

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

**APPLICATION OF PBEX, LLC FOR APPROVAL  
OF AN OVERLAPPING HORIZONTAL WELL  
SPACING UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

PBEX, LLC (“PBEX” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 640-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the N2 of Sections 35 and 36, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this proposed spacing unit. In support of its application, PBEX states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to designate E.G.L. Resources, Inc. (OGRID No. 192373) as the operator of the proposed horizontal well spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:
  - The **Silver Slug 35-36 Fed Com 101H, Silver Slug 35-36 Fed Com 102H, Silver Slug 35-36 Fed Com 201H and Silver Slug 35-36 Fed Com 203H** to be drilled from a surface location in the NE4 of Section 36, with first take points in the NE4NE4 (Unit A) of Section 36 and last take points in the NW4NW4 (Unit D) of Section 35; and

- **Silver Slug 35-36 Fed Com 103H and Silver Slug 35-36 Fed Com 205H** to be drilled from a surface location in the NE4 of Section 36, with first take points in the SE4NE4 (Unit H) of Section 36 and last take points in the SW4NW4 (Unit E) of Section 35.

4. The completed intervals of the Silver Slug 35-36 Fed Com 102H and 202H wells are expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of that acreage into a standard horizontal well spacing unit.

5. This proposed horizontal well spacing unit will overlap an existing 160-acre horizontal well spacing unit in the Bone Spring formation underlying the N2N2 of Section 36 dedicated to the Lone Wolf 36 B2DM State Com 1H well (API 30-025-42695) operated by Mewbourne Oil Company and assigned to the Querecho Plains Lower Bone Spring Pool (50510).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

7. The approval of this standard overlapping horizontal well spacing unit and the pooling of mineral interests in this acreage will allow Applicant to efficiently and effectively obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on the October 10, 2024, docket and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interest owners therein;

- B. Designating E.G.L. Resources, Inc. as operator of this horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. 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
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR PBEX, LLC**

CASE \_\_\_\_\_: **Application of PBEX, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a 640-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the N2 of Sections 35 and 36, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this proposed spacing unit. Said unit will be initially dedicated to the following proposed wells:

- The **Silver Slug 35-36 Fed Com 101H, Silver Slug 35-36 Fed Com 102H, Silver Slug 35-36 Fed Com 201H and Silver Slug 35-36 Fed Com 203H** to be drilled from a surface location in the NE4 of Section 36, with first take points in the NE4NE4 (Unit A) of Section 36 and last take points in the NW4NW4 (Unit D) of Section 35; and
- **Silver Slug 35-36 Fed Com 103H and Silver Slug 35-36 Fed Com 205H** to be drilled from a surface location in the NE4 of Section 36, with first take points in the SE4NE4 (Unit H) of Section 36 and last take points in the SW4NW4 (Unit E) of Section 35.

The completed intervals of the Silver Slug 35-36 Fed Com 102H and 202H wells are expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of that acreage into a standard horizontal well spacing unit. This proposed horizontal well spacing unit will overlap an existing 160-acre horizontal well spacing unit in the Bone Spring formation underlying the N2N2 of Section 36 dedicated to the Lone Wolf 36 B2DM State Com 1H well (API 30-025-42695) operated by Mewbourne Oil Company and assigned to the Querecho Plains Lower Bone Spring Pool (50510). Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of E.G.L. Resources, Inc. as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 10 miles south of Maljamar, New Mexico.