## APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 24752

## **NOTICE OF AMENDED EXHIBITS**

Permian Resources Operating, LLC is providing the attached amended exhibit packet,

which includes an updated C-102.

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 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com *Counsel for Permian Resources Operating, LLC* 

## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was sent to the following counsel of record on this November 1, 2024.

Jordan Kessler EOG Resources, Inc. 125 Lincoln Ave., Suite 213 Santa Fe, NM 87501 Phone: (432) 488-6108 Jordan\_kessler@eogresources.com

/s/ Dana S. Hardy

## APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 24752

## **EXHIBIT INDEX**

## **Compulsory Pooling Checklist**

Exhibit A	Self-Affirmed Statement of Travis Macha
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, Unit Recapitulation, Pooled Parties
A-4	Sample Well Proposal Letter & AFE
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Christopher Cantin
B-1	Regional Locator Map
B-2	Cross-Section Location Map
B-3	Subsea Structure Map
B-4	Stratigraphic Cross-Section
B-5	Gun Barrel Diagram
Exhibit C	Self-Affirmed Statement of Dana S. Hardy
C-1	Notice Letter to All Interested Parties Sent July 31, 2024
C-2	Chart of Notice to All Interested Parties
C-3	Copies of Certified Mail Receipts and Returns
C-4	Affidavit of Publication for August 8, 2024

# **COMPULSORY POOLING APPLICATION CHECKLIST**

## ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 24752	APPLICANT'S RESPONSE
Date	November 7, 2024
Applicant	Permian Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Permian Resources Operating, LLC (OGRID No. 372165)
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.
Entries of Appearance/Intervenors:	EOG Resources, Inc.
Well Family	Morbucks
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code (Only if NSP is requested):	Hackberry, NW; Bone Spring (Code 97020)
Well Location Setback Rules (Only if NSP is Requested):	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	280 acres
Building Blocks:	quarter-quarter
Orientation:	East to West
Description: TRS/County	SW/4 SE/4 and S/2 SW/4 of Section 25, and the S/2 S/2 of Section 26, Township 19 South, Range 30 East, Eddy County.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes.
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, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #2	Morbucks 25-26 Federal Com 124H (API # pending) SHL: 1227' FSL & 1409' FEL (Unit O), Section 25, T19S-R30E BHL: 660' FSL & 100' FWL (Unit M), Section 26, T19S-R30E Completion Target: Bone Spring (Approx. 8,906' TVD)
AFE Capex and Operating Costs Released to Imaging: 11/4/2024 8:42:55 AM	

<u>Received by OCD: 11/1/2024 1:17:45 PM</u>	Page 5 of 51
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-5
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-4
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 Released to Imaging: 11/4/2024 8:42:55 AM	Exhibit B-3
Keteased to Imaging: 11/4/2024 8:42:55 AM	•

<u>Received by OCD: 11/1/2024 1:17:45 PM</u>		Page 6 of 51
Cross Section Location Map (including wells)	Exhibit B-2	
Cross Section (including Landing Zone)	Exhibit B-4	
Additional Information		
Special Provisions/Stipulations	N/A	
CERTIFICATION: I hereby certify that the information pro	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:	10/29/2024	

## APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 24752

## SELF-AFFIRMED STATEMENT OF TRAVIS MACHA

1. I am a landman with Permian Resources Operating, LLC ("Permian Resources"). 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. I am familiar with the land matters involved in the above-referenced case. Copies of Permian Resources' 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. Permian Resources seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the SW/4 SE/4 and S/2 SW/4 of Section 25, and the S/2 S/2 of Section 26, Township 19 South, Range 30 East, Eddy County, New Mexico ("Unit").

5. The Unit will be dedicated to the **Morbucks 25-26 Federal Com 124H** well ("Well"), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 26.

6. The Well will be completed in the Hackberry, NW; Bone Spring pool (Code 97020).

Permian Resources Operating, LLC Case No. 24752 Exhibit A 7. The completed interval of the Well will be orthodox.

8. **Exhibit A-2** contains the C-102 for the Well.

9. **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 Permian Resources seeks to pool highlighted in yellow. All of the parties are locatable in that Permian Resources believes it located valid addresses for them.

10. Permian Resources 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.

11. **Exhibit A-4** contains a sample well proposal letter that was sent to interest owners for the Well. 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.

12. In my opinion, Permian Resources made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.

13. Permian Resources requests that it be designated as operator of the Unit and the Well.

14. Permian Resources requests overhead and administrative rates of \$10,000 per month while the Well is being drilled, and \$1,000 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Permian Resources and other operators in the vicinity.

15. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

2

16. In my opinion, the granting of Permian Resources' application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

17. 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.

Travis Macha

<u>10/28/2024</u> Date

## APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

#### CASE NO. 24752

#### **APPLICATION**

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC ("Applicant") (OGRID No. 372165) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the SW/4 SE/4 and S/2 SW/4 of Section 25, and the S/2 S/2 of Section 26, Township 19 South, Range 30 East, Eddy County, New Mexico ("Unit"). In support of its application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.

2. The Unit will be dedicated to the **Morbucks 25-26 Federal Com 124H** well ("Well"), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 26.

3. The completed interval of the Well 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 Well 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.

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying

Permian Resources Operating, LLC Case No. 24752 Exhibit A-1 the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 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 Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Well;
- 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 Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

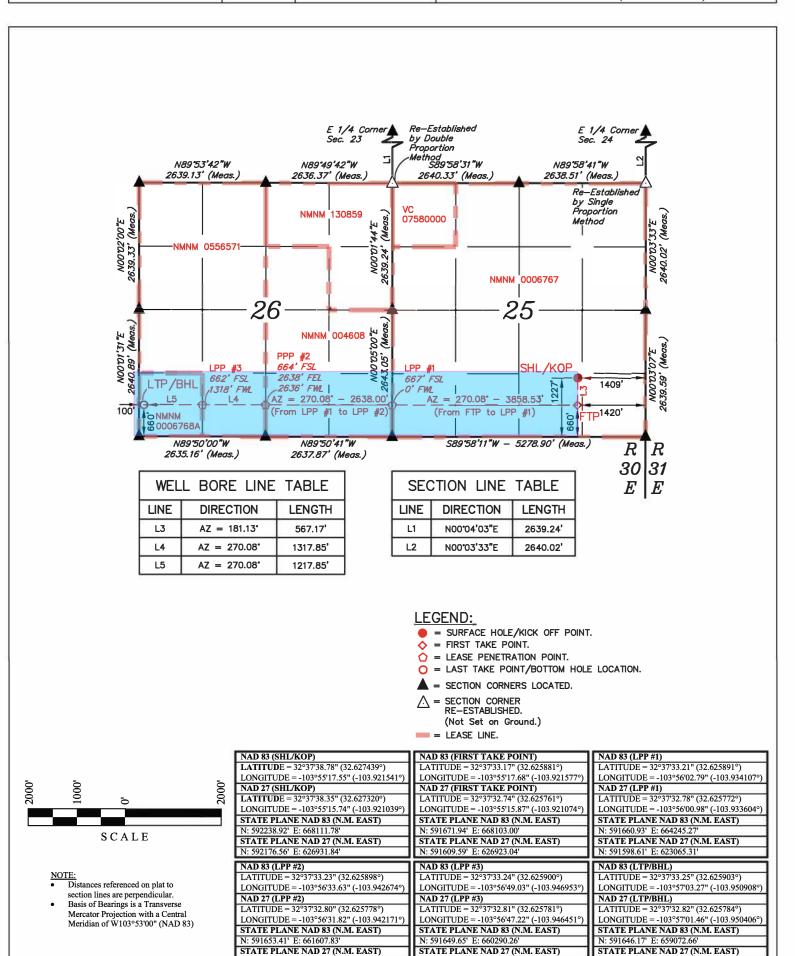
#### HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn M. McLean P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com *Counsel for Permian Resources Operating, LLC*  **Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.** Permian Resources Operating, LLC ("Applicant") applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the SW/4 SE/4 and S/2 SW/4 of Section 25, and the S/2 S/2 of Section 26, Township 19 South, Range 30 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the **Morbucks 25-26 Federal Com 124H** well ("Well"), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 26. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 23 miles northeast of Carlsbad, New Mexico.

