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

# APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23883

# EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Mason Maxwell
A-1	Resume of Mason Maxwell
A-2	Application & Proposed Notice of Hearing
A-3	C-102
A-4	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, Unit Recapitulation, Pooled Parties
A-5	Sample Well Proposal Letter & AFE
A-6	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Ira Bradford
B-1	Regional Locator Map
B-2	Cross Section Location Map of the King Eider 12 Fed Com 503H and 504H wells
B-3	Bone Spring Subsea Structure Map
B-4	Stratigraphic Cross-Section
B-5	Gun Barrel Diagram
Exhibit C	Self-Affirmed Statement of Dana S. Hardy
C-1	Sample Notice Letter to All Interested Parties
C-2	Chart of Notice to All Interested Parties
C-3	Copies of Certified Mail Receipts and Returns
C-4	Affidavit of Publication for October 15, 2023

# **COMPULSORY POOLING APPLICATION CHECKLIST**

# ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23883	APPLICANT'S RESPONSE		
Date	November 2, 2023		
Applicant	Permian Resources Operating, LLC		
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372165		
Applicant's Counsel:	Hinkle Shanor LLP		
Case Title:	Permian Resources Operating, LLC for Compulsory Pooling Lea County, New Mexico.		
Entries of Appearance/Intervenors:	Northern Oil and Gas, Inc.		
Well Family	King Eider 12 Fed Com		
Formation/Pool			
Formation Name(s) or Vertical Extent:	Bone Spring Formation		
Primary Product (Oil or Gas):	Oil		
Pooling this vertical extent:	Bone Spring Formation		
Pool Name and Pool Code:	WC – 025 G - 06 S203511G; Bone Spring pool (Code 96585		
Well Location Setback Rules:	Statewide		
Spacing Unit			
Type (Horizontal/Vertical)	Horizontal		
Size (Acres)	320-acres		
Building Blocks:	quarter-quarter		
Orientation:	North to South		
Description: TRS/County	W/2 E/2 of Sections 1 and 12, Township 20 South, Range 35 East, Lea County, New Mexico		
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> 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	N/A		
Proximity Defining Well: if yes, description	N/A		
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	King Eider 12 Fed Com 503H (API #) 170' FSL & 1005' FEL (Unit P), Section 12, T20S, R35E 100' FNL & 2513' FEL (Lot 2), Section 1, T20S, R35E Completion Target: Bone Spring (Approx. 10,125' TVD) Non-Standard Location		

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Well #2	King Eider 12 Fed Com 504H (API #) 170' FSL & 975' FEL (Unit P), Section 12, T20S, R35E 100' FNL & 1433' FEL (Lot 2), Section 1, T20S, R35E Completion Target: Bone Spring (Approx. 10,050' TVD) Non-Standard Location
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 \$	\$10,000.00
Production Supervision/Month \$	\$1,000.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-2
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, Exhibit C-2, Exhibit C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
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. Pooled Parties (including ownership type)	N/A 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-Joined 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
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Relative Bew Avangin Distal/31/2023 10:09:11 AM	N/A

<u>Received by OCD: 10/31/2023 9:21:48 AM</u>	Page 4 of 44
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
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided	d in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	10/30/2023

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

# APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23883

# SELF-AFFIRMED STATEMENT OF MASON MAXWELL

1. I am a New Mexico Landman with Permian Resources Operating, LLC ("Permian Resources") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement.

2. I have not previously testified before the New Mexico Oil Conservation Division ("Division"). I have a bachelor's degree from Texas Tech University in Energy Commerce with a focus in Petroleum Land Management. I have been working as a landman since June of 2022. A copy of my resume is attached as **Exhibit A-1**.

3. I am familiar with the land matters involved in the above-referenced case. Copies the application and proposed hearing notice are attached as **Exhibit A-2**.

4. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit; therefore I do not expect any opposition at hearing.

5. Permian Resources seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 1 and 12, Township 20 South, Range 35 East, Lea County, New Mexico ("Unit").

6. The Unit will be dedicated to the following wells ("Wells"):

Permian Resources Operating, LLC Case No. 23883 Exhibit A

- a. King Eider 12 Fed Com 503H, to be drilled from a surface hole location in the SE/4
   SE/4 (Unit P) of Section 12 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 1; and
- b. King Eider 12 Fed Com 504H, to be drilled from a surface hole location in the SE/4
   SE/4 (Unit P) of Section 12 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 1.

7. The Wells will be completed in the WC – 025 G - 06 S203511G; Bone Spring pool (Code 96585)

8. The completed intervals of the Wells will be unorthodox.

9. **Exhibit A-3** contains the C-102 for the Wells.

10. **Exhibit A-4** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Permian Resources seeks to pool highlighted in yellow. All of the parties are locatable in that Permian Resources believes it located valid addresses for them.

11. Permian Resources has conducted a diligent search of all county public records, including phone directories and computer databases, as well as internet searches, to locate the interest owners it seeks to pool.

12. **Exhibit A-5** contains a sample well proposal letter that was sent to interest owners for the Wells. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

13. In my opinion, Permian Resources made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact described in **Exhibit A-6**.

14. Permian Resources requests overhead and administrative rates of \$10,000 per month while the Wells are being drilled, and \$1,000 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by Permian Resources and other operators in the vicinity.

15. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

16. In my opinion, the granting of Permian Resources' application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

17. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my electronic signature below.

Mary Macuel

Mason Maxwell

<u>10.24.23</u> Date

# **Mason Maxwell**

(325) 514-0211 | 5310 Lavaca Ave | Midland, TX 79707 | masonmaxwell185@gmail.com

# **EDUCATION**

# Texas Tech University, Rawls College of Business

Bachelor of Business Administration, Energy Commerce

Lubbock, TX Graduation: May 2022

# WORK EXPERIENCE

# ConocoPhillips

Land Negotiator - New Mexico OBO

- Negotiated 25 Joint Operating Agreements in Top Hat and northern Eddy County
- Drafted and negotiated over 70 side letter agreements, term assignments, communitization agreements, AFE's, and well proposals across Top Hat and northern Eddy County
- Drafted State and Federal form agreements in the execution of Record Title Transfers and Transfers of Operating Rights for 3 transactions
- Reduced suspense account balance by \$70MM by identifying and curing title requirements.
- Gained strong negotiating and communication skills through interactions with other companies and others within my company. Proven ability to build relationships, understand different perspectives, and reach mutually beneficial agreements.
- Processed 321 well proposals and workovers with a potential net to COPC of \$1,041MM.
- Assessed State and Federal leases to verify ownership and ensure accurate interest calculations.

# ConocoPhillips

Land Negotiator Intern- Delaware Basin East North

- Prepared operated projects for drilling which included drafting well proposals, Communitization Agreements, Joint Operating Agreements, and completing interest calculations
- Researched State and Federal Oil and Gas leases in Lea County, New Mexico to determine record title ownership and operating rights
- Examined Chain of Title Documents for curative matters
- Technical skills gained in Quorum, GIS, Excel, PowerPoint, and other relevant land data software

# **Concho Resources Inc.**

Landman Intern – Joint Interest Ventures

- Analyzed Oil and Gas Leases in Eddy and Lea Counties, New Mexico
- Calculated Working Interest and Net Revenue Interest for 3 non-operated well proposals
- Analyzed Joint Operating Agreement provisions as the non-operator

# ORGANIZATIONS

Permian Basin Landman Association American Association of Professional Landman Energy Commerce Association June 2022-Present August 2019-Present August 2019-2022

Permian Resources Operating, LLC Case No. 23883 Exhibit A-1

Released to Imaging: 10/31/2023 10:09:11 AM

Midland, TX June 2022-August 2023

12011011

Midland, TX

Midland, TX

June 2020-August 2020

May 2021-August 2021

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

# APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23883

# **APPLICATION**

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC ("Applicant") (OGRID No. 372165) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 1 and 12, Township 20 South, Range 35 East, Lea County, New Mexico ("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. King Eider 12 Fed Com 503H, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 12 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 1; and
  - b. King Eider 12 Fed Com 504H, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 12 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 1.
- 3. The completed interval of the Wells will be unorthodox.

