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

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

CASE NO. 24499

EARTHSTONE OPERATING, LLC'S NOTICE OF AMENDED EXHIBITS

Earthstone Operating, LLC is submitting the attached amended exhibit packet, which includes the following amended exhibit: Exhibit A-2, which includes revised C-102s for the wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn McLean P.O. Box 2068 Santa Fe, NM 87504-2068

Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com

Counsel for Earthstone Operating, LLC

Released to Imaging: 7/23/2024 9:39:33 AM

CERTIFICATE OF SERVICE

I hereby certify that on July 23, 2024, I served a true and correct copy of the foregoing pleading on the following counsel of record by electronic mail:

Deana M. Bennett
Earl E. DeBrine, Jr.
Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
deana.bennett@modrall.com
earl.debrine@modrall.com
yarithza.pena@modrall.com
Attorneys for Marathon Oil Permian, LLC

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrankin@hollandhart.com
pmvance@hollandhart.com
Attorneys for ConocoPhillips in Case No. 24499

/s/ Dana S. Hardy
Dana S. Hardy

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

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

CASE NO. 24499

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Mason Maxwell				
A-1	Application & Proposed Notice of Hearing				
A-2	C-102s				
A-3	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, Parties to Pool, Unit Recapitulation				
A-4	Sample Well Proposal Letter & AFEs				
A-5	Chronology of Contact				
Exhibit B	Self-Affirmed Statement of Joseph Dishron				
B-1	Regional Locator Map				
B-2	Cross-Section Location Map				
B-3	Second Bone Spring Subsea Structure Map				
B-4	Third Bone Spring Subsea Structure Map				
B-5	Stratigraphic Cross-Section				
B-6	Gun Barrel Diagram				
Exhibit C	Self-Affirmed Statement of Dana S. Hardy				
C-1	Sample Notice Letters 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 May 21, 2024				

COMPULSORY POOLING APPLICA	ATION CHECKLIST
ALL INFORMATION IN THE APPLICATION MUST	BE SUPPORTED BY SIGNED AFFIDAVITS
Case: 24499	APPLICANT'S RESPONSE
Date: 7/25/24	AFFLICANT 3 RESPONSE
Applicant	Earthstone Permian, LLC
Designated Operator & OGRID (affiliation if applicable)	Permian Resources Operating, LLC (OGRID No. 372165)
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Earthstone Permian, LLC for Compulsory Pooling, Lea County,
case ritie.	New Mexico.
Entries of Appearance/Intervenors:	Marathon Oil Permian, LLC; ConocoPhillips
Well Family	Outland
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:	Grama Ridge; Bone Spring, NE Pool (Code 28435)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240 acres
Building Blocks:	quarter-quarter
Orientation:	North to South
Description: TRS/County	W/2 E/2 of Section 14 and the W/2 NE/4 of Section 23, Township 21 South,
, ,	Range 34 East, Lea County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes.
and is approval of non-standard unit requested in this	
application?	
Other Situations	
Depth Severance: Y/N. If yes, description	No.
Proximity Tracts: If yes, description	No.
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard)	
Well #1	Outland 14-23 State 123H (API # pending)
	SHL: 245' FNL & 1756' FEL (Unit B), Section 14, T21S-R34E
	BHL: 2540' FNL & 1980' FEL (Unit G), Section 23, T21S-R34E
	Completion Target: Second Bone Spring (Approx. 10,255' TVD)
Well #2	Outland 14-23 State 133H (API # pending)
	SHL: 245' FNL & 1789' FEL (Unit B), Section 14, T21S-R34E
	BHL: 2540' FNL & 990' FEL (Unit G), Section 23, T21S-R34E
	Completion Target: Third Bone Spring (Approx. 11,045' TVD)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit A-4
Requested Risk Charge	200%
Notice of Hearing	20070
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C-1, C-2, C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	LAHIDICOT
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract	
List (including lease numbers and owners) of Tracts subject to	
notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3

Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above &	
below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibits B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-5
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information prov	vided 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:	7/18/2024

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. 24499

SELF-AFFIRMED STATEMENT OF MASON MAXWELL

- 1. I am a landman with Permian Resources Operating, LLC ("Permian Resources"). Perman Resources recently acquired Earthstone Permian, LLC ("Earthstone"). 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 land matters were accepted and made a matter of record.
- 2. Copies of Earthstone's application and proposed hearing notice are attached as **Exhibit A-1**.
- 3. 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.
- 4. Earthstone seeks an order pooling 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").
 - 5. Earthstone is a working interest owner in the Unit.
- 6. 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

Earthstone Permian, LLC Case No. 24499 Exhibit A NW/4 NE/4 (Unit B) of Section 14 to bottom hole locations in the SW/4 NE/4 (Unit G) of Section 23.

- 7. The Wells will be completed in the Grama Ridge; Bone Spring, NE Pool (Code 28435).
 - 8. The completed intervals of the Wells will be orthodox.
 - 9. **Exhibit A-2** contains the C-102s for the Wells.
- 10. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Earthstone seeks to pool highlighted in yellow. All of the parties are locatable.
- 11. Earthstone 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-4** contains a sample well proposal letter that was sent to interest owners in the Wells. The estimated costs reflected on the AFEs 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, Earthstone 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-5**.
- 14. 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 (OGRID No. 372165) should be designated as operator of the Wells and the Unit.
- 15. 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.

- 16. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- In my opinion, the granting of Applicants' application would serve the interests of 17. conservation, the protection of correlative rights, and the prevention of waste.
- 18. 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.

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. 24499

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.

Earthstone Permian, LLC Case No. 24499 Exhibit A-1 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

Application of Earthstone Permian, LLC for Compulsory Pooling, Lea County, New Mexico.

Earthstone Permian, LLC ("Applicant") seeks 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"). Applicant seeks to dedicate the Unit 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. The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Permian Resources Operating, LLC as operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells

are located approximately 16 miles west of Eunice, New Mexico.

