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 NOS. 25833–25834**

APPLICATIONS OF PERMIAN RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. **CASE NOS. 25835–25845**

APPLICATION OF AVANT OPERATING II, LLC FOR APPROVAL OF A NON-STANDARD UNIT, COMPULSORY POOLING, AND TO THE EXTENT NECESSARY, APPROVAL OF AN OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO **CASE NOS. 25827, 25829 & 25831**

APPLICATION OF AVANT OPERATING II, LLC FOR APPROVAL OF A NON-STANDARD UNIT AND COMPULSORY POOLING LEA COUNTY, NEW MEXICO. **CASE NO. 25832**

PERMIAN RESOURCES OPERATING, LLC'S CLOSING STATEMENT

In accordance with the Hearing Examiner's request at the April 21-22, 2026 hearing and June 4, 2026 status conference in the above-captioned matter, Permian Resources Operating, LLC's ("Permian Resources") submits the following closing statement.

I. INTRODUCTION

These matters involve the competing development plans of Avant Operating II, LLC ("Avant") and Permian Resources. Permian Resources proposes to fully develop both the Bone Spring and Wolfcamp formations, underlying 960 acres in all of Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East, Lea County. Permian Resources plans to include twelve one-and-a-half (1.5) mile wells and two one (1) mile u-turn wells as initial wells, and subsequently to test additional Bone Spring and Wolfcamp formation targets with infill wells. In contrast, AO II proposes to drill eighteen (18) Bone Spring wells and ten (10) Wolfcamp wells, to develop approximately 960 acres in Sections 23 and the N/2 of Section 26, Township 20 South, Range 32 East. Avant's applications only seek to pool the First and Third Bone Spring Intervals in Section 26, leaving out the Second Bone Spring Interval. Avant's stranding of resources alone is grounds for denial of Avant's applications.

In evaluating competing development plans, the Division considers the following factors:

1. An evaluation of the mineral interest ownership held by each party at the time the application is heard.
2. A comparison of geologic evidence presented by each party as it relates to the proposed well location and the potential of each proposed prospect to efficiently recover the oil and gas reserves underlying the property.
3. A comparison of the risk associated with the parties' respective proposal for the exploration and development of the property.
4. A review of the negotiations between the competing parties prior to the applications to force pool to determine if there was a "good faith" effort.
5. A comparison of the ability of each party to prudently operate the property and, thereby, prevent waste.
6. A comparison of the differences in well cost estimates (AFEs) and other operational costs presented by each party for their respective proposals.
7. A comparison of the ability of the applicants to timely locate well sites and to operate on the surface (the "surface factor").

See, e.g., Order No. R-20223. The factors above are not equally weighted; rather, "the most important consideration in awarding operations to competing interest owners is geologic evidence as it relates to well location and recovery of oil and gas and associated risk." Order No. R-10731-B, ¶ 23(f). Only when competing applicants propose development plans with similar recovery expectations does the Division give dispositive weight to the remaining factors. Order No. R-21800, ¶ 22.

As demonstrated at hearing, the totality of evidence indicates Avant's plan is speculative and fraught with risk. Under the factors above, Permian Resources is the more prudent operator to develop these targets. Permian Resources' development plan is thoughtful, less risky, and ensures best use of capital with data available at this time. Permian Resources' extensive experience, existing infrastructure, lower well costs, and alignment with working interest owners make it better positioned to prevent waste, protect correlative rights, and serve the public interest.

II. SUMMARY OF APPLICATIONS

For the First Bone Spring interval, Permian Resources seeks to pool interests from the top of the Bone Spring formation to the base of the First Bone Spring interval, at approximately 9,186' TVD, as shown on the Baetz 23 Federal #001 well log (API No. 30-025-26414). For the Second Bone Spring interval, Permian Resources seeks to pool interests from approximately 9,186' TVD to 10,073' TVD, as shown on the Baetz 23 Federal #001 well log (API No. 30-025-26414). Lastly, for the Third Bone Spring interval, Permian Resources seeks to pool interests from the top of the Third Bone Spring interval, at approximately 10,073' TVD, as shown on the Baetz 23 Federal #001 well log (API No. 30-025-26414) to the base of the Bone Spring formation.

