# 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. 24500** 

# **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

# **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

/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. 24500** 

# **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 APPLICATION CHECKLIST						
ALL INFORMATION IN THE APPLICATION MUST	BE SUPPORTED BY SIGNED AFFIDAVITS					
Case: 24500	APPLICANT'S RESPONSE					
Date: 7/25/24						
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,					
	New Mexico.					
Entries of Appearance/Intervenors:	Marathon Oil Permian, LLC					
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	E/2 E/2 of Section 14 and the E/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 124H (API # pending)					
	SHL: 245' FNL & 1723' FEL (Unit B), Section 14, T21S-R34E					
	BHL: 2540' FNL & 660' FEL (Unit H), Section 23, T21S-R34E					
	Completion Target: Second Bone Spring (Approx. 10,255' TVD)					
Well #2	Outland 14-23 State 134H (API # pending)					
	SHL: 245' FNL & 1789' FEL (Unit B), Section 14, T21S-R34E					
	BHL: 2540' FNL & 990' FEL (Unit H), 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						
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						
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. 24500** 

# 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 E/2 E/2 of Section 14 and the E/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 dedicated to the **Outland 14-23 State Com 124H** and **Outland 14-23 State Com 134H** wells ("Wells"), which will be drilled from surface hole

Earthstone Permian, LLC Case No. 24500 Exhibit A Released to Imaging: 7/23/2024 10:23:06 AM

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locations in the NW/4 NE/4 (Unit B) of Section 14 to bottom hole locations in the SE/4 NE/4 (Unit H) 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 Applicant seeks to pool highlighted in yellow. All of the parties are locatable in that Applicant believes it located valid addresses for them.
- 11. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but have been unable to obtain voluntary agreements from all interest owners.
- 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, Applicant 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.

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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.

17. In my opinion, the granting of Applicants' application would serve the interests of 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.

corry Moximil

1/18/2024

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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. 24500** 

**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 E/2 E/2 of Section 14 and the E/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 124H** and **Outland 14-23 State Com 134H** 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 SE/4 NE/4 (Unit H) 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. 24500 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 E/2 E/2 of Section 14 and the E/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 124H** and **Outland 14-23 State Com 134H** 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 SE/4 NE/4 (Unit H) 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

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

1220 S. St Francis Dr., NM 87505

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

17 OPERATOR CERTIFICATION

In ore 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.

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

CORNER COORDINATES
NEW MEXICO EAST - NAD 83
A - IRON PIPE
N:541.760.59' E:813.954.29'
B - IRON PIPE

N:541,760.59: £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:531,251,78' E:819,322.79'
H - IRON PIPE
N:531,251,78' E:819,322.79'
H - IRON PIPE
N:531,120,60' E:816,683.90'
I - IRON PIPE
N:531,191,43' E:814,045.05'
J - IRON PIPE
N:531,332,34' E:814,022.42'

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'

me or under my supervision, and t the same is true and correct to the

Date

Signature

Printed Name

Email Address

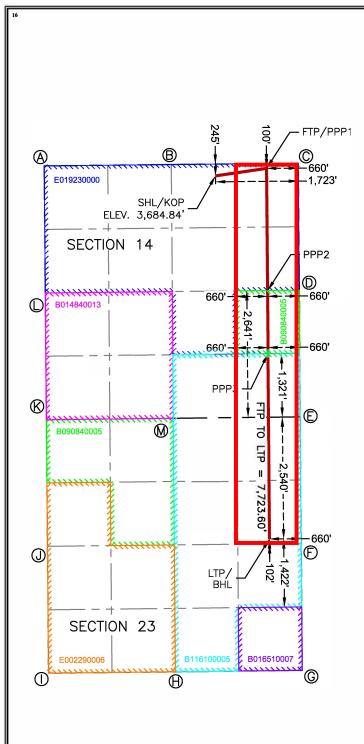
best of my belief.

# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code			
		28435	Grama Ridge; Bone Sp	ring, NE	
<sup>4</sup> Property Code		<sup>5</sup> Pr	operty Name	6 Well Number	
		OUTLAND 14-23 STATE			
7 OGRID No.		8 Operator Name			
372165		PERMIAN RESOURCES OPERATING, LLC			

Surface Location North/South line UL or lot no. Section Township Range Lot Idn Feet from the Feet from the East/West line County 1,723' B 14 21 S 34 E 245' **NORTH EAST LEA** "Bottom From Surface If Different Hole Location East/West line UL or lot no. Lot Idn Feet from the North/South line Feet from the Section Township Range County 660' 23 34 E 2,540' **NORTH EAST** H 21 S **LEA** 12 Dedicated Acres <sup>3</sup> 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.



