

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23535

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Chris Astwood
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Tract Ownership, Applicable Lease Numbers, Unit Recapitulation, and Pooled Parties
A-4	Sample Well Proposal Letter & AFE
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Exhibit B	Self-Affirmed Statement of Ira Bradford
B-1	Regional Locator Map
B-2	Cross-Section Location Map of the Bridge State Unit 28 #507H well
B-3	Bone Spring Subsea Structure Map
B-4	Structural Cross-Section
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Exhibit C	Self-Affirmed Statement of Dana Hardy
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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23535	APPLICANT'S RESPONSE
Date	June 1, 2023
Applicant	Permian Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372165
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Bridge State
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Rock Lake; Bone Spring Pool (Code 52766)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acre
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	E/2 W/2 of Sections 21 and 28, Township 22 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
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	Bridge State Unit 28 #507H (API # ---) SHL: 300' FSL & 1483' FWL (Unit N), Section 28, T22S, R35E BHL: 50' FNL & 2025' FWL (Unit C), Section 21, T22S, R35E Completion Target: Second Bone Spring (Approx. 10,431' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00

Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, Exhibit C-2, Exhibit C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
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-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy

Received by (Attorney or Party Representative):	/s/ Dana S. Hardy	Page 4 of 29
Date:		5/30/2023

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

APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 23535

SELF-AFFIRMED STATEMENT
OF CHRIS ASTWOOD

1. I am a Senior Landman at Permian Resources Operating, LLC (“Permian Resources”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of Permian Resources’ application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit; therefore I do not expect any opposition at hearing.

4. Permian Resources seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Sections 21 and 28, Township 22 South, Range 35 East, Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the proposed **Bridge State Unit 28 #507H** well (“Well”), which will be completed in the Rock Lake; Bone Spring Pool (Code 52766). The Well will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 28 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 21.

6. The completed interval of the Well will be orthodox.

Permian Resources Operating, LLC
Case No. 23535
Exhibit A

7. **Exhibit A-2** contains the C-102 for the Well.

8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Permian Resources seeks to pool highlighted in yellow. All of the parties are locatable in that Permian Resources believes it located valid addresses for them.

9. Permian Resources has conducted a diligent search of all county public records, including phone directories and computer databases, as well as internet searches, to locate the interest owners it seeks to pool.

10. **Exhibit A-4** contains a sample well proposal letter and AFE sent to working interest owners for the Well. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

11. In my opinion, Permian Resources made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.

12. Permian Resources requests overhead and administrative rates of \$8,000 per month while the Well is being drilled and \$800 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Permian Resources and other operators in the vicinity.

13. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

14. In my opinion, the granting of Permian Resources' application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

15. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my electronic signature below.

Chris Astwood
Chris Astwood

5/25/2023
Date

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23535

APPLICATION

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC (OGRID No. 372165) (“Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Sections 21 and 28, Township 22 South, Range 35 East, Lea County, New Mexico (“Unit”). In support of its application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon. The Unit will be dedicated to the **Bridge State Unit 28 #507H** well (“Well”), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 28 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 21.
2. The completed interval of the Well will be orthodox.
3. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
4. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
5. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Well and the Unit.

**Permian Resources Operating, LLC
Case No. 23535
Exhibit A-1**

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 1, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as the operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Well;
- E. 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
- F. Imposing a 200% charge 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,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for Permian Resources Operating, LLC

Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Sections 21 and 28, Township 22 South, Range 35 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **Bridge State Unit 28 #507H** well ("Well"), to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 28 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 21. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 13.8 miles southwest of Eunice, New Mexico.

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

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Table with 3 columns: API Number (30-025-51297), Pool Code (52766), Pool Name (Rock Lake; Bone Spring), Property Code, Property Name (BRIDGE STATE UNIT 28), Well Number (507H), OGRID No. (372165), Operator Name (PERMIAN RESOURCES OPERATING, LLC), Elevation (3530.4')