District I 1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazon Road, Artec, NM 87410 District IV 1220 S. St Francis Dr., NM 87505

Phone: (505) 476-3460 Fax (505) 476-3462

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

Revised August 1, 2011

Submit one copy to appropriate District Office

AMENDED REPORT

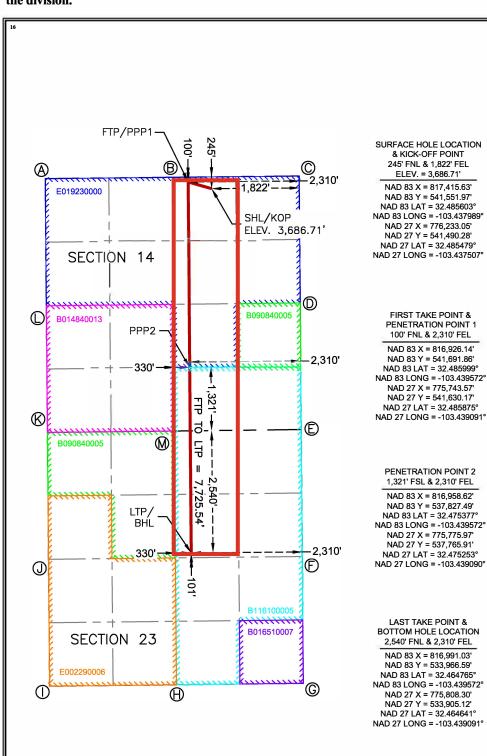
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	er ² Pool Code 28435		³ Pool Name Grama Ridge; Bone Sp	ring, NE	
⁴ Property Code		⁵ Property Name OUTLAND 14-23 STATE			
⁷ OGRID No. 372165		8 Operator Name PERMIAN RESOURCES OPERATING, LLC			

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
В	14	21 S	34 E		245'	NORTH	1,822'	EAST	LEA
A2 21	"Bottom Hole Location If Different From Surface								
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	23	21 S	34 E		2,540'	NORTH	2,310'	EAST	LEA
12 Dedicated Acres	12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.								
240									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION

I PERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	
Email Address	

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief best of my belief.

CORNER COORDINATES
NEW MEXICO EAST - NAD 83
A - IRON PIPE
N:541.760.59' E:813.954.29'
B - IRON PIPE
N:541,788.43' E:816,595.26'
C - IRON PIPE W/ BRASS CAP
N:541,815.84' E:819,235.17'
D - IRON PIPE W/ BRASS CAP
N:539,173.79' E:819,257.66'
E - IRON PIPE
N:536,533.22' E:819,279.56'
F - IRON PIPE
N:533,891.25' E:819,301.74'
G - IRON PIPE
N:531,251.78' E:819,322.79' H - IRON PIPF
N:531,220.60' E:816,683.90'
N:531.191.43' E:814.045.05'
J - IRON PIPE
N:533,832.34' E:814,022.42'
K - IRON PIPE
N:536.472.60' E:813.999.42'
L - IRON PIPE
N:539.115.88' E:813.976.44'
M - IRON PIPE
N:536.502.70' E:816.639.70'

Date: 4/25/2024 J. ML ME POPESIO

P.L.S. NO. 12177 MARK J. MURRAY

Released to Imaging: 7/23/2024 9:39:33 AM

Earthstone Permian, LLC

Case No. 24499

Exhibit A-2

District I 1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazon Road, Artec, NM 87410 District IV

Phone: (505) 476-3460 Fax (505) 476-3462

Section

14

Section

1220 S. St Francis Dr., NM 87505

UL or lot no.

B

UL or lot no.

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

Revised August 1, 2011

Submit one copy to appropriate District Office

AMENDED REPORT

LEA

WELL LOCATION AND ACREAGE DEDICATION PLAT

:53	WEED DO CHILOTY IN AD MICHEMOED DEDICATION TERM					
	¹ API Numbe	API Number ² Pool Code		³ Pool Name		
	28435		28435	Grama Ridge; Bone Spring, NE		
1	⁴ Property Code	⁵ Property Name ⁶ Well N				
			OUTLAND 14-23 STATE 123H			
1	⁷ OGRID No.	⁸ Operator Name ⁹ Elevation				
	372165	PERMIAN RESOURCES OPERATING, LLC 3,685.29'				

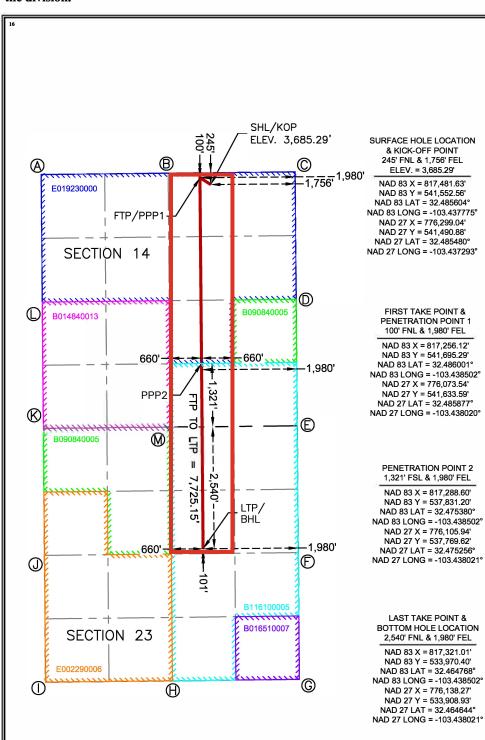
Surface Location North/South line Township Range Lot Idn Feet from the Feet from the East/West line County 1,756' 21 S 34 E 245' **NORTH EAST LEA** If Different "Bottom From Surface Hole Location North/South line East/West line Lot Idn Feet from the Feet from the Township Range County

NORTH

1,980'

2,540' 23 34 E 21 S G 12 Dedicated Acres ³ Joint or Infill 14 Consolidation Code Order No. 240

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION

EAST

I PERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date Printed Name Email Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief best of my belief.

CORNER COORDINATES
NEW MEXICO EAST - NAD 83
A - IRON PIPE
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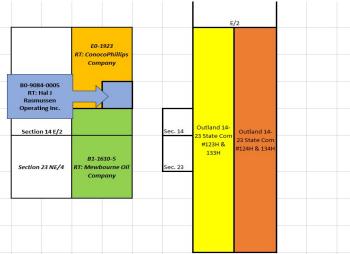
Date: 4/25/2024 J. M. ME ORESIO

> P.L.S. NO. 12177 MARK J. MURRAY

Released to Imaging: 7/23/2024 9:39:33 AM

Land Exhibit: Outland 14-23 State Com #123H & 133H

 $\mbox{W/2E/2}$ of Section 14 & $\mbox{W/2NE/4}$ of Section 23, T21S-R34E, Lea County, New Mexico



Owners to Pool In Yellow

	D	ocuments Se	ent			
Owner	Pooling?	Proposal	JOA	Com Agmt	Notes	
Permian Resources Operating, LLC/Earthstone Permian, LLC	N/A	N/A	N/A	N/A	N/A	
Marathon Oil Permian, LLC	Υ	N	N	Υ		
FR Energy, LLC	N	Υ	Υ	Υ	Executed all docs	
Marshall & Winston, Inc.	Υ	Υ	Υ	Υ		
ConocoPhillips Company		Υ	Υ	Υ	Executed all docs	
BEXP I MAC, LLC		Υ	Υ	Υ		
BEXP I OG, LLC		Υ	Υ	Υ		
Magnum Hunter Production, Inc.	Υ	Υ	Υ	Υ		
Red River Energy Partners, LLC		Υ	Υ	Υ	Executed all docs	
Southwest Royalties, Inc.		Υ	Υ	Υ	Executed all docs	
Timothy R. MacDonald	Υ	Υ	Υ	Υ		
Arcadia Exploration and Production Company	Υ	Υ	Υ	Υ	Unmarketable Title	

