

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

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

Case No. _____

APPLICATION

Permian Resources Operating, LLC, OGRID No. 372165 (“Permian”) files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17 (2023), seeking an order pooling all mineral interests in the Bone Spring formation in a 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the S/2 SW/4 of Section 4 and the S/2 S/2 of Sections 5 and 6, all in Township 22 South, Range 26 East, in Eddy County, New Mexico. In support of its application, Permian states as follows:

1. Permian is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Permian proposes to drill the following 2.5-mile wells in the proposed HSU:
 - **Dreamcatcher 4 Fed Com 114H**, well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 330’ FSL and 100’ FWL of Section 6, T22S-R26E;
 - **Dreamcatcher 4 Fed Com 124H** well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990’ FSL and 100’ FWL of Section 4, T22S-R26E; and
 - **Dreamcatcher 4 Fed Com 134H** well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990’ FSL and 100’ FWL of Section 4, T22S-R26E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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

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

6. In order to permit Permian to obtain its just and fair share of the oil and gas 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 Oil Conservation Division on the January 9, 2025 docket, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 400-acre, more or less, HSU comprised of the S/2 SW/4 of Section 4 and the S/2 S/2 of Sections 5 and 6, all in Township 22 South, Range 26 East, in Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;

C. Allowing the drilling of the following 2.5-mile wells in the HSU: **Dreamcatcher 4 Fed Com 114H, Dreamcatcher 4 Fed Com 124H, and Dreamcatcher 4 Fed Com 134H** wells;

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 \$10,000/month and, after completion, \$1,000/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,

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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 pooling all uncommitted mineral interests in the Bone Spring formation in a 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the S/2 SW/4 of Section 4 and the S/2 S/2 of Sections 5 and 6, in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: **Dreamcatcher 4 Fed Com 114H** well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 330’ FSL and 100’ FWL of Section 6, T22S-R26E; **Dreamcatcher 4 Fed Com 124H** well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990’ FSL and 100’ FWL of Section 4, T22S-R26E; and **Dreamcatcher 4 Fed Com 134H** well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990’ FSL and 100’ FWL of Section 4, T22S-R26E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. 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 1 mile West of Carlsbad, New Mexico.