ived b	v OCD: 1	1/1/2024 1:	17:45 PM				Perm	ian Reso	urces Operation	ng, LC 13
<u>C-10</u>				ergy, M	State of Net inerals & Natura	al Resources Depart	Case	No. 2475		ed July 9, 2024
Submit Electronically OIL CONSERVATE Via OCD Permitting				TION DIVISION			☑ Initial Submit	tal		
	Jrennitting							Submittal		
								Type:	As Drilled	
					WELL LOCAT	<b>FION INFORMATION</b>				
API Nu	mber		Pool Code			Pool Name				
			[97020]			HACKBERRY; BON	E SPRING N	VW (O)		
Propert	y Code		Property N	ame	MORBU	JCKS 25-26 FED			Well Number 124	Н
OGRID			Operator N	ame					Ground Level El	
37216	-				PERMIAN RESOL	JRCES OPERATING,			3430	).5'
Surface	e Owner: 🗆 S	State □Fee □		deral		Mineral Owner:	State    Fee	🔟 Iribal 💌	Federal	
					Surf	ace Location	_			
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (N	· · ·	ongitude (NAD 83)	County
0	25	19S	30E		1227 SOUTH	1409 EAST	32.6274	139°	-103.921541°	EDDY
				in. T	- T	Hole Location		R		·
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (N	· · ·	Longitude (NAD 83)	County
М	26	19S	30E		660 SOUTH	100 WEST	32.6259	903°	-103.950908°	EDDY
				1	YYY 11 4 DT			<u>a</u>		
280.0	ted Acres 0	Infill or Defi DEFINING	-	Definir	ng Well API	Overlapping Spacir	g Unit (Y/N)	Consolida	tion Code	
Order N	Numbers.					Well setbacks are u	der Common (	Ownershin:	TYes TNo	
								<u>-</u>		
				1.		Off Point (KOP)				a
UL O	Section 25	Township 19S	Range 30E	Lot	Ft. from N/S 1227 SOUTH	Ft. from E/W 1409 EAST	Latitude (N 32.6274		ongitude (NAD 83) -103.921541°	County EDDY
	25	155					52.027-		-105.521541	LDD1
TT	Gentien	Taurahin	Damas	Lot	First Ta	ke Point (FTP) Ft. from E/W	L atituda (N	AD 92) I	anaita la (NAD 82)	Country
UL O	Section 25	Township 19S	Range 30E		660 SOUTH	1420 EAST	Latitude (N 32.6258	· · ·	ongitude (NAD 83) -103.921577°	County EDDY
			1. C-		Last Te	les Doint (LTD)				-
UL	Section	Township	Range	Lot	Ft. from N/S	ke Point (LTP) Ft. from E/W	Latitude (N	AD 83) I	ongitude (NAD 83)	County
M	26	19S	30E		660 SOUTH	100 WEST	32.6259		-103.950908°	EDDY
							<u> </u>			
Unitize	d Area or Ar	ea of Uniform l	Interest	Spacing	g Unit Type 🗹 Horiz	zontal 🗖 Vertical	Grou	nd Floor Ele	evation: 3460.5'	
									010010	
OPERA	TOR CERT	IFICATIONS				SURVEYOR CERTIF	ICATIONS			
I herebv	certify that the	e information con	tained herein is	true and co	mplete to the best of	I hereby certify that the w	ell location show	n on the fat	was plotted from the field	ld notes of actual
my know	ledge and beli	ef, and, if the well ns a working inter	ll is a vertical o	r directional	well, that this	surveys made by me or un my belief.	der mysupervisio			ect to the best of
including	g the proposed	bottom hole loca	tion or has a rig	ght to drill th	his well at this	my benej.	2	N MEX		
interest,	or to a volunta	ary pooling agree			or unleased mineral ng order heretofore			23182	X A	
	by the division.						Vien	15 m	ABU	
					n has received the ased mineral interest		Tr O	7-19-2	4 4	
in each t	ract (in the tar		tion) in which a	iny part of th	he well's completed		.00	ONAL	JUM	
AN	(011)UE	STALLA						NAL		
Signature	<u>wy I</u>	June 1	11/1/20 Date	124	,	Signature and Seal of Profe	ssional Surveyor			
0	0	U	Suit							
	y Brown					23782	April 13, 2			
Printed N	Name					Certificate Number	Date of Surve	ey		
ashle Email Ac		permianres.	com							

Received by OCD: 11/1/2024 1:17:45	PM	e			Page 14 of 51
Property Name	Well Number	Drawn By	Revised By		
MORBUCKS 25-26 FED	124H	N.D.T. 04-18-23		REV. 1 Z.L. 07-19-24 (FORM UPDATE)	



N: 591587.35' E: 619110.28

N: 591583.88' E: 617892.68

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79.27%

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6.125%

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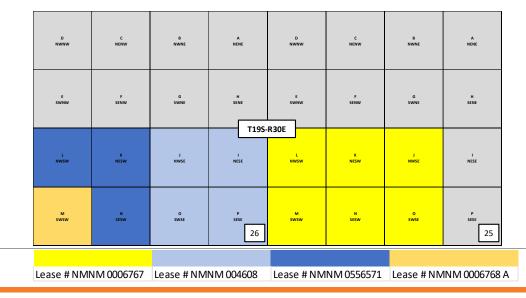
# Morbucks 25 26 Federal Com 124H

Owner	Pooling?	Owner Type	Comments	1
ermian Resources Operating LLC	N/A	WI/RT		1
Ccidental Petroleum LP	Y	WI		1
🗍 lipsis Oil & Gas, Inc.	N	WI	Seeking Com Signatures	
Ard Oil Itd* (And successors)	Y	WI		
indy's Living Trust	Y	WI		
Delmar Hudson Lewis Liv Trust	Y	WI		
PBEX LLC	Y	WI		
Javelina Partners	N	WI	Seeking Com Signatures	
Zorro Partners	N	WI	Seeking Com Signatures	
Prime Rock Resources	Y	WI		
Tandem Oil Company	Y	WI		
Chevron USA Inc	Y	WI		
EOG Resources Inc	Y	WI		
Thomas E Schneider LLC	N/A	RT	Seeking Com Signatures	
Tom Schneider LLC	N/A	RT	Seeking Com Signatures	
Shackelford Oil Company	N/A	RT	Seeking Com Signatures	
Mary T Ard	Y	See Notes	Pooling out of caution -Ard Oil Title discrpancy	
Julian Ard	Y	RT		
RKI Exploration & Production	Y	RT		

Tract Capitulation (LEAS	EHOLD Interest - N	lot Contractual	)
Owner	Sec 25: SW	Sec 25: W2SE	, Sec 26: S2
Permian Resources Operating LLC	0.53109775	0.21851375	1
Occidental Petroleum LP	0.143448	0.23911	C
Ellipsis Oil & Gas, Inc.	0.036834	0.06128	(
Ard Oil Itd*	0.12746503	0.212475	C
Lindy's Living Trust	0.03498206	0.05831	(
Delmar Hudson Lewis Liv Trust	0.03498206	0.05831	C
PBEX LLC	0.01872825	0.03121625	(
Javelina Partners	0.04331112	0.07219332	(
Zorro Partners	0.02332137	0.03887332	(
Josephine Hudson Test. Trust	0.00583036	0.00971836	C

Section 26 Section 25	
Morbucks 25 26 Federal Com 123H Spacing	
Morbucks 25 26 Federal Com 124H Spacing	

\*Ard Oil term assigned a partial interest after proposals to Llano, DSD, and Calvary – PR ahs been in contact



Unit Capitulation (INCLUDES Contractual Interest)

Owner

Ard Oil Itd (and its successors, Llano, DSD, Calvary)\*

Permian Resources Operating LLC Occidental Petroleum LP

Delmar Hudson Lewis Liv Trust

Josephine Hudson Test. Trust

Tandem Oil Company

Ellipsis Oil & Gas, Inc.

