

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR APPROVAL
OF A NON-STANDARD HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Permian Resources Operating, LLC, OGRID No. 372165 (“Permian”), acting on behalf of its wholly-owned subsidiary Earthstone Permian LLC (“Earthstone”), files this application with the Oil Conservation Division (“Division”) pursuant to NMSA 1978, Section 70-2-17, seeking an order pooling all mineral interests in the Bone Spring formation (MESCALERA ESCARPE; BONESPRING [45793]) in a non-standard 1,280-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of Sections 9 and 10, all in Township 19 South, Range 33 East, in Lea County, New Mexico. In support of this Application, Permian states as follows:

1. Earthstone is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Permian, on behalf of Earthstone, proposes to drill the following 2-mile wells in the proposed HSU:
 - Delorean 9 10 Fed Com 221H well (API# 30-025-52949), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 990' FNL of Section 9, and a last take point located 100' FEL & 990' FNL of Section 10, Township 19S, Range 33E.

- Delorean 9 10 Fed Com 222H well (API# 30-025-52953), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 2310' FNL of Section 9, and a last take point located 100' FEL & 2310' FN of Section 10, Township 19S, Range 33E.
- Delorean 9 10 Fed Com 223H well (API# 30-025-52951), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 1650' FSL of Section 9, and a last take point located 100' FEL & 1650' FSL of Section 10, Township 19S, Range 33E.
- Delorean 9 10 Fed Com 224H well (API# 30-025-52952), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 330' FSL of Section 9, and a last take point located 100' FEL & 330' FSL of Section 10, Township 19S, Range 33E.

3. Permian has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all the mineral interest owners in the HSU.

4. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formations underlying the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

5. For Earthstone to obtain its just and fair share of the minerals underlying the subject lands, all uncommitted interests in this HSU should be pooled and Permian should be designated the operator of the HSU.

WHEREFORE, Permian requests that this application be set for hearing before an examiner of the Division on August 22, 2024, and that, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard 1,280-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of Sections 9 and 10, all in Township 19 South, Range 33 East, in Lea County, New Mexico;
- B. Pooling all mineral interests in the Bone Spring formation (MESCALERA ESCARPE; BONESPRING [45793]) underlying the HSU;
- C. Allowing the drilling of the following 2-mile wells in the HSU:
- Delorean 9 10 Fed Com 221H well
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 - Delorean 9 10 Fed Com 224H well
- D. Designating Permian as operator of the HSU and the wells to be drilled thereon;
- E. Authorizing Permian to recover its costs of drilling, equipping and completing the wells;
- F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Permian in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division approving a non-standard proration unit and pooling all uncommitted mineral interests in the Bone Spring formation (MESCALERA ESCARPE; BONESPRING [45793]) in a non-standard 1,280-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of Sections 9 and 10, all in Township 19 South, Range 33 East, in Lea County, New Mexico. Applicant proposes to drill the following 2-mile wells in the HSU: (1) Delorean 9 10 Fed Com 221H well (API# 30-025-52949), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 990' FNL of Section 9, and a last take point located 100' FEL & 990' FNL of Section 10, Township 19S, Range 33E; (2) Delorean 9 10 Fed Com 222H well (API# 30-025-52953), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 2310' FNL of Section 9, and a last take point located 100' FEL & 2310' FN of Section 10, Township 19S, Range 33E; (3) Delorean 9 10 Fed Com 223H well (API# 30-025-52951), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 1650' FSL of Section 9, and a last take point located 100' FEL & 1650' FSL of Section 10, Township 19S, Range 33E; and (4) Delorean 9 10 Fed Com 224H well (API# 30-025-52952), to be horizontally drilled from a surface location in Section 9, Township 19S-33E, with a first take point located 100' FWL & 330' FSL of Section 9, and a last take point located 100' FEL & 330' FSL of Section 10, Township 19S, Range 33E. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 30 miles West of Hobbs, New Mexico.