SURFACE HOLE LOCATION 245' FNL & 1,723' FEL ELEV. = 3,684.84'

NAD 83 X = 817,514.63° NAD 83 Y = 541,552.86° NAD 83 LAT = 32.485604° NAD 83 LONG = -103.437668° NAD 27 X = 776,332.04° NAD 27 Y = 541,491.17° NAD 27 LAT = 32.485480° NAD 27 LONG = -103.437186°

FIRST TAKE POINT & PENETRATION POINT 1 100' FNL & 660' FEL

NAD 83 X = 818,576.05' NAD 83 Y = 541,708.99' NAD 83 LAT = 32.486008° NAD 83 LAT = 32.460006 NAD 83 LONG = -103.434222° NAD 27 X = 777,393.43' NAD 27 Y = 541,647.30' NAD 27 LAT = 32.485884° NAD 27 LONG = -103.433740°

PENETRATION POINT 2 2,641' FSL & 660' FEL

NAD 83 X = 818,597.42'
NAD 83 X = 818,597.42'
NAD 83 LAT = 32.479020°
NAD 83 LONG = -103.434222°
NAD 27 X = 777,414.75'
NAD 27 Y = 539,104.93'
NAD 27 LAT = 32.478896°
NAD 27 LONG = -103.433740°

PENETRATION POINT 3 1,321' FSL & 660' FEL

NAD 83 X = 818,608.51'
NAD 83 Y = 537,846.07'
NAD 83 LAT = 32.475390'
NAD 83 LONG = -103.434222'
NAD 27 X = 777,425.82'
NAD 27 Y = 537,784.49'
NAD 27 LAT = 32.475266' NAD 27 LONG = -103.433741°

LAST TAKE POINT &
BOTTOM HOLE LOCATION
2,540' FNL & 660' FEL

NAD 83 X = 818,640.93' NAD 83 Y = 533,985.67' NAD 83 LAT = 32.464779° NAD 83 LONG = -103.434222° NAD 27 X = 777,458.15' NAD 27 X = 777,458.15' NAD 27 Y = 533,924.19' NAD 27 LAT = 32.464655° NAD 27 LONG = -103.433741°



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

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Exhibit A-2

Case No. 24500

Earthstone Permian, LLC

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

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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

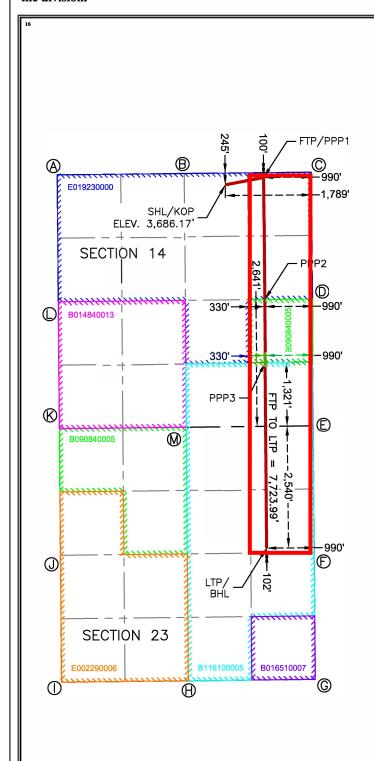
# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code				
		28435	Grama Ridge; Bone Sp	ring, NE		
4	Property Code		<sup>5</sup> Pr	operty Name	<sup>6</sup> Well Number	
			OUTLAND 14-23 STATE			
	<sup>7</sup> OGRID No.		8 Operator Name			
	372165	PERMIAN RESOURCES OPERATING, LLC			3,686.17'	

Surface Location

	UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	B	14	21 S	34 E		245'	NORTH	1,789'	EAST	LEA
	"Bottom Hole Location If Different From Surface									
lï	UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	H	23	21 S	34 E		2,540' NO		990'	EAST	LEA
	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.



SURFACE HOLE LOCATION 245' FNL & 1,789' FEL ELEV. = 3,686.17'

NAD 83 X = 817,448.63° NAD 83 Y = 541,552.26° NAD 83 LAT = 32.485604° NAD 83 LONG = -103.437882° NAD 27 X = 776,266.04° NAD 27 Y = 541,490.58° NAD 27 LAT = 32.485479° NAD 27 LONG = -103.437400°

FIRST TAKE POINT & PENETRATION POINT 1 100' FNL & 990' FEL

NAD 83 X = 818,246.07' NAD 83 Y = 541,705.56' NAD 83 LAT = 32.486006° NAD 83 LAT = 32.460000 NAD 83 LONG = -103.435292° NAD 27 X = 777,063.46' NAD 27 Y = 541,643.87' NAD 27 LAT = 32.485882° NAD 27 LONG = -103.434810°

PENETRATION POINT 2 2,641' FSL & 990' FEL

NAD 83 X = 818,267.44 NAD 83 X = 539,162.93' NAD 83 LAT = 32.479018° NAD 83 LONG = -103.435292° NAD 27 X = 777,084.77' NAD 27 Y = 539,101.31' NAD 27 LAT = 32.478894° NAD 27 LONG = -103.434810°