4. 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.

Permian Resources Operating, LLC Case No. 23883 Exhibit A-2 5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protest correlative rights.

6. 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 and Applicant should 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 November 2, 2023, 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 Applicant as the operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant 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 Operating,
   LLC in drilling and completing the Wells against any working interest owner who
   does not voluntarily participate in the drilling of the Wells.

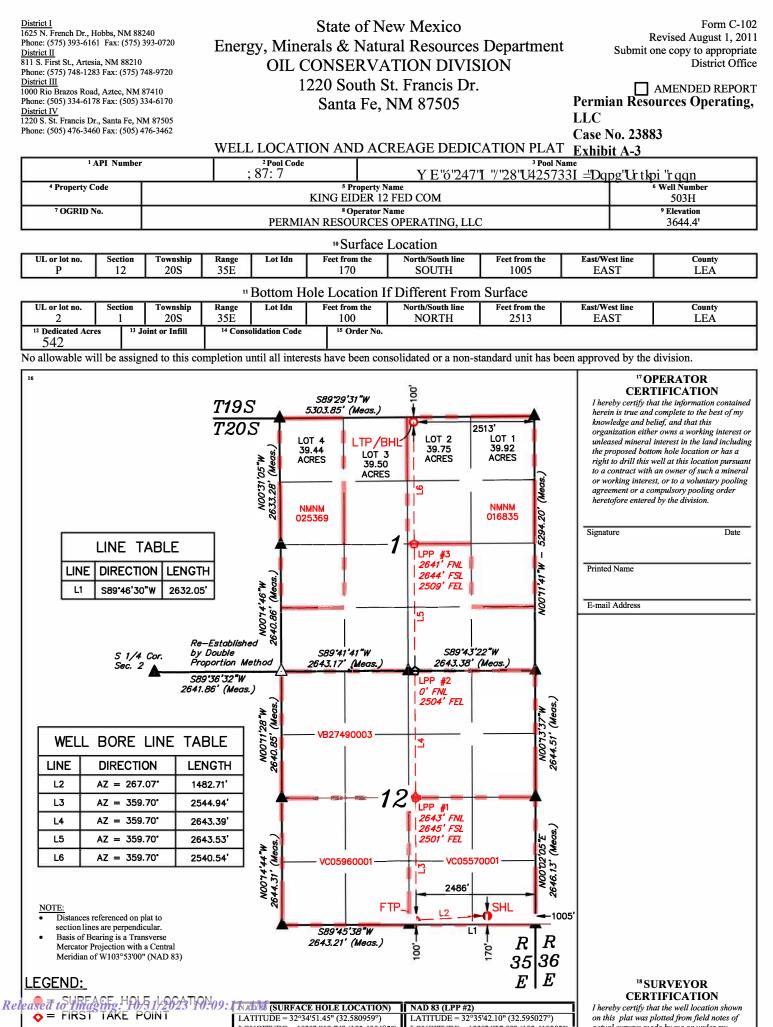
.

Respectfully submitted,

# HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn M. McLean P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com *Counsel for Permian Resources Operating, LLC*  Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 1 and 12, Township 20 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **King Eider 12 Fed Com 503H** and **King Eider 12 Fed Com 504H** wells ("Wells"), which will be drilled from surface hole locations in the SE/4 SE/4 (Unit P) of Section 12 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 1. The completed interval of the Wells will be unorthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 18 miles southwest of Hobbs, New Mexico.



#### 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

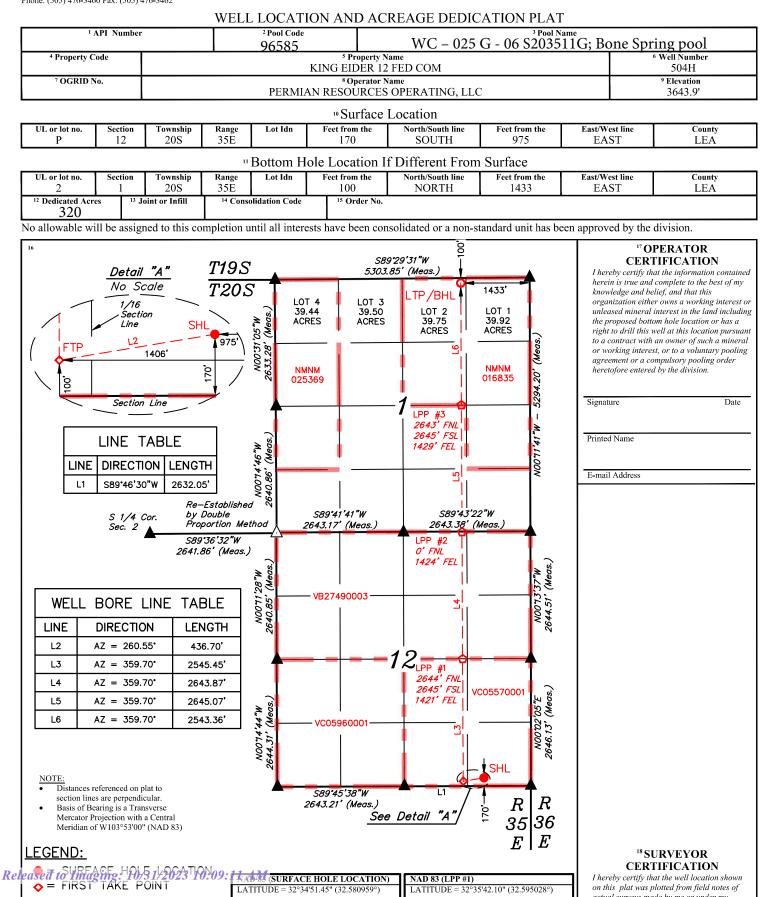
District I

District II

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT



Land Exhibit: King Eider State Com #503H and #504H Section 12: W/2E/2, Section 1: W/2E/2, T20S-R35E, Lea Co., NM

	000000		., 0000110111		200 11002/	200 00.7			
	Sec 1 NM- 025369 Fer Sec 12 VB-2		835			King Eider State Com #502H - E/2W/2	King Eider Fed Com #503H and #504H W/2E/2	King Eider Fed Com #505H - E/2E/2	
	VC-0596	VC-055 Exp. 12/31/	2022		Sec 12				
	•••••••		C	ocuments Se	ent	1			
Ov	wner	Pooling?	Proposal	JOA	Com Agmt			Notes	
Permian Resources	s Operating, LLC	N/A	N/A	N/A	N/A				
XTO Holdings, LLC		Ν	Y	Y	Y	Execute	ed all docs	;	
Northern Oil and O		N	Y	Y	Y				
Desert Rock Resou	rces, LLC	Y	Y	Y	Y				
	Royalty,LLC	Y Y	Y	Y	Y				
	Magic Dog Oil & Gas Ltd.		Y	Y	Y				
	n Energy LLC	Ŷ	Y	Y	Y				
	ian Company	Y	Y	Y	Y				
	entures Ltd.	Y	Y	Y	Y				
	Smith	Ŷ	Y	Y	Y				
	d D Spain	Y	Y	Y	Y				
	H Bunting	Y Y	Y Y	Y Y	Y Y				
Karen	Badgett	Ŷ	Y	Ŷ	ř				