In Case Nos. 25838, 25841, and 25844, Permian Resources seeks to pool all uncommitted interests in the First Bone Spring interval of the Bone Spring formation, underlying all of Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East, Lea County, New Mexico. This acreage will be dedicated to the three spacing units encompassing the Spicy Chicken 23 Fed Com 11H, Spicy Chicken 23 Fed Com 112H, Spicy Chicken 23 Fed Com 113H, and Spicy Chicken 23 Fed Com 114H wells (collectively referred to as the "Spicy Chicken First Bone Spring Wells").

The completed intervals of the Spicy Chicken First Bone Spring Wells will be orthodox. The completed interval of the Spicy Chicken 23 Fed Com 114H well will be located within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 23 and 26 to allow for the creation of a 480-acre standard, horizontal spacing unit.

In Case Nos. 25833, 25854, 25836, 25837, Permian Resources seeks to pool all uncommitted interests in the Second Bone Spring interval of the Bone Spring formation, underlying all of Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East, Lea County, New Mexico. This acreage will be dedicated to four spacing units comprised of the Spicy Chicken 23 Fed Com 143H and Spicy Chicken 23 Fed Com 141H horizontal wells, and the Spicy Chicken 23 Fed Com 123H and Spicy Chicken 23 Fed Com 121H u-turn wells (collectively referred to as the "Spicy Chicken Second Bone Spring Wells"). The completed intervals of the Spicy Chicken Second Bone Spring Wells will be orthodox.

The completed interval of the Spicy Chicken 23 Fed Com 143H well will be located within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 23 and 26 to allow for the creation of a 480-acre standard, horizontal spacing unit. This spacing unit for the Spicy Chicken 23 Fed Com 143H will partially overlap with the spacing unit for the following wells, which are located in the E/2 E/2 of Section 26, Township 20 South, Range 32 East, and produce from the Salt Lake; Bone Spring pool (Code 53560): (1) Snoddy Federal #020H (API No. 30-025-40447); and (2) Snoddy Federal #021H (API No. 30-025-40838).

The completed interval of the Spicy Chicken 23 Fed Com 141H 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. The spacing unit for the Spicy Chicken 23 Fed Com 141H 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).

In Case Nos. 25842, 25843, and 25845, Permian Resources seeks to pool all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation, underlying all of Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East, Lea County, New Mexico. This acreage will be dedicated to three spacing units, which are comprised of the Spicy Chicken 23 Fed Com 133H, Spicy Chicken 23 Fed Com 131H, and Spicy Chicken Fed Com 132H wells (collectively referred to as the "Spicy Chicken Third Bone Spring Wells"). The completed intervals of the Spicy Chicken Third Bone Spring Wells will be orthodox. The completed interval of the Spicy Chicken 23 Fed Com 133H well will be located within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 23 and 26 to allow for the creation of a 480-acre standard, horizontal spacing unit.

In Case Nos. 25835, 25839, and 25840, Permian Resources seeks to pool all uncommitted interests in the Wolfcamp formation, underlying all of Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East, Lea County, New Mexico. This acreage will be dedicated to three spacing units, which will encompass the Spicy Chicken 23 Fed Com 201H[1], Spicy Chicken 23 Fed Com 203H, and Spicy Chicken 23 Fed Com 204H wells (collectively referred to as "Spicy Chicken Wolfcamp Wells"). The completed intervals of the Spicy Chicken Wolfcamp Wells will

[1] The original application for the Spicy Chicken 23 Fed Com 201H requested approval of a 400-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 23 and the N/2 NW/4 of Section 26, Township 20 South, Range 32 East, Lea County, New Mexico, which erroneously left off the S/2 NW/4 of Section 26. Permian Resources has presented its full development plan for the Wolfcamp formation underlying all of Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East, Lea County. Should the Division find the notice for the S/2 NW/4 of Section 26 insufficient (which has the same interest owners as all other Wolfcamp applications) Permian Resources requests that the Division proceed forward with the application as written and award operatorship of the W/2 of Section 23 and the N/2 NW/4 of Section 26, Township 20 South, Range 32 East, for Case No. 25835. Permian Resources will then seek to amend the Order to include the S/2 NW/4 of Section 26.

be orthodox. The completed interval of the Spicy Chicken 23 Fed Com 201H 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 standard horizontal spacing unit

III. ARGUMENT

A. Geology: Permian Resources proposes to develop proven intervals and appropriately accounts for geological risk, while Avant proposes to develop unproven intervals in this area and ignores geological risk.