PENETRATION POINT 3 1,321' FSL & 990' FEL

NAD 83 X = 818,278.53'
NAD 83 Y = 537,842.35'
NAD 83 LAT = 32.475388°
NAD 83 LONG = -103.435292°
NAD 27 X = 777,095.85'
NAD 27 Y = 537,780.77'
NAD 27 LAT = 32.475264°
NAD 27 LONG = -103.434811°

LAST TAKE POINT &
BOTTOM HOLE LOCATION
2,540' FNL & 990' FEL

NAD 83 X = 818,310.95' NAD 83 Y = 533,981.85' NAD 83 LAT = 32.464777° NAD 83 LONG = -103.435292° NAD 27 X = 777,128.18' NAD 27 X = 777,128.18' NAD 27 Y = 533,920.38' NAD 27 LAT = 32.464653° NAD 27 LONG = -103.434811°

# 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 PIPE
	N:531,220.60' E:816,683.90'
	I - IRON PIPE
	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
J	N:536.502.70' E:816.639.70'

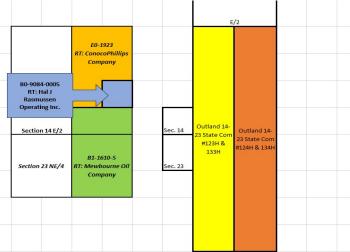
Date: 4/25/202 J. ML ME POPESIO

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

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# Land Exhibit: Outland 14-23 State Com #124H & 134H

E/2E/2 of Section 14 & E/2NE/4 of Section 23, T21S-R34E, Lea County, New Mexico



# Owners to Pool In Yellow

	Documents Sent				
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	Υ	Υ	Υ	
FR Energy, LLC	N	Υ	Υ	Υ	Executed all docs
Marshall & Winston, Inc.	Υ	Υ	Υ	Υ	
C&W Acquistion, LLC	Υ	Υ	Υ	Υ	
BEXP I MAC, LLC	Υ	Υ	Υ	Υ	
BEXP I OG, LLC	Υ	Υ	Υ	Υ	
Magnum Hunter Production, Inc.	Υ	Υ	Υ	Υ	
Red River Energy Partners, LLC	N	Υ	Υ	Υ	Executed all docs
Southwest Royalties, Inc.	N	Υ	Υ	Υ	Executed all docs
Timothy R. MacDonald	Υ	Υ	Υ	Υ	
William Scott Ramsey	Υ	Υ	Υ	Υ	
Arcadia Exploration and Production Company	Υ	Υ	Υ	Υ	Unmarketable Title

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: NE/4SE/4		
Permian Resources Operating, LLC/Earthstone Permian, LLC	25.000000%		
BEXP I Mac, LLC	7.455000%		
BEXP I OG, LLC	5.670000%		
C&W Acquisition, LLC	26.250000%		
Magnum Hunter Production, Inc.	25.000000%		
Red River Energy Partners, LLC	6.250000%		
William Scott Ramsey	4.375000%		
Leasehold Ownership			
Owner	Section 14: SE/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

Owner
Permian Resources Operating, LLC/Earthstone Permian, LLC

Section 14: E/2NE/4

Section 23: NE/4NE/4 49.963542%

Magnum Hunter Production, Inc.	50.00000%
Timothy R. MacDonald	0.036458%
Learnhald Commentin	
Leasehold Ownership	
Owner	Section 23: SE/4NE/4
Permian Resources Operating, LLC/Earthstone Permian, LLC	99.963542%
Timothy P. MacDonald	0.0364509/

Leasehold Ownership

WI
41.914931%
18.333333%
3.750000%
3.750000%
0.729167%
2.899167%
2.205000%
4.375000%
16.666667%
2.083333%
3.281250%
0.012153%
100.000000%

Earthstone Permian, LLC Case No. 24500 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: 2<sup>nd</sup> 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: 2<sup>nd</sup> 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. 24500 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: 3<sup>rd</sup> 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: 3<sup>rd</sup> 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 Memel

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: 2<sup>nd</sup> 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: 2<sup>nd</sup> 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: 3<sup>rd</sup> 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: 3<sup>rd</sup> 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	e (If Applicable):
By:	
Printed Name:	
_	
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 cov LLC.	verage arranged by Permian Resources Operating					
Agreed this day of	, 2024 by:					
Company Name (If Applicable):						
Ву:	-					
Printed Name:	-					
Γitle:						