Lindy's Living Trust

Javelina Partners Zorro Partners

Chevron USA Inc

EOG Resources Inc

PBEX LLC



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

**OFFICE** 432.695.4222 **FAX** 432.695.4063

October 29, 2024

Via Certified Mail

Chevron USA Inc 6301 Deauville Blvd Midland, TX 79706

#### RE: Well Proposals – Morbucks 25-26 Fed Com Proposals S2 of Section 26, SW/4 and W2SE of Section 25 T19S-R30E Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), as operator for Colgate Production, LLC, hereby proposes the drilling and completion of the following six (6) wells, the Morbucks 25-26 Federal Com wells at the following approximate locations within Township 19 South, Range 30 East, Eddy Co., NM:

#### FIRST BONE SPRING FORMATION:

 Morbucks 25-26 Federal Com 113H SHL: 1,319' FSL & 1,446' FEL (or at a legal location in Unit O) of Section 25 FTP: 1,420' FEL & 1,980' FSL of Section 25 LTP: 100' FWL & 1,980' FSL of Section 26 BHL: 10' FWL & 1,980' FSL of Section 26 Standard Spacing Unit: NWSE, N2SW of Section 25 N2S2 of Section 26, T19S-R30E TVD: 7,958' TMD: 16,543'

#### 2. Morbucks 25-26 Federal Com 114H

SHL: 1,288' FSL & 1,433' FEL (or at a legal location in Unit O) of Section 25
FTP: 1,420' FEL & 660' FSL of Section 25
LTP: 100' FWL & 660' FSL of Section 26
BHL: 10' FWL & 660' FSL of Section 26
Standard Spacing Unit: SWSE, S2SW of Section 25 S2S2 of Section 26, T19S-R30E
TVD: 7,958'
TMD: 16,543'

Continued Next Page.

Permian Resources Operating, LLC Case No. 24752 Exhibit A-4



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

#### SECOND BONE SPRING FORMATION:

Morbucks 25-26 Federal Com 123H SHL: 1,258' FSL & 1,421' FEL (or at a legal location in Unit O) of Section 25 FTP: 1,420' FEL & 1,980' FSL of Section 25 LTP: 100' FWL & 1,980' FSL of Section 26 BHL: 10' FWL & 1,980' FSL of Section 26 Standard Spacing Unit: NWSE, N2SW of Section 25 N2S2 of Section 26, T19S-R30E TVD: 8,904' TMD: 17,489'

#### 4. Morbucks 25-26 Federal Com 124H

SHL: 1,227' FSL & 1,408' FEL (or at a legal location in Unit O) of Section 25
FTP: 1,420' FEL & 660' FSL of Section 25
LTP: 100' FWL & 660' FSL of Section 26
BHL: 10' FWL & 660' FSL of Section 26
Standard Spacing Unit: SWSE, S2SW of Section 25 S2S2 of Section 26, T19S-R30E
TVD: 8,906'
TMD: 17,491'

#### THIRD BONE SPRING FORMATION:

#### 5. Morbucks 25-26 Federal Com 133H

SHL: 1,197' FSL & 1,396' FEL (or at a legal location in Unit O) of Section 25
FTP: 1,420' FEL & 1,980' FSL of Section 25
LTP: 100' FWL & 1,980' FSL of Section 26
BHL: 10' FWL & 1,980' FSL of Section 26
Standard Spacing Unit: NWSE, N2SW of Section 25 N2S2 of Section 26, T19S-R30E
TVD: 9,830'
TMD: 18,415'

#### 6. Morbucks 25-26 Federal Com 134H

SHL: 1,166' FSL & 1,383' FEL (or at a legal location in Unit O) of Section 25
FTP: 1,420' FEL & 660' FSL of Section 25
LTP: 100' FWL & 660' FSL of Section 26
BHL: 10' FWL & 660' FSL of Section 26
Standard Spacing Unit: SWSE, S2SW of Section 25 S2S2 of Section 26, T19S-R30E
TVD: 9,831'
TMD: 18,416'



300 N. MARIENFELD STREET, SUITE 1000 MIDLAND, TX 79701 **OFFICE** 432.695.4222 **FAX** 432.695.4063

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 is enclosed. 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 on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, 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 spacing units for the proposed wells. 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.

Please further note that it is the intention of Colgate Production, LLC to relinquish all interest in this unit unto its parent company, Permian Resources Operating, LLC in the near future.

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,

MaryMound

Mason Maxwell Landman

Enclosures

ELECTIONS ON PAGE TO FOLLOW.



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

### Morbucks 25-26 Fed Com Elections:

Well Elections:							
(Please indicate your responses in the spaces below)							
Well(s)	Elect to Participate	Elect to <u>NOT</u> Participate					
Morbucks 25-26 Fed Com 113H							
Morbucks 25-26 Fed Com 114H							
Morbucks 25-26 Fed Com 123H							
Morbucks 25-26 Fed Com 124H							
Morbucks 25-26 Fed Com 133H							
Morbucks 25-26 Fed Com 134H							

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

**OFFICE** 432.695.4222 **FAX** 432.695.4063

## OFFICE 432 605 4222

## 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 coverage arranged by Permian Resources Operating, LLC.

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name:	
---------------	--

Date:				

## 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:	9.1.23	AFE NO.:	1
WELL NAME:	Morbucks 25-26 Federal Com 124H	FIELD: 1	Hackberry; Bone Spring, NW
LOCATION:	Section 25, T19S-R30E	MD/TVD:	17,491' / 8,906'
COUNTY/STATE:	Eddy Co., NM	LATERAL LENGTH:	8,750'
Permian WI:		DRILLING DAYS:	19.0
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	19
	Drill a horizontal SBSG well and complete	e with 44 stages. AFE includes drilling, completions, f	flowback and Initial AL
REMARKS:	install cost		

