

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

**APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR COMPULSORY  
POOLING AND APPROVAL OF NON-  
STANDARD SPACING UNIT, EDDY  
COUNTY, NEW MEXICO.**

**CASE NO. 25948  
ORDER NO. R-24258**

**MOTION FOR RECONSIDERATION OF ORDER NO. R-24258**

Permian Resources Operating, LLC ("Permian Resources" or "Applicant"), by and through undersigned counsel, respectfully moves the Oil Conservation Division ("Division") to reconsider and vacate Order No. R-24258 (issued April 3, 2026) and reopen the record to receive material additional evidence not previously presented. In support of this motion, Permian Resources states the following.

**I. INTRODUCTION**

Order No. R-24258 denied Permian Resources' request for approval of a non-standard horizontal spacing unit ("NSP") and the accompanying compulsory pooling request on the grounds that Permian "did not provide adequate evidence to support approval of the requested non-standard spacing unit" and "failed to meet its burden to show that the NSP is necessary to prevent waste or protect correlative rights." Order No. R-24258, at Findings ¶¶ 6, 8-9; Conclusions of Law ¶¶ 4, 6. Permian Resources respectfully moves the Division to reconsider that denial in light of additional material evidence — namely, the New Mexico State Land Office's ("NMSLO") pre-authorization of four coordinated communitization agreements that include the specific Wolfcamp S/2 N/2 configuration the Division denied.

Permian Resources initially filed an application to develop the acreage at issue in Case No. 25691. In that case, Permian Resources sought to pool the uncommitted oil and gas interests within

the Wolfcamp formation underlying a 483.32-acre horizontal spacing unit comprised of the S/2 N/2 of Section 7, T19S-R28E, and the S/2 N/2 of Sections 11 and 12, T19S-R27E, Eddy County, New Mexico (the "Proposed Unit"), and to dedicate the unit to the Alpine Eagle 7-11 State Com No. 202H well. At the November 13, 2025 hearing in that case, Permian Resources' Compulsory Pooling Application Checklist ("CPAC") identified the Proposed Unit as a standard horizontal spacing unit based on its understanding of the applicable pool at that time. During the hearing, the Division advised Permian Resources that the Proposed Unit lies within the West Millman Wolfcamp Gas pool (Code 81395), which would require approval of a non-standard spacing unit due to the gas spacing and setbacks.

At the direction of the Division, Permian Resources submitted amended exhibits that identified the Proposed Unit within the West Millman Wolfcamp Gas pool (Code 81395) and returned to hearing on November 18, 2025. Permian Resources' exhibits stated that it would seek administrative approval of the NSP. The Division then denied the application without prejudice (Order No. R-24113 entered January 6, 2026) on the grounds that the public notice and compulsory pooling checklist had stated that the Proposed Unit was standard. Order R-24113, at ¶ 16.

Permian Resources then re-filed its application in this case seeking approval of the NSP for the same 483.32-acre unit and pooling of the uncommitted interests therein. The case was heard by affidavit on March 5, 2026. During the hearing, Permian Resources explained that it had requested the NSP following the issuance of Order No. R-24113, and so that it can optimize well spacing, prevent waste, and protect correlative rights. On April 3, 2026, the Division entered Order No. R-24258, denying both the NSP request and the compulsory pooling application without prejudice. The denial rests on the Division's finding that Permian Resources failed to present sufficient technical evidence — geological, engineering, or otherwise — to demonstrate that the

requested 40-acre building blocks are necessary to prevent waste or protect correlative rights. Order No. R-24258, at Findings ¶¶ 6, 8-9; Conclusions of Law ¶¶ 4, 6. For the reasons discussed below, Permian Resources requests that the Division reconsider this denial.