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

# ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	3.15.2024			AFE NO.:	1
	Outland 14 23 State Com	. 10411			rama Ridge;Bone Spring
WELL NAME:				_	0 1 0
LOCATION:	Section 14 & 23, T21S-R34			MD/TVD:	19,300'/11,045'
COUNTY/STATE:	Lea County, New Mexico	)		LATERAL LENGTH:	7,500'
Permian WI:				DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG			COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal TBSG winstall cost	vell and complete with	144 stages. AFE include	s drilling, completions, flo	wback and Initial AL
		DRILLING	COMPLETION	PRODUCTION	TOTAL
INITANCIDIE	COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE 1 Land / Legal / Regulatory	\$	48,916	-	-	\$ 48,916
2 Location, Surveys & Dama		193,038	15,597		208,635
4 Freight / Transportation	.50	41,116	37,792	18,763	97,671
5 Rental - Surface Equipmen	nt	107,327	185,963	89,125	382,415
6 Rental - Downhole Equips	ment	177,336	51,628	-	228,964
7 Rental - Living Quarters	•	41,508	47,031	<del>-</del>	88,539
10 Directional Drilling, Surv	veys	370,811	-	-	370,811
11 Drilling		650,749	-	-	650,749
12 Drill Bits 13 Fuel & Power		86,479 163,101	625,922		86,479
14 Cementing & Float Equip	,	210,030	025,922		789,023 210,030
15 Completion Unit, Swab,		-		14,072	14,072
16 Perforating, Wireline, Sli			339,382	-	339,382
17 High Pressure Pump Tru			106,419		106,419
18 Completion Unit, Swab,		-	126,455	-	126,455
20 Mud Circulation System	•	90,823	-	-	90,823
21 Mud Logging		15,132	-	-	15,132
22 Logging / Formation Eval	luation	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
26 Stimulation Flowback &	Disp	-	104,979	140,723	702,729 245,702
28 Mud / Wastewater Dispos		166,700	52,789	170,723	219,490
30 Rig Supervision / Engine		104,625	115,177	14,072	233,874
32 Drlg & Completion Over		8,998	/	- 1/0. =	8,998
35 Labor	•	132,389	59,988	14,072	206,449
54 Proppant	•	-	1,083,597		1,083,597
95 Insurance		12,655	-	-	12,655
97 Contingency		-	21,082	-	21,082
99 Plugging & Abandonmer	i	2.055.000	4 (22 450	- - -	0.445.504
	TOTAL INTANGIBLES >	2,977,886	4,633,158	534,749	8,145,794
		DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE (	COSTS	COSTS	COSTS	COSTS	COSTS
60 Surface Casing	\$	105,521	-	-	<b>\$</b> 105,521
61 Intermediate Casing		314,503	-	-	314,503
62 Drilling Liner		-	-		-
63 Production Casing		593,099			593,099
64 Production Liner		-	-	- 121 242	101 040
65 Tubing 66 Wellhead		- 55,957		131,342	131,342
67 Packers, Liner Hangers		12,717	<del></del>	18,763	93,483
68 Tanks		-		54,207	54,207
69 Production Vessels					
70 Flow Lines	•	-	-	30,747	30,747
71 Rod string	•	-	-	-	
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 In	estallation			28,145	28,145
78 Gas Conditioning / Dehy		<del></del> _		20,145	20,145
79 Interconnecting Facility I				18,763	18,763
80 Gathering / Bulk Lines				25,067	25,067
81 Valves, Dumps, Controlle	ers	-	-	16,145	16,145
82 Tank / Facility Containm		-	-	6,987	6,987
83 Flare Stack	•			15,636	15,636
84 Electrical / Grounding		-	-	36,484	36,484
85 Communications / SCAD	VA.	-		10,424	10,424
86 Instrumentation / Safety	TOTAL TANGIBLES >	1,081,797		5,212 5 <b>72,002</b>	1,653,800
	TOTAL COSTS >		4,633,158		9,799,593
EPARED BY Permian Res		4,059,684	1,000,100	1,106,751	<i>کردېرو</i> بېږ
Drilling Enginee Completions Enginee Production Enginee	er: ML				
rmian Resources Operatin	g, LLC APPROVAL:				
Co-CE	0	Co-C	FΩ	VP - Opera	tions
60 62	WH	60 6	IW	vi opeia	CRM
VP - Land & Leg		VP - Geoscien	*		Ciui
The same a set	BG	vi George	SO		
ON OPERATING PARTN	ER APPROVAL:				
Company Nam	e:		Working Interest (%):	Ta	x ID:
0: 11			ъ.		
Signed b	у		Date:		
Titl	e:		Approval:	Yes	No (mark one)
110					