DITANCED F COCTO	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE COSTS		20010		
Land/Legal/Regulatory \$	51,607	-		- ,
2 Location, Surveys & Damages	251,699	15,786	12,143	279,62
Freight / Transportation	39,258	36,732	-	75,99
Rental - Surface Equipment	102,919	186,635	7,431	296,98
6 Rental - Downhole Equipment	166,427	43,244	-	209,67
7 Rental - Living Quarters	40,258	52,760	-	93,01
10 Directional Drilling, Surveys	340,372	-	-	340,37
11 Drilling	662,215	-	-	662,21
2 Drill Bits	100,397	-		100,39
3 Fuel & Power	165,075	653,583	-	818,65
4 Cementing & Float Equip	228,518	-	-	228,51
5 Completion Unit, Swab, CTU	-	-	14,571	14,57
6 Perforating, Wireline, Slickline	-	366,135	21,857	387,99
7 High Pressure Pump Truck	-	107,707	-	107,70
8 Completion Unit, Swab, CTU	-	111,987	-	111,98
0 Mud Circulation System	91,425	-	-	91,42
1 Mud Logging	16,216	-	-	16,21
2 Logging / Formation Evaluation	6,302	7,286	-	13,58
3 Mud & Chemicals	302,668	367,445	-	670,11
4 Water	51,485	595,936	-	647,42
5 Stimulation	-	714,674	-	714,67
6 Stimulation Flowback & Disp	-	124,008		124,00
8 Mud / Wastewater Disposal	190,625	53,428		244,05
0 Rig Supervision / Engineering	105,229	123,948	5,829	235,00
2 Drlg & Completion Overhead	9,107	-		9,10
5 Labor	143,001	60,714	24,286	228,00
4 Proppant –		1,079,378		1,079,32
5 Insurance	10,890	-		10,89
7 Contingency	10,050	21,440	8,612	30,05
99 Plugging & Abandonment	-	-	0,012	
			04 500	
TOTAL INTANGIBLES >	3,075,692	4,722,826	94,728	7,893,24
	DRILLING	COMPLETION	PRODUCTION	TOTAL
	COSTS	COSTS	COSTS	COSTS
TANGIBLE COSTS	COSTS	COSTS	COSTS	COSTS
0 Surface Casing \$	41,774	COSTS	COSTS	41,77
0 Surface Casing \$	41,774 79,416	COSTS		5 <u>41,77</u> 79,41
0 Surface Casing \$ 1 Intermediate Casing - 2 Drilling Liner -	41,774 79,416 141,346	COSTS		5 41,77 79,41 141,34
0 Surface Casing \$ 11 Intermediate Casing 2 2 Drilling Liner 3 3 Production Casing -	41,774 79,416	COSTS		5 41,77 79,41 141,34
0 Surface Casing \$ 11 Intermediate Casing 2 2 Drilling Liner 3 Production Casing 4 4 Production Liner -	41,774 79,416 141,346	COSTS	- 8 	5 41,77 79,41 141,32 541,57
0 Surface Casing \$ 11 Intermediate Casing 2 2 Drilling Liner 3 Production Casing 4 4 Production Liner 5 Tubing -	41,774 79,416 141,346 541,575	COSTS		5 41,77 79,41 141,32 541,57
0 Surface Casing \$ 1 Intermediate Casing  2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing	41,774 79,416 141,346 541,575	COSTS	- 8 	5 41,77 79,4 141,3 541,5 66,73
0 Surface Casing \$ 1 Intermediate Casing  2 Drilling Liner 3 Production Casing  4 Production Liner 5 Tubing  6 Wellhead	41,774 79,416 141,346 541,575	COSTS	S	5 41,77 79,43 141,33 541,55 - - 66,78 145,83
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers	41,774 79,416 141,346 541,575 - - - 83,664	COSTS		5 41,77 79,43 141,33 541,55 - - 66,78 145,83 
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner 3 3 Production Casing 4 4 Production Liner 5 5 Tubing 6 6 Wellhead 7 7 Packers, Liner Hangers 8 8 Tanks 7	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41,77 79,43 141,33 541,55 - - 66,78 145,83 
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner  3 Production Casing  4 Production Liner  5 Tubing  6 Wellhead  7 Packers, Liner Hangers  8 Tanks  9 Production Vessels	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41,7' 79,4: 141,3: 541,5: - 66,7' 145,8: 21,9: - 20,0:
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner 3 Production Casing 4 4 Production Liner 5 Tubing 6 Wellhead 7 7 Packers, Liner Hangers 8 Tanks 9 9 Production Vessels 0 Flow Lines 7	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41,7' 79,4: 141,3: 541,5: - 66,7' 145,8: 21,9: - 20,0:
0 Surface Casing \$ 1 Intermediate Casing  2 Drilling Liner 3 Production Casing  4 Production Liner 5 Tubing 6 Wellhead  7 Packers, Liner Hangers 8 Tanks  9 Production Vessels  0 Flow Lines  1 Rod string	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41,7' 7'9,4' 141,3' 541,5' - 66,7' 145,8' 21,9' 20,0' - - 15,1'
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       1	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41,7' 79,4' 141,3' 541,5' - 66,7' 145,8' 21,9' 20,0' - 15,1' - - 48,5'
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner 3 3 Production Casing 4 4 Production Liner 5 5 Tubing 6 6 Wellhead 7 7 Packers, Liner Hangers 8 8 Tanks 9 9 Production Vessels 0 0 Flow Lines 1 8 Rod string 2 2 Artificial Lift Equipment 3 Compressor 7	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41.7 79.4 141,3 541,5 - 66,7 145,8 21,9 20,0 - 15,1 - 48,5
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner  3 Production Casing  4 Production Liner  5 Tubing  6 Wellhead  7 Packers, Liner Hangers  8 Tanks  9 Production Vessels  0 Flow Lines  1 Rod string  2 Artificial Lift Equipment  3 Compressor  4 Installation Costs	41,774 79,416 141,346 541,575 	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - 66,7 145,8 21,9 20,0 - 15,1 - 48,5 51,6 - -
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner 3 Production Casing 4 4 Production Liner 5 Tubing 6 Wellhead 7 7 Packers, Liner Hangers 8 8 Tanks 9 9 Production Vessels 0 9 Production Vessels 0 9 Flow Lines 1 1 Rod string 2 2 Artificial Lift Equipment 3 2 Compressor 4 1 Installation Costs 5 5 Surface Pumps	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - 66,7 145,8 21,9 20,0 - 15,1 - - 48,5 51,6
0 Surface Casing \$ 1 Intermediate Casing 2 2 Drilling Liner 3 3 Production Casing 4 4 Production Liner 5 5 Tubing 6 6 Wellhead 7 7 Packers, Liner Hangers 8 8 Tanks 9 9 Production Vessels 0 0 Flow Lines 1 1 Rod string 2 2 Artificial Lift Equipment 3 1 Compressor 4 1 Installation Costs 5 5 Surface Pumps 6 1 Downhole Pumps 5	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       -         2 Drilling Liner       -         3 Production Casing       -         4 Production Liner       -         5 Tubing       -         6 Wellhead       -         7 Packers, Liner Hangers       -         8 Tanks       9         9 Production Vessels       -         0 Flow Lines       -         1 Rod string       -         2 Artificial Lift Equipment       -         3 Compressor       -         4 Installation Costs       -         5 Surface Pumps       -         6 Downhole Pumps       -         7 Measurement & Meter Installation       -	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         8 Gas Conditioning / Dehydration       7	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       -         5 Tubing       -         6 Wellhead       -         7 Packers, Liner Hangers       -         8 Tanks       -         9 Production Vessels       -         0 Flow Lines       -         1 Rod string       -         2 Artificial Lift Equipment       -         3 Compressor       -         4 Installation Costs       -         5 Surface Pumps       -         6 Downhole Pumps       -         7 Measurement & Meter Installation       -         9 Interconnecting Facility Piping       -	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 66,7 145,8 21,9 20,0 - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       2         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         8 Gas Conditioning / Dehydration       9         9 Interconnecting Facility Piping       0         0 Gathering / Bulk Lines       9	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 66,7 145,8 21,9 20,0 - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       9         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         8 Gas Conditioning / Dehydration       9         9 Interconnecting Facility Piping       0         0 Gathering / Bulk Lines       1         1 Valves, Dumps, Controllers       1	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         9 Interconnecting Facility Piping       0         0 Gathering / Bulk Lines       1         1 Valves, Dumps, Controllers       2         2 Tank / Facility Containment       7	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 66,7 145,8 21,9 20,0 
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         8 Gas Conditioning / Dehydration       9         9 Interconnecting Facility Piping       0         0 Gathering / Bulk Lines       1         1 Valves, Dumps, Controllers       2         2 Tank / Facility Containment       3         3 Flare Stack       9	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 66,7 145,8 21,9 20,0 - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         8 Gas Conditioning / Dehydration       9         9 Interconnecting Facility Piping       0         0 Gathering / Bulk Lines       1         1 Valves, Dumps, Controllers       2         2 Tank / Facility Containment       3         3 Flare Stack       9	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - 66,7 145,8 21,9 20,0 - 15,1 - - - - - - - - - - - - - - - - - - -
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         5 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       0         0 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         9 Interconnecting Facility Piping       0         0 Gathering / Bulk Lines       1         1 Valves, Dumps, Controllers       2         2 Tank / Facility Containment       3         3 Flare Stack       4         4 Electrical / Grounding       1	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,7 79,4 141,3 541,5 - 66,7 145,8 21,9 20,0 - 15,1 - - - - - - - - - - - - - - - - - - -
ANGIBLE COSTS     O Surface Casing     O Surface Casing     Intermediate Casing     Zorilling Liner     Sort Casing     Production Casing     Production Liner     Sort Casing     Production Liner     Sort Casing     Constraint Casing     Cost Casing	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,77 79,41 141,34 541,57 66,78 145,83 21,99 20,00 - 15,17
0 Surface Casing       \$         1 Intermediate Casing       2         2 Drilling Liner       3         3 Production Casing       4         4 Production Liner       5         55 Tubing       6         6 Wellhead       7         7 Packers, Liner Hangers       8         8 Tanks       9         9 Production Vessels       9         10 Flow Lines       1         1 Rod string       2         2 Artificial Lift Equipment       3         3 Compressor       4         4 Installation Costs       5         5 Surface Pumps       6         6 Downhole Pumps       7         7 Measurement & Meter Installation       8         8 Gas Conditioning / Dehydration       9         9 Interconnecting Facility Piping       9         40 Gathering / Bulk Lines       1         1 Valves, Dumps, Controllers       2         2 Tank / Facility Containment       3         3 Flare Stack       4         4 Electrical / Grounding       5         5 Communications / SCADA       7	41,774 79,416 141,346 541,575 - - - 83,664 12,871	- - - - - - - - - - - - - - - - - - -		5 41,77 79,41 141,34 541,55 - - - - - - - - - - - - - - - - - -

#### PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	PS		
Completions Engineer:	ML		
Production Engineer:	TD		
ermian Resources Operating, LL	C APPROVAL:		
Co-CEO		Co-CEO	VP - Operations
	WH	JW	CRM
VP - Land & Legal		VP - Geosciences	
	BG	SO	
ON OPERATING PARTNER A	PPROVAL:		
ON OPERATING PARTNER A	PPROVAL:	Working Interest (%):	Tax ID:
	PPROVAL:	Working Interest (%): Date:	Tax ID:

er the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its nent, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well approv e total cost of the project. osts under the terms of th

# Morbucks- Contact Chronology

May 2023:	Morbucks Drill Island and Potash DA notice sent out to all parties
July 2023:	Morbucks DI and DA approved
October 2023-January 2024:	Well proposals sent to all parties/further title/diligence conducted
December 2023:	Javelina/Zorro JOAs signed – Need Coms to drop from pooling
January 2024:	Ellipsis JOA signed – Need Com to drop from pooling
April 2024:	Correspondence with Occidental
June/July 2024:	Correspondence with Ard and its potential successors at the time
August 2024:	Correspondence with EOG

Received by OCD: 11/1/2024 1:17:45 PM

Permian Resources Operating, LLC Case No. 24752 Exhibit A-5

## APPLICATION OF COLGATE PRODUCTION, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 24751 & 24752

### SELF-AFFIRMED STATEMENT OF CHRISTOPHER CANTIN

1. I am a geologist with Permian Resources Operating, LLC ("Permian Resources"). 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 geology were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced cases.

3. **Exhibit B-1** is a regional locator map that identifies the Morbucks project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of this application.

4. **Exhibit B-2** is a cross-section location map for the proposed horizontal spacing units ("Units") within the Bone Spring formation. The approximate wellbore paths for the proposed **Morbucks 25-26 Federal Com 123H** and **Morbucks 25-26 Federal Com 124H** wells ("Wells") are represented by dashed lines. Existing producing wells in the targeted interval are represented by solid lines. This map identifies the cross-section running from A-A' with the cross-section well's name and a black line in proximity to the proposed Wells. The Unit areas are defined by blue boxes and are labeled with their respective case numbers.

5. **Exhibit B-4** is a Subsea Structure map on the Base of the Second Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies the approximate

Permian Resources Operating, LLC Case No. 24752 Exhibit B Released to Imaging: 11/4/2024 8:42:55 AM

wellbore paths for the proposed Wells with a orange 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 east-southeast 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-6** is a stratigraphic cross-section from A to A' using the representative wells identified on Exhibit B-4. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from west to east and is hung on the top of the Wolfcamp 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 to be drilled from west to east across the units. This cross-section demonstrates the target intervals are continuous across the Unit.

7. **Exhibit B-7** is a gun barrel diagram that shows the proposed Wells in the Bone Spring formation. Pooling units area defined by blue boxes and are labeled with their respective case numbers.

8. In my opinion, a laydown 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.

9. 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.

10. In my opinion, the granting of Colgate's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

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11. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

12. 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.

Christopher Cantin

10/28/2624 Date



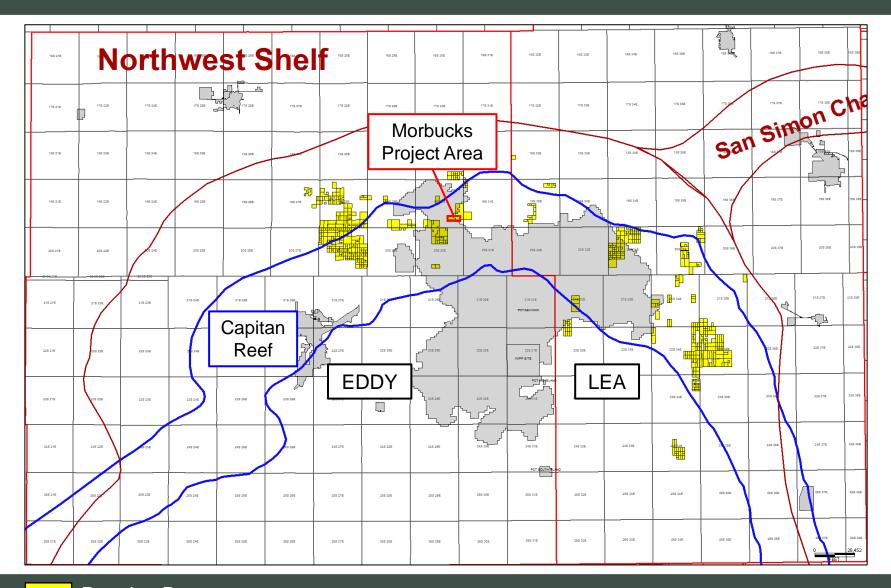
Released to Imaging: 11/4/2024 8:42:55 AM

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## Regional Locator Map Morbucks 25-26 Fed Com