Tract 1 -NE/4, NE/4SE/4 of Section 1			
Owner	WI Percentage		
XTO Holdings, LLC	100%		
Tract 2 - W/2SE/4 of Sect	ion 1		
Owner	WI Percentage		
Permian Resources Operating, LLC	28.197933%		
Northern Oil and Gas, Inc.	51.041667%		
Desert Rock Resources, LLC	0.555556%		
Malaga Royalty,LLC	3.994000%		
Magic Dog Oil & Gas Ltd.	0.500000%		
Mary Helen Energy LLC	0.832500%		
MRC Permian Company	14.166650%		
Warren Ventures Ltd.	0.859375%		
Brian Smith	0.260417%		
Donald D Spain	0.138889%		
Grace H Bunting	0.034722%		
Karen Badgett	0.052083%		

Tract 3 - VB-2479 - N/2 of Section 12				
WI Percentage				
100%				
Tract 4 - VC-0557 - SE/4 of Section 12				
WI Percentage				
100%				

Unit Capitulation				
Owner	WI			
Permian Resources Operating, LLC	56.9233427%			
XTO Holdings, LLC	24.9812641%			
Northern Oil and Gas, Inc.	12.750854%			
Desert Rock Resources, LLC	0.1387849%			
Malaga Royalty,LLC	0.9977517%			
Magic Dog Oil & Gas Ltd.	0.124906%			
Mary Helen Energy LLC	0.2079690%			
MRC Permian Company	3.5390082%			
Warren Ventures Ltd.	0.2146827%			
Brian Smith	0.0650554%			
Donald D Spain	0.0346962%			
Grace H Bunting	0.0086740%			
Karen Badgett	0.0130111%			
TOTAL	100.000000%			

Permian Resources Operating, LLC Case No. 23883 Exhibit A-4



300 N. MARIENFELD STREET, SUITE 1000 MIDLAND, TX 79701

August 25, 2023

Via Certified Mail

XTO Holdings, LLC 22777 Springwoods Village Parkway Spring, TX 77389-1425

# RE: Well Proposals – King Eider 12 State Com & King Eider 12 Fed Com Sections 1 & 12, T20S-R35E Lea County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), as Operator, hereby proposes the drilling and completion of the following (4) wells, the King Eider 12 State Com Well & the King Eider 12 Fed Com Wells at the following approximate locations within Township 20 South, Range 35 East, Lea County, NM:

# 1. King Eider 12 State Com 502H

SHL: 200' FSL & 2,085' FWL of Section 12 (or at a legal location within Unit N)
BHL: 100' FNL & 1,710' FWL of Section 1
FTP: 100' FSL & 1,710' FWL of Section 12
LTP: 100' FNL & 1,710' FWL of Section 1
TVD: 10,200'
TMD: 20,200'
Proration: E/2W/2 of Sections 1 & 12, T20S-R35E
Targeted Interval: 2<sup>nd</sup> Bone Spring
Total Cost: See attached AFE

# 2. King Eider 12 Fed Com 503H

SHL: 170' FSL & 1,005' FEL of Section 12 (or at a legal location within Unit P)
BHL: 100' FNL & 2,513' FEL of Section 1
FTP: 100' FSL & 2,486' FEL of Section 12
LTP: 100' FNL & 2,513' FEL of Section 1
TVD: 10,125'
TMD: 20,125'
Proration: W/2E/2 of Sections 1 & 12, T20S-R35E
Targeted Interval: 2<sup>nd</sup> Bone Spring
Total Cost: See attached AFE

# 3. King Eider 12 Fed Com 504H

SHL: 170' FSL & 975' FEL of Section 12 (or at a legal location within Unit P)
BHL: 100' FNL & 1,433' FEL of Section 1
FTP: 100' FSL & 1,406' FWL of Section 12
LTP: 100' FNL & 1,433' FEL of Section 1

Permian Resources Operating, LLC Case No. 23883 Exhibit A-5 TVD: 10,050' TMD: 20,050' Proration: W/2E/2 of Sections 1 & 12, T20S-R35E Targeted Interval: 2<sup>nd</sup> Bone Spring Total Cost: See attached AFE

# 4. King Eider 12 Fed Com 505H

SHL: 170' FSL & 945' FEL of Section 12 (or at a legal location within Unit P)
BHL: 100' FNL & 353' FEL of Section 1
FTP: 100' FSL & 330' FEL of Section 12
LTP: 100' FNL & 353' FEL of Section 1
TVD: 10,000'
TMD: 20,000'
Proration: E/2E/2 of Sections 1 & 12, T20S-R35E
Targeted Interval: 2<sup>nd</sup> Bone Spring
Total Cost: See attached AFE

All other locations, TVD, and target are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill this Well under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement will be provided upon request. The Operating Agreement will include the following general provisions:

- -100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the proposed AFE, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.400.1037 or by email at <u>travis.macha@permianres.com</u>.

Respectfully,

# PERMIAN RESOURCES OPERATING, LLC

Travis Macha NM Land Lead

Enclosures

Well Elections: (Please indicate your responses in the spaces below)				
Well(s)     Elect to Participate     Elect to <u>NOT</u> Participate				
King Eider 12 State Com 502H				
King Eider 12 Fed Com 503H				
King Eider 12 Fed Com 504H				
King Eider 12 Fed Com 505H				

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title:\_\_\_\_\_

Date: \_\_\_\_\_



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# Participate / Rejection Declaration

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- □ I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- □ I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Agreed this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by:

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name:	
---------------	--

Title:



300 N. MARIENFELD STREET, SUITE 1000 MIDLAND, TX 79701

Via Certified Mail

**OFFICE** 432.695.4222

FAX 432.695.4063

9/13/2023

XTO Holdings, LLC 22777 Springwoods Village Parkway Spring, TX 77389-1425

RE: King Eider 12 State Com and King Eider 12 Fed Com– 504H Correction Sections 1 & 12, T20S-R35E Lea County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), previously proposed the drilling and completion of the King Eider unit in Sections 1 and 12 of Township 20 South, Range 35 East. The purpose of this letter is to give notice of a correction as it relates to the First Take Point ("FTP") on the below captioned wells:

# 1. King Eider 12 Fed Com 504H

SHL: 170' FSL & 975' FEL of Section 12 (or at a legal location within unit P)
FTP: 100' FSL & 1,406' FEL of Section 12
LTP: 100' FNL & 1,433' FEL of Section 1
BHL: 100' FNL & 1,433' FEL of Section 1
Standard Spacing Unit: W/2E/2 of Section 1 & 12, T20S-R35E
TVD: 10,050'
TMD: 20,050'
Total Cost: See AFE in previous proposal packet

WHEREAS, the FTP of the captioned well contained an incorrect directional heading and is corrected herein above. Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 325.514.0211 or by email at mason.maxwell@permianres.com.

Respectfully,

Mason Maxwell Landman

# Permian Resources Operating, LLC 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701

Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

8.23.2023	AFE NO.:	1
King Eider 12 Fed Com 503H	FIELD: V	/C-025 G-06 S203511G;BONE SPRING
Sections 1 & 12, T20S-R35E	MD/TVD:	20,125' / 10,125'
Lea County, New Mexico	LATERAL LENGTH:	10,000'
	DRILLING DAYS:	19.6
SBSG	COMPLETION DAYS:	18.6
	King Eider 12 Fed Com 503H Sections 1 & 12, T20S-R35E Lea County, New Mexico	King Eider 12 Fed Com 503HFIELD:Sections 1 & 12, T20S-R35EMD/TVD:Lea County, New MexicoLATERAL LENGTH:DRILLING DAYS:

