

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY
POOLING AND OVERLAPPING SPACING
UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC (“Applicant”) applies for an order pooling all uncommitted interests from the top of the Bone Spring formation to the base of the Second Bone Spring interval underlying a 400-acre, more or less, standard, overlapping horizontal spacing unit comprised of the N/2 SW/4 of Section 14 and the N/2 S/2 of Sections 15 and 16, Township 20 South, Range 27 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 **Bonneville 14 Fed Com #123H** well (“Well”), which will be drilled from a surface hole location in the NE/4 SW/4 (Unit K) of Section 14 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 16.
3. The completed interval of the Well will be orthodox.
4. Applicant seeks to pool interests in from the top of the Bone Spring formation to the base of the Second Bone Spring interval at a stratigraphic equivalent of approximately 6,990’ TVD as shown on the Oxy Jet Deck Federal #1 (API No. 30-015-32610) well log.
5. The Unit will partially overlap with the spacing unit for the Bonneville 16 State #204H (API No. 30-015-53736), Bonneville 16 State #304H (API No. 30-15-53498), and Bonneville 16 State #305H (API No. 30-015-53499) wells (“Bonneville Wells”). The Bonneville

Wells are located in the S/2 of Section 16, Township 20 South, Range 27 East, and produce from the Avalon; Bone Spring, North Pool (Code 3712) and Avalon; Bone Spring Pool (Code 96381).

6. 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.

7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. 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 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 December 5, 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. Approving the proposed overlapping spacing unit;
- D. Designating Permian Resources Operating, LLC as operator of the Unit and the Well to be drilled thereon;
- E. Authorizing Permian Resources Operating, LLC to recover its costs of drilling, equipping, and completing the Well;
- F. 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

- G. Imposing a 200% charge for the risk assumed by Permian Resources Operating, LLC in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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