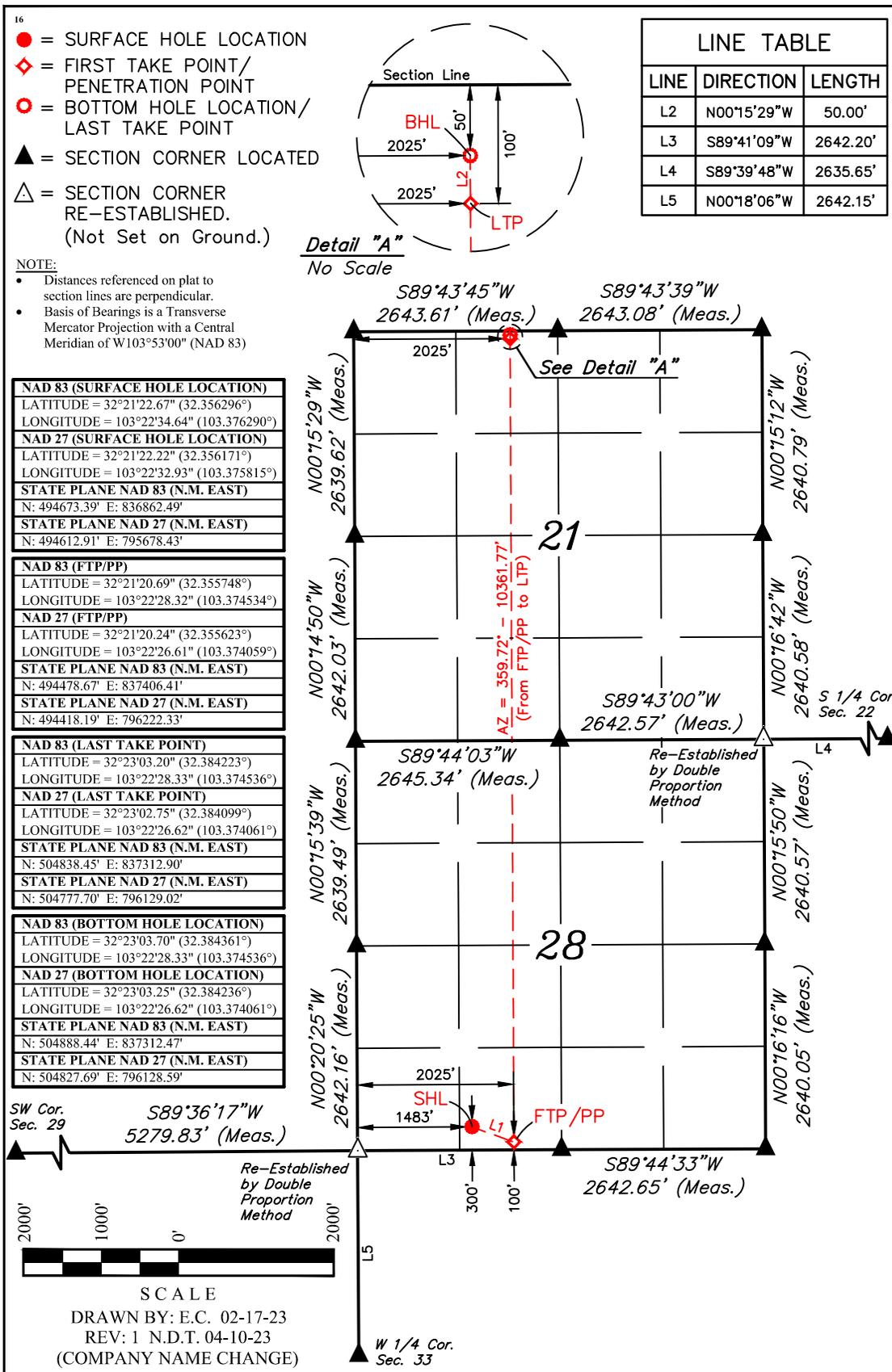
Surface Location

Table with 10 columns: UL or lot no. (N), Section (28), Township (22S), Range (35E), Lot Idn, Feet from the (300), North/South line (SOUTH), Feet from the (1483), East/West line (WEST), County (LEA)

Bottom Hole Location If Different From Surface

Table with 10 columns: UL or lot no. (C), Section (21), Township (22S), Range (35E), Lot Idn, Feet from the (50), North/South line (NORTH), Feet from the (2025), East/West line (WEST), County (LEA). Includes fields for Dedicated Acres (320), Joint or Infill, Consolidation Code, and 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.



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 _____

Table with 4 columns: NAD 83 (SURFACE HOLE LOCATION), NAD 27 (SURFACE HOLE LOCATION), NAD 83 (FTP/PP), NAD 27 (FTP/PP), NAD 83 (LAST TAKE POINT), NAD 27 (LAST TAKE POINT), NAD 83 (BOTTOM HOLE LOCATION), NAD 27 (BOTTOM HOLE LOCATION). Each row contains latitude and longitude coordinates.