REMARKS:

install cost

INTANGIBLE COSTS 1 Land / Legal / Regulatory \$ 2 Location, Surveys & Damages	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
	54,351	-	37,500	91,851
	265,083	16,625	2,500	284,208
4 Freight / Transportation	43,826	40,284	25,000	109,110
5 Rental - Surface Equipment	114,402	198,221	105,000	417,624
6 Rental - Downhole Equipment	189,026	55,031		244,057
7 Rental - Living Quarters	44,244	50,131	-	94,375
10 Directional Drilling, Surveys	395,255	-		395,255
11 Drilling	693,647			693,647
12 Drill Bits	92,179			92,179
13 Fuel & Power	173,853	667,183		841,036
14 Cementing & Float Equip	223,875	-		223,875
15 Completion Unit, Swab, CTU	-		15,000	15,000
16 Perforating, Wireline, Slickline		361,754	10,000	361,754
17 High Pressure Pump Truck		113,434		113,434
18 Completion Unit, Swab, CTU		134,791		134,791
20 Mud Circulation System	96,811	134,791		96,811
		-	-	
21 Mud Logging	16,130	-		16,130
22 Logging / Formation Evaluation	6,690	7,673	-	14,363
23 Mud & Chemicals	332,951	403,207	10,000	746,158
24 Water	39,990	608,810	250,000	898,800
25 Stimulation	-	749,053	-	749,053
26 Stimulation Flowback & Disp	-	111,899	150,000	261,899
28 Mud / Wastewater Disposal	177,689	56,269	-	233,959
30 Rig Supervision / Engineering	111,522	122,769	21,667	255,958
32 Drlg & Completion Overhead	9,591	-	-	9,591
35 Labor	141,116	63,942	101,667	306,725
54 Proppant	-	1,155,029	-	1,155,029
95 Insurance	13,489	-	-	13,489
97 Contingency	-	22,472	3,833	26,305
99 Plugging & Abandonment	-	-	-	-
TOTAL INTANGIBLES >	3,235,720	4,938,578	722,167	8,896,465
	DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE COSTS	COSTS	COSTS	COSTS	COSTS
60 Surface Casing \$	112,477	-	- 5	5 112,477
61 Intermediate Casing	316,801	-	-	316,801
62 Drilling Liner	-	-	-	-
63 Production Casing	632,196	-	-	632,196
64 Production Liner	-	-	-	-
65 Tubing	-	-	140,000	140,000
66 Wellhead	59,645	-	40,000	99,645
67 Packers, Liner Hangers	13,556	-	20,000	33,556
68 Tanks	-	-	-	-
69 Production Vessels	-	-	45,833	45,833
70 Flow Lines			126,667	126,667
71 Rod string			66,667	66,667
72 Artificial Lift Equipment		-	90,000	90,000
72 Artificial Ent Equipment 73 Compressor	-	-		
	-	-	5,833	5,833
74 Installation Costs	-	-		-
75 Surface Pumps	-	-	61,667	61,667
76 Downhole Pumps	-	-		-
	-	-	116,667	116,667
77 Measurement & Meter Installation	-	-	-	-
78 Gas Conditioning/Dehydration	-	-	20,000	20,000
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping			-	-
78 Gas Conditioning/Dehydration	-	-		
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping	-		108,333	108,333
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping 80 Gathering/ Bulk Lines			108,333 43,333	
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping 80 Gathering/ Bulk Lines 81 Valves, Dumps, Controllers 82 Tank/ Facility Containment				43,333
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping 80 Gathering/ Bulk Lines 81 Valves, Dumps, Controllers	- - - - - -		43,333	43,333 16,667
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping 80 Gathering/ Bulk Lines 81 Valves, Dumps, Controllers 82 Tank / Facility Containment 83 Flare Stack 84 Electrical / Grounding			43,333 16,667	43,333 16,667 50,000
78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 80 Gathering / Bulk Lines 81 Valves, Dumps, Controllers 82 Tank / Facility Containment 83 Flare Stack 84 Electrical / Grounding 85 Communications / SCADA	- - - - - - - - -		43,333 16,667 50,000 36,667	108,333 43,333 16,667 50,000 36,667 833
78 Gas Conditioning/ Dehydration 79 Interconnecting Facility Piping 80 Gathering/ Bulk Lines 81 Valves, Dumps, Controllers 82 Tank / Facility Containment 83 Flare Stack 84 Electrical / Grounding	1,134,676		43,333 16,667 50,000	43,333 16,667 50,000 36,667

### PREPARED BY Permian Resources Operating, LLC:

	····· · · · · · · · · · · · · · · · ·			
Drilling Engineer: Completions Engineer: Production Engineer:	PS ML DC			
Permian Resources Operating, Ll	LC APPROVAL:			
Co-CEO		Co-CEO	VP - Operations	
VP - Land & Legal	WH	JW VP - Geosciences SO	_	CRM
NON OPERATING PARTNER A	APPROVAL:			
Company Name:		Working Interest (S	%):Tax ID:	
Signed by:		Da	te:	
Title:		Approv		No (mark one)
The costs on this AFE are estimates only and may not be construed	as ceilings on any specific item or the total cost o	of the project. Tubing installation approved under the AFE may be delayed :	up to a year after the well has been completed. In executing this AFE.	the Participant agrees to pay its

reportionale share of actual costs incurred, including, legal, curative, regulatory, roborage and well costs under the terms of the applicable big information approved under user at uney ce using the under the terms of the applicable big information agreement, regulatory or other agreement, regulatory or other agreement regulatory and well. Participants shall be covered by and billed proportionately for Operator control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