Leasenoid Ownersnip			
Owner	Section 14: NW/4NE/4		
Permian Resources Operating, LLC/Earthstone Permian, LLC	22.500000%		
Marathon Oil Permian, LLC	55.000000%		
FR Energy, LLC	11.250000%		
Marshall & Winston, Inc.	11.250000%		
	4 1 1 1 1 1 1 1 1 1		
Leasehold Ownership			
Owner	Section 14: SW/4NE/4		
Permian Resources Operating, LLC/Earthstone Permian, LLC	22.500000%		
Marathon Oil Permian, LLC	55.000000%		
FR Energy, LLC	11.250000%		
Marshall & Winston, Inc.	11.250000%		
Leasehold Ownership Owner	Section 14: NW/4SE/4		
	Section 14: NW/4SE/4		
ConocoPhillips Company	100.000000%		
Leasehold Ownership			
Owner	Section 14: SW/4SE/4		
Permian Resources Operating, LLC/Earthstone Permian, LLC	31.562500%		
BEXP I Mac, LLC	9.940000%		
BEXP I OG, LLC	7.560000%		
Magnum Hunter Production, Inc.	25.000000%		
Red River Energy Partners, LLC	6.250000%		
Southwest Royalties, Inc.	19.687500%		
Leasehold Ownership			
Owner	Section 23: NW/4NE/4		
Permian Resources Operating, LLC/Earthstone Permian, LLC	49.963542%		
Manager Hunter Bradustian Inc.	E0.0000001		

Owner	Section 25: 544/ HAL/H
Permian Resources Operating, LLC/Earthstone Permian, LLC	99.963542%
Timothy R. MacDonald	0.036458%
Unit Capitulation	
Owner	WI
Permian Resources Operating, LLC/Earthstone Pe	ermian, LLC 37.748264%
Marathon Oil Permian, LLC	18.333333%
FR Energy, LLC	3.750000%
Marshall & Winston, Inc.	3.750000%
ConocoPhillips Company	16.666667%
BEXP I Mac, LLC	1.656667%
BEXP I OG, LLC	1.260000%
Magnum Hunter Production, Inc.	12.500000%
Red River Energy Partners, LLC	1.041667%
Southwest Royalties, Inc.	3.281250%
Timothy R. MacDonald	0.012153%
TOTAL	100.000000%

Leasehold Ownership

50.000000%

0.036458%

Section 23: SW/4NE/4

Magnum Hunter Production, Inc.

Timothy R. MacDonald

Earthstone Permian, LLC Case No. 24499 Exhibit A-3



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

OFFICE 432.695.4222 **FAX** 432.695.4063

April 9, 2024

Via Certified Mail & Email

BEXP I, LP BEXP I MAC, LLC BEXP I OG, LLC 5914 W. Courtyard DR., Suite 340 Austin, TX 78730

RE: Correction to Proration Unit Outland 14_23 State Com – Well Proposals

Sections 14 & 23, T21S-R34E Lea County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC, as operator ("Permian"), previously proposed the drilling and completion of the following four (4) wells, the Outland 14 23 State Com wells. After further review, it was determined that there was an error in the Proration Unit of each well. Please refer to the updated proration unit for each well, as noted below:

1. Outland 14 23 State Com 123H

SHL: 200' FNL & 1,760' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 1,980' FEL of Section 23 FTP: 100' FNL & 1,980' FEL of Section 14 LTP: 2,540' FNL & 1,980' FEL of Section 23

TVD: Approximately 10,255' TMD: Approximately 18,510'

Proration Unit: W/2E/2 of Section 14 & W/2NE/4 of Section 23, T21S-R34E

Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

2. Outland 14 23 State Com 124H

SHL: 200' FNL & 1,727' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 660' FEL of Section 23 FTP: 100' FNL & 660' FEL of Section 14 LTP: 2,540' FNL & 660' FEL of Section 23

TVD: Approximately 10,255' TMD: Approximately 18,510'

Proration Unit: E/2E/2 of Section 14 & E/2NE/4 of Section 23, T21S-R34E

Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

3. Outland 14_23 State Com 133H

SHL: 200' FNL & 1,826' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 2,310' FEL of Section 23 FTP: 100' FNL & 2,310' FEL of Section 14

Earthstone Permian, LLC Case No. 24499 Exhibit A-4 LTP: 2,540' FNL & 2,310' FEL of Section 23

TVD: Approximately 11,045' TMD: Approximately 19,300'

Proration Unit: W/2E/2 of Section 14 & W/2NE/4 of Section 23, T21S-R34E

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

4. Outland 14_23 State Com 134H

SHL: 200' FNL & 1,793' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 990' FEL of Section 23 FTP: 100' FNL & 990' FEL of Section 14 LTP: 2,540' FNL & 990' FEL of Section 23

TVD: Approximately 11,045' TMD: Approximately 19,300'

Proration Unit: E/2E/2 of Section 14 & E/2NE/4 of Section 23, T21S-R34E

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.400.0188 or by email at mason.maxwell@permianres.com

Respectfully,

Mason Maxwell

Many Manuel

Landman

Enclosures



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

OFFICE 432.695.4222 **FAX** 432.695.4063

March 28, 2024

Via Certified Mail & Email

BEXP I, LP BEXP I MAC, LLC BEXP I OG, LLC 5914 W. Courtyard DR., Suite 340 Austin, TX 78730

RE: Outland 14_23 State Com – Well Proposals

Sections 14 & 23, T21S-R34E Lea County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC, as operator ("Permian"), hereby proposes the drilling and completion of the following four (4) wells, the Outland 14 23 State Com wells at approximate locations within Township 21 South, Range 34 East, Lea Co., NM:

1. Outland 14_23 State Com 123H

SHL: 200' FNL & 1,760' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 1,980' FEL of Section 23 FTP: 100' FNL & 1,980' FEL of Section 14 LTP: 2,540' FNL & 1,980' FEL of Section 23

TVD: Approximately 10,255' TMD: Approximately 18,510'

Proration Unit: W/2E/2 of Sections 14 & 23, T21S-R34E

Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

2. Outland 14_23 State Com 124H

SHL: 200' FNL & 1,727' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 660' FEL of Section 23 FTP: 100' FNL & 660' FEL of Section 14 LTP: 2,540' FNL & 660' FEL of Section 23

TVD: Approximately 10,255' TMD: Approximately 18,510'