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

DATE		E COSTS AND AUTHO	DRIZATION FOR EXPEN		-
DATE: WELL NAME:	3.15.2024 Outland 14_23 State Com	124H		AFE NO.:	1
WELL NAME:	Section 14 & 23, T21S-R34				rama Ridge;Bone Spring 18,510'/10,255'
LOCATION:		<u>.                                    </u>		MD/TVD:	
COUNTY/STATE:	Lea County, New Mexico			LATERAL LENGTH:	7,500'
Permian WI:	CDCC			DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	all and complete visith	. 44 ata ana AEE ingleeda	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG we install cost	and complete with	1 44 stages. AFE include	s ariling, 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	ges	189,625	15,321	- 10 427	204,946
4 Freight / Transportation 5 Rental - Surface Equipmen	.t	40,389 105,429	37,124 182,675	18,431 87,549	95,944 375,653
6 Rental - Downhole Equipm		174,200	50,715	-	224,915
7 Rental - Living Quarters	_	40,774	46,199	-	86,973
10 Directional Drilling, Surv	reys	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	<del>-</del>	206,316	-		206,316
15 Completion Unit, Swab, C		-	-	13,824	13,824
16 Perforating, Wireline, Slic		-	333,381		333,381
17 High Pressure Pump Truc 18 Completion Unit, Swab, C		<u> </u>	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 Evalu	uation	6,165	7,071	-	13,236
23 Mud & Chemicals 24 Water	<u>-</u>	306,837	371,583	9,216	687,636
24 Water 25 Stimulation	_	36,853	561,060 690,303	230,392	828,305 690,303
26 Stimulation Flowback & I	Disp -	-	103,123	138,235	241,358
28 Mud/Wastewater Dispos	-	163,753	51,856	-	215,609
30 Rig Supervision / Enginee		102,775	113,140	13,824	229,739
32 Drlg & Completion Overh	nead	8,839	-	13,824	8,839
35 Labor 54 Proppant	_	130,048	58,927 1,064,437	13,824	202,799
95 Insurance	-	12,431	-	<del></del>	12,431
97 Contingency	=	-	20,709	-	20,709
99 Plugging & Abandonmen	_	-	-		-
	TOTAL INTANGIBLES >	2,926,097	4,551,236	525,294	8,002,627
TANGIBLE C	POSTS	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	_	-	-	-	-
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	<del>-</del>	<del></del> _		30,204	30,204
71 Rod string	-		-		
72 Artificial Lift Equipment	=	-	-	82,941	82,941
73 Compressor	_	-	-	-	-
74 Installation Costs 75 Surface Pumps	_	-		51,198	51,198
76 Downhole Pumps	-	<del>-</del>		<del></del>	
77 Measurement & Meter Ins	stallation	-		27,647	27,647
78 Gas Conditioning/Dehyo	dration	-	-	-	-
79 Interconnecting Facility P	iping	-	-	18,431	18,431
80 Gathering / Bulk Lines 81 Valves, Dumps, Controlle	arc _	<del></del>		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		-		35,839	35,839
85 Communications / SCAD	A	-	-	10,240	10,240
86 Instrumentation / Safety	TOTAL TANCIBLES	1 062 660	- 0	5,120	5,120
	TOTAL TANGIBLES >  TOTAL COSTS >	1,062,669	4,551,236	561,888 1,087,182	1,624,558 9,627,184
EPARED BY Permian Reso		3,988,766	±,331,430	1,007,102	7,027,104
Drilling Engineer	r: PS				
Completions Engineer					
Production Engineer	r: DC				
nian Passauras Omaratina	a LLC ADDDOWAL.				
nian Resources Operating	<u> </u>				
Co-CEC		Co-C		VP - Opera	
VP - Land & Lega	WH	VP - Geoscier	JW		CRM
vi - Laitu & Lega	BG	VI - Geosciel	SO		
N OPERATING PARTNE	FR APPROVAL				
			TAT-Lin T : : (0/)		
Company Name	<u></u>		Working Interest (%):	Ta	ıx ID:
Signed by	y:		Date:		
			<del>-</del>		<del></del>
Title	e:		Approval:	Yes	No (mark one)



# Outland 14-23 - Chronology of Communication

March 28,	2024 –	<b>Proposals</b>	sent to a	ll Working	Interest	Parties

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. 24500 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. 24500 Exhibit B Received by OCD: 7/23/2024 10:11:56 AM

Page 26 of 55

- 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.

