

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY
POOLING AND OVERLAPPING SPACING
UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC (“Applicant”) (OGRID No. 372165) applies for an order: (1) establishing a 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the S/2 N/2 of Sections 13 and 14, Township 20 South, Range 28 East, Eddy County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation underlying the 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 **Outback 13-14 Fed Com 132H** well (“Well”), which will be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 14.
3. The completed interval of the Well will be orthodox.
4. Due to a depth severance within the Unit, Applicant seeks to pool uncommitted interests from the top of the Third Bone Spring interval at a stratigraphic equivalent of approximately 7,988’ MD to the base of the Third Bone Spring interval at a stratigraphic equivalent of approximately 9,150’ MD as shown on the Yates-Federal #2 (API # 30-015-20970) well log.
5. The Unit will partially overlap with the spacing unit for the Government AC 13 Federal #005H Well (API No. 30-015-40880), which is located in the S/2 N/2 of Section 13,

Township 20 South, Range 28 East, and produces from the Russell; Bone Spring Pool (Code 52805).

6. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.

7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. 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 Well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 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 Well in the Unit;
- C. Approving the proposed overlapping spacing unit;
- D. Designating Permian Resources Operating, LLC as operator of the Unit and the Well to be drilled thereon;
- E. Authorizing Permian Resources Operating, LLC to recover its costs of drilling, equipping, and completing the Well;
- F. 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

- G. Imposing a 200% charge for the risk assumed by Permian Resources Operating, LLC in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

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