Proration Unit: E/2E/2 of Sections 14 & 23, T21S-R34E

Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

3. Outland 14_23 State Com 133H

SHL: 200' FNL & 1,826' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 2,310' FEL of Section 23 FTP: 100' FNL & 2,310' FEL of Section 14 LTP: 2,540' FNL & 2,310' FEL of Section 23

TVD: Approximately 11,045' TMD: Approximately 19,300'

Proration Unit: W/2E/2 of Sections 14 & 23, T21S-R34E

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

4. Outland 14 23 State Com 134H

SHL: 200' FNL & 1,793' FEL of Section 14 (or at a legal location within Unit B)

BHL: 2,540' FNL & 990' FEL of Section 23 FTP: 100' FNL & 990' FEL of Section 14 LTP: 2,540' FNL & 990' FEL of Section 23

TVD: Approximately 11,045' TMD: Approximately 19,300'

Proration Unit: E/2E/2 of Sections 14 & 23, T21S-R34E

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement will be furnished upon request. The Operating Agreement has 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 432.400.0188 or by email at mason.maxwell@permianres.com

Respectfully,

Mason Maxwell

Many Macmel

Landman

Enclosures

Outland 14 23 State Com Elections:

Well Elections: (Please indicate your reponses in the space below)				
Well(s)	Elect to Participate	Elect <u>NOT</u> to Participate		
Outland 14_23 State Com 123H				
Outland 14_23 State Com 124H				
Outland 14_23 State Com 133H				
Outland 14_23 State Com 134H				

Company Name (II Applicable):
By:
Printed Name:
Date:
Date.

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 co LLC.	verage arranged by Permian Resources Operating					
	Agreed this day of	, 2024 by:					
-	any Name (If Applicable):						
Ву:		_					
Printe	d Name:	_					
Title:_							

Permian Resources Operating, LLC 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

DATE		F COSTS AND AUTHO	JAILATION FOR EXPEN		4
DATE: WELL NAME:	3.15.2024 Outland 14_23 State Com	123H		AFE NO.:	1
WELL NAME:	Section 14 & 23, T21S-R34			MD/TVD:	rama Ridge;Bone Spring 18,510'/10,255'
LOCATION:		<u> </u>		· -	
COUNTY/STATE:	Lea County, New Mexico			LATERAL LENGTH:	7,500'
Permian WI:	CRCC			DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	.11	. 44 -t AEE :11-	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG we install cost	ell and complete witr	1 44 stages. AFE include	s arilling, completions, fic	wback and Initial AL
		DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE	COSTS	COSTS	COSTS	COSTS	COSTS
1 Land/Legal/Regulatory	\$	48,916	-	-	\$ 48,916
2 Location, Surveys & Dama	iges	189,625	15,321		204,946
4 Freight / Transportation 5 Rental - Surface Equipmer	-	40,389 105,429	37,124 182,675	18,431 87,549	95,944 375,653
6 Rental - Downhole Equipmen		174,200	50,715	-	224,915
7 Rental - Living Quarters	=	40,774	46,199		86,973
10 Directional Drilling, Surv	veys	364,254			364,254
11 Drilling 12 Drill Bits	=	639,243 84,950			639,243 84,950
13 Fuel & Power	-	160,217	614,855		775,072
14 Cementing & Float Equip	,	206,316	-		206,316
15 Completion Unit, Swab, 0		-	-	13,824	13,824
16 Perforating, Wireline, Slic		-	333,381		333,381
17 High Pressure Pump Truc 18 Completion Unit, Swab, (-	104,537 124,219		104,537 124,219
20 Mud Circulation System	-	89,218	-		89,218
21 Mud Logging	-	14,865	-	-	14,865
22 Logging / Formation Eval	uation	6,165	7,071	-	13,236
23 Mud & Chemicals 24 Water	=	306,837	3/1,583	9,216	687,636
25 Stimulation	-	36,853	561,060 690,303	230,392	828,305 690,303
26 Stimulation Flowback &	Disp	-	103,123	138,235	241,358
28 Mud / Wastewater Dispos	_	163,753	51,856		215,609
30 Rig Supervision / Engine		102,775	113,140	13,824	229,739
32 Drlg & Completion Overl 35 Labor	head	8,839 130,048	58,927	13,824	8,839 202,799
54 Proppant	-	130,040	1,064,437	-	1,064,437
95 Insurance	-	12,431	-		12,431
97 Contingency	<u>_</u>	-	20,709		20,709
99 Plugging & Abandonmer	_	-	-	-	-
	TOTAL INTANGIBLES >	2,926,097	4,551,236	525,294	8,002,627
TANGIBLE (COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$	103,655	-		\$ 103,655
61 Intermediate Casing	· -	308,942	-		308,942
62 Drilling Liner	<u>_</u>	-	-		-
63 Production Casing 64 Production Liner	=	582,612			582,612
65 Tubing	-			129,020	129,020
66 Wellhead	=	54,967	-	36,863	91,830
67 Packers, Liner Hangers	-	12,493	-	18,431	30,924
68 Tanks	=	-	-	53,248	53,248
69 Production Vessels 70 Flow Lines	_			30,204	30,204
71 Rod string	-			- 30,204	- 30,204
72 Artificial Lift Equipment	-	-	-	82,941	82,941
73 Compressor		-	-	-	-
74 Installation Costs 75 Surface Pumps	_	-	-	51,198	51,198
76 Downhole Pumps	-				
77 Measurement & Meter In	stallation	-		27,647	27,647
78 Gas Conditioning/Dehy	_	-	-		-
79 Interconnecting Facility P	iping	-	-	18,431	18,431
80 Gathering / Bulk Lines 81 Valves, Dumps, Controlle	arc _	-		24,624 15,860	24,624 15,860
82 Tank / Facility Containme				6,864	6,864
83 Flare Stack	_	-	-	15,359	15,359
84 Electrical / Grounding	<u>_</u>	-	-	35,839	35,839
85 Communications / SCAD	A	-	-	10,240	10,240
86 Instrumentation / Safety	TOTAL TANGIBLES >	1,062,669	- 0	5,120 561,888	5,120 1,624,558
	TOTAL COSTS >	3,988,766	4,551,236	1,087,182	9,627,184
EPARED BY Permian Res		5,266,766	1,001,200	1,007,102	7,021,103
Drilling Enginee					
Completions Enginee					
Production Enginee	r: DC				
nian Resources Operatin	σ IIC APPROVAI:				
-	<u> </u>				
Co-CE		Co-C		VP - Opera	
VD Land b Lag	WH	VD. Conssion	JW		CRM
VP - Land & Leg	BG BG	VP - Geoscier	SO		
N OPERATING PARTNI	ER APPROVAL:				
			TAT 1: T		ID.
Company Name	e:		Working Interest (%):	Ta	ıx ID:
Signed by	y:		Date:		
Title			Approval:	Yes	No (mark one)
1111	·.		Approvai:	1 100	i vo (mark one)

