

**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 1978, Section 70-2-17, Permian Resources Operating, LLC (OGRID No. 372165) (“Permian Resources” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation, underlying a 643.25-acre, more or less, standard, horizontal spacing unit comprised of the W/2 of Section 34, Township 21 South, Range 34 East, and Lots 3 and 4, S/2 NW/4, and SW/4 (W/2 equivalent) of irregular Section 3, Township 22 South, Range 34 East, Lea County, New Mexico (“Unit”). In support of this application, Permian Resources 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 following wells (“Wells”):
 - a. **Gramma Ridge State Com 1H** and **Gramma Ridge State Com 2H**, which will be drilled from first take points located in the SW/4 SW/4 (Unit M) of irregular Section 3, Township 22 South, to last take points in the NW/4 NW/4 (Unit D) of Section 34, Township 21 South; and
 - b. **Gramma Ridge State Com 3H**, which will be drilled from a first take point located in the SE/4 SW/4 (Unit N) of irregular Section 3, Township 22 South, to a last take point in the NE/4 NW/4 (Unit C) of Section 34, Township 21 South.

3. The completed interval of the Wells will be orthodox.
4. The completed interval of the Grama Ridge State Com 2H well will be located within 330' of the quarter-quarter section line separating Lot 3, SE/4 NW/4 and E/2 SW/4 (E/2 W/2 equivalent) and Lot 4, SW/4 NW/4 and W/2 SW/4 (W/2 W/2 equivalent) of irregular Section 3, Township 22 South, and Section 34, Township 21 South, to allow for the creation of a 643.25-acre standard, horizontal spacing unit.
5. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the GRAMA RIDGE; BONE SPRING, NE Pool (Code 28435):
 - a. Gramma Ridge East 34 2BS State Com 006H (API No. 30-025-546539), which is located in the W/2 W/2 of Section 34, Township 21 South;
 - b. Gramma Ridge East 2BS State Com 007H (API No. 30-025-546536), which is located in the E/2 W/2 of Section 34, Township 21 South; and
 - c. Gramma Ridge East 34 State Com 3BS 003H (API No. 30-025-46538), which is located in the E/2 W/2 of Section 34.
6. The spacing unit for the Wells also partially overlaps with the spacing units for the following wells, which produce from the OJO CHISO; BONE SPRING Pool (Code 96553):
 - a. Ram 3 B2MD State Com 001H (API No. 30-025-50757), which is located in the W/2 W/2 equivalent of irregular Section 3, Township 22 South;
 - b. Ram 3 B3MD State Com 002H (API No. 30-025-550756), which is located in the W/2 W/2 equivalent of irregular Section 3, Township 22 South;
 - c. Ram 3 B2MD State Com 002H (API No. 30-025-50761), which is located in the W/2 W/2 equivalent of irregular Section 3, Township 22 South;

- d. Ram 3 B3NC State Com 001H (API No. 30-025-49696), which is located in the E/2 W/2 equivalent of irregular Section 3, Township 22 South; and
 - e. Ram 3 B2NC State Com 001H (API No. 30-025-49693), which is located in the E/2 W/2 equivalent of irregular Section 3, Township 22 South.
7. 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.
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 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 May 7, 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 Applicant 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

/s/ Dana S. Hardy

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