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 24, 2020
Date of Survey
Signature and Seal of Professional Surveyor:
[Red circular seal: PAUL BUCHELE, NEW MEXICO, 23782, 04-10-23, PROFESSIONAL SURVEYOR]
Certificate Number: _____

Permian Resources Operating, LLC
Case No. 23535
Exhibit A-2

Exhibit A-3 Ownership Map Township 22 South - Range 35 East, Lea County. New Mexico

VB-2026			Bridge State Unit #507H	
PR - 100.00%		21		
VB-2038				
PR - 100.00%				
VB-1933				
PR - 80.00% OY1 - 20.00%		28		
				B-11644

Permian Resources Operating, LLC
300 N. Marienfeld Street, Ste. 1000
PR Midland, TX 79701

OXY Y-1 Company
5 Greenway Plaza, Ste. 110
OY1 Houston, TX 77046

Permian Resources Operating, LLC
Case No. 23535
Exhibit A-3

Bridge State Unit #507H Unit Recaptulation		
<u>Owner</u>	<u>WI</u>	<u>NRI</u>
OXY	0.1	0.08125
Centennial (PR)	0.9	0.675
Total	1	1

*Party to be pooled highlighted in yellow



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

OFFICE 432.695.4222
FAX 432.695.4063

April 4, 2023

OXY Y-1 Company
5 Greenwood Plaza, Suite 110
Houston, TX 77046

RE: Bridge State Unit 28 – Well Proposals
W/2 Section 21: W/2, Section 28: 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 two (2) wells, the Bridge State Unit 28 506H and 507H at the following approximate location within Township 22 South, Range 35 East:

1. Bridge State Unit 28 #506H

SHL: 300' FSL & 1,450' FWL of Section 28 (or at a legal location in Unit N)
BHL: 50' FNL & 870' FWL of Section 21
FTP: 100' FSL & 870' FWL of Section 28
LTP: 100' FNL & 870' FWL of Section 21
TVD: Approximately 10,496'
Targeted Interval: 2nd Bone Spring
Total Cost: See attached AFE

2. Bridge State Unit 28 #507H

SHL: 300' FSL & 1,483' FWL of Section 28 (or at a legal location in Unit N)
BHL: 50' FNL & 2,025' FWL of Section 21
FTP: 100' FSL & 2,025' FWL of Section 28
LTP: 100' FNL & 2,025' FWL of Section 21
TVD: Approximately 10,431'
Targeted Interval: 2nd 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
- \$8,000/\$800 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Permian Resources Operating, LLC
Case No. 23535
Exhibit A-4

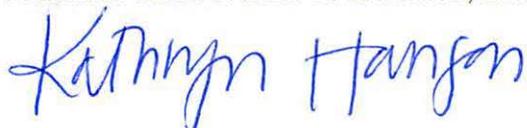
Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the proposed AFE, and your geologic well requirements.

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 is 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



Kathryn Hanson
Senior Land Tech

Enclosures

Elections on page to follow.

Bridge State Unit 28 Elections:

Well Elections: <i>(Please indicate your responses in the spaces below)</i>		
Well(s)	Elect to Participate	Elect to <u>NOT</u> Participate
Bridge State Unit 28 506H		
Bridge State Unit 28 507H		

Company Name (If Applicable):

By: _____

Printed Name: _____

Date: _____



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

OFFICE 432.695.4222
FAX 432.695.4063

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:

OXY USA, Inc.