Permian Resources Operating, LLC 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

DATE		r COSTS AND AUTHO	DRIZATION FOR EXPEN		
DATE:	3.15.2024	12211		AFE NO.:	1
WELL NAME:	Outland 14_23 State Com				rama Ridge;Bone Spring
LOCATION:	Section 14 & 23, T21S-R34	E		MD/TVD:	19,300'/11,045'
COUNTY/STATE:	Lea County, New Mexico			LATERAL LENGTH:	7,500'
Permian WI:	TTPO C			DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG	11 1 1 11	44 4 AFF: 1 1	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal TBSG w install cost	ell and complete with	n 44 stages. AFE include	es drilling, completions, flo	wback and Initial AL
		DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE (COSTS	COSTS	COSTS	COSTS	COSTS
1 Land / Legal / Regulatory	\$	48,916	-	-	\$ 48,916
2 Location, Surveys & Damag	ges	193,038	15,597	-	208,635
4 Freight / Transportation 5 Rental - Surface Equipment	. -	41,116 107,327	37,792 185,963	18,763 89,125	97,671 382,415
6 Rental - Downhole Equipm		177,336	51,628		228,964
7 Rental - Living Quarters	-	41,508	47,031		88,539
10 Directional Drilling, Surve	eys	370,811		-	370,811
11 Drilling	-	650,749	-	-	650,749
12 Drill Bits 13 Fuel & Power	-	86,479 163,101	625,922		86,479 789,023
14 Cementing & Float Equip	-	210,030	-	-	210,030
15 Completion Unit, Swab, C	TU	-	-	14,072	14,072
16 Perforating, Wireline, Slice		-	339,382	-	339,382
17 High Pressure Pump Truck 18 Completion Unit, Swab, C		-	106,419		106,419 126,455
20 Mud Circulation System	-	90,823	120,400		90,823
21 Mud Logging	-	15,132			15,132
22 Logging / Formation Evalu	ation	6,276	7,199		13,474
23 Mud & Chemicals	_	312,360	3/8,2/1	9,382	700,013
24 Water 25 Stimulation	-	37,516	5/1,159 702,729	234,539	843,215 702,729
26 Stimulation Flowback & I	Disp		104,979	140,723	245,702
28 Mud / Wastewater Disposa	-	166,700	52,789		219,490
30 Rig Supervision / Enginee		104,625	115,177	14,072	233,874
32 Drlg & Completion Overh	ead	8,998	-	-	8,998
35 Labor 54 Proppant	-	132,389	59,988 1,083,597	14,072	206,449 1,083,597
95 Insurance	-	12,655	-		12,655
97 Contingency	-	-	21,082	-	21,082
99 Plugging & Abandonment	_	-	-	-	-
	TOTAL INTANGIBLES >	2,977,886	4,633,158	534,749	8,145,794
TANGIBLE C	OCTC	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$	105,521	-	-	\$ 105,521
61 Intermediate Casing	-	314,503	-	-	314,503
62 Drilling Liner		-	-	-	-
63 Production Casing 64 Production Liner	-	593,099			593,099
65 Tubing	-			131,342	131,342
66 Wellhead	-	55,957	-	37,526	93,483
67 Packers, Liner Hangers	-	12,717	-	18,763	31,481
68 Tanks	-	-	-	54,207	54,207
69 Production Vessels 70 Flow Lines	-			30,747	30,747
71 Rod string	-			- 30,747	- 30,747
72 Artificial Lift Equipment	-	-	-	84,434	84,434
73 Compressor	-	-	-	-	
74 Installation Costs	-	-	-	52,120	52,120
75 Surface Pumps 76 Downhole Pumps	-	-			
77 Measurement & Meter Ins	tallation	-	-	28,145	28,145
78 Gas Conditioning/Dehyd	_	-	-	-	-
79 Interconnecting Facility Pi	ping	-	-	18,763	18,763
80 Gathering / Bulk Lines 81 Valves, Dumps, Controller	-	-	-	25,067	25,067
82 Tank / Facility Containme		-		16,145 6,987	16,145 6,987
83 Flare Stack	-	-	-	15,636	15,636
84 Electrical / Grounding	-	-	-	36,484	36,484
85 Communications / SCADA	1	-	-	10,424	10,424
86 Instrumentation / Safety	TOTAL TANGENING	-		5,212	5,212
	TOTAL TANGIBLES >	1,081,797	0	572,002	1,653,800
EPARED BY Permian Reso	TOTAL COSTS >	4,059,684	4,633,158	1,106,751	9,799,593
Drilling Engineer	: PS				
Completions Engineer					
Production Engineer					
nian Resources Operating	, LLC APPROVAL:				
Co-CEC		Co-C		VP - Opera	tions
	WH		JW		CRM
VP - Land & Lega	BG	VP - Geoscier	SO		
N OPERATING PARTNE	R APPROVAL:				
			Marking Inter-t (0/)	T	ıx ID:
Company Name	:		Working Interest (%):	1a	A 1D.
Signed by	:		Date:		
Title			Approval:	Yes	No (mark one)



Outland 14-23 – Chronology of Communication

March 28,	2024 –	Proposals	sent to	all Wo	orking	Interest	Parties 4 8 1

April 5, 2024 – Communicated with Timothy MacDonald regarding interest and JOA.

April 9, 2024 - Communicated with Southwest Royalties regarding interest in units and JOA

April 9, 2024 - Communicated with FR Energy, LLC regarding interest in units and JOA

April 9, 2024 – Sent JOA to Magnum Hunter Production, Inc.

April 11, 2024 – Correction to proration unit proposals sent to all Working Interest Parties

April 17, 2024 – Communicated with Red River Energy Partners about JOA and interest

April 29, 2024 - Communicated with Marshall & Winston, Inc. regarding interest in units

May 1, 2024 - Reached out to Southwest Royalties on potential deal for their interest

May 1, 2024 – Communicated with BEXP entities on their interest and JOA

May 1, 2024 - Received Marshall & Winstons executed AFE's

May 2, 2024 – Sent updated Exhibit "A" to JOA to Magnum Hunter Production, Inc.