This factor weighs in favor of Permian Resources. Permian Resources' proposed units and spacing comport with its extensive experience and established practice in this area. The Second Bone Spring Shale is a proven production formation in this area as demonstrated by the surrounding Permian Resources spacing units. Exh. C-3. A standup orientation and standup u-turn orientation for the Spicy Chicken Bone Spring Wells and Spicy Chicken Wolfcamp Wells is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and the preferred fracture orientation in this portion of the trend. Exh. B, ¶ 22. Further, the targeted intervals underlying the Spicy Chicken development are suitable for development by horizontal and u-turn wells and the tracts comprising the development will contribute more or less equally to production. Exh. B, ¶ 23.

By contrast, Avant does not propose any wells in the Second Bone Spring in the N/2 of Section 26. Tr. (04/21/26) 48:13-16; Exh. A-5; Exh. C, ¶ 5. Further, Avant's overly dense well spacing at its targeted intervals, particularly the Avalon, will result in well degradation due to the rock properties in this area. Tr. (04/22/26) 14:23 – 15:7; Exh. B-20; Exh. C-11. More specifically, the rock quality decreases by approximately 30 percent from the nearest wells. Exh. B-20; Tr. (04/22/26) 11:20 – 13:10. Notably, there is no Avalon development drilled at density in proximal analogous rock. Exh. B, ¶ 21; Exh. B-20. The development proposed by Avant poses a significant risk because of the unproven nature of the reserves in this formation. Exh. B, ¶ 21. Moreover, Avant's reliance on the Cutbow, Gavilon, and Silver developments as analogs does not lend support to its development plan as, by Avant's own admission, "rock changes as soon as you leave Spicy Chicken." Tr. (04/21/26) 172:14-25.

Avant's reliance on the Dagger State developments as an additional analog is also misplaced. Tr. (04/22/26) 15:11 – 16:19. The Dagger State development, which is 12 miles away, was drilled across four phases. Tr. (04/21/26) 174:13-18; Tr. (04/22/26) 15:24 – 16:2. At Spicy Chicken, however, phased drilled is ill-advised, as the targets need to be co-completed together, particularly the First Bone and Second Bone Shale because of their proximity to each other. Tr. (04/22/26) 16:10-19. There will be degradation between the targets if drilled in different phases. *Id.*

As noted previously, the Avalon in this area produces significant amounts of H2S or sour gas, which Avant does not have facilities in place to process. Tr. (4/21/26), 94:4-17. In fact, issues involving H2S in the area have resulted in other operators prematurely plugging wells. Tr. (4/21/26) 101:13-17, 171:21-25. For these reasons, Permian Resources has opted not to drill the Avalon as an initial target due to the risk, but will revisit that decision if data changes. Tr. (04/22/26), 13:23 – 14:4.

The evidence adduced at hearing demonstrates that Permian Resources' development plan best protects correlative rights and appropriately accounts for geological risk.

B. Risk: Avant's development is far riskier than Permian Resources' plan.

Permian Resources has recently and successfully developed the First, Second, and Third Bone Spring intervals of the Bone Spring formation, as well as the Wolfcamp formation, in the section adjacent to the Spicy Chicken Unit. Exh. C, ¶ 12. Its development plan for Spicy Chicken builds on its experience in the area, particularly at Pakse, and optimizes that experience to further improve on results with the Spicy Chicken development. Tr. (04/22/26) 99:3-19; Exh. C, ¶ 12. Indeed, even Avant is attempting to model development based on Permian Resources' successes at Pakse. Tr. (04/21/26) 152:18-20. Additionally, Permian Resources operates two production handling facilities within a five-mile radius of the Spicy Chicken Unit. Tr. (04/22/26) 151:21 – 152:10. Avant does not own or operate any facilities in the township of the subject lands and does not own or operate any facilities near the Spicy Chicken Unit. Exh. C, ¶ 3. Therefore, Avant's plan would require new infrastructure at considerable expense and surface disturbance. Exh. C, ¶ 3.

