

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING APRIL 20, 2023**

**CASE NO. 23395**

*ERIC CARTMAN 31 STATE COM #506H*

**LEA COUNTY, NEW MEXICO**

**PERMIAN**  
RESOURCES

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

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

**CASE NO. 23395**

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# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

|  |   |
|--|---|
| <b>Case: 23395</b>   | <b>APPLICANT'S RESPONSE</b>   |
| <b>Date</b>  | <b>April 20, 2023</b>   |
| Applicant  | Permian Resources Operaring, LLC  |
| Designated Operator & OGRID (affiliation if applicable)  | Permian Resources Operating, LLC (372165)   |
| Applicant's Counsel:   | Holland & Hart LLP  |
| Case Title:  | APPLICATION OF PERMIAN RESOURCES OPERATING, LLC FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO                          |
| Entries of Appearance/Intervenors:   | V-F Petroleum, Inc., Gahr Energy Company, Fuel Products, Inc., & MRC Permian Company  |
| Well Family  | Eric Cartman  |
| <b>Formation/Pool</b>  |   |
| Formation Name(s) or Vertical Extent:  | Bone Spring formation   |
| Primary Product (Oil or Gas):  | Oil   |
| Pooling this vertical extent:  | N/A   |
| Pool Name and Pool Code:   | Ojo Chiso; Bone Spring [96553]  |
| Well Location Setback Rules:   | Statewide setbacks  |
| <b>Spacing Unit</b>  |   |
| Type (Horizontal/Vertical)   | Horizontal  |
| Size (Acres)   | 400-acre, more or less  |
| Building Blocks:   | 40 acres  |
| Orientation:   | Standup   |
| Description: TRS/County  | E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application? | Yes   |
| <b>Other Situations</b>  |   |
| Depth Severance: Y/N. If yes, description  | Yes; Top of the Bone Spring formation to 10,388 feet  |
| Proximity Tracts: If yes, description  | No  |
| Proximity Defining Well: if yes, description   | No  |
| Applicant's Ownership in Each Tract  | Exhibit A-4   |
| <b>Well(s)</b>   |   |

|  |  |
|--|--|
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed  |
| Well #1  | <b>Eric Cartman 31 State Com 506H (API: 30-025-50161)</b><br>SHL: 135' FNL, 382' FEL (Unit A) of Section 31, T21S-R35E<br>FTP: 100' FNL, 330' FEL (Unit A) of Section 31, , T21S-R35E<br>LTP: 2,540' FNL, 330' FEL (Unit H) of Section 7, T22S-R35E<br>BHL: 2,540' FNL, 330' FEL (Unit H) of Section 31, T22S-R35E<br>Completion Target: Bone Spring formation<br>Well Orientation: North to South<br>Completion Location expected to be: Standard |
| Horizontal Well First and Last Take Points   | Exhibit A-3  |
| Completion Target (Formation, TVD and MD)  | Exhibit A-5  |
|  |  |
| <b>AFE Capex and Operating Costs</b>   |  |
| Drilling Supervision/Month \$  | \$8,000  |
| Production Supervision/Month \$  | \$800  |
| Justification for Supervision Costs  | Exhibit A  |
| Requested Risk Charge  | 200%   |
| <b>Notice of Hearing</b>   |  |
| Proposed Notice of Hearing   | See Application  |
| Proof of Mailed Notice of Hearing (20 days before hearing)   | Exhibit C  |
| Proof of Published Notice of Hearing (10 days before hearing)  | Exhibit D  |
| <b>Ownership Determination</b>   |  |
| Land Ownership Schematic of the Spacing Unit   | Exhibit A-4  |
| Tract List (including lease numbers and owners)  | Exhibit A-4  |
| If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.   | N/A  |
| Pooled Parties (including ownership type)  | Exhibit A-4  |
| Unlocatable Parties to be Pooled   | N/A  |
| Ownership Depth Severance (including percentage above & below)   | Exhibit A-4  |
| <b>Joinder</b>   |  |
| Sample Copy of Proposal Letter   | Exhibit A-5  |
| List of Interest Owners (ie Exhibit A of JOA)  | Exhibit A-4  |
| Chronology of Contact with Non-Joined Working Interests  | Exhibit A-6  |
| Overhead Rates In Proposal Letter  | Exhibit A-5  |

|  |  |
|--|--|
| Cost Estimate to Drill and Complete  | Exhibit A-5  |
| Cost Estimate to Equip Well  | Exhibit A-5  |
| Cost Estimate for Production Facilities  | Exhibit A-5  |
| <b>Geology</b>   |  |
| Summary (including special considerations)   | Exhibit B  |
| Spacing Unit Schematic   | Exhibit B-1, B-2   |
| Gunbarrel/Lateral Trajectory Schematic   | N/A  |
| Well Orientation (with rationale)  | Exhibit B  |
| Target Formation   | Exhibit B, B-4, B-5  |
| HSU Cross Section  | Exhibit B-4, B-5   |
| Depth Severance Discussion   | Exhibit A, A-4   |
| <b>Forms, Figures and Tables</b>   |  |
| C-102  | Exhibit A-3  |
| Tracts   | Exhibit A-4  |
| Summary of Interests, Unit Recapitulation (Tracts)   | Exhibit A-4  |
| General Location Map (including basin)   | Exhibit B-1, B-2   |
| Well Bore Location Map   | Exhibit B-1, B-2   |
| Structure Contour Map - Subsea Depth   | Exhibit B-3  |
| Cross Section Location Map (including wells)   | Exhibit B-2, B-3   |
| Cross Section (including Landing Zone)   | Exhibit B-4, B-5   |
| <b>Additional Information</b>  |  |
| Special Provisions/Stipulations  | N/A  |
| <b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b> |  |
| <b>Printed Name</b> (Attorney or Party Representative):  | Paula M Vance  |
| <b>Signed Name</b> (Attorney or Party Representative):   |  |
| <b>Date:</b>   | 4/18/2023  |

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

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

**CASE NO. 23395**

**APPLICATION**

Permian Resources Operating, LLC (“Permian” or “Applicant”) (OGRID No. 372165), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit from the top of the Bone Spring formation to 10,388 feet comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of its application, Permian states:

1. Applicant is a working interest owner in the proposed overlapping horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to be designated as the operator of the proposed overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Eric Cartman 31 State Com #506H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35

East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 7, Township 22 South, Range 35 East.

4. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

- 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 7 and 18, Township 22 South, Range 35 East, dedicated to the Tostada 7 State Com #501H (API: 30-025-50705); Tostada 7 State Com #502H (API: 30-025-50706); Tostada 7 State Com #503H (API: 30-025-50707); Tostada 7 State Com #601H (API: 30-025-49586); and the Tostada 7 State Com #602H (API: 30-025-49587). *See* Division Order R-22044.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant as operator of this overlapping horizontal spacing unit and the horizontal well to be drilled thereon;

- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- D. 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
- E. 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,

HOLLAND & HART LLP

By: 

Michael H. Feldewert  
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**ATTORNEYS FOR PERMIAN RESOURCES  
OPERATING, LLC**

**Application of Permian Resources Operating, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit from the top of the Bone Spring formation to 10,388 feet comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Eric Cartman 31 State Com #506H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 7, Township 22 South, Range 35 East. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

- 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 7 and 18, Township 22 South, Range 35 East, dedicated to the Tostada 7 State Com #501H (API: 30-025-50705); Tostada 7 State Com #502H (API: 30-025-50706); Tostada 7 State Com #503H (API: 30-025-50707); Tostada 7 State Com #601H (API: 30-025-49586); and the Tostada 7 State Com #602H (API: 30-025-49587). *See* Division Order R-22044.

Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles west of Eunice, New Mexico.

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

APPLICATION OF PERMIAN RESOURCES  
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UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. 23395

SELF-AFFIRMED STATEMENT OF CHRIS ASTWOOD

1. My name is Chris Astwood. I work for Permian Resources Operating, LLC (“Permian”) as a Senior Landman.

2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum land matters. I have included a copy of my resume as **Permian Exhibit A-1** for the Division to review and respectfully request that my credentials be accepted as a matter of record, and that I be tendered as an expert in land matters.

3. I am familiar with the application filed by Permian in this case, and I am familiar with the status of the lands in the subject area.

4. None of the uncommitted parties in this case has indicated opposition to proceeding by self-affirmed statement and, therefore, I do not expect any opposition at the hearing.

5. In **Case No. 23395**, Permian seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit from the top of the Bone Spring formation to 10,388 feet comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Permian proposes to dedicate the above-referenced spacing unit to

the drilled but not yet producing **Eric Cartman 31 State Com #506H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 7, Township 22 South, Range 35 East.

6. This 400-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 7 and 18, Township 22 South, Range 35 East, dedicated to the Tostada 7 State Com #501H (API: 30-025-50705); Tostada 7 State Com #502H (API: 30-025-50706); Tostada 7 State Com #503H (API: 30-025-50707); Tostada 7 State Com #601H (API: 30-025-49586); and the Tostada 7 State Com #602H (API: 30-025-49587). *See* Division Order R-22044.

7. Permian is the designated operator in the above-referenced existing horizontal well spacing units. Therefore, **Permian Exhibit A-2** includes a sample of the notice letter mailed to the other working interest owners in both the new and existing spacing units, along with a list of the working interest owners that were noticed, waivers received, and a diagram depicting the newly proposed spacing unit in relation to the existing spacing unit.

8. **Permian Exhibit A-3** contains a draft Form C-102 for the well in this overlapping spacing unit. This form demonstrates that the completed interval for the **Eric Cartman 31 State Com #506H** well will comply with statewide setbacks for oil wells. The exhibit shows that the well will be assigned to the (Ojo Chiso; Bone Spring [Pool Code 96553]).

9. **Permian Exhibit A-4** identifies the tracts of land comprising the overlapping horizontal spacing unit, the ownership interests in each tract, and ownership interests on a spacing unit basis. The subject acreage is comprised of state lands.

10. An ownership depth severance exists in the Bone Spring formation underlying the spacing unit. Accordingly, Permian seeks to pool only from the top of the Bone Spring formation to 10,388 feet.

11. **Permian Exhibit A-5** contains a sample of the well proposal letter and AFE sent to owners with a working interest. The costs reflected in the AFE are consistent with what Permian and other operators have incurred for drilling similar horizontal wells in the area in this formation.

12. Permian requests that the overhead and administrative costs for drilling and producing the proposed well be set at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

13. **Permian Exhibit A-6** contains a general summary of the contacts with the uncommitted interest owners. As indicated in the exhibit, Permian has made a good faith effort to locate and has had communications with the majority of the parties that it seeks to pool in this case in an effort to reach voluntary joinder. In my opinion, Permian has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

14. Permian has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Permian seeks to pool and instructed that they be notified of this hearing. Permian has conducted a diligent search of all public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each interest owner.

15. **Permian Exhibits A-1 through A-6** were either prepared by me or compiled under my direction and supervision.

16. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Chris Astwood

Chris Astwood

4/18/2023

Date

# Chris Astwood, CPL

**Education:** Bachelor of Business Administration, Energy Commerce – Minor in Psychology  
December 2012, Texas Tech University, Lubbock, TX Magna Cum Laude

## Professional Experience:

### **Permian Resources, Midland, TX**

**September 2022 - Present**

Senior Landman

- Prepared drilling units in Lea County, NM with a 7-rig drilling program. Transitioned responsibilities for Texas assets to co-workers and advised leadership on best routes moving forward with outstanding projects. Worked to integrate and implement land systems and processes that would best fit the larger acreage and PDP position.
- Negotiate Joint Operating Agreements with non-operators to ensure timely and full development of units. Work closely with land team to propose trades or acquisitions when non-operators don't plan to participate.
- Work with regulatory, land, geology and outside counsel to ensure compliance with NMOCD, BLM and other agencies.
- Formed spacing units for wells that require notice of overlapping spacing units, compulsory pooling hearings, and non-standard locations.

### **Centennial Resource Development, Inc., Midland, TX**

**June 2018 – September 2022**

Landman/Senior Landman

- Negotiated, spearheaded, and closed multiple trades, acquisitions and divestitures of developed and undeveloped leasehold in Reeves County, TX. Worked with the technical and legal team to evaluate upside potential in various zones along with existing PDP to high grade our inventory while balancing production targets.
- Mentored interns and other landmen in various areas pertaining to chaining title, curing title, clearing wells, navigating negotiations with mineral owners, and understanding the bigger picture around processes.
- Created value without a leasing budget by initiating and negotiating cost-free extensions and trades via upgraded lease terms, future well commitments with CDC's and production payments.
- Prepared well locations for development by overseeing abstracts, title opinions, and curative work. Drafted and negotiated off-lease penetration point waivers, JOA's, leases, letter agreements and production sharing agreements in clearing locations for a multi-rig drilling program. Met with title attorneys to understand and evaluate title requirements and levels of curative needed to satisfy company thresholds.
- Drafted and negotiated contractual solutions when necessary to strategically maximize leasehold value. Worked closely with our team to ensure flexibility and efficiencies are fully utilized within the drill schedule by keeping an open dialogue for expirations, continuous development clauses, and depth severances.
- Engaged in acreage trades that high grade company acreage by adding reserves and extending lateral lengths. Worked with our team to analyze and negotiate deal terms that maximize value for Centennial by adding new drilling locations, consolidating acreage, and deferring expirations. Managed brokers throughout the due diligence process to identify liens, mortgages, and other burdens while ensuring we abide by CTA's, preferential rights to purchase, rights of first refusal, AMI's, and other binding terms related to the trade.
- Increased Centennial WI and NRI within existing and future wells through leasing. Managed several brokers in a robust leasing program focused on consolidating acreage, increasing unit interest, and creating trade opportunities. Negotiated several dozen leases with landowners, attorneys and families covering simple producer 88 type forms to cumbersome competitor producer forms from large cap companies.
- Worked closely with the operations team to ensure all lease requirements are satisfied, lease retention is maximized, and future well planning is optimized.
- Collaborated with Geology and Reservoir to identify PUD's and contingent locations for compliance and financing determination in both Texas and New Mexico. Researched and communicated with accounting to ensure reserves are accurately reflected. Worked with auditors to verify interest from various sources for each reserves location.
- Forecasted Spending for budgets on various lease projects, title expenditures, and curative work.

- Worked across disciplines to identify and evaluate creative solutions to drilling and lease obligations.
- Intentionally built relationships with local operators, non-op owners, landowners, attorneys, mineral groups and other interest owners. Worked with the team to evaluate potential deals initiated by these relationships.

**Encana Oil & Gas (USA) Inc., Midland, TX****December 2015 – June 2018**

## Land Negotiator

- Analyzed, negotiated, and prepared various agreements both for acreage trades and a multi-rig drilling program from a sub-surface perspective. Managed brokers and attorneys to obtain the necessary abstracts, title, and curative to execute our drilling objectives while maintaining capital spending discipline. Worked with legal, development, and operations to understand and mitigate risks identified in title opinions.
- Networked with operators in the Permian Basin to initiate negotiations for potential mineral acreage trades. Managed an acreage trade for ~400 net acres involving title discrepancies, PDP, and unleased minerals.
- Supported operations by analyzing and managing mineral lease issues as it pertains to cessation of production, continuous development clauses, retained acreage, and assignment of wells. Strategized with development to prepare an amendment on the Guitar Ranch in Howard County that would increase operational flexibility and preserve value for any future zones we would develop and produce.
- Negotiated all surface rights necessary to support drilling, midstream and production operations in Glasscock and Howard Counties. Managed well clearance process for a multi-rig drilling program on the surface land team. Worked with construction to reduce capital expenditures with well and road locations while ensuring we abide by all terms agreed upon in easements, ROW's and SUA's.
- Supported EH&S to mitigate impact of spills and leaks. Attended monthly safety meetings and participated in JSA's prior to entering surface locations where work/remediation was being performed. Completed driving, first aid, and CPR training along with other annual OSHA training requirements.

**Encana Oil & Gas (USA) Inc., Denver, CO****January 2013 – December 2015**

## Land Negotiator

- Prepared and reviewed various agreements, including but not limited to Unit and Unit Operating Agreements, Ratification and Joinders, Joint Operating Agreements, Leases (Federal, State, and Fee), Letter Agreements, Purchase and Sale Agreements, ROW and Easement Agreements, and Surface Use and Damage Agreements.
- Pulled books and indexed records in Martin County, TX after acquiring Athlon's Permian assets.
- Assisted in the divestiture of Encana's Wind River and Jonah assets. Reviewed material contracts and lease/well files to ensure the exhibits and PSA were accurate and contained all necessary contracts.
- Utilized a multi-disciplinary approach to engage and work closely with individuals, municipalities, counties, State governments, and the BLM to maintain our social license to operate. Fostered a positive work environment by having a perpetually positive attitude and building relationships with people inside and out of our company.
- Completed a new-grad rotation of various land functions including lease analyst, division order analyst, land coordinator, and surface land management.

**Encana Oil & Gas (USA) Inc., Denver, CO****May 2012 – August 2012**

## Land Negotiator Internship

- Worked with interdisciplinary team to create federal exploratory units covering over 60,000 acres. Monitored federal lease auctions and evaluated with the technical team to acreage acquisition opportunities and competitor movement. Worked closely with WI partners to ensure drilling and development timelines were met. Presented Summer project to senior management team with recommendations going forward.

**Organizations:**

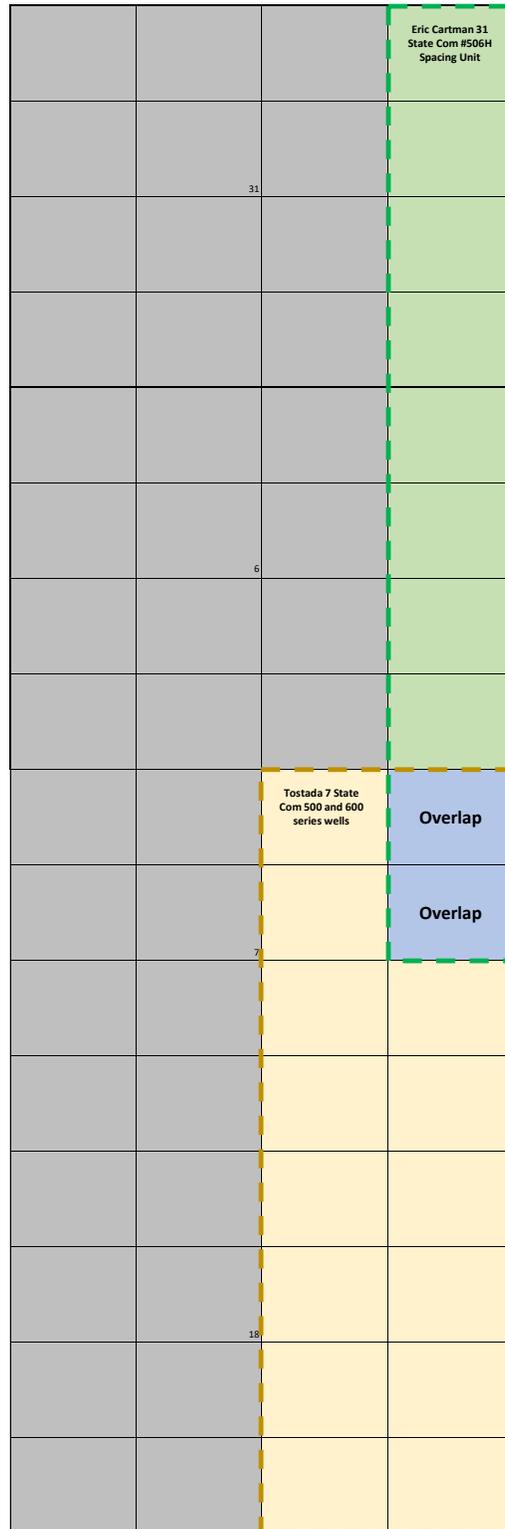
- American Association of Professional Landmen
  - Certified Professional Landman
- Permian Basin Landman Association

**August 2010 – Present****October 2020 – Present****May 2015 – Present****Community Activities:**

- West Texas Foodbank
- Run for a Reason benefitting Safe Place, Mission AGAPE, True-Lite Day Care, and The Life Center
- Legends Dove Hunt to benefit Children's Health Care

