

**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. _____

APPLICATION

Permian Resources Operating, LLC (“Permian” or “Applicant”) (OGRID No. 372165), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for 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. In support of its application, Permian states:

1. Applicant is a working interest owner in the proposed overlapping horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to be designated as the operator of the proposed overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced overlapping horizontal spacing unit to the proposed **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.

4. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units 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.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, 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 an Examiner of the Oil Conservation Division on March 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant as operator of this overlapping horizontal spacing unit and the horizontal well to be drilled thereon;

- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- D. 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
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR PERMIAN RESOURCES
OPERATING, LLC**

CASE _____: **Application of Permian Resources Operating, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause 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. Said unit will be initially dedicated to the proposed **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. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units 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.

Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles west of Eunice, New Mexico.