May 29, 2024 – Received FR Energy, LLC's executed JOA

May 29, 2024 – Communicated with William Scott Ramsey regarding interest

June 27, 2024 – Received COP's executed JOA

July 9, 2024 – Sent Marathon JOA

Earthstone Permian, LLC Case No. 24499 Exhibit A-5

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 NOS. 24449 & 24500

SELF-AFFIRMED STATEMENT OF JOSEPH DISHRON

- 1. I am a Development Geologist with Permian Resources Operating, LLC ("Permian Resources"). Permian Resources recently acquired Earthstone Permian, LLC ("Earthstone"). 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")
 - 2. I am familiar with the geological matters that pertain to the above-referenced case.
- 3. **Exhibit B-1** is a regional locator map that identifies the Outland 14-23 State Com 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 approximate wellbore paths for the proposed **Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H,** and **Outland 14-23 State Com 134H** wells ("Wells") are represented by dashed lines. Existing producing wells in the targeted interval are represented by solid orange and solid red 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 spacing units are defined by blue boxes and are labeled with their respective case numbers.

Earthstone Permian, LLC Case No. 24499 Exhibit B Received by OCD: 7/23/2024 8:56:38 AM

Page 26 of 51

- 5. **Exhibit B-3** is a Subsea Structure map on the top of the Second Bone Spring Sand formation in TVD subsea with a contour interval of 100 ft. The map identifies the approximate wellbore paths for the proposed Wells with a black 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 stars. The map demonstrates the formation is gently dipping to the west-northwest 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 Subsea Structure map on the top of the Third Bone Spring Sand formation in TVD subsea with a contour interval of 100 ft. The map identifies the approximate wellbore paths for the proposed Wells with a black 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 stars. The map demonstrates the formation is gently dipping to the west-northwest in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.
- 7. **Exhibit B-5** 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 hung on the base of the Second Bone Spring Sand formation. The proposed landing zones for the Wells are labeled on the exhibit. The approximate well-paths for the proposed Wells are indicated by dashed lines with an arrow indicating the drill direction across the unit. This cross-section demonstrates the target intervals are continuous across the Unit.
- 8. **Exhibit B-6** is a gun barrel diagram that shows the proposed Wells in the Bone Spring formation.

9. 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.

10. 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.

11. In my opinion, the granting of Earthstone's application will serve the interests of

conservation, the protection of correlative rights, and the prevention of waste.

12. The exhibits attached hereto were either prepared by me or under my supervision

or were compiled from company business records.

13. 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.

Joseph B. Dishron

Joseph Dishron

7/18/2024

Date

Regional Locator Map

Earthstone Permian, LLC Case No. 24499 Exhibit B





Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H, and Outland 14-23 State Com 134H

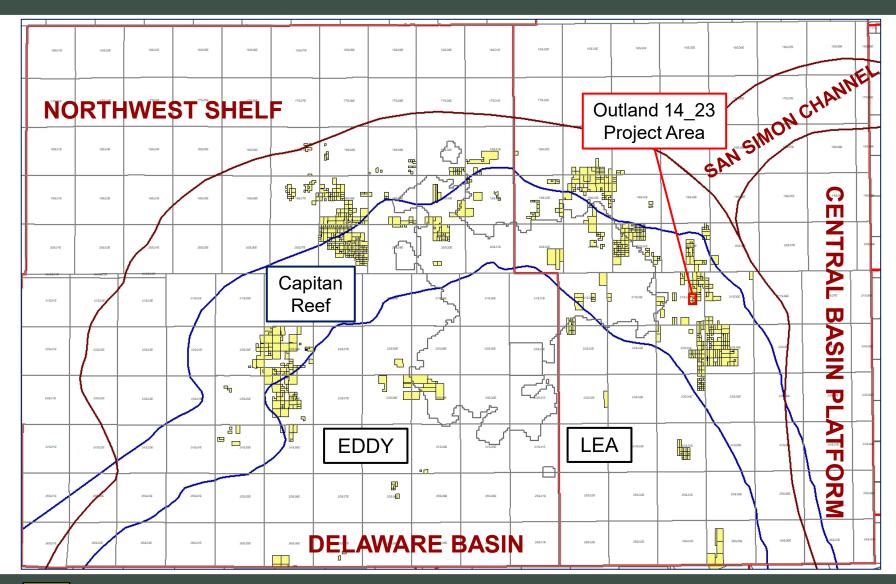


Exhibit B-2

Exhibit B-2



Cross-Section Locator Map

Received by OCD: 7/23/2024 8:56:38 AM

Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H, and Outland 14-23 State Com 134H



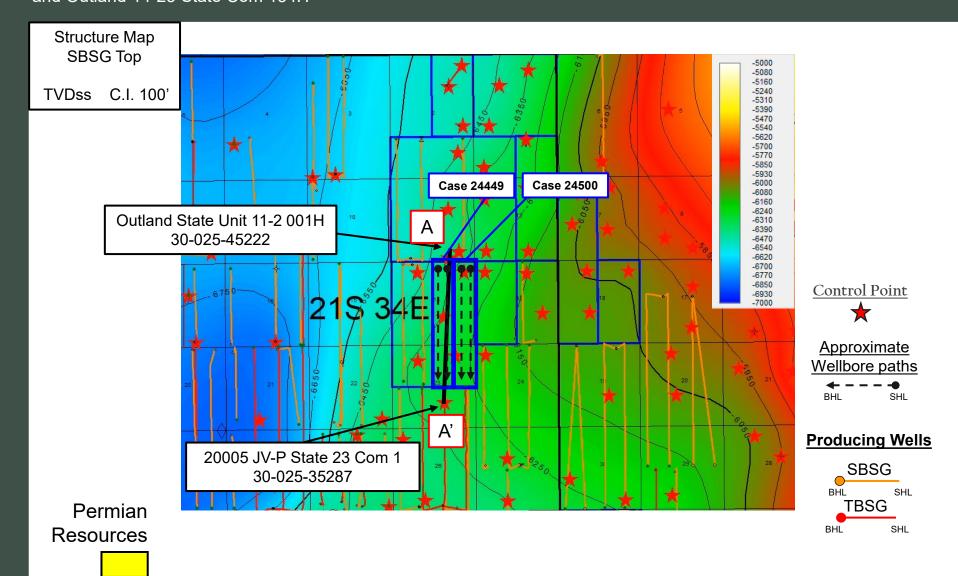
Received by OCD: 7/23/2024 8:56:38 AM
Second Bone Spring – Structure Map

Earthstone Permian, LLC
Case No. 24499
Exhibit B-3





Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H, and Outland 14-23 State Com 134H