## II. ARGUMENT

### A. The Proposed Unit Prevents Waste and Protects Correlative Rights.

Permian Resources' application, and approval of the NSP, is necessary to prevent waste and protect correlative rights. As the New Mexico Supreme Court has recognized, "the basis of [the Division's] powers is founded on the duty to prevent waste and protect correlative rights. *Actually, the prevention of waste is the paramount power*, inasmuch as this term is an integral part of the definition of correlative rights." *Continental Oil Co. v. Oil Conservation Comm'n*, 1962-NMSC-062, ¶ 11, 146 N.M. 24 (emphasis added); *see also El Paso Natural Gas Co. v. Oil Conservation Comm'n*, 1966-NMSC-092, ¶ 4, 76 N.M. 268 ("[T]he primary concern of [the Oil and Gas Act is] eliminating and preventing waste in the pool so far as it can practicably be done, and next the protection of the correlative rights of producers from the pool.").

The Oil and Gas Act's definition of "correlative rights" mirrors the language in Section 70-2-17(A). It defines "correlative rights" as:

[T]he opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce *without waste* the owner's just and equitable share of the oil or gas or both in the pool, being an amount, so far as can be practicably determined and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas or both under the property bears to the total recoverable oil or gas or both in the pool and, for such purpose, to use the owner's just and equitable share of the reservoir energy.

NMSA 1978, § 70-2-23(H) (emphasis added). Viewed against this legal backdrop, Permian Resources' application more than satisfies the Oil and Gas Act's requirements of preventing waste and protecting correlative rights.

The Proposed Unit is part of a larger development plan that includes Alpine Eagle 7 11 State Com wells in the N/2 N/2 (Bone Spring), S/2 N/2 (Wolfcamp and the Proposed Unit at issue in this proceeding), N/2 S/2 (Bone Spring), and S/2 S/2 (Bone Spring). *See* Supplemental Self-Affirmed Statement of Adam Reker, attached as Exhibit 1. This development plan allows optimal well spacing for the wells in this section. *See id.*; *see also* Case No. 25948 Exhibit A at ¶ 7. Forty-acre well spacing will promote the production of oil and avoid wasted resources. *See* Exh. 1 at ¶¶ 5-7; *see also* Case No. 25948 Exhibit A at ¶ 8.

Further, the NMSLO has already pre-approved Communitization Agreements covering these four separate spacing units. *See* Exh. 1 at ¶¶ 9-11. If standard gas spacing is used, the Communitization Agreement for the S/2 N/2, which has already been pre-approved by the NMSLO, will need to be repropose and resubmitted to the NMSLO. This would result in a waste of State time and resources. The misalignment of Communitization Agreements would create allocation and royalty-distribution complications across the spacing unit and is inconsistent with the orderly development and correlative rights protection objectives of NMSA 1978, § 70-2-17. *See id.*

Permian Resources' development plan also ensures that all interest owners are allocated production of one well through their leasehold. If standard gas spacing were required, then ownership interests in the S/2 N/2 would be diluted by ownership interests in the N/2 N/2. *Id.* at ¶ 7. Requiring standard gas spacing and denying a non-standard spacing unit for the S/2 N/2 would directly interfere with the S/2 N/2 interest owners' "equitable share of the oil or gas" in the spacing unit. Therefore, a non-standard spacing unit should be approved to protect all interest owners' correlative rights.

WHEREFORE, Permian Resources respectfully requests that the Division:

1. Grant this Motion for Reconsideration of Order No. R-24258; and
2. Approve the non-standard horizontal spacing unit comprising the S/2 N/2 of Section 7, Township 19 South, Range 28 East, and the S/2 N/2 of Sections 11 and 12, Township 19 South, Range 27 East, Eddy County, New Mexico, for the Wolfcamp formation, and compulsorily pool the uncommitted interests therein.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served upon the following counsel of record by electronic mail on May 20, 2026.

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**SUPPLEMENTAL SELF-AFFIRMED STATEMENT OF ADAM REKER**

1. I am a Senior Staff Landman with Permian Resources Operating, LLC (“Permian Resources”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I provide this Self-Affirmed Statement in support of Permian Resources’ Motion for Reconsideration of Order No. R-24258, entered on April 3, 2026 in Case No. 25948. This statement supplements my prior testimony in Case No. 25948 and addresses material additional evidence not previously presented to the Division.