# Permian Resources Operating, LLC

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701

Phone (432) 695-4222 • Fax (432) 695-4063 ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8.23.2023	AFE NO.:	1
WELL NAME:	King Eider 12 Fed Com 504H	FIELD:	WC-025 G-06 S203511G;BONE SPRING
LOCATION:	Sections 1 & 12, T20S-R35E	MD/TVD:	20,050' / 10,050'
COUNTY/STATE:	Lea County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory \$	54,351	-	37,500	91,851
2 Location, Surveys & Damages	265,083	16,625	2,500	284,208
Freight / Transportation	43,826	40,284	25,000	109,110
5 Rental - Surface Equipment	114,402	198,221	105,000	417,624
6 Rental - Downhole Equipment	189,026	55,031	-	244,057
7 Rental - Living Quarters	44,244	50,131	-	94,375
10 Directional Drilling, Surveys	395,255	-	-	395,255
11 Drilling	693,647	-	-	693,647
12 Drill Bits	92,179	-	-	92,179
13 Fuel & Power	173,853	667,183	-	841,036
14 Cementing & Float Equip	223,875	-	-	223,875
15 Completion Unit, Swab, CTU	-	-	15,000	15,000
16 Perforating, Wireline, Slickline	-	361,754	-	361,754
17 High Pressure Pump Truck	-	113,434	-	113,434
18 Completion Unit, Swab, CTU	-	134,791	-	134,791
20 Mud Circulation System – 21 Mud Logging –	96,811	-		96,811 16,130
	16,130 6,690	-	-	
22 Logging / Formation Evaluation 23 Mud & Chemicals	332,951	7,673 403,207		14,363 746,158
23 Mud & Chemicais	39,990	608,810	250,000	898,800
25 Stimulation	39,990	749,053	250,000	749,053
26 Stimulation Flowback & Disp		111,899	150,000	261,899
28 Mud / Wastewater Disposal	177,689	56,269	156,666	233,959
30 Rig Supervision / Engineering	111,522	122,769	21,667	255,958
32 Drlg & Completion Overhead	9,591	-	-	9,591
35 Labor	141,116	63,942	101,667	306,725
54 Proppant	-	1,155,029	-	1,155,029
95 Insurance	13,489	-		13,489
97 Contingency		22,472	3,833	26,305
99 Plugging & Abandonment	-	-	-	-
TOTAL INTANGIBLES >	3,235,720	4,938,578	722,167	8,896,465
	DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE COSTS	COSTS	COSTS	COSTS	COSTS
60 Surface Casing \$	T12,477	-	- 3	5 112,477
61 Intermediate Casing	316,801	-	-	316,801
62 Drilling Liner	-	-	-	-
63 Production Casing	632,196	-	-	632,196
64 Production Liner	-	-	-	-
65 Tubing	-	-	140,000	140,000
66 Wellhead				
	59,645	-	40,000	
67 Packers, Liner Hangers	59,645 13,556	-	40,000 20,000	99,645 33,556
67 Packers, Liner Hangers 68 Tanks			20,000	33,556
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels			20,000 - 45,833	33,556 - 45,833
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines	13,556	- - - - -	20,000 	33,556 - - 45,833 126,667
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string	13,556 - -	- - - - - - - -	20,000 - - - - - - - - - - - - - - - - -	33,556 - - 45,833 
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment	13,556 - -	- - - - - - - - - - - - -	20,000 - - - - - - - - - - - - - - - - -	33,556 - - 45,833 126,667 66,667 90,000
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 - - - - - - - - - - - - - - - - -	33,556
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 - - 45,833 126,667 - 66,667 - 90,000 - 5,833	33,556 - - 45,833 - 126,667 - - 90,000 - - - - -
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 - - - - - - - - - - - - - - - - -	33,556 - - 45,833 - 126,667 - - 90,000 - - - - -
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 	33,556 45,833 126,667 66,667 90,000 5,833 - - 61,667
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 - - 45,833 126,667 - 66,667 - 90,000 - 5,833	33,556 45,833 126,667 66,667 90,000 5,833 - - 61,667
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 	33,556 
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 	33,556 - - 45,833 126,667 66,667 90,000
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 80 Gathering / Bulk Lines	13,556 - -		20,000 45,833 126,667 66,667 90,000 5,833 61,667 116,667 - 20,000 -	33,556 
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 30 Gathering / Bulk Lines 81 Valves, Dumps, Controllers	13,556 - -		20,000 - 45,833 126,667 - 90,000 - 5,833 - 61,667 - - - - - - - - - - - - - - - - - -	33,556 45,833 126,667 66,667 90,000 5,833 - 61,667 - 116,667 - 20,000 - 108,333
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 80 Gathering / Bulk Lines 81 Valves, Dumps, Controllers 82 Tank / Facility Containment	13,556 - -		20,000 - - - - - - - - - - - - - - - - -	33,556 
57 Packers, Liner Hangers 58 Tanks 59 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 30 Gathering / Bulk Lines 31 Valves, Dumps, Controllers 32 Tank / Facility Containment 33 Flare Stack	13,556 - -		20,000 - 45,833 126,667 66,667 90,000 5,833 61,667 - 116,667 - - - - - - - - - - - - - - - - - -	33,556 
57 Packers, Liner Hangers         58 Tanks         59 Production Vessels         70 Flow Lines         71 Rod string         72 Artificial Lift Equipment         73 Compressor         74 Installation Costs         75 Surface Pumps         76 Downhole Pumps         77 Measurement & Meter Installation         78 Gas Conditioning / Dehydration         79 Interconnecting Facility Piping         80 Gathering / Bulk Lines         81 Valves, Dumps, Controllers         82 Tank / Facility Containment         83 Flare Stack         84 Electrical / Grounding	13,556 - -		20,000 - 45,833 126,667 66,667 90,000 5,833 61,667 - - 20,000 - - - 108,333 43,333 16,667 50,000	33,556 
57 Packers, Liner Hangers         58 Tanks         59 Production Vessels         59 Production Vessels         70 Flow Lines         71 Rod string         72 Artificial Lift Equipment         73 Compressor         74 Installation Costs         75 Surface Pumps         76 Downhole Pumps         77 Measurement & Meter Installation         78 Gas Conditioning / Dehydration         79 Interconnecting Facility Piping         80 Gathering / Bulk Lines         81 Valves, Dumps, Controllers         82 Tank / Facility Containment         83 Flare Stack         84 Electrical / Grounding         85 Communications / SCADA	13,556 - -		20,000 - - - - - - - - - - - - - - - - -	33,556 
67 Packers, Liner Hangers 68 Tanks 69 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 80 Gathering / Bulk Lines 81 Valves, Dumps, Controllers 82 Tank / Facility Containment 83 Flare Stack 84 Electrical / Grounding 85 Communications / SCADA 86 Instrumentation / Safety			20,000 - - - - - - - - - - - - - - - - -	33,556 
67 Packers, Liner Hangers 68 Tanks 69 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compressor 74 Installation Costs 75 Surface Pumps 76 Downhole Pumps 77 Measurement & Meter Installation 78 Gas Conditioning / Dehydration 79 Interconnecting Facility Piping 80 Gathering / Bulk Lines 81 Valves, Dumps, Controllers 82 Tank / Facility Containment 83 Flare Stack 84 Electrical / Grounding 85 Communications / SCADA 86 Instrumentation / Safety TOTAL TANGIBLES >	13,556 - -	- - - - - - - - - - - - - - - - - - -	20,000 - - - - - - - - - - - - - - - - -	333,5 45,8 126,6 66,6 90,0 5,8 - 61,6 - 116,6 - 20,0 - 108,3 108,3 108,3 108,3 108,3 105,6 50,0 36,6 8 2,123,6 - -
57 Packers, Liner Hangers         58 Tanks         59 Production Vessels         70 Flow Lines         71 Rod string         72 Artificial Lift Equipment         73 Compressor         74 Installation Costs         75 Surface Pumps         76 Downhole Pumps         77 Measurement & Meter Installation         78 Gas Conditioning / Dehydration         79 Interconnecting Facility Piping         80 Gathering / Bulk Lines         81 Valves, Dumps, Controllers         82 Tank / Facility Ocntainment         33 Flare Stack         44 Electrical / Grounding         55 Communications / SCADA         66 Instrumentation / Safety			20,000 - - - - - - - - - - - - - - - - -	33,55 45,88 126,66 66,66 90,00 5,88 - - - - - - - - - - - - -

## PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer: Completions Engineer: Production Engineer:	PS ML DC		
Permian Resources Operating, LL	C APPROVAL:		
Co-CEO	WH	Co-CEOJW	VP - Operations
VP - Land & Legal	BG	VP - Geosciences SO	
NON OPERATING PARTNER A	PPROVAL:		
Company Name:		Working Interest (%):	Tax ID:
Signed by:		Date:	
Title:		Approval:	Yes No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

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# King Eider – Chronology of Communication

\*Note – All communications with non-op owners included information on the near-term expiration of New Mexico SLO lease being located in Section 12: SE/4, T20S-R35E, expiring January 1, 2024.

August 25, 2023 – Initial King Eider Well proposals across the E2W2 and E2 of Sections 1 & 12 of T20S-R35E sent (Successful W2W2 King Eider test well drilled in 2022)

- August 29, 2023 Correspondence with Warren Ventures
- August 31, 2023 Correspondence with XTO Holdings LLC & Desert Rock

September 5, 2023 - Correspondence with XTO Holdings & Magic Dog

- September 11, 2023 Correspondence with Northern Oil & Gas
- September 13, 2023 Permian sends FTP correction letter for King Eider Fed Com 504H
- September 14, 2023 Correspondence with Northern Oil & Gas & Mary Helen Energy
- September 18, 2023 Correspondence with XTO Holdings
- September 20, 2023 Correspondence with XTO Holdings
- October 5, 2023 Correspondence with XTO Holdings
- October 15, 2023 Correspondence with XTO Holdings

October 25, 2023 - Correspondence with Northern Oil & Gas

Permian Resources Operating, LLC Case No. 23883 Exhibit A-6

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

# APPLICATION OF PERMIAN RESOURCES, OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23883

# SELF-AFFIRMED STATEMENT OF IRA BRADFORD

I am a geologist 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 geology were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced cases.

3. **Exhibit B-1** is a regional locator map that identifies the King Eider project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing unit that is the subject of this application.