By: _____

Printed Name: _____

Title: _____

Permian Resources Operating, LLC

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701
 Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	4.3.2023	AFE NO.:	1
WELL NAME:	Bridge State Unit 28 507	FIELD:	Teas; Bone Spring
LOCATION:	Section 21 & 28, T22S-R35E	MD/TVD:	10,431'
COUNTY/STATE:	Lea County, New Mexico	LATERAL LENGTH:	10,000'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
REMARKS:	Drill a horizontal SBSG well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 54,351	-	-	\$ 54,351
2 Location, Surveys & Damages	265,083	16,625	-	281,708
4 Freight / Transportation	43,826	40,284	20,000	104,110
5 Rental - Surface Equipment	114,402	198,221	95,000	407,624
6 Rental - Downhole Equipment	189,026	55,031	-	244,057
7 Rental - Living Quarters	44,244	50,131	-	94,375
10 Directional Drilling, Surveys	395,255	-	-	395,255
11 Drilling	693,647	-	-	693,647
12 Drill Bits	92,179	-	-	92,179
13 Fuel & Power	173,853	667,183	-	841,036
14 Cementing & Float Equip	223,875	-	-	223,875
15 Completion Unit, Swab, CIU	-	-	15,000	15,000
16 Perforating, Wireline, Slickline	-	361,754	-	361,754
17 High Pressure Pump Truck	-	113,434	-	113,434
18 Completion Unit, Swab, CIU	-	134,791	-	134,791
20 Mud Circulation System	96,811	-	-	96,811
21 Mud Logging	16,130	-	-	16,130
22 Logging / Formation Evaluation	6,690	7,673	-	14,363
23 Mud & Chemicals	332,951	403,207	10,000	746,158
24 Water	39,990	608,810	250,000	898,800
25 Stimulation	-	749,053	-	749,053
26 Stimulation Flowback & Disp	-	111,899	150,000	261,899
28 Mud / Wastewater Disposal	177,689	56,269	-	233,959
30 Rig Supervision / Engineering	111,522	122,769	15,000	249,291
32 Drlg & Completion Overhead	9,591	-	-	9,591
35 Labor	141,116	63,942	15,000	220,058
54 Proppant	-	1,155,029	-	1,155,029
95 Insurance	13,489	-	-	13,489
97 Contingency	-	22,472	-	22,472
99 Plugging & Abandonment	-	-	-	-
TOTAL INTANGIBLES >	3,235,720	4,938,578	570,000	8,744,298

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 112,477	-	-	\$ 112,477
61 Intermediate Casing	316,801	-	-	316,801
62 Drilling Liner	-	-	-	-
63 Production Casing	632,196	-	-	632,196
64 Production Liner	-	-	-	-
65 Tubing	-	-	140,000	140,000
66 Wellhead	59,645	-	40,000	99,645
67 Packers, Liner Hangers	13,556	-	20,000	33,556
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	90,000	90,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	-	-
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	30,000	30,000
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	20,000	20,000
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	-	-
84 Electrical / Grounding	-	-	-	-
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
TOTAL TANGIBLES >	1,134,676	0	340,000	1,474,676
TOTAL COSTS >	4,370,396	4,938,578	910,000	10,218,974

PREPARED BY Permian Resources Operating, LLC:

Drilling Engineer:	PS
Completions Engineer:	ML
Production Engineer:	DC

Permian Resources Operating, LLC APPROVAL:

Co-CEO	_____	Co-CEO	_____	VP - Operations	_____
	WH		JW		CRM
VP - Land & Legal	_____	VP - Geosciences	_____		
	BG		SO		

NON OPERATING PARTNER APPROVAL:

Company Name:	_____	Working Interest (%):	_____	Tax ID:	_____
Signed by:	_____	Date:	_____		
Title:	_____	Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)		

The costs on this AFE are estimates only and may not be construed as costings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.



Bridge State 28 506H & 507H – Chronology of Communication/Events

April 4, 2023 – Well proposal sent to Oxy

April 5, 2023 – Response from Hannah Eastwood at Oxy letting us know the proposal is being routed

April 6, 2023 – Email from Oxy with a list of questions regarding the Bridge wells.

Response from Permian on working interest questions.

April 25, 2023 – Permian email to Oxy with remaining answers on development spacing, production timing, frac design, facility capabilities, water take away, and OPEX.

April 26, 2023 – Emails from Oxy confirming receipt of our info

May 16, 2023 – Follow up email to Oxy on well proposals

May 18, 2023 – Response from Oxy that proposals are still being routed for review.

May 23, 2023 – Permian response via email acknowledging they will try to expedite review.

**Permian Resources Operating, LLC
Case No. 23535
Exhibit A-5**

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
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 23535

**SELF-AFFIRMED STATEMENT
OF IRA BRADFORD**

1. I am a geologist with Permian Resources Operating, LLC (“Permian Resources”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-1** is a regional locator map that identifies the Bridge State 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.

4. **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 **Bridge State Unit 28 #507H** well (“Well”) is represented by a dashed orange line. Existing producing wells in the targeted interval are represented by solid orange lines. This map identifies the cross-section running from A-A’ with the cross-section wells name and a black line in proximity to the proposed Well.

5. **Exhibit B-3** is a Subsea Structure map on the Second Bone Spring Sand formation in TVD subsea with a contour interval of 50 ft. The map identified the approximate wellbore paths for the proposed Well with an orange dashed line. It also identifies the location of the cross-section

**Permian Resources Operating, LLC
Case No. 23535
Exhibit B**

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 southwest in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

6. **Exhibit B-4** identifies two wells penetrating the targeted interval I used to construct a stratigraphic cross-section from A to A'. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from north to south and is hung on the top of the Bone Spring formation. The proposed landing zone for the Well is labeled on the exhibit. The approximate well-path for the proposed Well is indicated by a dashed orange line to be drilled from south to north across the units. This cross-section demonstrates the target interval is continuous across the Unit.