Received by OCD: 7/23/2024 10:11:56 AM

Page 27 of 55

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

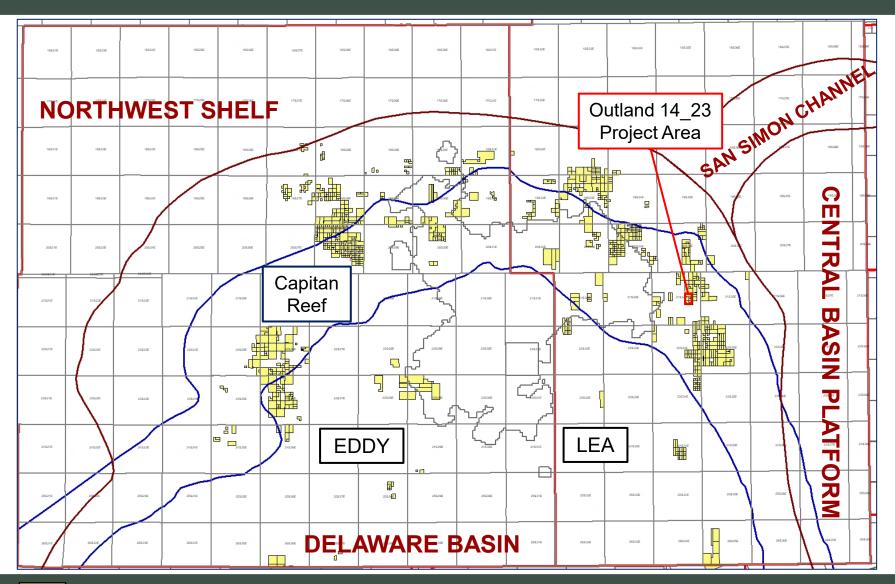
# Regional Locator Map

Earthstone Permian, LLC Case No. 24500 Exhibit Boundary 144, 222





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. 24500 Exhibit B-2

Page 29 of 55 Exhibit B-2

**Cross-Section Locator Map** 

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



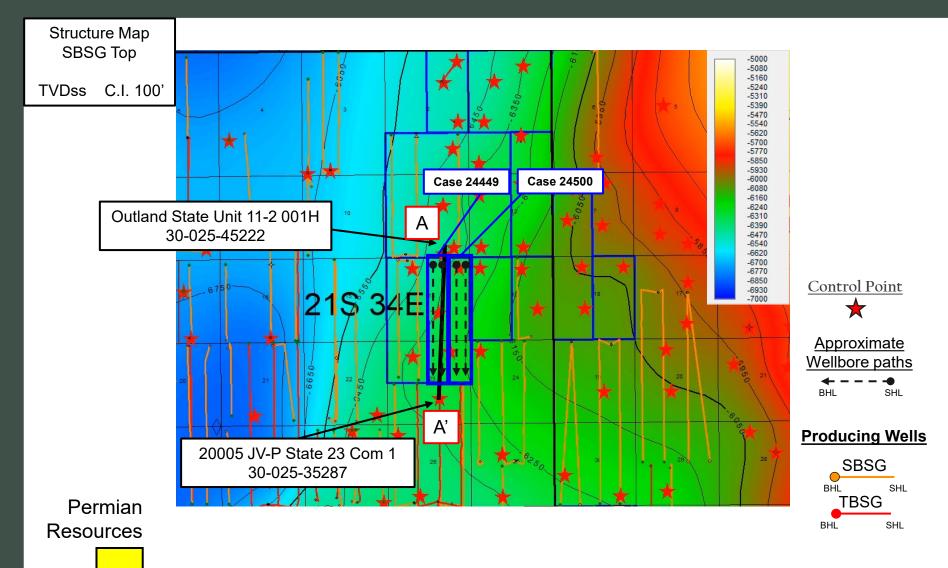
Earthstone Permian, LLC Case No. 24500 Exhibit B-3

Exhibit B-3



Second Bone Spring – Structure Map

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 10:11:56 AM

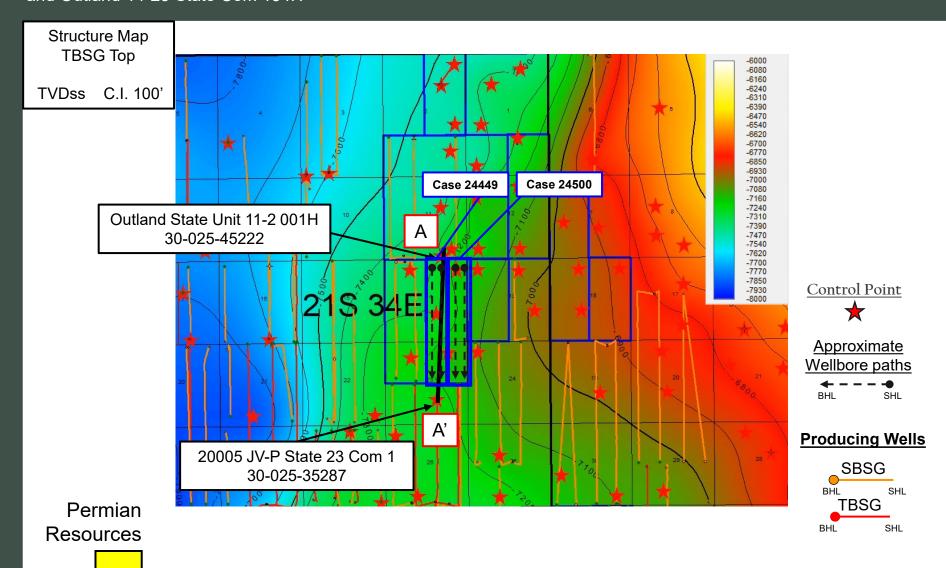
Earthstone Permian, LLC Case No. 24500 Exhibit B-4