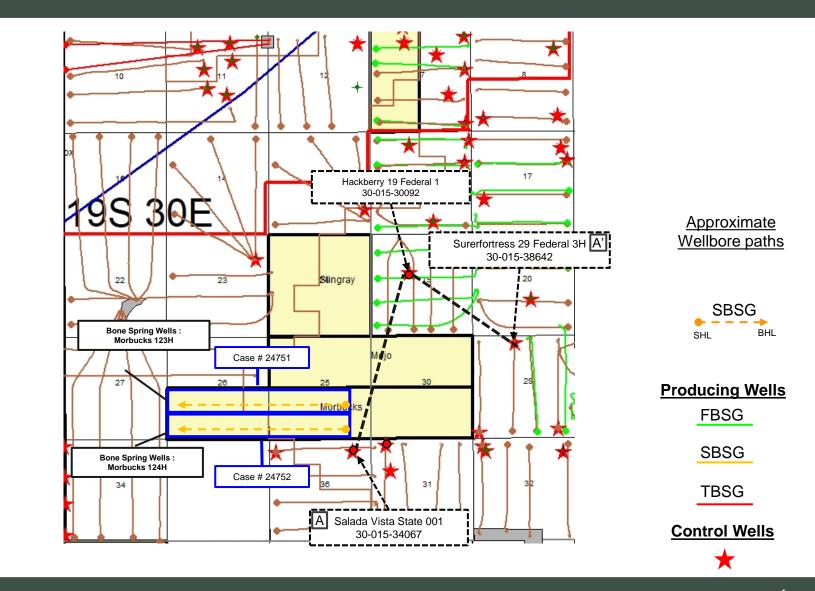
Permian Resources Operating, LLC Case No. 24752 Exhibit B-1





Cross-Section Locator Map Morbucks 25-26 Fed Com Permian Resources Operating, LLC Case No. 24752 Exhibit B-2





Permian

Resources

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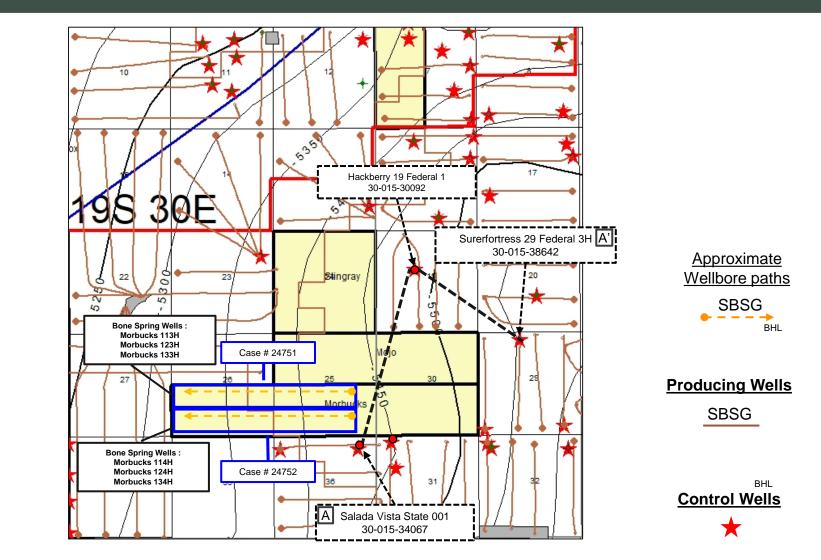
Morbucks 25-26 Fed Com

Base Second Bone Spring– Structure Map (50' CI)

#### Permian Resources Operating, LLC Page 29 of 51

Case No. 24752 Exhibit B-3

Exhibit B-3

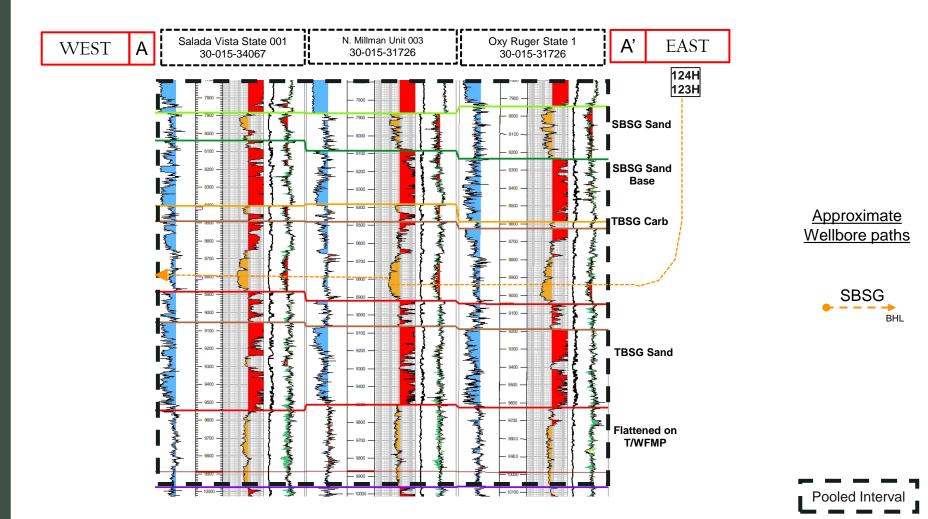


## Permian Resources

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## Stratigraphic Cross-Section A-A' Morbucks 25-26 Fed Com

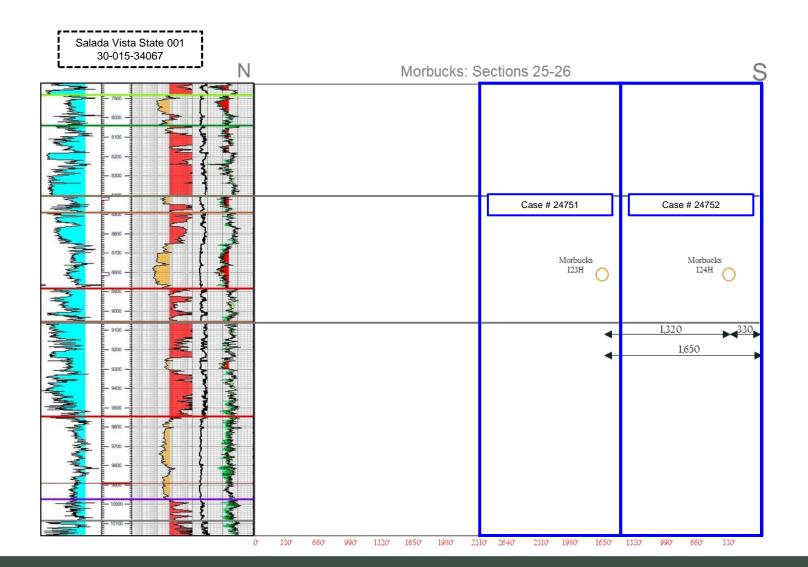
Permian Resources Operating, LLC Case No. 24752 Exhibit B-4



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## Gun Barrel Development Plan Morbucks 25-26 Fed Com

Permian Resources Operating, LLC Case No. 24752 Exhibit B-5



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## APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

#### CASE NOS. 24751 & 24752

## SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Permian Resources Operating, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter, along with the Applications 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 August 8, 2024, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, 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 cases. 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 Dana S. Hardy October 29, 2024 Date

> Permian Resources Operating, LLC Case No. 24752 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

hinklelawfirm.com

July 31, 2024

## VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

## TO ALL PARTIES ENTITLED TO NOTICE

# Re: Case No. 24751 & 24752 - Applications of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **August 22**, **2024**, beginning at 8:15 a.m.

