

**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 NON-
STANDARD, 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 960-acre, more or less, non-standard, horizontal spacing unit comprised of the S/2 of Section 22, and all of Section 27, Township 20 South, Range 35 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. **Mallard State Com 501H** u-turn well, which will be drilled from a first take point located in the NW/4 SW/4 (Unit L) of Section 22 to a last take point NE/4 SW/4 (Unit K) of Section 22;
 - b. **Mallard State Com 502H** u-turn well, which will be drilled from a first take point located in the NW/4 SE/4 (Unit J) of Section 22 to a last take point in NW/4 SW/4 (Unit L) of Section 22; and

- c. **Mallard State Com 503H** u-turn well, which will be drilled from a first take point located in the NE/4 SE/4 (Unit I) of Section 22 to a last take point in the NW/4 SE/4 (Unit J) of Section 22.
3. The completed interval of the Wells will be orthodox.
4. Permian Resources requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.
 5. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the Featherstone; Bone Spring Pool (Code 24250):
 - a. Mango BRM State #001H (API No. 30-025-40517) located in the E/2 W/2 of Section 27, Township 20 South, Range 35 East;
 - b. Tangerine BRT State #001H (API No. 30-025-40518) located in the E/2 E/2 of Section 27, Township 20 South, Range 35 East;
 - c. Woody 22 Federal Com #501H (API No. 30-025-51394) located in the W/2 of Section 15 and the NW/4 of Section 22, Township 18 South, Range 30 East;
 - d. Woody 22 Federal Com #502H (API No. 30-025-51395) located in the W/2 of Section 15 and the NW/4 of Section 22, Township 18 South, Range 30 East;
 - e. Woody 22 Federal Com #503H (API No. 30-025-51396) located in the E/2 of Sections 15 and 22, Township 18 South, Range 30 East; and
 - f. Woody 22 Federal Com #504H (API No. 30-025-51397) located in the E/2 of Section 15 and the SE/4 of Section 22, Township 18 South, Range 30 East.

6. 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.

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

8. 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 non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC;
- D. Approving the overlapping spacing unit;
- E. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- G. 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

- H. 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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