Page 31 of 55

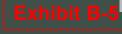
# Third Bone Spring – Structure Map

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



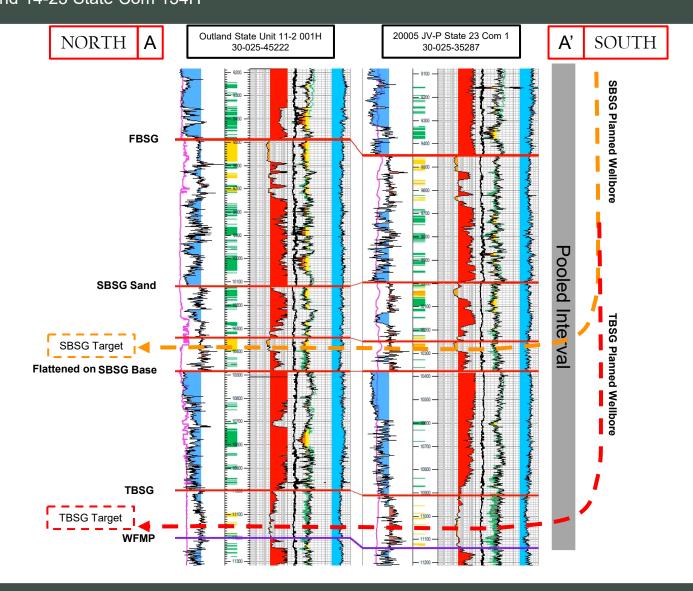
Earthstone Permian, LLC Received by OCD: 7/23/2024 10:11:56 AM Case No. 24500 Stratigraphic Cross-Section A-A'

Exhibit B-5





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. 24500 Exhibit B-6



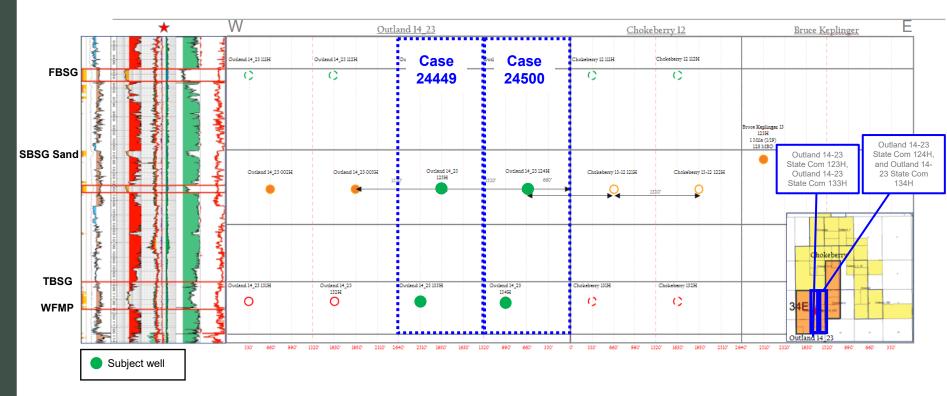


# Gun Barrel Development Plan

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. 24500** 

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

July 18, 2024 Date

Dana S. Hardy

Earthstone Permian, LLC Case No. 24500 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. 24500 – 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, see the instructions posted on the OCD Hearings website: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a>. 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 (<a href="https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/">https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/</a>) 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. 24500 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. 24500 – 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.

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 (<a href="https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/">https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/</a>) 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

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. 24500** 

#### **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		
		05/24/2024 – Item in
		transit to next facility.
BEXP I MAC, LLC	05/17/24	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		
Austin, TX 78730		
C&W Acquisitions, LLC	05/17/24	06/13/2024
145 E 57th Street, 11th Floor		
New York, NY 10022		
FR Energy, LLC	05/17/24	05/28/2024
1106 Witte Rd, Suite 400		
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	33.3	
Midland, TX 79710		
William Scott Ramsey	05/17/24	Per USPS Tracking
P.O. Box 51181	03/17/21	(Last checked 07/18/24):
Midland, TX 79710		(2000 enconed 07/10/21).
ivildiand, 1A ///10		05/24/2024 – Item in
		transit to next facility.