4. **Exhibit B-2** is a cross section location map for the proposed horizontal spacing unit ("Unit") within the Bone Spring formation. The location of the proposed unit is outlined in blue and the proposed wellbores are represented by dashed black arrows. Existing producing wells in the targeted interval are represented by solid orange lines. This map identifies the cross-section running from A-A' with the cross-section wells name and a black line in proximity to the proposed Wells. The individual spacing units are outlined in blue boxes and are identified with their respective case numbers.

Permian Resources Operating, LLC Case No. 23883 Exhibit B Released to Imaging: 10/31/2023 10:09:11 AM

5. **Exhibit B-3** is a Subsea Structure map on the Bone Spring in TVD subsea with a contour interval of 50 ft. The map identified the approximate wellbore paths for the King Eider 12 Fed Com 503H & 504H with an orange dashed line. It also identifies the location of the cross-section running from A-A' in proximity to the proposed Wells. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the west in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

6. **Exhibit B-4** is a stratigraphic cross-section from A to A' using the representative wells identified on Exhibit B-2. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from north to south and is flattened on the Top of the Wolfcamp Formation. The proposed landing zone for the Wells is labeled on the exhibit. The approximate well-path for the proposed Wells is indicated by an orange dashed lines to be drilled from south to north across the units. This cross-section demonstrates the target intervals are continuous across the Unit.

7. **Exhibit B-5** is a gun barrel diagram that shows the wells in the Bone Spring formation. The individual spacing units are outlined in blue boxes and are identified with their respective case numbers.

8. In my opinion, a stand up orientation for the Wells is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.

9. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Wells.

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10. In my opinion, the granting of Permian Resources' application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

11. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

12. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

Eider 12 Fed Com 503H and King Eider 12 Fed Com 504H wells

Íra Bradford

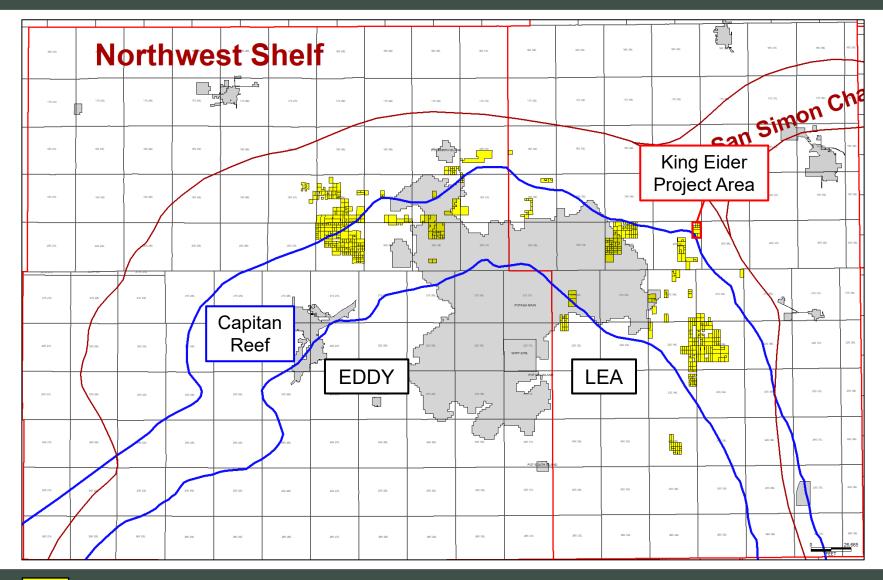
10/27/2023

Date

# Regional Locator Map King Eider 12 Fed Com

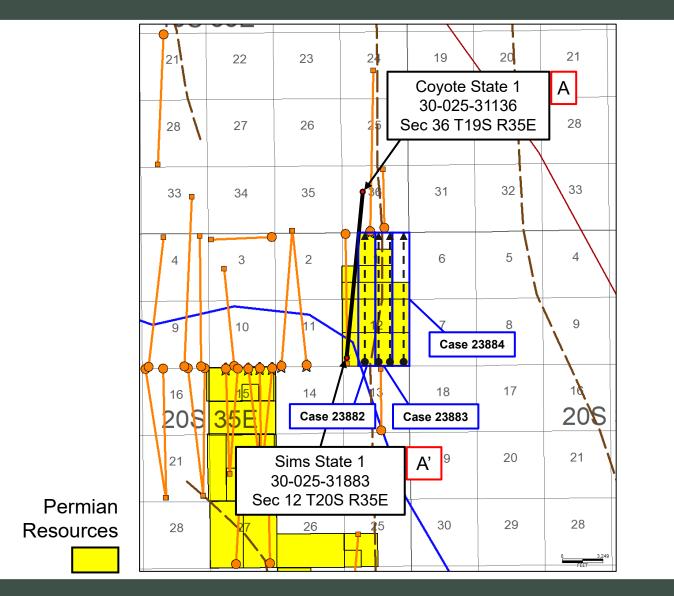
Permian Resources Operating, LLC Case No. 23883 Exhibit B-1

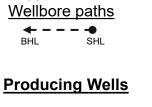




Cross-Section Locator Map King Eider 12 Fed Com Bone Spring Permian Resources Operating, LLC Case No. 23883 Exhibit B-2







SBSG BHL SHL

Approximate

Second Bone Spring – Structure Map King Eider 12 Fed Com

Permian Resources Operating, LLC Case No. 23883 **Exhibit B-3** 

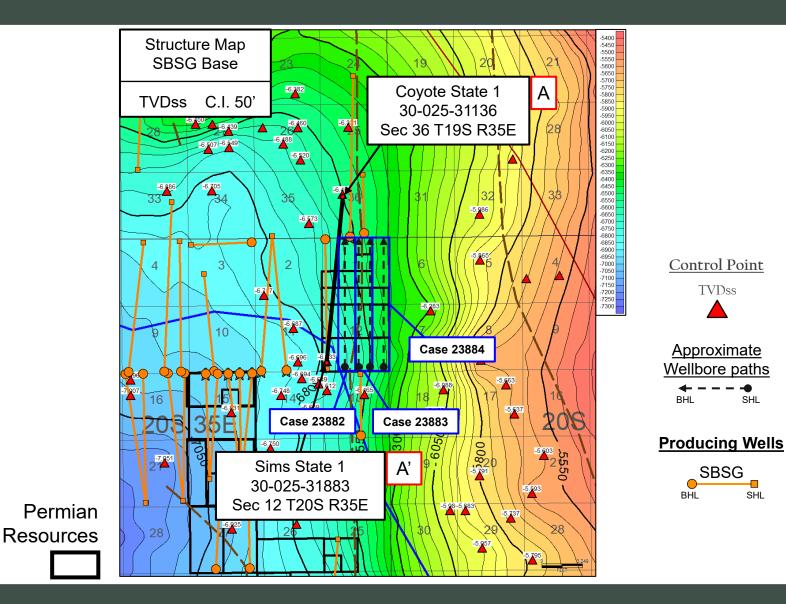


**TVDss** 

SBSG

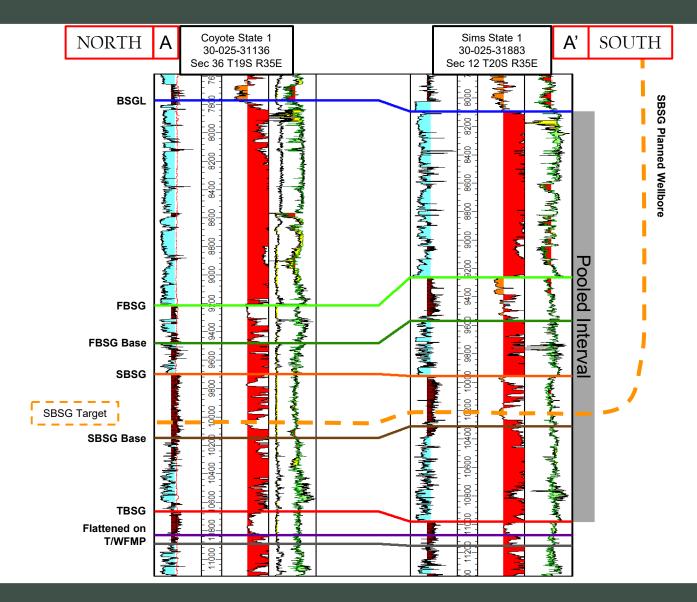
SHL

SHL



Stratigraphic Cross-Section A-A' King Eider 12 Fed Com Permian Resources Operating, LLC Case No. 23883 Exhibit B-4