**Section 31 - Township 21 South, Range 35 East, Lea County, New Mexico**

**Sections 6, 7, 18 - Township 22 South, Range 35 East, Lea County, New Mexico**



**BEFORE THE OIL CONSERVATION DIVISION**

**Santa Fe, New Mexico**

**Exhibit No. A2**

**Submitted by: Permian Resources Operating, LLC**

**Hearing Date: April 20, 2023**

**Case No. 23395**

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Case No. 23395

AMENDED REPORT

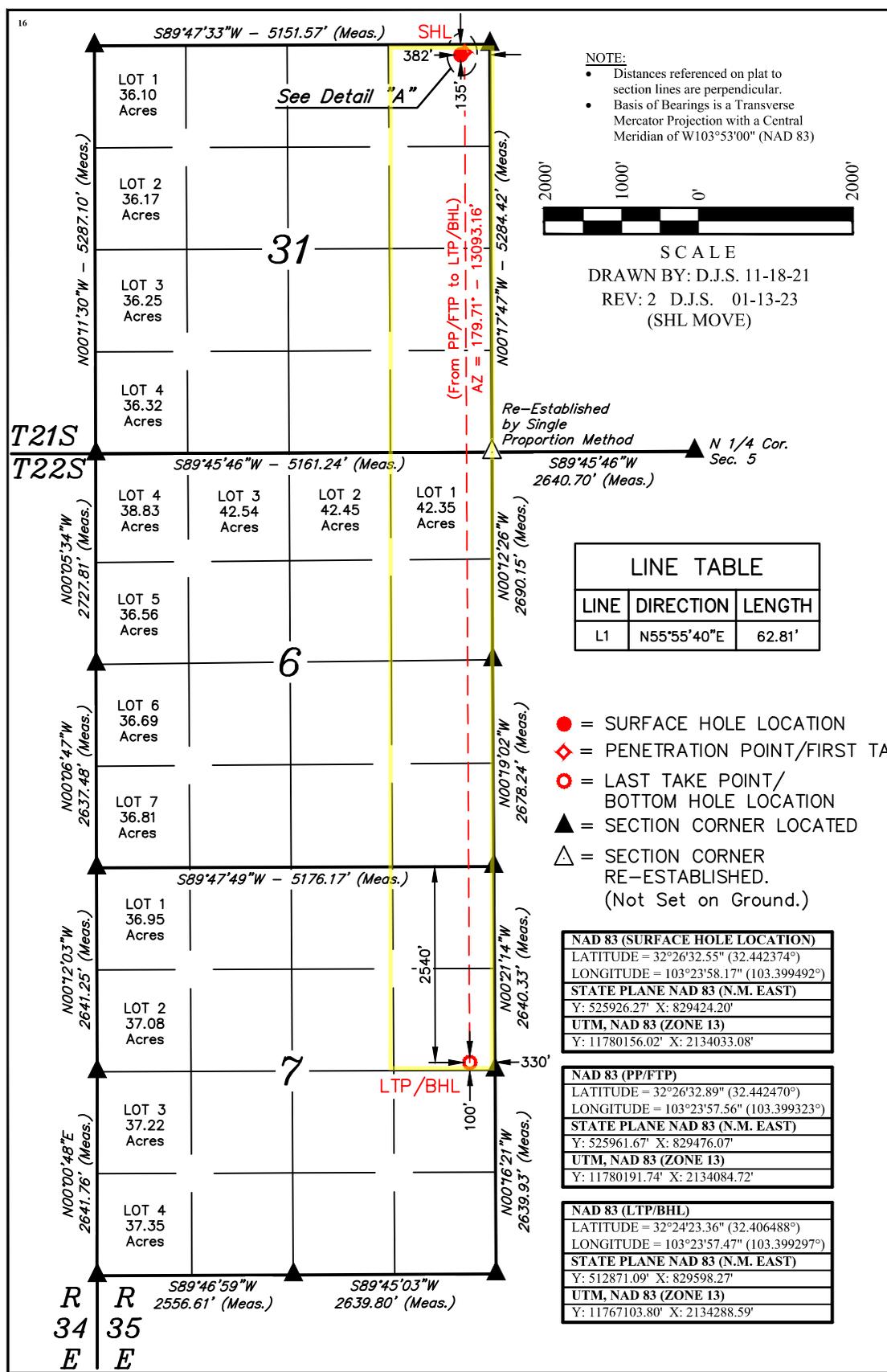
WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |  |  |  |                                   |
|---|--|--|--|--|-----------------------------------|
| <sup>1</sup> API Number<br>30-025-50161 |  | <sup>2</sup> Pool Code<br>96553                                |  | <sup>3</sup> Pool Name<br>OJO CHISO; BONE SPRING |                                   |
| <sup>4</sup> Property Code              |  | <sup>5</sup> Property Name<br>ERIC CARTMAN 31 STATE COM        |  |  | <sup>6</sup> Well Number<br>506H  |
| <sup>7</sup> OGRID No.<br>372165        |  | <sup>8</sup> Operator Name<br>PERMIAN RESOURCES OPERATING, LLC |  |  | <sup>9</sup> Elevation<br>3612.6' |

|                                |               |                 |              |         |                      |                           |                      |                        |               |
|--------------------------------|---------------|-----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|---------------|
| <sup>10</sup> Surface Location |               |                 |              |         |                      |                           |                      |                        |               |
| UL or lot no.<br>A             | Section<br>31 | Township<br>21S | Range<br>35E | Lot Idn | Feet from the<br>135 | North/South line<br>NORTH | Feet from the<br>382 | East/West line<br>EAST | County<br>LEA |

|  |              |                               |              |                                  |                       |                           |                      |                        |               |
|--|--------------|-------------------------------|--------------|----------------------------------|-----------------------|---------------------------|----------------------|------------------------|---------------|
| <sup>11</sup> Bottom Hole Location If Different From Surface |              |                               |              |                                  |                       |                           |                      |                        |               |
| UL or lot no.<br>H   | Section<br>7 | Township<br>22S               | Range<br>35E | Lot Idn                          | Feet from the<br>2540 | North/South line<br>NORTH | Feet from the<br>330 | East/West line<br>EAST | County<br>LEA |
| <sup>12</sup> Dedicated Acres<br>400                         |              | <sup>13</sup> Joint or Infill |              | <sup>14</sup> Consolidation Code |                       | <sup>15</sup> Order No.   |                      |                        |               |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



NOTE:  
 • Distances referenced on plat to section lines are perpendicular.  
 • Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)



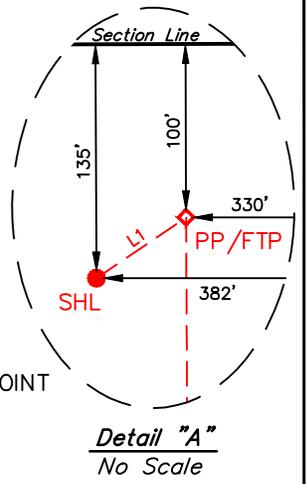
<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 E-mail Address \_\_\_\_\_

LINE TABLE

| LINE | DIRECTION   | LENGTH |
|------|-------------|--------|
| L1   | N55°55'40"E | 62.81' |



- = SURFACE HOLE LOCATION
- ◆ = PENETRATION POINT/FIRST TAKE POINT
- = LAST TAKE POINT/BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- △ = SECTION CORNER RE-ESTABLISHED. (Not Set on Ground.)

|                                       |   |
|---------------------------------------|---|
| <b>NAD 83 (SURFACE HOLE LOCATION)</b> |   |
| LATITUDE = 32°26'32.55" (32.442374°)  | LONGITUDE = 103°23'58.17" (103.399492°) |
| STATE PLANE NAD 83 (N.M. EAST)        |   |
| Y: 525926.27' X: 829424.20'           | UTM, NAD 83 (ZONE 13)                   |
| Y: 11780156.02' X: 2134033.08'        |   |
| <b>NAD 83 (PP/FTP)</b>                |   |
| LATITUDE = 32°26'32.89" (32.442470°)  | LONGITUDE = 103°23'57.56" (103.399323°) |
| STATE PLANE NAD 83 (N.M. EAST)        |   |
| Y: 525961.67' X: 829476.07'           | UTM, NAD 83 (ZONE 13)                   |
| Y: 11780191.74' X: 2134084.72'        |   |
| <b>NAD 83 (LTP/BHL)</b>               |   |
| LATITUDE = 32°24'32.36" (32.406488°)  | LONGITUDE = 103°23'57.47" (103.399297°) |
| STATE PLANE NAD 83 (N.M. EAST)        |   |
| Y: 512871.09' X: 829598.27'           | UTM, NAD 83 (ZONE 13)                   |
| Y: 11767103.80' X: 2134288.59'        |   |

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

November 12, 2021

Date of Survey  
Signature and Seal of Professional Surveyor:

Certificate Number: \_\_\_\_\_

**Ownership Map - Eric Cartman 31 State Com #506H**

E/2 E/2 of Section 31 - Township 21 South, Range 35 East, Lea County, New Mexico

E/2 E/2 of Section 6 and E/2 NE/4 of Section 7 - Township 22 South, Range 35 East, Lea County, New Mexico

|  |                    |         |  |
|--|--------------------|---------|--|
|  | V0-6397            |         | <p><b>Op Rights:</b><br/>PR: 0.62500<br/>Chev: 0.25000<br/>Fuel: 0.05000<br/>Gahr: 0.05000<br/>MN: 0.02500</p> |
|  | Sec. 31, T21S-R35E |         | <p><b>Tract 1</b></p> <p><b>Record Title:</b><br/>PR: 1.0000</p>   |
|  | V0-6419            |         | <p><b>Op Rights:</b><br/>PR: 1.0000</p> <p><b>Tract 2</b></p>  |
|  |                    |         | <p><b>Record Title:</b><br/>PR: 1.0000</p>   |
|  |                    | LG-3609 | <p><b>Op Rights:</b><br/>PR: 1.0000</p> <p><b>Tract 3</b></p> <p><b>Record Title:</b><br/>PR: 1.0000</p>       |
|  | Sec. 6, T22S-R35E  |         | <p><b>Op Rights:</b><br/>PR: 1.0000</p> <p><b>Tract 4</b></p> <p><b>Record Title:</b><br/>PR: 1.0000</p>       |
|  | LG-893             |         | <p><b>Op Rights:</b><br/>PR: 1.0000</p> <p><b>Tract 5</b></p>  |
|  |                    |         | <p><b>Record Title:</b><br/>PR: 1.0000</p>   |
|  |                    | VB-2440 | <p><b>Op Rights:</b><br/>PR: 0.62500<br/>MRC: 0.37500</p> <p><b>Tract 6</b></p>                                |
|  | Sec. 7, T22S-R35E  |         | <p><b>Record Title:</b><br/>PR: 0.62500<br/>MRC: 0.37500</p>   |

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A4

Submitted by: Permian Resources Operating, L.L.C  
Hearing Date: April 20, 2023  
Case No. 23395

|                   |              |
|-------------------|--------------|
| Eric Cartman 506H | 400.00 acres |
|-------------------|--------------|

| Operating Rights (Bone Spring Formation Only) |                                  |                  |             |                  |               |                      |
|---|----------------------------------|------------------|-------------|------------------|---------------|----------------------|
| Tract 1                                       | Owner                            | Mineral Interest | Royalty     | Working Interest | Interest Type | Net Revenue Interest |
| E/2NE/4 Sec 31 T21S R35E<br>80                | State of New Mexico<br>V0-6397-2 | 1.00000000       | 0.16666667  |                  | Mineral       | 0.16666667           |
|   | Magnum Hunter (Reserved ORRI)    |                  | 0.05208333  |                  | ORRI          | 0.05208333           |
|   | Chevron Midcontinent, LP         |                  |             | 0.25000000       | WI            | 0.20833333           |
|   | Fuel Products, Inc.              |                  |             | 0.05000000       | WI            | 0.04166667           |
|   | Gahr Energy Company              |                  |             | 0.05000000       | WI            | 0.04166667           |
|   | Mark K Nearburg                  |                  |             | 0.02500000       | WI            | 0.02083333           |
|   | Permian Resources Operating, LLC |                  |             | 0.62500000       | WI            | 0.46875000           |
|   |                                  |                  | 0.218750001 | 1.00000000       |               | 1.00000000           |

**NOTE:** For Operating Rights (All Depths, Save and Except the Bone Spring Formation), all of the interests indicated above are the same EXCEPT Permian Resources Operating, LLC does not own an interest; rather, Magnum Hunter Production, Inc. owns 0.625 working interest ownership.

| Operating Rights (Bone Spring Formation Only) |                                  |                  |            |                  |               |                      |
|---|----------------------------------|------------------|------------|------------------|---------------|----------------------|
| Tract 2                                       | Owner                            | Mineral Interest | Royalty    | Working Interest | Interest Type | Net Revenue Interest |
| E/2SE/4 Sec 31 T21S R35E<br>80                | State of New Mexico<br>V0-6419-2 | 1.00000000       | 0.16666667 |                  | Mineral       | 0.16666667           |
|   | Magnum Hunter (Reserved ORRI)    |                  |            |                  | ORRI          | 0.08333333           |
|   | Permian Resources Operating, LLC |                  |            | 1.00000000       | WI            | 0.75000000           |
|   |                                  |                  | 0.16666667 | 1.00000000       |               | 1.00000000           |

