

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

**APPLICATION OF EARTHSTONE
PERMIAN, LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Earthstone Permian, LLC (“Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 14 and the W/2 NE/4 of Section 23, Township 21 South, Range 34 East, Lea County, New Mexico (“Unit”). In support of its application, Applicant states the following.

1. Earthstone Permian, LLC is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Outland 14-23 State Com 123H** and **Outland 14-23 State Com 133H** wells (“Wells”), which will be drilled from surface hole locations in the NW/4 NE/4 (Unit B) of Section 14 to bottom hole locations in the SW/4 NE/4 (Unit G) of Section 23.
3. The completed intervals of the Wells will be orthodox.
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.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect 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 Permian Resources Operating, LLC (OGRID No. 372165) 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 June 13, 2024, 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 Permian Resources Operating, LLC (OGRID No. 372165) 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 Earthstone Permian, LLC and
Permian Resources Operating, LLC*