

**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 the Bone Spring formation underlying the S/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 122H** and **Slim Jim 14-15 Federal Com 142H** wells, both to be horizontally drilled from surface locations in the NE/4 NE/4 (Unit A) of Section 14, to bottom hole locations in the SW/4 NW/4 (Unit E) of Section 16.
4. This proposed horizontal well spacing unit will overlap the following spacing unit in the Bone Spring formation:

- An existing 40-acre vertical spacing unit in the Bone Spring formation underlying the SW/4 NE/4 (Unit G) of Section 15, T18S-R31E, currently dedicated to the Tamano 15 Federal Com 2 (API No. 30-015-33398), operated by Mewbourne Oil Company.

5. 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.

6. 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 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 wells.

Respectfully submitted,

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**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 the Bone Spring formation underlying the S/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 122H** and **Slim Jim 14-15 Federal Com 142H** wells, both to be horizontally drilled from surface locations in the NE/4 NE/4 (Unit A) of Section 14, to bottom hole locations in the SW/4 NW/4 (Unit E) of Section 16. This proposed horizontal well spacing unit will overlap the following spacing unit in the Bone Spring formation:

- An existing 40-acre vertical spacing unit in the Bone Spring formation underlying the SW/4 NE/4 (Unit G) of Section 15, T18S-R31E, currently dedicated to the Tamano 15 Federal Com 2 (API No. 30-015-33398), operated by Mewbourne Oil Company.

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 Permian Resources Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 8.5 miles southwest of Maljamar, New Mexico.