Avant's failure to develop the Second Bone Spring Shale, while adding more wells in the Avalon, First Bone Spring, and Second Bone Spring Sand leads to a lower overall estimated recovery. Exh. C, ¶ 7; Exh. C-5. Further, Avant's extra First Bone Spring and Second Bone Spring Sand wells increase capital costs and lead to lower overall return over the life of the wells. This, paired with degraded rock, creates significant economic waste. Exh. C, ¶ 12; Exh. C-11. Avant's plan is unnecessarily aggressive and does not effectively assume risk, which will result in waste and violate the correlative rights of Permian Resources and Coterra. Tr. (04/22/26) 99:20 – 100:7.

Unlike Avant, Permian Resources is already well underway with the regulatory process to develop the federal acreage at issue. Exh. A, ¶ 33. Permian Resources has obtained NEPA approval and conducted its on site with the Bureau of Land Management ("BLM") in August 2023, and submitted Applications for Permits to Drill ("APDs") to the BLM. *Id.* Permian Resources expects that the APDs will be approved within the next 60 to 90 days. *Id.*

Significantly, the Avalon in this area is expected to produce significant H2S. Tr. (04/21/26) 94:8-13; Exh. D-5. In fact, issues involving H2S in the area have resulted in other operators prematurely plugging wells. Day 1, 101:13-17, 171:21-25. Permian Resources has experience, knowledge, and technology to reduce and/or remove these chemical compounds in a cost-effective manner. Tr. (04/22/26) 11:20 – 12:10, 13:23 – 14:4. As noted previously, while Avant intends to drill the Avalon, it does not have facilities in place to process H2S. Tr. (04/21/26) 94:4-17. Further, the Avalon development proposed by Avant poses a significant risk because of the unproven nature of the reserves in this formation. Tr. (04/22/26) 12:14 – 13:22.

Additionally, Avant's development plan also strands the Second Bone Spring Interval of the Bone Spring Formation underlying Section 26. Tr. (04/21/26) 48:13-16; Exh. A-5. Avant's exclusion of the N/2 of Section 26 as to the Second Bone Spring would permanently strand resources in that portion of the acreage due to Potash and BLM constraints. Exh. A-5, A-13; Tr. (4/21/26) 48:13-16. The BLM's revision of drill islands and development areas prevents self-development of Section 26, which means it will be stranded if Avant's applications are granted. Tr. (04/21/26) 183:15 – 185:4.

In addition to waste, the correlative rights of Coterra Energy (working interest owner supporting Permian Resources) and the BLM would be harmed if Avant's applications are approved. Exhs. A-5, A-8 ("Avant's applications would leave hydrocarbons in place, impair ultimate recovery, and adversely affect Coterra's correlative rights."); Tr. (04/21/26) 50:17 – 51:3.

For these reasons, Permian Resources' proposal involves less risk because it is a proven and successful operator in this area, is familiar with the associated geologic, engineering, and surface issues, and is prepared to proceed.

C. Surface Factor: Permian Resources is prepared to operate on the surface, and its plan will result in less surface, environmental, and economic waste.

Permian Resources has significant development within a five-mile radius of the Spicy Chicken Unit, while Avant does not. Tr. (04/22/26) 153:18 – 155:20; Exh. D, ¶ 13; Exh. A-9; Exh. C-5; Exh. D-6. Accordingly, Permian Resources already has oil, gas, and water takeaway facilities in place and is prepared to commence surface operations. Tr. (04/22/26) 151:21 – 152:10, 153:18

– 155:20; Exh. A, ¶ 29; Exh. A-9; Exh. D, ¶¶ 10-11. Permian Resources also has power infrastructure already in place. Tr. (04/22/26) 152:11-13; Exh. D, ¶ 18; Exh. D-9. By contrast, it is estimated that it will take 12 to 16 months for Avant's midstream infrastructure connections to be in place. Tr. (04/22/26) 161:5-13.