The hearing will be conducted in a hybrid fashion, both virtually and 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. To participate virtually, see the instructions posted on the OCD Hearings website: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/) e-mail or via 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 these applications, please contact Mason Maxwell, Landman at 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

Case No. 24752

Exhibit C-1

Permian Resources Operating, LLC

## APPLICATIONS OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

### CASE NOS. 24751 & 24752

## NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	<b>RETURN RECEIVED</b>
Ard Energy	07/31/24	08/12/2024
PO Box 101027	9589071052702159745662	
Fort Worth TX 76185		
Ard Oil Ltd.	07/31/24	08/12/2024
PO Box 101027,	9589071052702159745655	
Fort Worth TX 76185		
Julian Ard and wife, Mary T. Ard	07/31/24	09/03/2024
4808 Westridge Ave	9589071052702159745778	Return to Sender.
Fort Worth TX 76116		
Mary T. Ard	07/31/24	09/03/2024
4808 Westridge Ave	9589071052702159745907	Return to Sender.
Fort Worth TX 76116		
Chevron USA Inc	07/31/24	08/12/2024
6301 Deauville Blvd	9589071052702159745815	
Midland TX 79706		
EOG Resources	07/31/24	08/08/2024
5509 Champions Dr.	9589071052702159745792	
Midland TX 79706		
Diane L. Henley, Successor Trustee of the	07/31/24	08/20/2024
Delmar Hudson Lewis Living Trust	9589071052702159745808	Return to Sender.
6300 Ridglea Place Suite 1005-A		
Fort Worth TX 76116		
Francis Hill Hudson, Trustee of the Lindy's	07/31/24	08/07/2024
Living Trust uta 7/8/94	9589071052702159745785	
215 W. Bandera Road Suite 114-620		
Boerne TX 78006		
Llano Natural Resources, LLC	07/31/24	08/07/2024
6609 Toledo Ave Suite 2	9589071052702159745761	
Lubbock TX 79414		
Occidental Permian Limited Partnership	07/31/24	08/26/2024
5 Greenwood Plaza Suite 110	9589071052702159745891	Return to Sender.
Houston TX 77046		
PBEX LLC	07/31/24	08/07/2024
223 West Wall Street Suite 900	9589071052702159745884	
Midland TX 79701		

## APPLICATIONS OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

## CASE NOS. 24751 & 24752

## NOTICE LETTER CHART

Prime Rock Resources	07/31/24	08/07/2024
203 West Wall Suite 1000	9589071052702159745877	
Midland TX 79701		
RKI Exploration & Production, LLC	07/31/24	08/13/2024
3500 One Williams Center	9589071052702159745860	Return to Sender.
Tulsa, OK 74172		
Tandem Oil Company	07/31/24	USPS Tracking on
1543 Corinth Avenue	9589071052702159745853	10/14/2024:
Los Angeles CA 90025		Item in transit.

Page 36 of 51

Received by OCD: 11/1/2024 1:17:45 PM . Postal Service<sup>™</sup> Ц RTIFIED MAIL® RECEIPT CF Domestic Mail Only \_ S livery information 1t Certified Mail Fee 5 Extra Services & Fees (check box, L L Return Receipt (hardcopy) \$ 5054 Return Receipt (electronic) 202 Certified Mail Restricted Delivery Adult Signature Required 'n Adult Signature Restricted De LO 05 ostage EF.FE 0770 Total Postage and Fees Sent To σ Ard Energy PO Box 101027 Street and A 58 Fort Worth, TX 76185 0 City, State, Z PRO - Morbucks 24751-52 PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructio



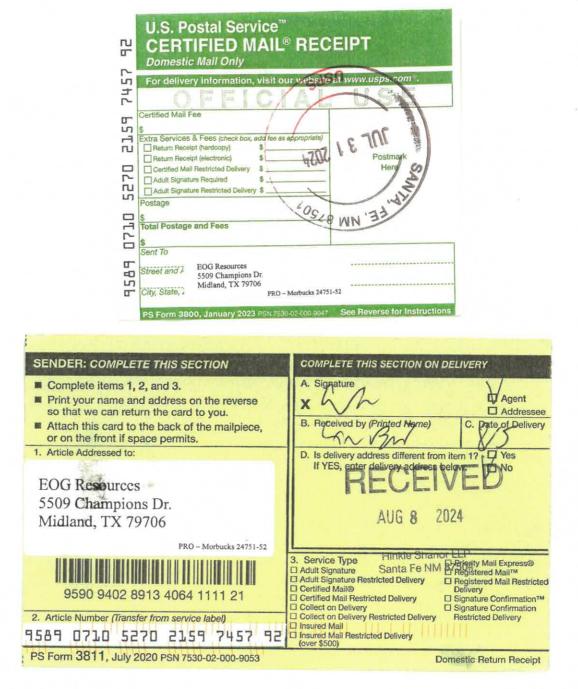
Permian Resources Operating, LLC Case No. 24752 Exhibit C-3

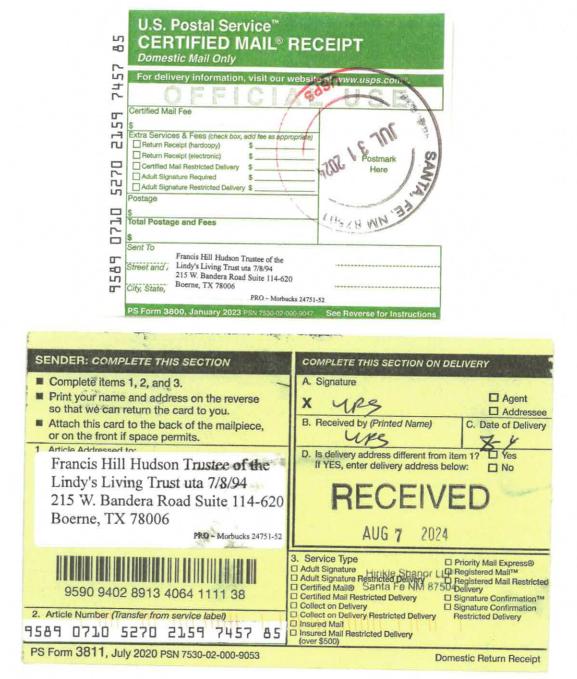
Released to Imaging: 11/4/2024 8:42:55 AM

