

**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, LEA 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 640-acre, more or less, standard, overlapping horizontal spacing unit comprised of the E/2 of Sections 23 and 26, Township 22 South, Range 34 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation. 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 **Tour Bus 23-26 Federal Com 603H** and **Tour Bus 23-26 Federal Com 604H** wells (“Wells”), which will be drilled from surface hole locations in the NE/4 NE/4 (Unit A) of Section 23 to bottom hole locations in the SW/4 SE4 (Unit O) of Section 26.
3. The completed intervals of the Wells will be unorthodox.
4. The completed interval of the Tour Bus 23-26 Federal Com 604H will be located within 330’ of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 23 and 26 to create a standard, 640-acre horizontal spacing unit.
5. The Unit will partially overlap with the spacing units for the Ring Neck 8817 26 Federal #004H (API No. 30-025-52614) and the Ring Neck 8817 26 Federal #005H (API No. 30-

025-52615), which are located in the W/2 E/2 and E/2 E/2 of Section 26, Township 22 South, Range 34 East, Lea County, and will produce from the Ojo Chiso; Bone Spring pool (Code 96553).

6. Applicant seeks to pool uncommitted interests from the top of the Third Bone Spring interval at a stratigraphic equivalent of approximately 10,983' TVD to the base of the Third Bone Spring interval at a stratigraphic equivalent of approximately 11,336' TVD as shown on the Ojo Chiso Federal #3 (API # 30-025-30733) well log.

7. 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.

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

9. 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 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 Wells in the Unit;
- C. Approving the proposed overlapping spacing unit;
- D. Designating Permian Resources Operating, LLC as operator of the Unit and the Wells to be drilled thereon;

- E. Authorizing Permian Resources Operating, LLC to recover its costs of drilling, equipping, and completing the Wells;
- 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 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*