

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

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

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC (“Applicant”) (OGRID No. 372165) applies for an order pooling uncommitted interests in the Second Bone Spring interval of the Bone Spring formation, underlying a 480-acre, more or less, standard, overlapping, horizontal spacing unit comprised of the W/2 Section 23 and the NW/4 of Section 26, Township 20 South, Range 32 East, Lea 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 **Spicy Chicken 23 Fed Com 141H** (“Well”), which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 23 to a last take point in the SW/4 NW/4 (Unit E) of Section 26.
3. The completed interval of the Well will be orthodox.
4. The completed interval of the Well will be located within 330’ of the quarter-quarter section line separating the W/2 W/2 and E/2 W/2 of Sections 23 and 26 to allow for the creation of a 480-acre standard, horizontal spacing unit.

5. Due to a depth severance in the Bone Spring Formation within the Unit, Applicant seeks to pool interests in the Second Bone Spring interval only, from approximately 9,444' TVD to 9,930' TVD, as shown on the Hanson State #1 well log (API 30-025-2499).

6. The Unit will partially overlap with the spacing unit for the Snoddy Federal #023H (API No. 30-025-40837), which is located in Units A, B, E, F, G, and L of Section 26, Township 19 South, Range 32 East, and produces from the Salt Lake; Bone Spring pool (Code 53560).

7. 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.

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

9. 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 January 8, 2026, 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 an overlapping spacing unit;
- D. Designating Permian Resources Operating, LLC as the operator of the Unit and the Well to be drilled thereon;

- E. Authorizing Applicant 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,

HARDY MCLEAN LLC

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