**NOTE:** For Operating Rights (All Depths, Save and Except the Bone Spring Formation), Permian Resources Operating, LLC does not own an interest; rather, Magnum Hunter Production, Inc. owns 1.0 working interest ownership.

| Operating Rights (From the Surface to 13,160 Feet) |                                  |                  |            |                  |               |                      |
|--|----------------------------------|------------------|------------|------------------|---------------|----------------------|
| Tract 3  | Owner                            | Mineral Interest | Royalty    | Working Interest | Interest Type | Net Revenue Interest |
| Lot 1 Sec 6<br>42.35                               | State of New Mexico<br>LG-3609-8 | 1.000000         | 0.12500000 |                  | Mineral       | 0.12500000           |
|  | Legacy Reserces Operating        |                  | 0.11450000 |                  | ORRI          | 0.11450000           |
|  | Grewal (Royalty), LLC            |                  | 0.01050000 |                  | ORRI          | 0.01050000           |
|  | Permian Resources Operating, LLC |                  |            | 1.00000000       | WI            | 0.75000000           |
|  |                                  |                  |            | 0.25000000       | 1.00000000    |                      |

**NOTE:** For Operating Rights (Below 13,160 Feet), Permian Resources Operating, LLC owns 1.0 working interest ownership and Legacy Reserves Operating, LP owns a 0.125 overriding royalty interest.

| Operating Rights (From the Surface to 13,160 Feet)  |                                   |                  |            |                  |               |                      |
|---|-----------------------------------|------------------|------------|------------------|---------------|----------------------|
| Tract 4   | Owner                             | Mineral Interest | Royalty    | Working Interest | Interest Type | Net Revenue Interest |
| SE/4NE/4 Sec 6  | State of New Mexico<br>LG-0893-14 | 1.00000000       | 0.12500000 |                  | Mineral       | 0.12500000           |
| 40  | Legacy Reserces Operating         |                  | 0.11625000 |                  | ORRI          | 0.11625000           |
|   | Grewal (Royalty) LLC              |                  | 0.00875000 |                  | ORRI          | 0.00875000           |
|   | Permian Resources Operating, LLC  |                  |            | 1.00000000       | WI            | 0.75000000           |
|   |                                   |                  | 0.25000000 | 1.00000000       |               | 1.00000000           |
| <b>NOTE:</b> For Operating Rights (Below 13,160 Feet), Permian Resources Operating, LLC owns 1.0 working interest ownership and Legacy Reserves Operating, LP owns a 0.125 overriding royalty interest. |                                   |                  |            |                  |               |                      |

| Operating Rights (From the Surface to 13,160 Feet)  |                                  |                  |            |                  |               |                      |
|---|----------------------------------|------------------|------------|------------------|---------------|----------------------|
| Tract 5   | Owner                            | Mineral Interest | Royalty    | Working Interest | Interest Type | Net Revenue Interest |
| E/2SE/4 Sec 6   | State of New Mexico<br>LG-0893-8 | 1.00000000       | 0.12500000 |                  | Mineral       | 0.12500000           |
| 80  | Grewal (Royalty) LLC             |                  | 0.00875000 |                  | ORRI          | 0.00875000           |
|   | Legacy Reserces Operating        |                  | 0.05375000 |                  | ORRI          | 0.05375000           |
|   | Permian (acquired from Chevron)  |                  |            | 0.50000000       | WI            | 0.43750000           |
|   | Permian Resources Operating, LLC |                  |            | 0.50000000       | WI            | 0.37500000           |
|   |                                  |                  | 0.18750000 | 1.00000000       |               | 1.00000000           |
| <b>NOTE:</b> For Operating Rights (Below 13,160 Feet), Permian Resources Operating, LLC does not own an interest; rather, Chevron U.S.A., Inc, owns 1.0 working interest ownership. |                                  |                  |            |                  |               |                      |

| Tract 6   | Owner                            | Mineral Interest | Royalty    | Working Interest | Interest Type | Net Revenue Interest |
|---|----------------------------------|------------------|------------|------------------|---------------|----------------------|
| E/2NE/4 Sec 7   | State of New Mexico<br>VB-2440-0 | 1.00000000       | 0.18750000 |                  | Mineral       | 0.18750000           |
| 80  | MRC Delaware Resources, LLC      |                  |            |                  | ORRI          | 0.06250000           |
|   | MRC Permian Company              |                  |            | 0.37500000       |               | 0.28125000           |
|   | Permian Resources Operating, LLC |                  |            | 0.62500000       | WI            | 0.46875000           |
|   |                                  |                  | 0.18750000 | 1.00000000       |               | 1.00000000           |
| <b>NOTE:</b> There is no depth severance in this tract. |                                  |                  |            |                  |               |                      |



300 N. MARIENFELD STREET, SUITE 1000  
MIDLAND, TX 79701

OFFICE 432.695.4222  
FAX 432.695.4063

January 26, 2023

*Via Certified Mail*

Chevron Midcontinent, LP  
1400 Smith Street  
Houston, TX 77002

**RE: Well Proposal – Eric Cartman 31 State Com 506H**  
Section 31: E/2E/2, T21S-R35E; Section 6: E/2E/2, T22S-R35E;  
Section 7: E/2NE/4, T22S-R35E  
Lea County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC (“Permian”), hereby proposes the drilling and completion of the following well, the Eric Cartman 31 State Com 506H (the “Well”) at the approximate location listed below, within Township 21 South, Range 35 East and Township 22 South, Range 35 East, Lea County, New Mexico. Please be advised that Centennial Resource Production, LLC will be the designated operator, as Permian is a result of the merger between Centennial Resource Development and Colgate Energy, LLC, effective September 1, 2022.

**1. Eric Cartman 31 State Com 506H**

- SHL: 135’ FNL & 385’ FEL of Section 31 (or at a legal location within Unit A)
- BHL: 2540’ FNL & 330’ FEL of Section 7
- FTP: 100’ FNL & 330’ FEL of Section 31
- LTP: 2540’ FNL & 330’ FEL of Section 7
- TVD: Approximately 10,331’
- TMD: Approximately 23,044’
- Spacing Unit: E/2E/2 Sec. 31, T21S-R35E; E/2E/2 Sec. 6 & E/2NE/4 Sec. 7, T22S-R35E, from the top of the Bone Spring formation to 10,388’.
- Targeted Interval: Second Bone Spring
- Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is enclosed. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$8,500/\$800 drilling and producing rates
- Centennial Resource Production, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the proposed AFE, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which are subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact Chris Astwood at 432.315-0102 or by email at Chris.Astwood@permianres.com

Respectfully,

**PERMIAN RESOURCES OPERATING, LLC**



Jordan Ireton

Land Coordinator

Jordan.Ireton@permianres.com

**Eric Cartman 31 State Com 506H Elections:**

| <i>Well Elections:<br/>(Please indicate your responses in the spaces below)</i> |                             |  |
|---|-----------------------------|--|
| <b>Well(s)</b>  | <b>Elect to Participate</b> | <b>Elect to <u>NOT</u> Participate</b> |
| <b>Eric Cartman 31 State Com 506H</b>   |                             |  |

**Chevron Midcontinent, LP**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Participate / Rejection Declaration**

Please return this page to Permian Resources Operating, LLC (“Permian”) by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Agreed this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by:

**Chevron Midcontinent, LP**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



## COST ESTIMATE

Printed Date: 01/25/2023

AFE Number: 500220

Location: E/2E/2 Sec. 31, T21S-R35E; E/2E/2  
Sec. 6 & E/2NE/4 Sec. 7, T22S-R35E

Description:

County/State: Lea County, New Mexico

Geologic Target: Second BS

Type: Drilling and Completion

Operator: Centennial Resource Production, LLC

MD/TVD: 23,044' / 10,331'

Well Name: Eric Cartman 31 State Com #506H

Lateral Length: 12,622'

| <u>Account</u>               | <u>Description</u>                        | <u>Gross Est. (\$)</u> |
|------------------------------|---|------------------------|
| <b>Completion Intangible</b> |   |                        |
| 8025.1800                    | ICC - WATER DISPOSAL/VACUUM TRUCK         | \$17,430.00            |
| 8025.1500                    | ICC - FUEL / POWER                        | \$718,581.00           |
| 8025.3600                    | ICC - SUPERVISION/ENGINEERING             | \$5,000.00             |
| 8025.2600                    | ICC - CONTRACT LABOR/ROUSTABOUT           | \$15,000.00            |
| 8025.2500                    | ICC - WELL STIMULATION/FRACTUR            | \$2,982,465.00         |
| 8025.3000                    | ICC - WATER HANDLING                      | \$251,347.00           |
| 8025.1600                    | ICC - COILED TUBING                       | \$228,138.00           |
| 8025.3050                    | ICC - SOURCE WATER                        | \$301,617.00           |
| 8025.1400                    | ICC - WIRELINE OPEN/CASED HOLE            | \$40,000.00            |
| 8025.3800                    | ICC - OVERHEAD                            | \$10,000.00            |
| 8025.2200                    | ICC - ELECTRIC LOGGING / PERFORATING      | \$465,710.00           |
| 8025.3500                    | ICC - WELLSITE SUPERVISION                | \$54,000.00            |
| 8025.3700                    | ICC - SAFETY / ENVIRONMENTAL              | \$15,000.00            |
| 8025.3100                    | ICC - WELLHEAD/FRACTREE REPAIR            | \$40,000.00            |
| 8025.2000                    | ICC - TRUCKING                            | \$14,375.00            |
| 8025.3400                    | ICC - RENTAL EQUIPMENT                    | \$195,012.00           |
| 8025.2300                    | ICC - COMPLETION FLUIDS                   | \$10,000.00            |
| 8025.1100                    | ICC - ROAD, LOCATIONS, PITS               | \$10,500.00            |
| 8025.2530                    | ICC - SAND LAST MILE                      | \$0.00                 |
| 8025.3300                    | ICC - COMMUNICATIONS                      | \$0.00                 |
| 8025.1200                    | ICC - COMPLETION RIG                      | \$0.00                 |
| 8025.1900                    | ICC - INSPECTION & TESTING                | \$0.00                 |
| 8025.2520                    | ICC - SAND                                | \$0.00                 |
| 8025.3410                    | ICC - FRAC STACKS AND VALVES              | \$0.00                 |
| 8025.2540                    | ICC - COMPLETIONS SCIENCE AND DIAGNOSTICS | \$0.00                 |
| 8025.4000                    | ICC - WELL CONTROL INSURANCE              | \$0.00                 |
| 8025.3200                    | ICC - FISHING TOOLS & SERVICES            | \$0.00                 |
| 8025.2400                    | ICC - CASING CREW AND TOOLS               | \$0.00                 |

Suite 1200, 777 - 8th Avenue S.W. Calgary, AB T2P 3R5  
 TEL (403) 233-9400 FAX (403) 261-3059 www.energynavigator.com



