

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

**APPLICATION OF READ & STEVENS, INC.
FOR APPROVAL OF AN OVERLAPPING
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Read & Stevens, Inc. ("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 (1) approving a standard 480-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation, from the top of the Bone Spring formation to the base of the First Bone Spring, underlying the N/2 N/2 of Sections 14, 15, and 16, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted interests in this acreage. In support of its application, Applicant 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 Permian Resources Operating, LLC (OGRID No. 372165) as the operator of the proposed horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Slim Jim 14-15 Federal Com 111H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 16.

4. This proposed horizontal well spacing unit will overlap the following spacing unit in the Bone Spring formation:

- An existing 160-acre horizontal spacing unit in the Bone Spring formation underlying the N/2 N/2 of Section 15, T18S-R31E, currently dedicated to the Tamano 15 AD Federal Com 1H (API No. 30-015-40868), operated by Mewbourne Oil Company.

5. An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone Spring formation, measured from the top of the Bone Spring formation, seen at 6,040 feet total vertical depth, to the stratigraphic equivalent of the base of the First Bone Spring, as seen at 7,955 feet total vertical beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com 2 (API No. 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico. Permian will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

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 pooling of interests will allow Applicant to 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 October 9, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping spacing unit and pooling all uncommitted interests therein;

- B. Designating Permian Resources Operating, LLC as operator of this overlapping horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- 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 well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
agrarkin@hollandhart.com
pmvance@hollandhart.com

**ATTORNEYS FOR READ AND STEVENS, INC. &
PERMIAN RESOURCES OPERATING, LLC**

CASE _____: **Application of Read & Stevens, Inc. for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) approving a standard 480-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation, from the top of the Bone Spring formation to the base of the First Bone Spring, underlying the N/2 N/2 of Sections 14, 15, and 16, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted interests in this acreage. Said unit will be initially dedicated to the proposed **Slim Jim 14-15 Federal Com 111H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 16. This proposed horizontal well spacing unit will overlap the following spacing unit in the Bone Spring formation:

- An existing 160-acre horizontal spacing unit in the Bone Spring formation underlying the N/2 N/2 of Section 15, T18S-R31E, currently dedicated to the Tamano 15 AD Federal Com 1H (API No. 30-015-40868), operated by Mewbourne Oil Company.

Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Permian Resources Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8.5 miles southwest of Maljamar, New Mexico.