Received by OCD: 7/23/2024 8:56:38 AM

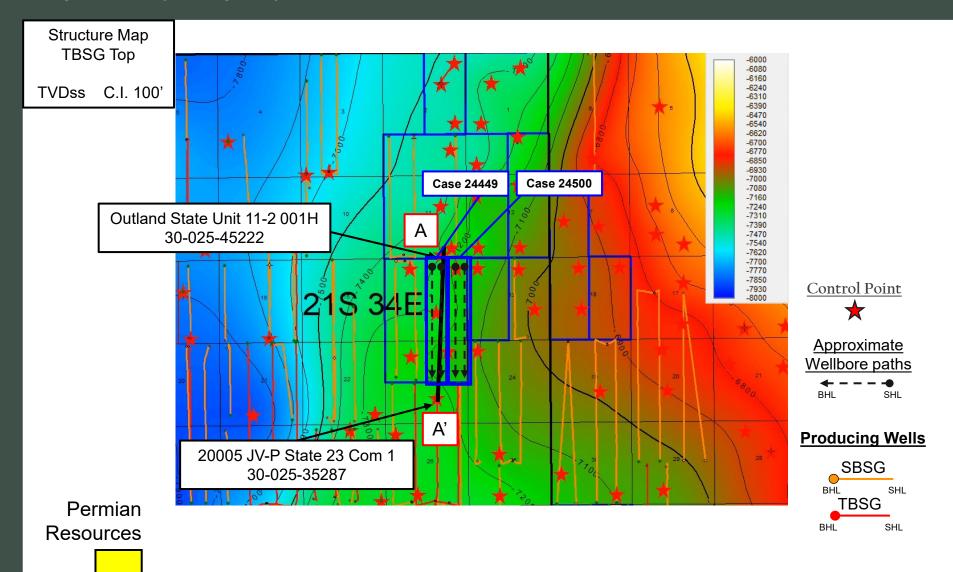
Third Bone Spring – Structure Map

Earthstone Permian, LLC Case No. 24499 Exhibit B-4





Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H, and Outland 14-23 State Com 134H



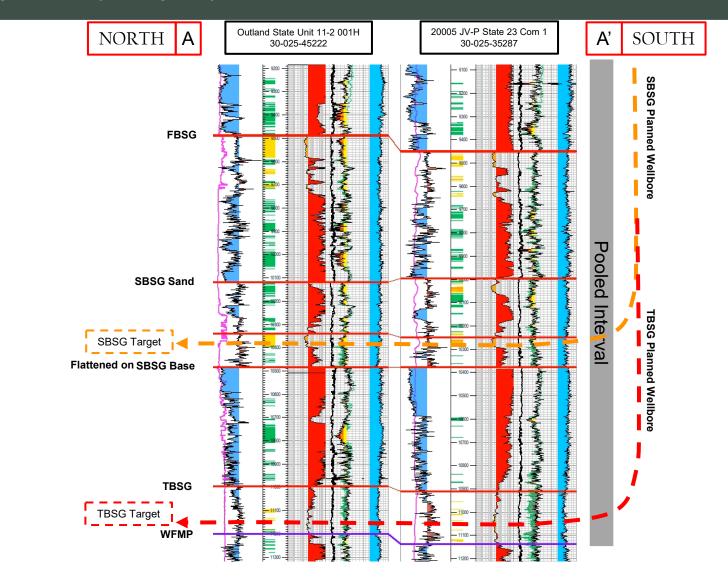
Earthstone Permian, LLC Case No. 24499 Exhibit B-5



Stratigraphic Cross-Section A-A'

Received by OCD: 7/23/2024 8:56:38 AM

Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H, and Outland 14-23 State Com 134H



Earthstone Permian, LLC Case No. 24499 Exhibit B-6



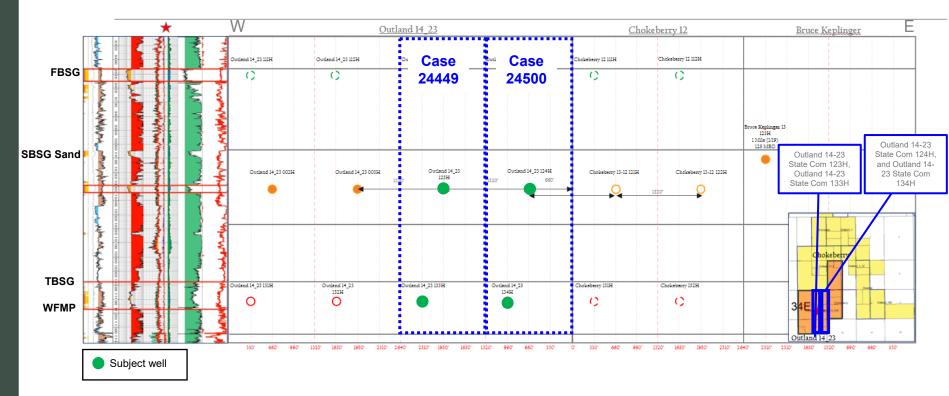


Gun Barrel Development Plan

Outland 14-23 State Com 123H, Outland 14-23 State Com 133H, Outland 14-23 State Com 124H, and Outland 14-23 State Com 134H

Lea: Outland 14 23 - Chokeberry





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. 24499

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Earthstone Permian, LLC, the

Applicant herein, and Permian Resources Operating, LLC.

2. I am familiar with the Notice Letters attached as **Exhibit C-1** and caused the Notice

Letters, 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 May 21, 2024, 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 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

handwritten next to my signature below.

/s/ Dana S. Hardy

Date

July 18, 2024

Dana S. Hardy

Earthstone Permian, LLC Case No. 24499

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

May 17, 2024

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

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 24499 – Application of Earthstone Permian, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **June 13, 2024**, beginning at 8:15 a.m.

The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, the instructions the **OCD** Hearings website: see posted on https://www.emnrd.nm.gov/ocd/hearing-info/. 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://www.apps.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.

If you have any questions about this application, please contact Mason Maxwell, New Mexico Landman, Permian Resources – 432-400-0188, mason.maxwell@permianres.com.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Earthstone Permian, LLC Case No. 24499 Exhibit C-1

Enclosure

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



HINKLE SHANOR LLP

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

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

June 21, 2024

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

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 24499 – Application of Earthstone Permian, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **July 25**, **2024**, beginning at 8:15 a.m.

The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, the instructions the **OCD** Hearings website: see posted on https://www.emnrd.nm.gov/ocd/hearing-info/. 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.

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If you have any questions about this application, please contact Mason Maxwell, New Mexico Landman, Permian Resources – 432-400-0188, mason.maxwell@permianres.com.

