

**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, EDDY 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 320-acre, more or less, standard, overlapping horizontal spacing unit comprised of the N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy 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 **Koala 9-10 Fed Com 121H** well (“Well”), which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 9 to a last take point in the NE/4 NE/4 (Unit A) of Section 10.
3. The completed interval of the Well will be orthodox.
4. The spacing unit for the Well partially overlaps with the spacing units for the following wells, which produce from the Old Millman Ranch; Bone Spring (Assoc) (Code 48035):
 - a. Government AB #006 (API No. 30-015-27846) dedicated to the NW/4 NW/4 of Section 10, Township 20 South, Range 28 East;
 - b. Government AB #007 (API No. 30-015-27847) dedicated to the NE/4 NW/4 of Section 10, Township 20 South, Range 28 East;

- c. Government AB #008 (API No. 30-015-27863) dedicated to the NW/4 NE/4 of Section 10, Township 20 South, Range 28 East; and
 - d. Government AB Federal #012 (API No. 30-015-41049) dedicated to the W/2 NE/4 of Section 10, Township 20 South, Range 28 East.
5. 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.
6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
7. 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 Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 4, 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 the overlapping spacing unit;
- D. Designating Applicant as 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 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 Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

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