## COST ESTIMATE

Printed Date: 01/25/2023

|           |                            |        |
|-----------|----------------------------|--------|
| 8025.4200 | ICC - CONTINGENCY          | \$0.00 |
| 8025.2510 | ICC - FRAC CHEMICALS       | \$0.00 |
| 8025.1700 | ICC - CEMENTING & SERVICES | \$0.00 |
| 8025.1000 | ICC - STAKING & SURVEYING  | \$0.00 |
| 8025.4400 | ICC - COMPANY LABOR        | \$0.00 |

|                  |                       |
|------------------|-----------------------|
| <b>Sub-total</b> | <b>\$5,374,175.00</b> |
|------------------|-----------------------|

**Flowback Intangible**

|           |                                    |              |
|-----------|------------------------------------|--------------|
| 8040.1400 | IFC - WIRELINE OPEN/CASED HOLE     | \$6,825.00   |
| 8040.2600 | IFC - CONTRACT LABOR/ROUSTABOUT    | \$30,000.00  |
| 8040.3400 | IFC - RENTAL EQUIPMENT             | \$84,000.00  |
| 8040.3700 | IFC - SAFETY / ENVIRONMENTAL       | \$10,000.00  |
| 8040.2900 | IFC - WELL TESTING / FLOWBACK      | \$180,000.00 |
| 8040.3500 | IFC - WELLSITE SUPERVISION         | \$7,000.00   |
| 8040.1899 | IFC - FRAC WATER RECOVERY          | \$203,020.30 |
| 8040.1200 | IFC - COMPLETION RIG               | \$14,175.00  |
| 8040.2000 | IFC - TRUCKING/VACUUM/TRANSP       | \$10,000.00  |
| 8040.1500 | IFC - FUEL / POWER                 | \$0.00       |
| 8040.3200 | IFC - FISHING TOOLS & SERVICES     | \$0.00       |
| 8040.4400 | IFC - COMPANY LABOR                | \$0.00       |
| 8040.3100 | IFC - WELLHEAD/FRAC TREE REPAIR    | \$0.00       |
| 8040.4500 | IFC - SWABBING                     | \$0.00       |
| 8040.1100 | IFC - ROADS LOCATIONS / PITS       | \$0.00       |
| 8040.2200 | IFC - ELECTRIC LOGGING/PERFORATING | \$0.00       |
| 8040.2300 | IFC - COMPLETION FLUID             | \$0.00       |
| 8040.1600 | IFC - COILED TUBING                | \$0.00       |
| 8040.2500 | IFC - WELL STIMULATION/FRACTURE    | \$0.00       |
| 8040.2400 | IFC - CASING CREW AND TOOLS        | \$0.00       |
| 8040.1900 | IFC - INSPECTION & TESTING         | \$0.00       |
| 8040.4200 | IFC - CONTINGENCY                  | \$0.00       |
| 8040.1700 | IFC - CEMENTING & SERVICES         | \$0.00       |
| 8040.2800 | IFC - MATERIAL & SUPPLIES          | \$0.00       |

|                  |                     |
|------------------|---------------------|
| <b>Sub-total</b> | <b>\$545,020.30</b> |
|------------------|---------------------|

**Flowback Tangible**

|           |                                      |             |
|-----------|--------------------------------------|-------------|
| 8045.1700 | TFC - PACKER/DOWNHOLE TOOLS          | \$10,000.00 |
| 8045.2500 | TFC - VALVES / CONNECTIONS / FITINGS | \$15,000.00 |
| 8045.3100 | TFC - MEASUREMENT EQUIPMENT          | \$10,000.00 |
| 8045.1300 | TFC - DOWNHOLE ARTIFICIAL LIFT EQPT  | \$25,000.00 |

Suite 1200, 777 - 8th Avenue S.W. Calgary, AB T2P 3R5  
 TEL (403) 233-9400 FAX (403) 261-3059 www.energynavigator.com



## COST ESTIMATE

Printed Date: 01/25/2023

|           |   |                     |
|-----------|---|---------------------|
| 8045.2000 | TFC - WELLHEAD EQUIPMENT                    | \$14,000.00         |
| 8045.3400 | TFC - CONTRACTOR LABOR INSTALL              | \$5,000.00          |
| 8045.1100 | TFC - TUBING                                | \$154,100.00        |
| 8045.1900 | TFC - PUMPING UNITS /SURFACE LIFT EQUIPMENT | \$0.00              |
| 8045.4400 | TFC - COMPANY LABOR                         | \$0.00              |
| 8045.3200 | TFC - COMM, TELEMETRY & AUTOMATION          | \$0.00              |
| 8045.3500 | TFC - CONTINGENCY                           | \$0.00              |
| 8045.1500 | TFC - SUBSURFACE PUMPS                      | \$0.00              |
| 8045.1200 | TFC - SUCKER RODS & ACCESSORY               | \$0.00              |
| 8045.1600 | TFC - PROD LINER & EQUIPMENT                | \$0.00              |
|           | <b>Sub-total</b>                            | <b>\$233,100.00</b> |

**Facilities**

|           |                                |              |
|-----------|--------------------------------|--------------|
| 8035.4500 | FAC - CONTINGENCY              | \$90,091.00  |
| 8035.1600 | FAC - TRANSPORTATION TRUCKING  | \$16,667.00  |
| 8035.3800 | FAC - FLARE/COMBUSTER          | \$31,667.00  |
| 8035.1400 | FAC - ROAD LOCATIONS PITS      | \$100,000.00 |
| 8035.4000 | FAC - SAFETY / ENVIRONMENTAL   | \$1,333.00   |
| 8035.3200 | FAC - VALVES FITTINGS & PIPE   | \$65,000.00  |
| 8035.2400 | FAC - SUPERVISION              | \$13,333.00  |
| 8035.1500 | FAC - MATERIALS & SUPPLIES     | \$15,000.00  |
| 8035.3000 | FAC - HEATER TREATER/SEPARATOR | \$160,000.00 |
| 8035.2900 | FAC - TANK BATTERY             | \$133,667.00 |
| 8035.3600 | FAC - ELECTRICAL               | \$133,333.00 |
| 8035.2500 | FAC - CONSULTING SERVICES      | \$3,333.00   |
| 8035.1700 | FAC - RENTAL EQUIPMENT         | \$10,000.00  |
| 8035.4400 | FAC - COMPANY LABOR            | \$1,133.00   |
| 8035.3700 | FAC - COMM TELEMETRY & AUTOMAT | \$58,333.00  |
| 8035.2100 | FAC - INSPECTION & TESTING     | \$280.00     |
| 8035.3400 | FAC - METER & LACT             | \$185,000.00 |
| 8035.2200 | FAC - CONTRACT LABOR / ROUSTAB | \$160,000.00 |
| 8035.3300 | FAC - CIRCULATING TRNSFER PUMP | \$8,817.00   |
| 8035.4300 | FAC - INSURANCE                | \$0.00       |
| 8035.4100 | FAC - OVERHEAD                 | \$0.00       |
| 8035.2300 | FAC - FRAC TANK RENTAL         | \$0.00       |
| 8035.1800 | FAC - FUEL / POWER             | \$0.00       |
| 8035.1310 | FAC - PEMANENT EASEMENT        | \$0.00       |
| 8035.1300 | FAC - SURFACE DAMAGE / ROW     | \$0.00       |

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## COST ESTIMATE

Printed Date: 01/25/2023

|           |                              |                       |
|-----------|------------------------------|-----------------------|
| 8035.1900 | FAC - WATER DISPOSAL / SWD   | \$0.00                |
| 8035.2700 | FAC - P-LINE F-LINE LINEPIPE | \$0.00                |
| 8035.2000 | FAC - WASTE DISPOSAL         | \$0.00                |
| 8035.2600 | FAC - INJECTION PUMP         | \$0.00                |
| 8035.3500 | FAC - COMPRESSOR             | \$0.00                |
| 8035.3100 | FAC - DEHYDRATOR EQUIPMENT   | \$0.00                |
|           | <b>Sub-total</b>             | <b>\$1,186,987.00</b> |

**Pipeline**

|           |                                   |              |
|-----------|-----------------------------------|--------------|
| 8036.3620 | PLN - POWER DISTRIBUTION LABOR    | \$53,030.30  |
| 8036.1310 | PLN - PERMANENT EASEMENT          | \$109,964.00 |
| 8036.2800 | PLN - FLOWLINE                    | \$79,166.67  |
| 8036.3610 | PLN - POWER DISTRIBUTION MATERIAL | \$53,030.30  |
| 8036.2700 | PLN - PIPELINE                    | \$409,728.00 |
| 8036.3200 | PLN - VALVES FITTINGS & PIPE      | \$0.00       |
| 8036.3000 | PLN - SEPARATOR / SCRUBBER        | \$0.00       |
| 8036.1200 | PLN - LEGAL TITLE SERVICES        | \$0.00       |
| 8036.3600 | PLN - ELECTRICAL SUPPLIES         | \$0.00       |
| 8036.4500 | PLN - CONTINGENCY                 | \$0.00       |
| 8036.2300 | PLN - FRAC TANK RENTAL            | \$0.00       |
| 8036.1300 | PLN - SURFACE DAMAGE / ROW        | \$0.00       |
| 8036.1100 | PLN - STAKING & SURVEYING         | \$0.00       |
| 8036.2100 | PLN - INSPECTION & TESTING        | \$0.00       |
| 8036.3700 | PLN - AUTOMATION                  | \$0.00       |
| 8036.1700 | PLN - RENTAL EQUIPMENT            | \$0.00       |
| 8036.1500 | PLN - MATERIALS & SUPPLIES        | \$0.00       |
| 8036.1000 | PLN - PERMITS LICENSES ETC        | \$0.00       |
| 8036.2900 | PLN - TANK BATTERY                | \$0.00       |
| 8036.3100 | PLN - TREATING EQUIPMENT          | \$0.00       |
| 8036.1600 | PLN - TRANSPORTATION TRUCKING     | \$0.00       |
| 8036.1900 | PLN - WATER DISPOSAL / SWD        | \$0.00       |
| 8036.4000 | PLN - SAFETY / ENVIRONMENTAL      | \$0.00       |
| 8036.3500 | PLN - COMPRESSOR                  | \$0.00       |
| 8036.3400 | PLN - METER                       | \$0.00       |
| 8036.2200 | PLN - CONTRACT LABOR              | \$0.00       |
| 8036.3300 | PLN - PUMP                        | \$0.00       |
| 8036.4300 | PLN - INSURANCE                   | \$0.00       |
| 8036.2000 | PLN - WASTE DISPOSAL              | \$0.00       |

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## COST ESTIMATE

Printed Date: 01/25/2023

|           |                           |        |
|-----------|---------------------------|--------|
| 8036.4400 | PLN - COMPANY LABOR       | \$0.00 |
| 8036.2500 | PLN - CONSULTING SERVICES | \$0.00 |
| 8036.2400 | PLN - SUPERVISION         | \$0.00 |
| 8036.1400 | PLN - ROAD LOCATIONS PITS | \$0.00 |

|                  |                     |
|------------------|---------------------|
| <b>Sub-total</b> | <b>\$704,919.27</b> |
|------------------|---------------------|