Earthstone Permian, LLC Case No. 24500 Exhibit C-2

# 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. 24500** 

#### **NOTICE LETTER CHART**

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. 24500 Exhibit C-3





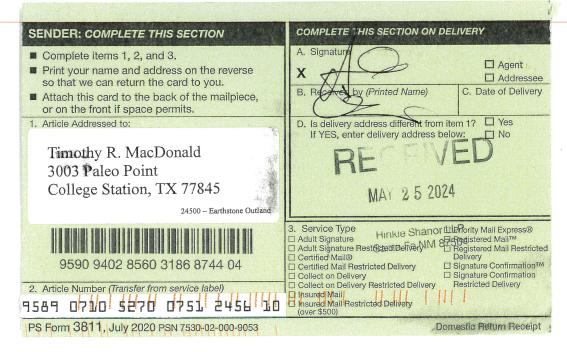




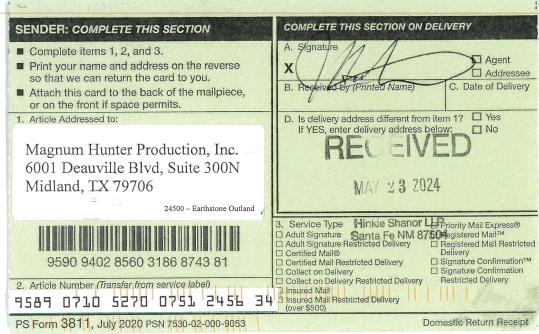








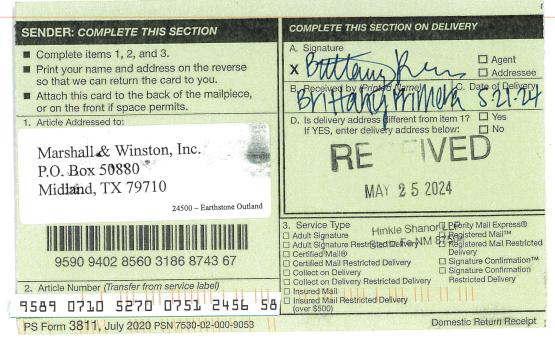




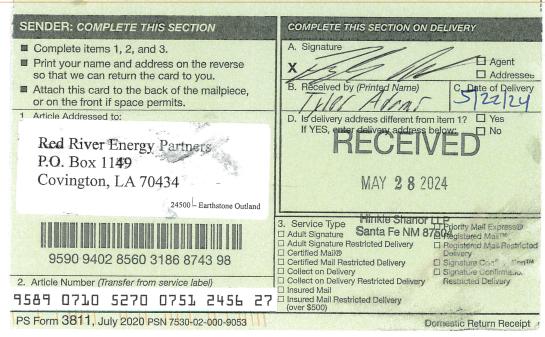




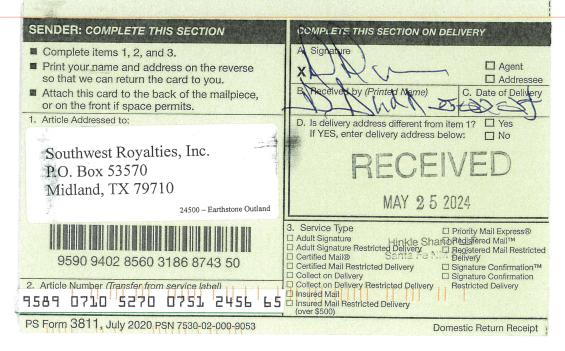














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May 24, 2024

**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, 8:23 am

**Departed USPS Facility** 

ALBUQUERQUE, NM 87101

Released to Imaging: 7/23/2024 10:23:06 AM

Feedback

May 17, 2024, 9:39 pm

**Arrived at USPS Facility** 

ALBUQUERQUE, NM 87101 May 17, 2024, 8:50 pm

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USPS Tracking Plus®	~
Product Information	~
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Track Another Package	
Enter tracking or barcode numbers	

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**FAQs** 



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# **USPS Tracking®**

FAQs >

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**Preparing for Delivery** 

## **Moving Through Network**

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May 24, 2024

**Arrived at USPS Regional Facility** 

MIDLAND TX DISTRIBUTION CENTER May 20, 2024, 5:34 pm

**Departed USPS Facility** 

ALBUQUERQUE, NM 87101 May 17, 2024, 9:39 pm

**Arrived at USPS Facility** 

ALBUQUERQUE, NM 87101

Released to Imaging: 7/23/2024 10:23:06 AM

Feedbac

May 17, 2024, 8:48 pm

**Hide Tracking History** 

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

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USPS Tracking Plus®	~
Product Information	~
See Less ^	
rack 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; BEXP I MAC, LLC; BEXP I OG, LLC; C&W Acquisitions, LLC; FR Energy, LLC; Timothy R. MacDonald Magnum Hunter Production, Inc.; Marshall & Winston, Inc.; William Scott Ramsey; 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. 24500). 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 Hearings website: 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-acrs, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 14 and the E/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 134H 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 SE/4 NE/4 (Unit H) 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. #00290485

02107475

00290485

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

Earthstone Permian, LLC Case No. 24500 Exhibit C-4