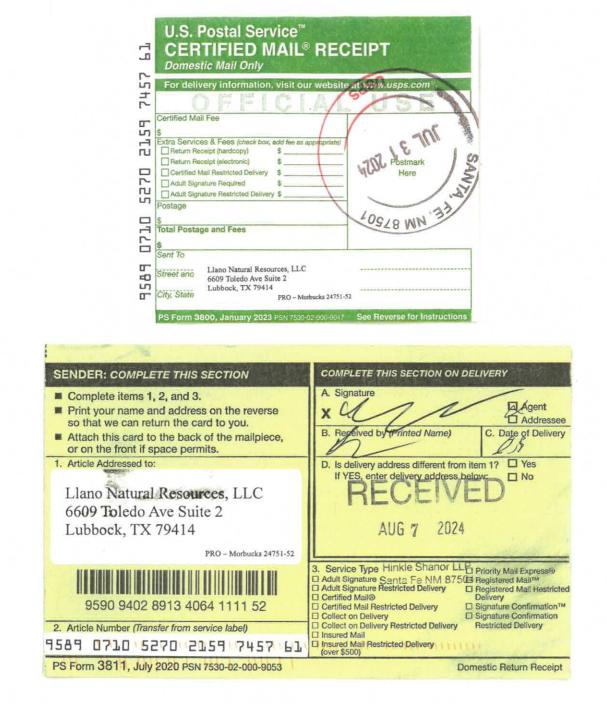


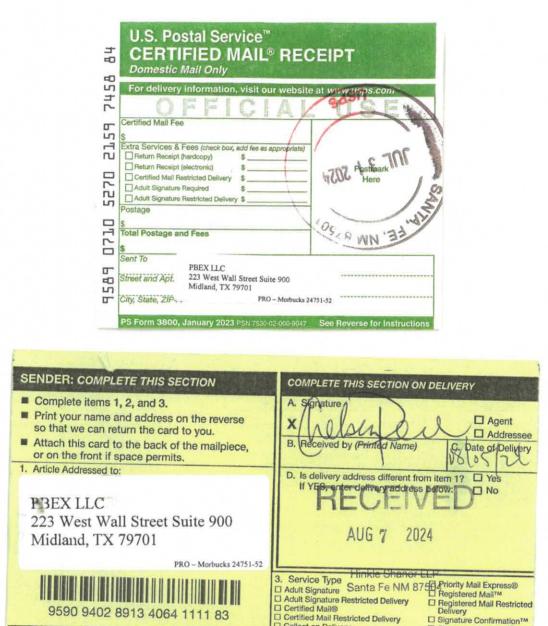
Page 38 of 51











Collect on Delivery

Collect on Delivery Restricted Delivery

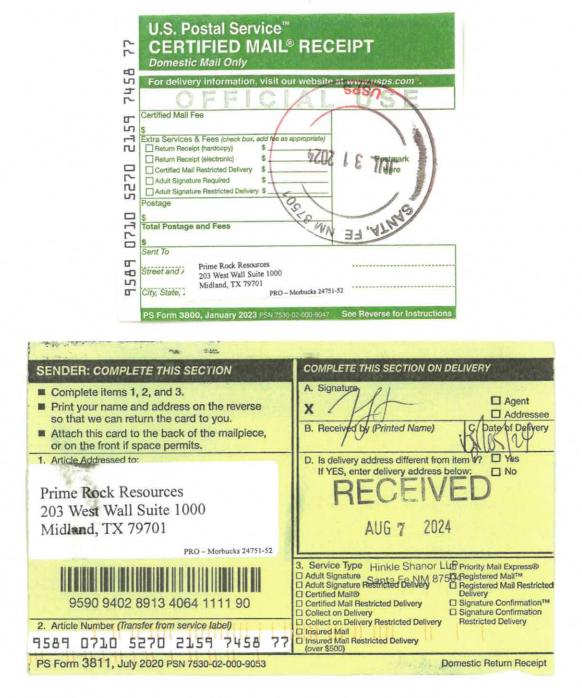
Signature Confirmation Restricted Delivery

Domestic Return Receipt

2. Article Number (Transfer from service label)

PS Form 3811, July 2020 PSN 7530-02-000-9053

9589 0710 5270 2159 7458 84 Disured Mail Restricted Delivery (over \$500)



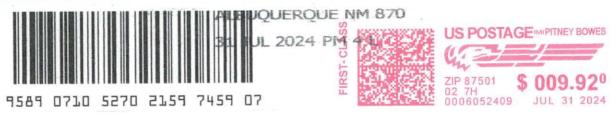


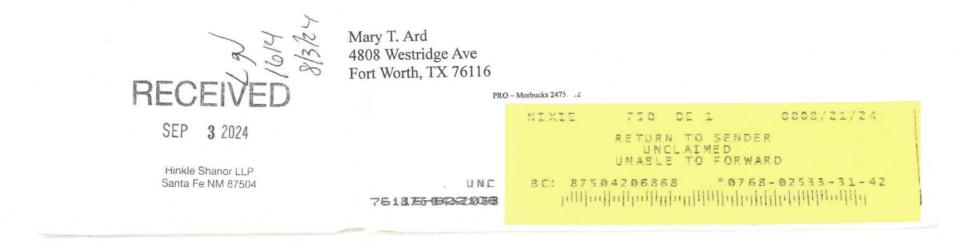
1 07	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com*.		
7459	For delivery informa		USE
0710 5270 2159	Certified Mail Fee	\$ \$ elivery \$ \$	Postmark Here
9589 [	Sent To Street and Apt. No., or City, State, ZIP+4®	Mary T. Ard 4808 Westridge Ave Fort Worth, TX 76116 PRO – M	Torbucks 24751-52 See Reverse for Instruction

# CERTIFIED MAIL

HINKLE SHANOR LLP ATTORNEYS AT LAW

POST OFFICE BOX 2068 SANTA FE, NEW MEXICO 87504













Received by OCD: 11/1/2024 1:17:45 PM

Б	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> RECEIPT Domestic Mail Only			
LD.	For delivery information, visit our website at www.usps.com			
7458	OFFICIAL USEN			
2159	S 4202 1 2 105			
57	Extra Services & Fees (check box, add fee to appropriate) Return Receipt (hardcopy)			
5270	I rietum Receipt (ileratocopy)     S     I return Receipt (electronic)     S     Certified Mail Restricted Delivery     Adult Signature Required     Adult Signature Restricted Delivery     Postage			
	Postage			
0770	\$ Total Postage and Fees \$ Sent To			
589	Streef and 1543 Corinth Avenue			
G	City, State PRO - Morbucks 24751-52			
	PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions			

# **USPS Tracking**<sup>®</sup>

FAQs >

Page 50 of 51

Remove X

# Tracking Number: 9589071052702159745853

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<sup>®</sup>

Delivered

Out for Delivery

Preparing for Delivery

## **Moving Through Network**

In Transit to Next Facility

August 7, 2024

#### Arrived at USPS Regional Facility

LOS ANGELES CA DISTRIBUTION CENTER August 2, 2024, 12:54 pm

# Departed USPS Facility ALBUQUERQUE, NM 87101

July 31, 2024, 9:30 pm

### Arrived at USPS Facility ALBUQUERQUE, NM 87101

Feedback

CARLSBAD CURRENT-ARGUS **PO BOX 507** HUTCHINSON, KS 67504-0507

STATE OF NEW MEXICO SS COUNTY OF EDDY

Account Number: 94

Ad Number:	8040	
Description:	Case #24752	
Ad Cost:	\$119.32	

Nicole Bitton, being first duly sworn, says:

That she is the Agent of the the Carlsbad Current-Argus, a Weekly newspaper of general circulation, printed and published in Carlsbad, Eddy County, New Mexico; that the publication, a copy of which is attached hereto, was published in said newspaper on the following dates:

August 8, 2024

That said newspaper was regularly issued and circulated on those dates. SIGNED:

Bitton

Agent

Subscribed to and swom to m	e this 8 <sup>th</sup> day of August
2024.	KELLI METZGER
	NOTARY PUBLIC, STATE OF OHIO
Notary Public	SF Office
ID#: My commission expires: DC	19 2021
My commission expires:	11,000

.....

4,924

Hinkle Shanor, Llp **Pobox 2068** Santa Fe, NM 87504

#### LEGAL NOTICE

This is to notify all interested Ard Oil Ltd.; Chevron USA Inc; Diane L. Henly, Successor Trustee of the Delmar Hudson Lewis Living Trust; EOG Resources; Francis Hill Hudson Truste of the Lindy's Living Trust uta 7/8/94; Julian Ard and wife, Mary T. Ard; Llano Natural Resources, LLC; Mary T. Ard; Occidental Permian Limited Partnership; PBEX LLC; Prime Rock Resources; RKI Exploration & Production, LLC; Tandem Oil Company; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Permian Resources Operating, LLC (Case No. 24752). The hearing will be conducted on August 22, 2024, in a hybrid fashion, both virtually and in-person at the Energy, Min-erals, Natural Resources Department Wardell Chino Department. Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505. To participate virtually, see the instructions posted on the OCD Hearings website: https://www. emnrd.nm.gov/ocd/hearing-info/. Permian Resources Op-erating, LLC ("Applicant") (OGRID No. 372165) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the SW/4 SE/4 and S/2 SW/4 of Section 25, and the S/2 S/V/4 of Section 26, Township 19 South, Range 30 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Morbucks 25-26 Federal Com 124H well ("Well"), which will be drilled ("Well"), which will be drifted from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 26. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 23 miles northeast of Carlsbad, New Mexico.

8040-Published in the Carlsbad Current-Argus on Aug 8, 2024.

> Permian Resources Operating, LLC Case No. 24752 Exhibit C-4