**Drilling Intangible**

|           |  |              |
|-----------|--|--------------|
| 8015.3700 | IDC - DISPOSAL                           | \$132,500.00 |
| 8015.2100 | IDC - WIRELINE SVCS CASED&OPEN           | \$15,000.00  |
| 8015.1400 | IDC - ROAD, LOCATIONS, PITS              | \$108,333.33 |
| 8015.4100 | IDC - RENTAL EQUIPMENT                   | \$41,000.00  |
| 8015.3200 | IDC - CONTRACT LABOR/ROUSTABOUT          | \$20,000.00  |
| 8015.3800 | IDC - WELLHEAD PREPARE/REPAIR            | \$30,500.00  |
| 8015.2200 | IDC - BITS, TOOLS, STABILIZERS           | \$70,000.00  |
| 8015.1500 | IDC - RIG MOB / TRUCKING                 | \$100,000.00 |
| 8015.3500 | IDC - TRUCKING/VACUUM/ TRANSP            | \$22,000.00  |
| 8015.4300 | IDC - WELLSITE SUPERVISION               | \$102,000.00 |
| 8015.5200 | IDC - CONTINGENCY                        | \$166,774.26 |
| 8015.2150 | IDC - DRILL BIT                          | \$100,000.00 |
| 8015.5000 | IDC - WELL CONTROL INSURANCE             | \$13,447.74  |
| 8015.1700 | IDC - DAYWORK CONTRACT                   | \$648,000.00 |
| 8015.2700 | IDC - INSPECTION, TESTING & REPAIR       | \$55,000.00  |
| 8015.1100 | IDC - STAKING & SURVEYING                | \$15,000.00  |
| 8015.1310 | IDC - PERMANENT EASEMENT                 | \$12,000.00  |
| 8015.4600 | IDC - SAFETY / ENVIRONMENTAL             | \$14,400.00  |
| 8015.1000 | IDC - PERMITS,LICENSES,ETC               | \$15,000.00  |
| 8015.2350 | IDC - FUEL/MUD                           | \$153,500.00 |
| 8015.2400 | IDC - RIG WATER                          | \$11,140.00  |
| 8015.2300 | IDC - FUEL / POWER                       | \$129,750.00 |
| 8015.3600 | IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM | \$49,500.00  |
| 8015.3000 | IDC - CEMENT SERV/FLOAT EQUIP            | \$260,000.00 |
| 8015.1300 | IDC - SURFACE DAMAGE / ROW               | \$35,000.00  |
| 8015.2500 | IDC - MUD/CHEMICALS/ACIDIZING            | \$166,000.00 |
| 8015.2000 | IDC - CONDUCTOR HOLE & SERVICE           | \$27,500.00  |
| 8015.1600 | IDC - RIG MOB / STANDBY RATE             | \$30,000.00  |
| 8015.3100 | IDC - CASING CREW & TOOLS                | \$65,000.00  |
| 8015.1200 | IDC - LEGAL, TITLE SERVICES              | \$13,000.00  |
| 8015.3400 | IDC - MATERIALS & SUPPLIES               | \$5,000.00   |

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## COST ESTIMATE

Printed Date: 01/25/2023

|                            |                                 |                        |
|----------------------------|---------------------------------|------------------------|
| 8015.1900                  | IDC - DIRECTNL DRILL & SURVEY   | \$280,000.00           |
| 8015.4200                  | IDC - MANCAMP                   | \$40,000.00            |
| 8015.2600                  | IDC - MUD LOGGING               | \$0.00                 |
| 8015.4800                  | IDC - OVERHEAD                  | \$0.00                 |
| 8015.2800                  | IDC - CORE ANALYSIS             | \$0.00                 |
| 8015.1950                  | IDC - LOST IN HOLE              | \$0.00                 |
| 8015.4400                  | IDC - SUPERVISION/ENGINEERING   | \$0.00                 |
| 8015.1800                  | IDC - FOOTAGE CONTRACT          | \$0.00                 |
| 8015.3900                  | IDC - FISHING TOOLS & SERVICES  | \$0.00                 |
| 8015.2900                  | IDC - OPEN/CASED HOLE LOGGING   | \$0.00                 |
|                            | <b>Sub-total</b>                | <b>\$2,946,345.33</b>  |
| <b>Drilling Tangible</b>   |                                 |                        |
| 8020.1100                  | TDC - CASING - SURFACE          | \$155,214.62           |
| 8020.1500                  | TDC - WELLHEAD EQUIPMENT        | \$65,875.00            |
| 8020.1400                  | TDC - CASING - PRODUCTION       | \$975,942.21           |
| 8020.1200                  | TDC - CASING - INTERMEDIATE - 1 | \$357,714.00           |
| 8020.1700                  | TDC - PACKER/DOWNHOLE TOOLS     | \$0.00                 |
| 8020.1800                  | TDC - CONTINGENCY               | \$0.00                 |
| 8020.1000                  | TDC - CASING - CONDUCTOR        | \$0.00                 |
| 8020.1300                  | TDC - CASING - INTERMEDIATE 2   | \$0.00                 |
|                            | <b>Sub-total</b>                | <b>\$1,554,745.83</b>  |
| <b>Completion Tangible</b> |                                 |                        |
| 8030.2000                  | TCC - WELLHEAD EQUIPMENT        | \$47,250.00            |
| 8030.1700                  | TCC - PACKER/DOWNHOLE TOOLS     | \$0.00                 |
| 8030.1600                  | TCC - PROD LINER & EQUIPMENT    | \$0.00                 |
| 8030.1000                  | TCC - CASING - PRODUCTION       | \$0.00                 |
|                            | <b>Sub-total</b>                | <b>\$47,250.00</b>     |
|                            | <b>Grand Total</b>              | <b>\$12,592,542.73</b> |



**Chronology of Communication/Events**

January 27, 2023 – Well proposal sent to all parties

February 7, 2023 – Follow up with Chevron Midcontinent, LP and MRC Permian Company via email.

Phone call with Fuel Products and Gahr Energy Company.

February 8, 2023 - Emails with Chevron Midcontinent.

Emails with Fuel and Gahr on WI and NRI

Sent plats and timeline to Mark Nearburg

Left voicemail and later spoke with MRC Permian Company

February 10, 2023 – Emails with MRC Permian on JOA terms

February 14, 2023 – Emails with Chevron Midcontinent to discuss existing JOA and need for new JOA.

February 15, 2023 – Emails with Chevron Midcontinent to discuss existing JOA and need for new JOA.

February 16, 2023 – Emails with Fuel Products and Gahr Energy Company regarding JOA terms

February 16, 2023 - Emails with MRC Permian on JOA terms

February 17, 2023 - Emails with Fuel Products and Gahr Energy Company regarding JOA terms

February 20, 2023 - Emails with MRC Permian on JOA terms

February 22, 2023 - Emails with Fuel Products and Gahr Energy Company regarding JOA terms

Spoke with Mark Nearburg regarding wells.

February 23, 2023 – Discussion with MRC Energy pertaining to the wells

February 24, 2023 – Follow up email to Chevron Midcontinent

March 1, 2023 – Email from Chevron to confirm total vertical depth in wells

March 1, 2023 – Emails with Fuel Products and Gahr Energy Company to confirm WI and NRI

March 6, 2023 - Email to Chevron confirming total vertical depth

March 7, 2023 – Email with MRC to exchange JOA redlines.

Permian Resources is a result of the merger of Centennial Resource Development and Colgate Energy effective September 1, 2022. Colgate Operating, LLC is a wholly owned subsidiary of Permian Resources.

**PERMIAN**  
RESOURCES

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March 8, 2023 - Emails with Fuel Products and Gahr Energy Company to confirm WI and NRI

    Emails with Fuel and Gahr to exchange JOA redlines

March 10, 2023 – Emails with Fuel and Gahr to discuss JOA changes

March 20, 2023 – Emails with Chevron to follow up on JOA status

March 27, 2023 – Emails with Fuel and Gahr to discuss development plans

April 4, 2023 – Emails with Chevron to update on hearing status

April 5, 2023 – Emails with Fuel and Gahr to finalize plans

April 12, 2023 – Emails with Chevron to discuss proposed changes to the JOA

April 13, 2023 – Received signed JOA from Fuel and Gahr

Permian Resources is a result of the merger of Centennial Resource Development and Colgate Energy effective September 1, 2022. Colgate Operating, LLC is a wholly owned subsidiary of Permian Resources.

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

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

CASE NO. 23395

SELF-AFFIRMED STATEMENT OF IRA BRADFORD

1. My name is Ira Bradford. I work for Permian Resources Operating, LLC (“Permian”) as a Geologist.

2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum land matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by Permian in this case, and I have conducted a geologic study of the lands in the subject area.

4. Permian has targeted the Bone Spring formation in this case.

5. **Permian Exhibit B-1** is a regional locator map that identifies the Eric Cartman project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing unit that is the subject of this application.

6. **Permian Exhibit B-2** is a cross section location map for the proposed horizontal spacing unit (“Unit”) within the Bone Spring formation. The approximate wellbore path for the proposed Eric Cartman State Com 506H (“Well”) is represented by a dashed line. Existing producing wells in the targeted interval are represented by solid

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B  
Submitted by: Permian Resources Operating, LL  
Hearing Date: April 20, 2023  
Case No. 23395

lines. This map identifies the cross-section running from A-A' with the cross-section well names and a black line in proximity to the proposed Well.

7. **Permian Exhibit B-3** is a Second Bone Spring (“SBSG”) Structure map on the top of the Second Bone Spring formation in Total Vertical Depth (“TVD”) subsea with a contour interval of 50 feet. The map identifies the approximate wellbore path for the proposed Well with an orange dashed line. It also identifies the location of the cross-section running from A-A' in proximity to the proposed Well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the northeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

8. **Permian Exhibit B-4** identifies three wells penetrating the targeted interval I used to construct a structural cross-section from A to A'. The structural cross section from north to south shows the regional dip to the northeast for the proposed Bone Spring Well. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area. The target zone for the proposed Well is the Second Bone Spring Sand formation, which is consistent across the Unit. The approximate well-path for the proposed Well is indicated by dashed lines to be drilled from North to South across the Unit.

9. **Permian Exhibit B-5** is a stratigraphic cross-section from A to A' using the representative wells identified on **Exhibit B-4**. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from west to east and is hung on the top of the Wolfcamp formation. The proposed landing zone for the Well is labeled on the

exhibit. The approximate well-path for the proposed Well is indicated by dashed lines to be drilled from north to south across the Unit.

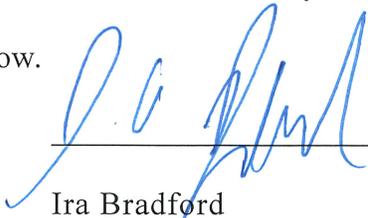
10. In my opinion, standup orientation of the proposed well is the preferred orientation for horizontal well development in this area and is appropriate to develop the subject acreage efficiently and effectively.

11. Based on my geologic study, the Bone Spring formation underlying the subject area is suitable for development by horizontal well and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbore. I have not identified any geologic impediments to drilling horizontal wells in the area of the spacing unit proposed.

12. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery, and that approving Permian’s application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

13. **Permian Exhibits B-1 through B-4** were either prepared by me or compiled under my direction and supervision.

14. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

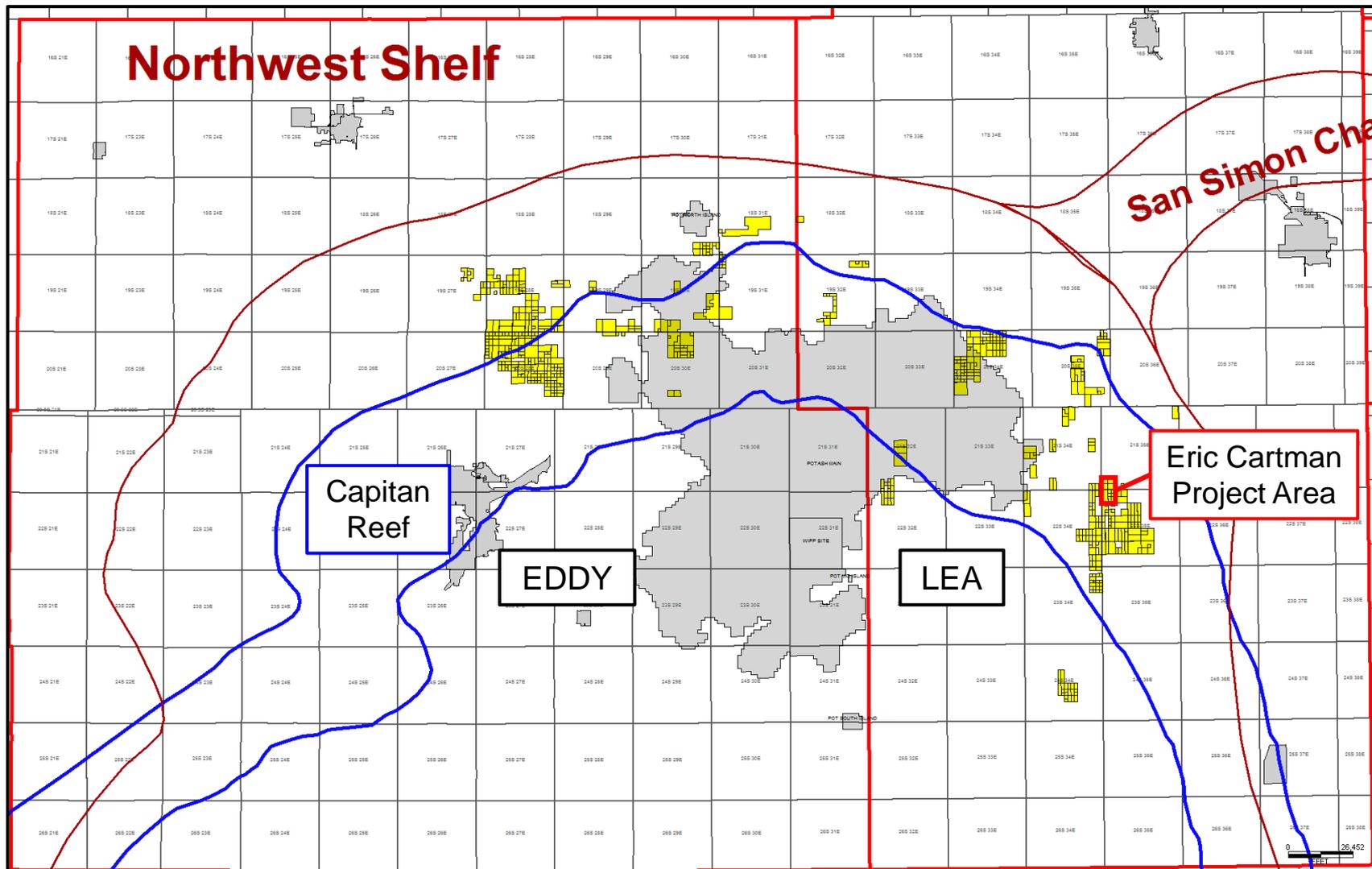
  
Ira Bradford

3/9/2023  
Date



# Regional Locator Map

Eric Cartman 31 State Com



# Cross-Section Locator Map

Eric Cartman 31 State Com 506H

Santa Fe, New Mexico

Exhibit No. B2

Submitted by: Permian Resources Operating, LLC

Hearing Date: April 20, 2023

Case No. 23395



Permian Resources



### Proposed Wells



### Producing Wells





# Second Bone Spring – Structure Map

Eric Cartman 31 State Com 506H

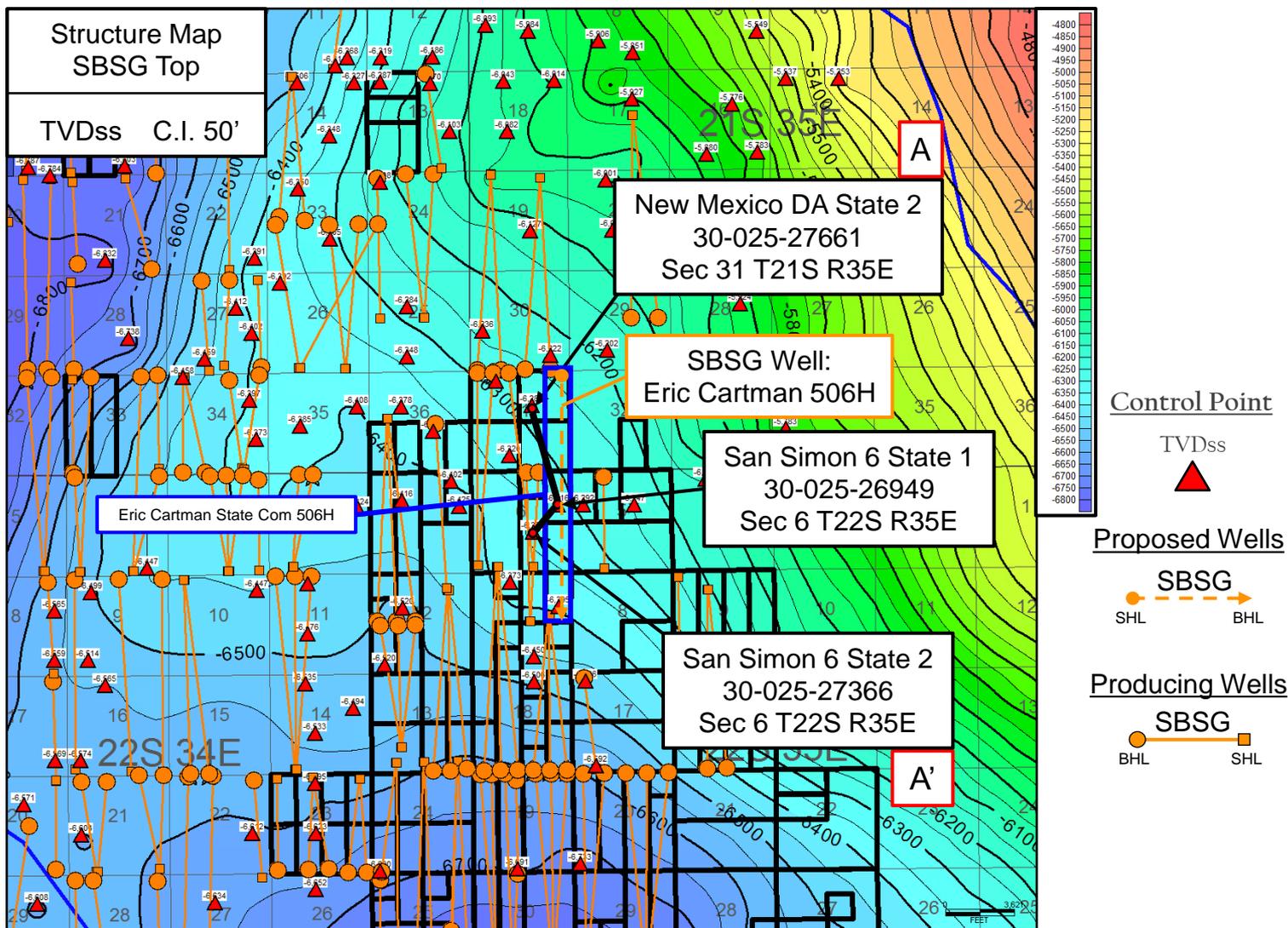
Santa Fe, New Mexico

Exhibit No. B3

Submitted by: Permian Resources Operating, LLC

Hearing Date: April 20, 2023

Case No. 23395



# Structural Cross-Section A-A'

Eric Cartman 31 State Com 506H

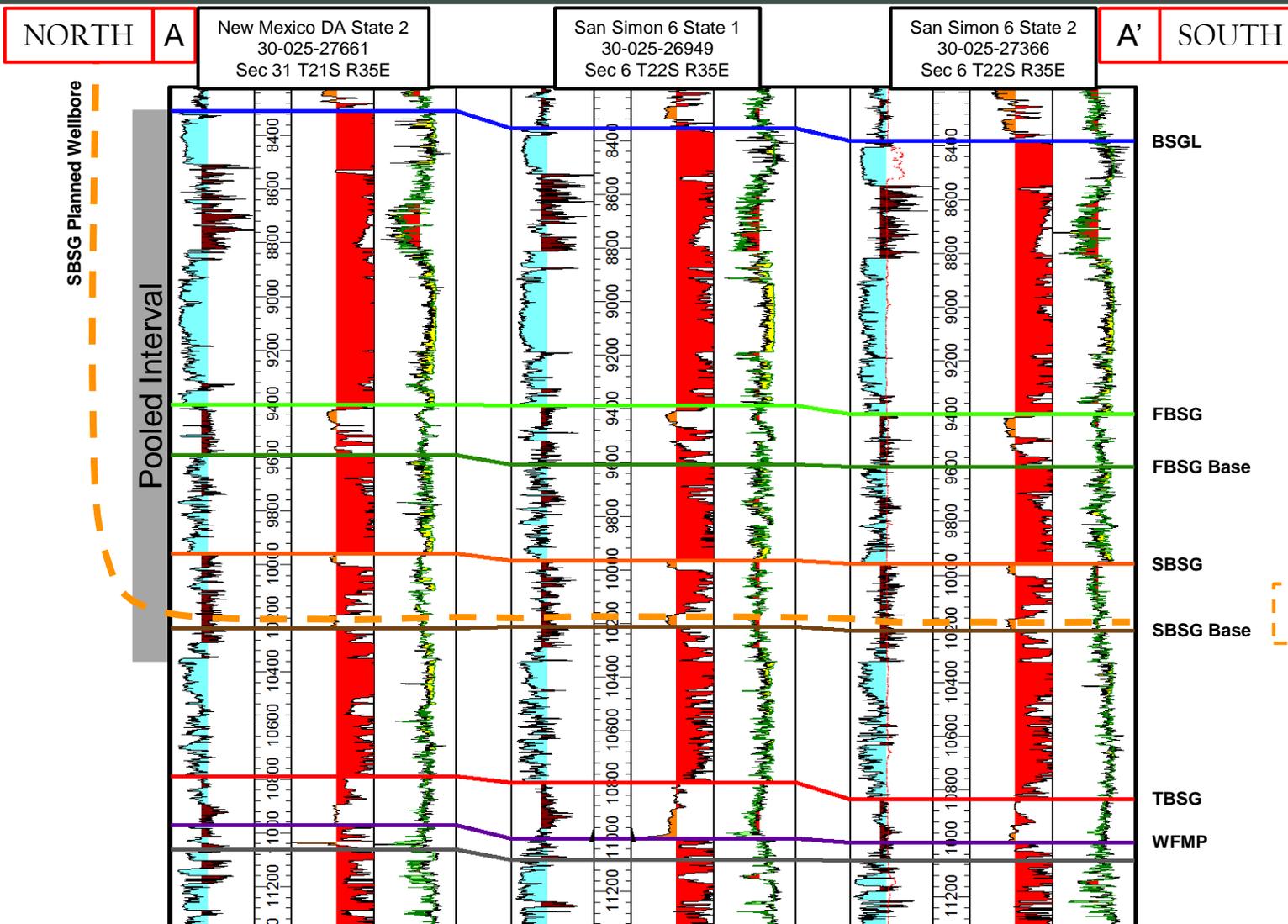
Santa Fe, New Mexico

Exhibit No. B4

Submitted by: Permian Resources Operating, LLC

Hearing Date: April 20, 2023

Case No. 23395



# Stratigraphic Cross-Section A-A'

Eric Cartman 31 State Com 506H

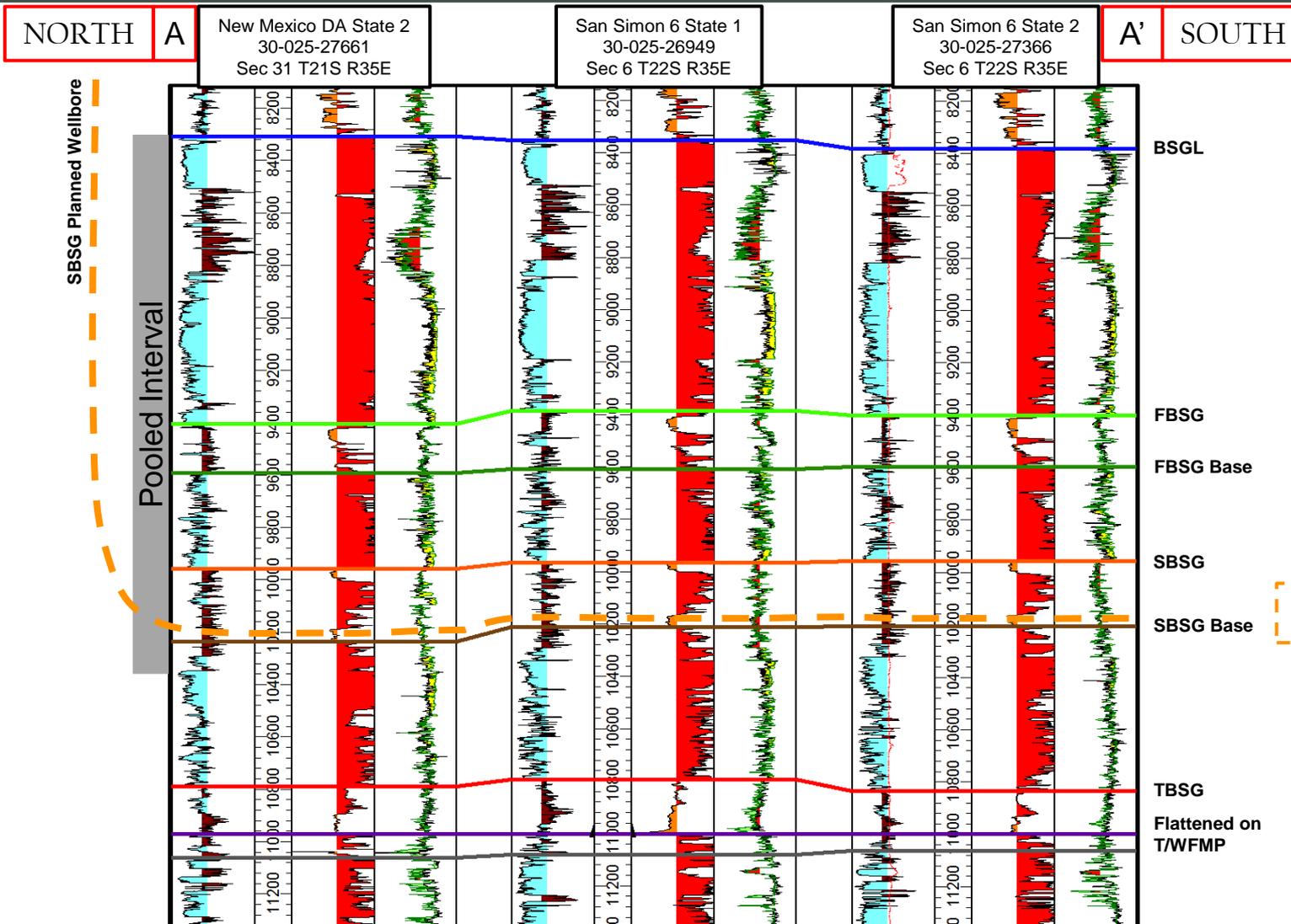
Santa Fe, New Mexico

Exhibit No. B5

Submitted by: Permian Resources Operating, LLC

Hearing Date: April 20, 2023

Case No. 23395



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

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

**CASE NO. 23395**

**SELF-AFFIRMED STATEMENT OF  
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of Permian Resources Operating, LLC (“Permian”), the Applicant herein. I have personal knowledge of the matters addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of April 17, 2023.

5. I caused a notice to be published to all parties subject to these compulsory pooling proceedings. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached as Exhibit D.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: Permian Resources Operating, LLC  
Hearing Date: April 20, 2023  
Case No. 23395**

  
Paula M. Vance \_\_\_\_\_

4/18/2023 \_\_\_\_\_  
Date



**Paula M. Vance**  
**Associate**  
**Phone** (505) 988-4421  
**Email** pmvance@hollandhart.com

February 10, 2023

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS AND ALL WORKING INTEREST OWNERS AFFECTED BY THE PROPOSED OVERLAPPING SPACING UNIT**

**Re: Application of Permian Resources Operating, LLC for Approval of an Overlapping Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico: Eric Cartman 31 State Com #506H well**

Ladies & Gentlemen:

This letter is to advise you that Permian Resources Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

**During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.**

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Chris Astwood at (432) 315-0102 or [Chris.Astwood@permianres.com](mailto:Chris.Astwood@permianres.com).

Sincerely,

Paula M. Vance  
**ATTORNEY FOR PERMIAN RESOURCES OPERATING, LLC**

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
[www.hollandhart.com](http://www.hollandhart.com)

|          |            |                  |
|----------|------------|------------------|
| Alaska   | Montana    | Utah             |
| Colorado | Nevada     | Washington, D.C. |
| Idaho    | New Mexico | Wyoming          |

Permian\_Eric Cartman 506H Well  
Case No. 23395 Postal Delivery Report

|                        |                               |                             |          |    |            |  |
|------------------------|-------------------------------|-----------------------------|----------|----|------------|--|
| 9414811898765838227609 | Legacy Reserves Operating LP  | 15 Smith Rd Ste 3000        | Midland  | TX | 79705-5461 | Your item was delivered to the front desk, reception area, or mail room at 11:01 am on February 14, 2023 in MIDLAND, TX 79705. |