Additionally, Permian Resources has had its on-site meeting with the Bureau of Land Management, which has approved the locations of Permian Resources' well pads. Exh. A, ¶ 33; Exh. D-2. Further, Permian Resources' plan will result in less total surface impact than Avant's, as it plans to utilize existing development and drill fewer wells. Exh. D-10. Permian Resources' development plan also utilizes U-Turn wells. Including U-Turn wells in the development plan maximizes operational efficiencies by creating an approximately 25% decrease in time on location drilling, and a 25-30% reduction in capital expenditures. Exh. C, ¶ 8; Exh. C-6.

Avant does not have existing modern infrastructure in this area and also does not have facilities to deal with sour gas in the Avalon. Tr. (04/21/26) 94:14-17; Tr. (04/22/26) 155:24 – 156:6. High H2S is a safety and environment risk, particularly when not planned for. Exh. C-18. Determining an accurate H2S ppm estimate and building out the appropriate infrastructure is crucial to reducing risk of environmental hazards caused by sour gas. Exh. C-17. At hearing, Avant conceded that it did not have the infrastructure in place to handle H2S in the Avalon and further declined to even provide information regarding its H2S estimates. Tr. (04/21/26) 94:14-17, 168:25 – 169:25. Additionally, Avant intends to use production casing that is contraindicated for sour gas. Tr. (04/21/26) 170:1-10; Tr. (04/22/26) 71:19 – 72:12; Exh. C-21. While Permian Resources does not intend to develop the Avalon at this time, it has the necessary infrastructure and processes in place to handle H2S should it decide to develop the Avalon in the future. Exh. D, ¶ 12.

For these reasons, this factor weighs heavily in favor of Permian Resources. *See, e.g., Longfellow Energy, LP v. Spur Energy Partners*, Order R-21834 (Sep. 8, 2021), ¶ 31 (holding the surface factor favors Longfellow because Longfellow "has surface facilities, including water storage and recycling facilities within the immediate area. Longfellow also has a proven record of avoiding flaring during operation."); *Matador Prod. Comp. v. Flat Creek Res., LLC*, Order R-21800 (Aug. 6, 2021), ¶ 19 ("Matador has extensive surface facilities…including pads and gathering lines" and Matador testified "it would not need to create significant additional disturbance or additional flaring….Flat Creek does not have similar existing facilities.").

D. Prudent Operator: Permian Resources is a prudent operator and has a strong track record of drilling and operating wells in Lea County.

Permian Resources has successful Bone Spring and Wolfcamp wells in the adjacent section, and its proposal will capture 24 percent more reserves than Avant's proposal in primary benches. Exh. C-5. Permian Resources has extensive experience drilling and operating wells in New Mexico, including 19 actively producing wells in the section directly offsetting the Spicy Chicken Unit. Exh. C, ¶ 6; Exh. C-4. Permian Resources has 66 total active horizontal wells within a 100 square mile area, while Avant does not currently operate any wells within 100 square miles of the proposed Spicy Chicken development. Exh. C, ¶ 6; Exh. C-4.

Permian Resources' experience in and success with the Pakse wells, which are immediately offsetting the Spicy Chicken development, has heavily influenced the density and well count in Permian Resources' proposed development plan. *Id*. Permian Resources' familiarity with the acreage and its current development plan will fully develop the acreage and produce the underlying reserves, while Avant's plan will strand reserves and will take much longer to get the reserves they intend to produce into production. *Id*.

Permian Resources' proposed development plan will also create greater value across the Bone Spring and Wolfcamp due to reduced capital expenditures and optimal well design, such as the inclusion of U-Turn wells. Exh. C, ¶ 8; Exh. C-6. For these reasons, this factor strongly favors Permian Resources. *See Ascent Energy, LLC*, Order R-14847 (Aug. 31, 2018), ¶ 29(c) (finding that while both operators are prudent operators, the evidence indicated that "Centennial has greater experience in drilling and completing horizontal wells in this area…and has already developed a completion plan for the wells it now proposes.").

E. Working Interest Control: This factor does not favor either party.

This factor should be weighed as neutral or otherwise inconsequential. This factor is not dispositive because working interest control is not of primary importance. Rather, as noted above, "geologic evidence as it relates to well location and recovery of oil and gas and associated risk" is the most important consideration in competing pooling applications. R-10731-B at 9, ¶ (f) (Feb. 28, 1997). Working interest control is the controlling factor in awarding operations only "[i]n the absence of compelling factors such as geologic and prospect differences, ability to operate prudently, or any reason why one operator would economically recover more oil or gas by virtue of being awarded operations then the other." R-10731-B at 10, ¶ 24; accord R-21826 at 3, ¶ 11.

