

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC TO AMEND ORDER NO. R-
21104-E, EDDY COUNTY, NEW MEXICO.**

**CASE NO. _____
(formerly Case No. 23470)**

APPLICATION

Permian Resources Operating, LLC (“Applicant” or “Permian”) (OGRID No. 372165), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, to amend Order No. R-21104-E (the “Order”) to allow for a one-year extension for drilling the proposed initial well under the Order. In support of its application, Applicant states:

1. Division Order No. R-21104, entered on February 13, 2020 in Case No. 20860, and Order No. R-21104-A, entered on May 19, 2020 in Case No. 21257, created a 473.59-acre, more or less, standard horizontal spacing unit underlying the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated SPC Resources, LLC (“SPC”) as operator of the Unit.
2. Order Nos. R-21104 & 21104-A further pooled uncommitted interests in the Bone Spring formation (Esperanza; Bone Spring Pool (Pool Code 97755)) in the Unit and dedicated the Unit to the proposed initial **Barney #303H** well (formerly Barney 5-6 B3 3H well) (API No. 30-015-49106).
3. On April 12, 2021, the Division issued Order No. R-21104-B under Case No. 21574, pooling previously unidentified interest owners in the subject spacing unit.
4. In July 2021, the Division issued an emergency order suspending approval of SPC’s initial well in a nearby spacing unit over concerns involving the Carlsbad Brine Well Remediation

Area. The Division subsequently determined that drilling and completing wells near the Brine Well Remediation Area “poses a clear and immediate risk of harm to the stability of the [Carlsbad Brine Well] Cavity and the successful completion of the ongoing Carlsbad Brine Well remediation project[,]” and “to surface development and the groundwater aquifer overlying the Cavity.” *See* Order R-21888, ¶¶ 57-58; *see also* Division Application in Case No. 22472. As a result, the Division ordered the cessation of drilling and completion activities for wells within the vicinity of the Brine Well Remediation Area. *See generally* Order R-21888 and Case No. 22472.

5. On January 4, 2022, SPC applied in Case No. 22535 to Amend Order No. R-21104-B to extend the drilling deadlines until February 17, 2023 due to the Division’s suspension of drilling and completion activities.

6. After hearing, the Division issued Order No. R-21104-C on March 9, 2022, amending Order No. R-21104-B to extend the deadline to commence drilling until one year from the date SPC “receives notice that the Division has determined remediation of the Carlsbad Brine Well is complete and drilling and completion activities may resume.” *See* Order No. R-21104-C at ¶ 20.

7. SPC received notice from the Division that remediation of the Carlsbad Brine Well was complete and that drilling and completion activities could resume on July 7, 2022. *See* Notice of Resumption, dated July 7, 2022 in NMOCD Case No. 22535. Accordingly, Order No. R-21104-C changed the deadline to commence drilling an initial well under the Order to July 7, 2023.

8. On June 7, 2023, the Division issued Order No. R-21104-D under Case No. 23470, granting a one-year extension. On July 7, 2023, the Division also issued Order No. R-21104-E, correcting Paragraph 8 of Order No. R-21104-D to reflect the new deadline to commence drilling as July 7, 2024.

9. Permian has since acquired this property and seeks an additional one-year extension.

10. There is good cause for Applicant's request that the Order be amended to allow additional time to commence drilling the initial well under the Order.

11. Accordingly, Permian requests the deadline to commence drilling an initial well under Order No. R-21104, as amended, be extended for one year until July 7, 2025.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 11, 2024, and, after notice and hearing as required by law, the Division amend Order No. R-21104, as amended, to extend the time to commence drilling the proposed initial well until July 7, 2025.

Respectfully submitted,

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**ATTORNEYS FOR PERMIAN RESOURCES OPERATING,
LLC**

CASE _____: **Application of Permian Resources Operating, LLC to Amend Order No. R-21104-E, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Order No. R-21104-E (the "Order") to allow for a one-year extension for drilling the proposed initial well under the Order. Applicant seeks a drilling extension until July 7, 2025. The subject spacing unit created under the Order is comprised of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and is dedicated to the proposed initial **Barney #303H** well (API No. 30-15-49106). Portions of said area are located within the city limits of Carlsbad, New Mexico.