.
3. Riley seeks to dedicate the above-referenced HSU to the following proposed wells:
 - A. **Malco B 6 Fed Com 7H** (API No. 30-015-49914), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SW/4 (Lot M) of Section

5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the SW/4 SW/4 (Lot 7) of Section 6, Township 18 South, Range 27 East;

B. **Malco B 6 Fed Com 8H** (API No. 30-015-*Pending*), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the SW/4 SW/4 (Lot 7) of Section 6, Township 18 South, Range 27 East;

4. The wells are orthodox in their location as defined by 19.15.16.15(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15(C) NMAC.

5. Riley has made good faith efforts to obtain voluntary agreement from all interest owners in the Yeso Pool underlying the proposed spacing unit, but has been unable to secure agreement from all parties to participate in the drilling of the well or otherwise commit their interests.

6. The pooling of all interests in the Yeso Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of the oil and gas underlying the Application Lands, Riley requests that all uncommitted interests in this HSU be pooled and that Riley be designated as the operator of the proposed horizontal wells and HSU.

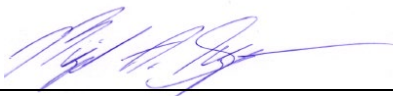
WHEREFORE, Riley requests this Application be set for hearing on November 13, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the horizontal well spacing unit and pooling all uncommitted interests in the Yeso Pool underlying the HSU within the Application Lands;

- B. Approving the **Malco B 6 Fed Com 7H** and **Malco B 6 Fed Com 8H** as the initial wells for the HSU;
- C. Designating Riley as operator of the HSU and the horizontal wells to be drilled thereon;
- D. Authorizing Riley to recover its costs of drilling, completing, and equipping 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 Riley in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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Application of Riley Permian Operating Company, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 160.43-acre, more or less, standard horizontal spacing and proration unit composed of the S/2 of the S/2 of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Yeso Pool, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are: **Malco B 6 Fed Com 7H** (API No. 30-015-49914), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SW/4 (Lot M) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the SW/4 SW/4 (Lot 7) of Section 6, Township 18 South, Range 27 East; **Malco B 6 Fed Com 8H** (API No. 30-015-Pending), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 5, Township 18 South, Range 27 East, to a bottom hole location in the Yeso Pool in the SW/4 SW/4 (Lot 7) of Section 6, Township 18 South, Range 27 East. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The wells and lands are located approximately 5.5 miles east of Atoka, New Mexico.