Permian Resources has received the support of Coterra Energy Inc. ("Coterra"), a working interest owner that holds a 33.3333% working interest in the spacing units dedicated to the Second Bone Spring spacing units dedicated to the Spicy Chicken 23 Fed Com 143H and the Spicy Chicken 23 Fed Com 141H (Section 23 and the N/2 of Section 26, Township 20 South, Range 32 East). Exh. A, ¶ 26; Exh. A-8. Permian Resources has also received the support of Diaga Mineral Group, LLC ("Diaga"). Exh. A, ¶ 26; Exh. A-8. Importantly, Avant's plan would not develop the

Second Bone Spring in Section 26, which would completely deprive Coterra of its fair share of production in Section 26.

Permian Resources is also under contract to acquire WR Non-Op LLC and Waterloo Resources LLC's interest in the Spicy Chicken Unit. Exh. A, ¶ 26; Exh. A-8. Thus, taking into account the contractual interests and working interest owners who support Permian Resources' development, Permian Resources controls 40.0107% Working Interest from the top of the Bone Spring to the Base of the First Bone Spring, the Third Bone Spring, and the Wolfcamp Formations. Exh. A-6. Permian Resources controls 40.66% Working Interest in the 1.5 mile straight lateral Second Bone Spring wells and 18.12% in the Section 23 U-Turn Second Bone Spring wells. Exh. A-6. Significantly, Avant's lack of working interest in the Second Bone Spring Interval of the Bone Spring Formation underlying Section 26 will strand the acreage if its applications are approved. Exh. A, ¶ 25; Exh. A-5.

While Avant may claim a larger working interest overall, this factor should be viewed as neutral or inconsequential given the differences in geologic risk and prudent operatorship, as discussed below.

F. Good Faith Negotiations: Permian Resources has negotiated in good faith with Avant and made multiple attempts to engage in trade discussions.

Permian Resources negotiated with Avant in good faith and made multiple attempts to engage in trade discussions with Avant. Exh. A., ¶¶ 34-37; Exh. A-12. This factor should be weighed as neutral.

G. Costs: Permian Resources' well costs are significantly less than Avant's.

Permian Resources' costs are based on its well-established budgeting process, and confidence in its AFEs are bolstered by its success in numerous spacing units in close proximity to Spicy Chicken, including development in the section next to Spicy Chicken. Exh. C-7. Further, Permian Resources' utilization of existing infrastructure will further drive down development costs. *Id.* Permian Resources has routinely performed in line or outperformed AFE expectations in New Mexico. *Id.*

Avant's choice to drill one-mile laterals in the Second Bone Spring increases the overall costs of its development significantly, with the cost difference between the original AFEs being almost half. Tr. (04/22/26) 66:11-18. Additionally, Avant's cost estimates do not appropriately take into consideration the potential H2S concentrations in the Avalon. Tr. (04/22/26) 69:2-22. Further, Avant's original AFEs and its revised numbers in its Rebuttal Exhibit C-5 show a 19 percent reduction in costs—a reduction that is out of the ordinary and raises questions about its cost estimates. Tr. (04/22/26) 97:14 – 98:10.

For these reasons, this factor also favors Permian Resources.

IV. CONCLUSION

For the foregoing reasons, and as demonstrated by the evidence submitted at hearing, the factors considered by the Division in evaluating competing development plans weigh in favor of Permian Resources. Permian Resources is ready, willing, and able to proceed with its development and should be permitted to do so. Its development plan best prevents waste and protects correlative rights. Avant has failed to mitigate the identified geologic risks and fails to develop proven intervals. Avant also lacks permits and infrastructure, and its wells are more costly. Avant's plan will not prevent waste or protect correlative rights.

As demonstrated at hearing and above, Permian Resources' Applications should be approved and Avant's denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing pleading was sent to the following counsel of record on this 14th day of July, 2026.

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