

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

**APPLICATION OF EARTHSTONE PERMIAN,
LLC FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, Earthstone Permian, LLC (“Earthstone” or “Applicant”) applies for an order pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation underlying a 960-acre, more or less, standard overlapping horizontal spacing unit comprised of the E/2 of Sections 13, 24 and 25, Township 19 South, Range 33 East, Lea County, New Mexico (“Unit”). In support of this application, Earthstone states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to designate Earthstone Operating, LLC (OGRID No. 331165) as operator of the proposed horizontal spacing unit.
3. The Unit will be dedicated to the following wells (“Wells”):
 - a. **Koresh 13-25 Fed Com 131H** and **Koresh 13-25 Fed Com 132H**, which will produce from first take points located in the NW/4 NE/4 (Unit B) of Section 13 to last take points located in the SW/4 SE/4 (Unit O) of Section 25; and
 - b. **Koresh 13-25 Fed Com 133H**, which will produce from a first take point located in the NE/4 NE/4 (Unit A) of Section 13 to a last take point located in the SE/4 SE/4 (Unit P) of Section 25.
4. The completed intervals of the Wells will be orthodox.

5. The completed interval of the **Koresh 13-25 Fed Com 132H** well will be located within 330' of the quarter-quarter section line separating the W/2 E/2 and E/2 E/2 of Sections 13, 24 and 25 to allow for the creation of a 960-acre standard, horizontal spacing unit.

6. A depth severance exists within the Unit. Therefore, Permian Resources seeks to pool only those uncommitted interests from the top of the Third Bone Spring interval, at a stratigraphic equivalent of approximately 10,230' TVD, to the base of the Third Bone Spring formation at a stratigraphic equivalent of approximately 10,770' TVD, as found on the Sagebrush 24 Fed Com 001 (API No. 30-025-34676).

7. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the Gem; Bone Spring, East Pool (Code 27230):

- a. Stetson 13 24 1BS Federal Com #005H (API No. 30-025-45515) located in the W/2 E/2 of Sections 13 and 24, Township 19 South, Range 33 East;
- b. Stetson 13 24 1BS Federal Com #006H (API No. 30-025-45499) located in the E/2 E/2 of Section 13 and the E/2 NE/4 and NE/4 SE/4 of Section 24, Township 19 South, Range 33 East;
- c. Stetson 13 24 2BS Federal Com #010H (API No. 30-025-50265) located in the W/2 E/2 of Sections 13 and 24, Township 19 South, Range 33 East; and
- d. Stetson 13 24 2BS Federal Com #011H (API No. 30-025-50266) located in the E/2 E/2 of Sections 13 and 24, Township 19 South, Range 33 East.

8. Additionally, the spacing unit for the Wells will partially overlap with the spacing units for the following wells, which produce from the Apache Ridge; Bone Spring Pool (Code 2260):

- a. Smith #001H (API No. 30-025-27705) located in the NW/4 SE/4 of Section 25, Township 19 South, Range 33 East; and
 - b. Smith #002H (API No. 30-025-38952) located in the SE/4 SE/4 of Section 25, Township 19 South, Range 33 East.
9. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
10. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
11. 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 Earthstone Operating, LLC should be designated as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 13, 2025, 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 Wells in the Unit;
- C. Approving the overlapping spacing unit;
- D. Designating Earthstone Operating, LLC as operator of the Unit and the Wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;

- F. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty 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,

HARDY MCLEAN LLC

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