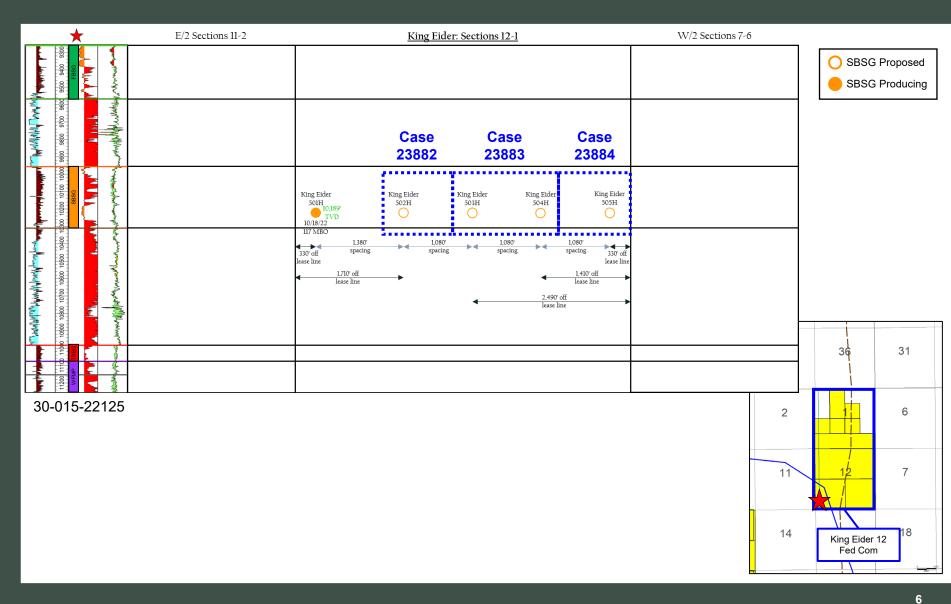


5

Gun Barrel Development Plan King Eider 12 Fed Com

Permian Resources Operating, LLC Case No. 23883 **Exhibit B-5** 





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

# APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23883

# SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Permian Resources Operating, LLC, the Applicant herein.

2. I am familiar with the Notice Letters attached as **Exhibit C-1** and caused each Notice Letter, along with the Application in this case, to be sent to the parties set out in the chart attached as **Exhibit C-2**.

3. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.

4. Copies of the certified mail green cards and white slips are attached as Exhibit C-3 as supporting documentation for proof of mailing and the information provided on Exhibit C-2.

5. On October 15, 2023, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit C-4**.

6. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/ Dana S. Hardy Dana S. Hardy October 26, 2023 Date

> Permian Resources Operating, LLC Case No. 23883 Exhibit C



# HINKLE SHANOR LLP

ATTORNEYS AT LAW P.O. BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

WRITER: Dana S. Hardy, Partner dhardy@hinklelawfirm.com

October 12, 2023

# <u>VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED</u>

# TO ALL PARTIES ENTITLED TO NOTICE

# Re: Case Nos. 23882 – 23884 – Applications of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **November 2, 2023,** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/) or via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please contact Mark Hajdik, Senior Staff Landman, Permian Resources, at (432) 257-3886, if you have questions regarding these matters.

Sincerely,

 /s/ Dana S. Hardy

 Dana S. Hardy

 Permian Resources Operating, LLC

 Case No. 23883

 Exhibit C-1

 7601 JEFFERSON ST NE · SUITE 180

 PO BOX 2068

PO BOX 10 ROSWELL, NEW MEXICO 88202 (575) 622-6510 FAX (575) 623-9332

7601 JEFFERSON ST NE · SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321 PO BOX 2068 SANTA FE, NEW MEXICO 87504 (505) 982-4554 FAX (505) 982-8623

Enclosure

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

# APPLICATIONS OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23882-84

# NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	<b>RETURN RECEIVED</b>
Desert Rock Resources, LP	10/12/23	10/23/23
PO Box 53713		
Midland, TX 79710		
MRC Permian Company	10/12/23	10/19/23
One Lincoln Centre		
5400 LBJ Freeway Ste 1500		
Dallas, TX 75240-1017		
Magic Dog Oil & Gas, Ltd.	10/12/23	10/26/23
PO Box 10708		
Midland, TX 79702		
Malaga Royalty, LLC	10/12/23	10/25/23
PO Box 2064		
Midland, TX 79702		
Mary Helen Energy, LLC	10/12/23	10/19/23
PO Box 80190		
Midland, TX 79708-0190		
Northern Oil & Gas, Inc.	10/12/23	10/23/23
4350 Baker Road, Suite 400		
Minnetonka, MN 55343		
Brian Smith	10/12/23	10/26/23
2802 W Bay Area Bld, Apt 2311		
Webster, TX 77598		Return to sender.
Warren Ventures, Ltd.	10/12/23	10/18/23
808 W Wall St		
Midland, TX 79701		
XTO Holdings, LLC	10/12/23	10/23/23
22777 Springwoods Village Parkway		
Spring, TX 77389-1425		



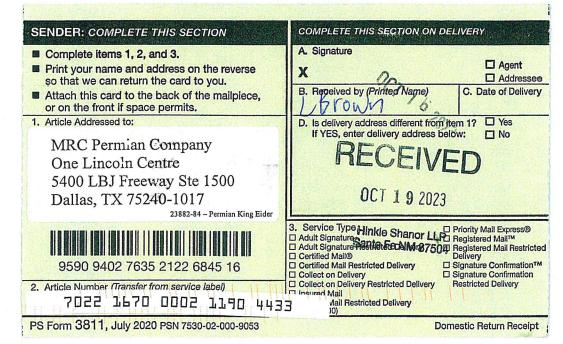
7022 1670 0002 1190 4440 PS Form 3811, July 2020 PSN 7530-02-000-9053