3. The proposed non-standard horizontal spacing unit at issue in this proceeding (the “Proposed Unit”) is comprised of the S/2 N/2 of Section 7, Township 19 South, Range 28 East, and the S/2 N/2 of Sections 11 and 12, Township 19 South, Range 27 East, Eddy County, New Mexico, containing 483.32 acres, more or less, and is to be dedicated to the Alpine Eagle 7-11 State Com No. 202H well, targeting the Wolfcamp formation within the West Millman Wolfcamp Gas pool (Pool Code 81395).

4. The Proposed Unit is part of a larger, coordinated development plan for the Alpine Eagle 7-11 State Com wells covering the N/2 N/2, S/2 N/2, N/2 S/2, and S/2 S/2 of the same

**EXHIBIT A**

section configuration. Specifically, the development plan dedicates wells as follows: the N/2 N/2 to a Bone Spring well; the S/2 N/2 (the Proposed Unit) to the Wolfcamp well at issue in this proceeding; the N/2 S/2 to a Bone Spring well; and the S/2 S/2 to a Bone Spring well. This four-unit configuration aligns the Wolfcamp development with the surrounding Bone Spring development across the full N/2 and S/2 of the section, and it allows optimal well spacing and wellbore placement across the entire section.

5. The development plan uses 40-acre well spacing across each of the four spacing units. Based on my familiarity with the Alpine Eagle 7-11 State Com development plan and Permian Resources' operations in this area, 40-acre well spacing for the Wolfcamp in the Proposed Unit promotes the orderly production of oil and gas, allows the efficient recovery of hydrocarbons underlying the Proposed Unit, and avoids the drilling of unnecessary wells.

6. If standard gas spacing is required for the Proposed Unit and the requested non-standard spacing unit is not approved, the Wolfcamp spacing unit for the S/2 N/2 would no longer align with the three Bone Spring spacing units (N/2 N/2, N/2 S/2, and S/2 S/2) that comprise the balance of the section.

7. The misalignment of spacing units would require Permian Resources to redesign the S/2 N/2 Wolfcamp development; dilute the interests of S/2 N/2 owners by combining them with N/2 N/2 owners under a standard gas-spacing configuration; and create allocation and royalty-distribution complications across the spacing units that the coordinated four-unit plan was designed to avoid.

8. Because the lands within the Proposed Unit and the surrounding three spacing units include New Mexico State Land Office ("NMSLO") trust lands, Permian Resources has worked

with the NMSLO to obtain pre-approved Communitization Agreements for each of the four spacing units in the development plan.

9. The NMSLO has pre-approved four separate Communitization Agreements covering each of the four spacing units within the Alpine Eagle 7-11 State Com development plan, including a Communitization Agreement covering the S/2 N/2 Wolfcamp configuration that is the subject of the Proposed Unit. *See* Pre-Approval, attached as Exhibit A.

10. The NMSLO's pre-approval of the S/2 N/2 Wolfcamp Communitization Agreement reflects the State of New Mexico's determination, as the lessor of the affected State trust lands, that the proposed S/2 N/2 Wolfcamp configuration is appropriate for the orderly development of those State trust lands.

11. If the Division denies the requested non-standard spacing unit and requires Permian Resources to develop the S/2 N/2 Wolfcamp under standard gas spacing, the pre-approved S/2 N/2 Wolfcamp Communitization Agreement will need to be repropose and resubmitted to the NMSLO under a different unit configuration. That re-submission will require additional NMSLO review and approval, resulting in additional expenditure of State time and resources to re-approve a Communitization Agreement.

12. Based on my personal knowledge of the Alpine Eagle 7-11 State Com development plan, my coordination with the NMSLO with respect to the four pre-approved Communitization Agreements, and my familiarity with Permian Resources' operations in this area, approval of the non-standard spacing unit for the Proposed Unit is necessary to prevent waste, to protect the correlative rights of the interest owners within the Proposed Unit, and to allow the orderly and efficient development of the State trust lands.

13. I declare under penalty of perjury under the laws of the State of New Mexico that the foregoing is true and correct.

Executed on: 5/20/2026, 2026

  
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Adam Reker