Sincerely,
/s/ Dana S. Hardy
Dana S. Hardy

Enclosure

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

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. 24499

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Arcadia Exploration & Production Co.	05/17/24	Per USPS Tracking
3811 Turtle Creek Blvd, Suite 1900		(Last checked 07/18/24):
Dallas, TX 75219		
		05/24/24 – Item in transit
DEVDIMACILO	05/17/24	to next facility.
BEXP I MAC, LLC	03/17/24	05/25/2024
5914 W. Courtyard Dr., Suite 340		
Austin, TX 78730 BEXP I OG, LLC	05/17/24	05/25/2024
5914 W. Courtyard DR., Suite 340	03/17/24	03/23/2024
Austin, TX 78730		
ConocoPhillips Company	05/17/24	05/28/2024
600 W. Illinois Ave.	03/17/24	03/26/2024
Midland, TX 79701		
FR Energy, LLC	05/17/24	05/28/2024
1106 Witte Rd, Suite 400	03/1//21	03/20/2021
Houston, TX 77055		
Timothy R. MacDonald	05/17/24	05/25/2024
3003 Paleo Point		
College Station, TX 77845		
Magnum Hunter Production, Inc.	05/17/24	05/23/2024
6001 Deauville Blvd, Suite 300N		
Midland, TX 79706		
Marathon Oil Permian, LLC	06/21/24	06/28/2024
990 Town & Country Blvd		
Houston, TX 77024		
Marshall & Winston, Inc.	05/17/24	05/25/2024
P.O. Box 50880		
Midland, TX 79710		
Red River Energy Partners	05/17/24	05/28/2024
P.O. Box 1149		
Covington, LA 70434		
Southwest Royalties, Inc.	05/17/24	05/25/2024
P.O. Box 53570		
Midland, TX 79710		

Earthstone Permian, LLC Case No. 24499 Exhibit C-2



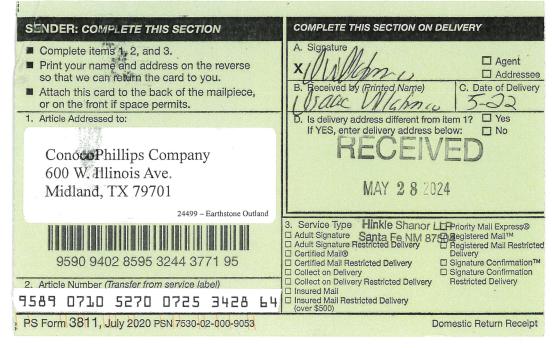


Earthstone Permian, LLC Case No. 24499 Exhibit C-3





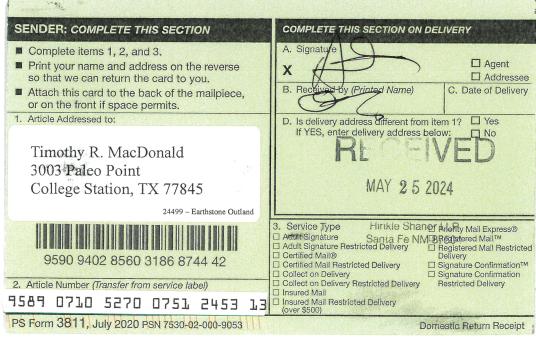


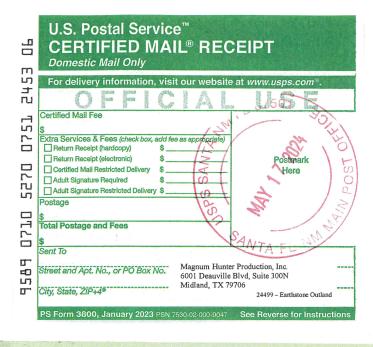










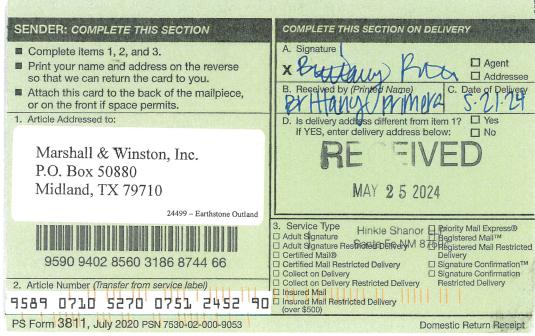




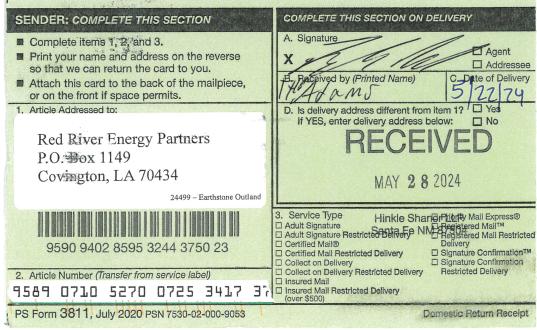


















ALERT: FLOODING AND SEVERE WEATHER IN THE SOUTHERN AND CENTR LU.S. M Y IMPA...

USPS Tracking®

FAQs >

Tracking Number:

Remove X

9589071052700751245320

Copy Add to Informed Delivery (https://informeddelivery.usps.com/)

Latest Update

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

Get More Out of USPS Tracking:

USPS Tracking Plus®

Delivered

Out for Delivery

Preparing for Delivery

Moving Through Network

In Transit to Next Facility

May 24, 2024

Departed USPS Regional Facility

DALLAS TX DISTRIBUTION CENTER May 20, 2024, 4:32 am

Arrived at USPS Regional Facility

DALLAS TX DISTRIBUTION CENTER May 19, 2024, 8:21 am

Departed USPS Facility

ALBUQUERQUE, NM 87101

Released to Imaging: 7/23/2024 9:39:33 AM

Feedback

May 17, 2024, 9:39 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 May 17, 2024, 9:01 pm

Hide Tracking History

What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)

Text & Email Updates	~
USPS Tracking Plus®	~
Product Information	~
See Less ^	
Track Another Package	
Enter tracking or barcode numbers	

Need More Help?

Contact USPS Tracking support for further assistance.

FAQs

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 May 21, 2024 and ending with the issue dated May 21, 2024.

Publisher

Sworn and subscribed to before me this 21st day of May 2024.

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.

LEGAL

LEGAL

LEGAL NOTICE May 21, 2024

This is to notify all interested parties, including Arcadia Exploration & Production Company; BEXP¹ MAC, LLC; BEXP¹ OG, LLC; CorocoPhillips Company; FR Energy, LLC; Timothy R. MacDonald; Magnum Hunter Production, Inc.; Marshall & Winston, Inc.; Red River Energy Partners; Southwest Royalties, Inc.; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Earthstone Permian, LLC (Case No. 24499). The hearing will be conducted on June 13, 2024, in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, see the instructions posted on the OCD Hearing we be site https://www.emnrd.nm.gov/ocd/hearing-info/. Earthstone Permian, LLC ("Applicant") seeks 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"). Applicant seeks to dedicate the Unit to the Outland 14-23 State Com 123H and Outland 14-23 state Com 123H wells ("Wells"), which will be drilled from surface hole locations in the NW/4 NE/4 (Unit B) of Section 23. The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Permian Resources Operating, LLC as operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 16 miles west of Eunice, New Mexico. #00290484

02107475

GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504 00290484

Earthstone Permian, LLC Case No. 24499 Exhibit C-4