| 9414811898765838227692 | Grewal Royalty, LLC           | 45 Rockefeller Plz Ste 2410 | New York | NY | 10111-2493 | Your item has been delivered to the original sender at 9:35 am on March 2, 2023 in SANTA FE, NM 87501.                         |
| 9414811898765838227647 | Magnum Hunter Production Inc. | 600 N Marienfeld St Ste 600 | Midland  | TX | 79701-4405 | Your item was delivered to an individual at the address at 12:07 pm on February 14, 2023 in MIDLAND, TX 79701.                 |

LEGAL NOTICE  
February 12, 2023

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. The hearing will be conducted remotely on **Thursday, March 2, 2023, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at [Marlene.Salvidrez@emnrd.nm.gov](mailto:Marlene.Salvidrez@emnrd.nm.gov). Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at [Marlene.Salvidrez@emnrd.nm.gov](mailto:Marlene.Salvidrez@emnrd.nm.gov), or the New Mexico Relay Network at 1-800-659-1779, no later than **February 22, 2023**.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m0516cb02e24e73cc7cbc368389f56cb5> Webinar number: : 24948591976  
Panelist password: : 63axMJymRM4 (63296596 from phones and video systems)

Join by video system: 24948591976@nmemnrd.webex.com You can also dial 173.243.2.68 and enter your webinar number

Join by phone: 1-844-992-4726 United States Toll Free +1-408-418-9388 United States Toll  
Access code: 24948591976

**STATE OF NEW MEXICO TO:**  
All named parties and persons having  
any right, title, interest or claim in the following case  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings and all working interest owners affected by the proposed overlapping spacing unit, including: Chevron Midcontinent, LP; Fuel Products, Inc.; Gahr Energy Company; Mark K. Nearburg, his heirs and devisees; MRC Permian Company; Atlas OBO Energy, LP; Doll Oil & Gas Corporation; New Mexico State Land Office; Legacy Reserves Operating LP; Grewal (Royalty), LLC; and Magnum Hunter Production Inc.

Case No. 23395: Application of Permian Resources Operating, LLC for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (a) approving a standard 400-acre, more or less, overlapping horizontal well spacing unit from the top of the Bone Spring formation to 10,388 feet comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **Eric Cartman 31 State Com #506H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 7, Township 22 South, Range 35 East. This 400- acre horizontal well spacing unit will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

- 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 7 and 18, Township 22 South, Range 35 East, dedicated to the Tostada 7 State Com #501H (API: 30-025-50705); Tostada 7 State Com #502H (API: 30-025-50706); Tostada 7 State Com #503H (API: 30-025-50707); Tostada 7 State Com #601H (API: 30-025-49586); and the Tostada 7 State Com #602H (API: 30-025-49587). See Division Order R-22044.

Also to be considered will be the cost of drilling and completion of the well and the

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HOLLAND & HART LLC  
PO BOX 2208  
SANTA FE, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D

Submitted by: Permian Resources Operating, LLC

Hearing Date: April 20, 2023

Case No. 23394

**Affidavit of Publication**

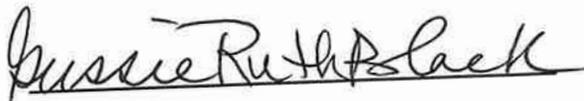
STATE OF NEW MEXICO  
COUNTY OF LEA

I, Blake Ovard, Editor of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
February 12, 2023  
and ending with the issue dated  
February 12, 2023.

  
\_\_\_\_\_  
Editor

Sworn and subscribed to before me this  
12th day of February 2023.

  
\_\_\_\_\_  
Business Manager

My commission expires  
January 29, 2027

(Seal)  
STATE OF NEW MEXICO  
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This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said