**Domestic Return Receipt** 

Permian Resources Operating, LLC Case No. 23883 Exhibit C-3

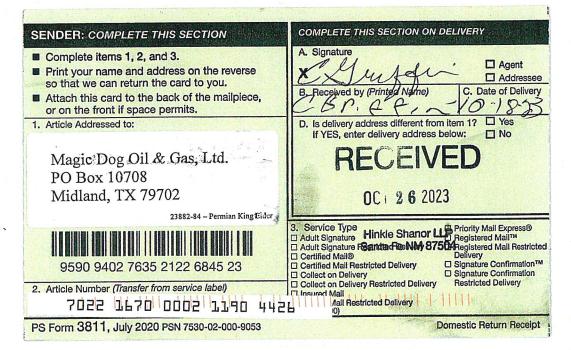
Received by OCD: 10/31/2023 9:21:48 AM

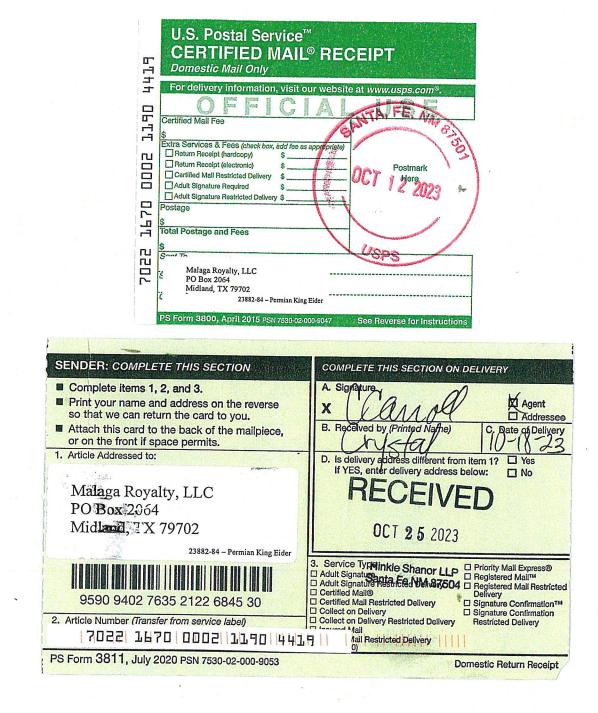




Released to Imaging: 10/31/2023 10:09:11 AM

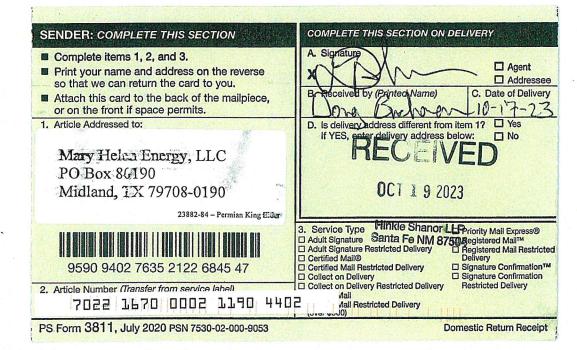




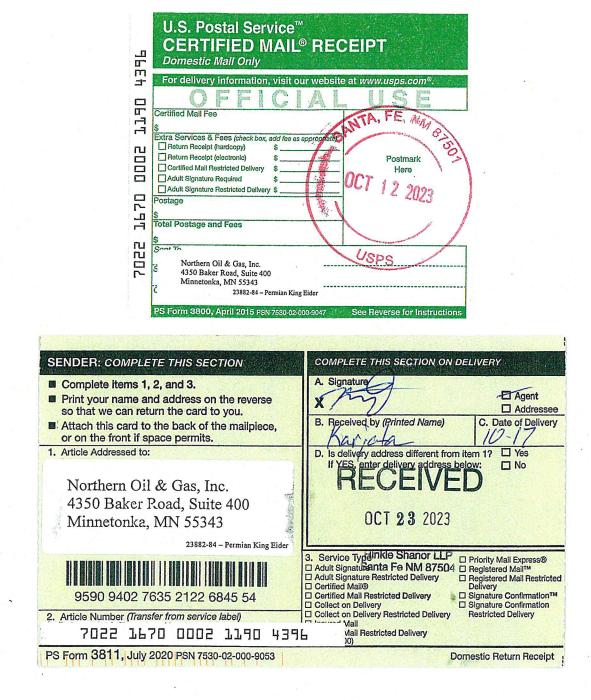


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Page 39 of 44



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U.S. Postal Service         CERTIFIED MAIL®         Domestic iMail Only         For delivery information, visit out         Certified Mail Fee         \$         Extra Services & Fees (check box, add fee as equilibrium Receipt (hardcopy)         Beturn Receipt (hardcopy)         Beturn Receipt (hardcopy)         Certified Mail Restricted Delivery         Certified Mail Restricted Delivery         Adult Signature Restricted Delivery         Adult Signature Restricted Delivery         Postage         \$         Total Postage and Fees         \$         Yarren Ventures, Ltd.         \$         Sos W Wall St         Midland, TX 79701         ¿         PS Form 38000, April 2015 PSN 7530-02-000	perpendiate perpendiate Postmark Here der
<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>1. Article Addressed to:</li> <li>Warren Ventures, Ltd. 808 W Wall St Midland, TX 79701</li> </ul>	A Signature X A Ward A Addressee B. Received by (Printed Name) Addressee D. Is delivery address different from item 12 Ves If YES, enter delivery address below: No RECEIVED OL 1 8 2023
23882-84 - Permian King Eider 9590 9402 7635 2122 6845 85 2. Article Number ( <i>Transfer from service label</i> ) 7022 1670 0002 1190 4365	3. Service Type Hinkle Shanor LLP Priority Mail Express® □ Adult Signature Santa Fe NM 8750 Registered Mail™ □ Adult Signature Restricted Delivery □ Certified Mail® Restricted Delivery □ Collect on Delivery Restricted Delivery □ Collect On Collect Restricted Delivery □ Collect On Collect Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053

Domestic Return Receipt

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Page 41 of 44

Certified Mail Fee Stra Services & Fees (check box, add f Return Receipt (hardcopy) \$ Return Receipt (hardcopy) \$ Return Receipt (letectronic) \$ Certified Mail Restricted Delivery \$ Adult Signature Required \$ Adult Signature Restricted Delivery \$ Postage \$ Sr-+ Tr. XTO Holdings, LLC 22777 Springwoods Village Parkwa Spring, TX 77389-1425 2 3382-84 - Permia PS Form 3800, April 2015 PSN 7630	IL® RECEIPT
SENDER: COMPLETE THIS SECTION	
<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailplece, or on the front if space permits.</li> <li>1. Article Addressed to:</li> <li>XTO Holdings, LLC 22777 Springwoods Village Parkway Spring, TX 77389-1425 23882-84 - Permian King Einer</li> </ul>	der
9590 9402 7635 2122 6845 78 2. Article Number (Transfer from service label) 7022 1670 0002 1190 4 PS Form 3811, July 2020 PSN 7530-02-000-9053	3. Service Type       Hinkle Shanor theriotty Mail Express®         △ Adult Signature       Santa Fe NM 875160istered Mail™         △ Adult Signature Restricted Delivery       Certified Mail®         ○ Certified Mail Restricted Delivery       Signature Confirmation         ○ Collect on Delivery       Signature Confirmation         ○ Collect on Delivery       Signature Confirmation         Mail       Mail         372       Mail         Bestricted Delivery       Delivery         Oblex       Delivery         Oblex       Signature Confirmation         Restricted Delivery       Signature Confirmation         Ball       Mail         Ball       Delivery         Domestic Return Receipt       Signature Receipt



# Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated October 15, 2023 and ending with the issue dated October 15, 2023.

Publisher

Sworn and subscribed to before me this 15th day of October 2023.

**Business Manager** 

My commission expires January 29, 2027 (Seal) STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made. 02107475

GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504 00283758

Permian Resources Operating, LLC Case No. 23883 Exhibit C-4

### LEGAL NOTICE October 15, 2023

This is to notify all interested parties, including XTO Holdings, LLC; Northern Oil & Gas, Inc.; Desert Rock Resources, LP: Malaga Royalty, LLC; Brian Smith; Magic Dog Oil & Gas, Ltd.; Mary Helen Energy, LLC; MRC Permian Company; Warren Ventures, Ltd.; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Permian Resources Operating, LLC (Case No. 23883). The hearing will be conducted remotely on November 2, 2023, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: https://www.emnrd.nm.gov/ocd/hearing-info/. Applicant applies for an order pooling all uncommitted Interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Sections 1 and 12, Township 20 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the King Eider 12 Fed Com 503H and King Eider 12 Fed Com 504H wells ("Wells"), which will be drilled from surface hole locations in the SE/4 SE/4 (Unit P) of Section 12 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 1. The completed interval of the Wells will be unorthodox. Also to be considered will be the cost of drilling and completing the Wells, and a 200% charge for the risk involved in of Applicant as operator of the Wells are located approximately 18 miles southwest of Hobbs, New Mexico.