7. In my opinion, a stand-up orientation for the Well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.

8. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

9. In my opinion, the granting of Permian Resources' application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

10. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under

the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

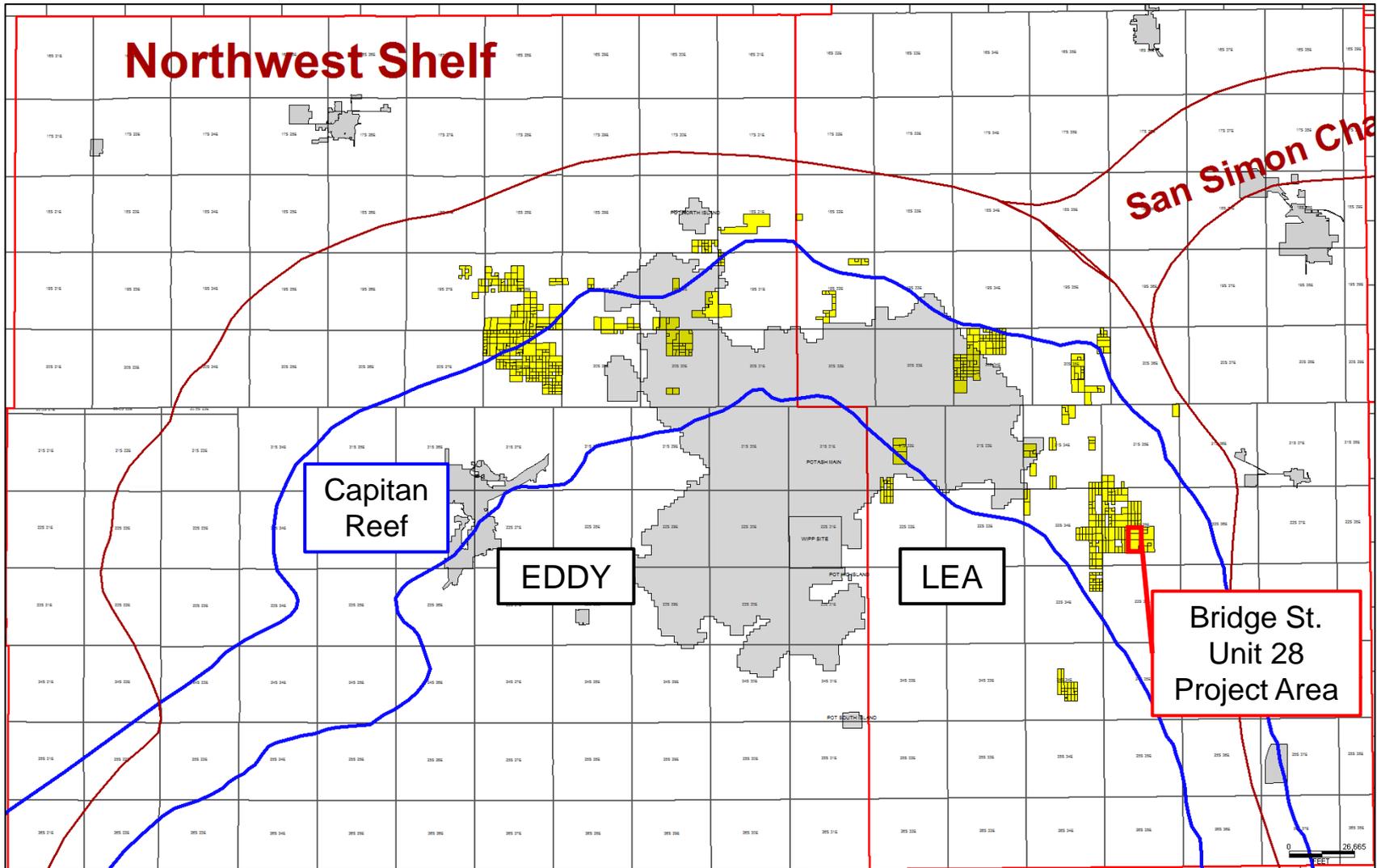

Ira Bradford

5/25/2023
Date

Regional Locator Map

Bridge State Unit 28 #507H

Exhibit B-1



Permian Resources

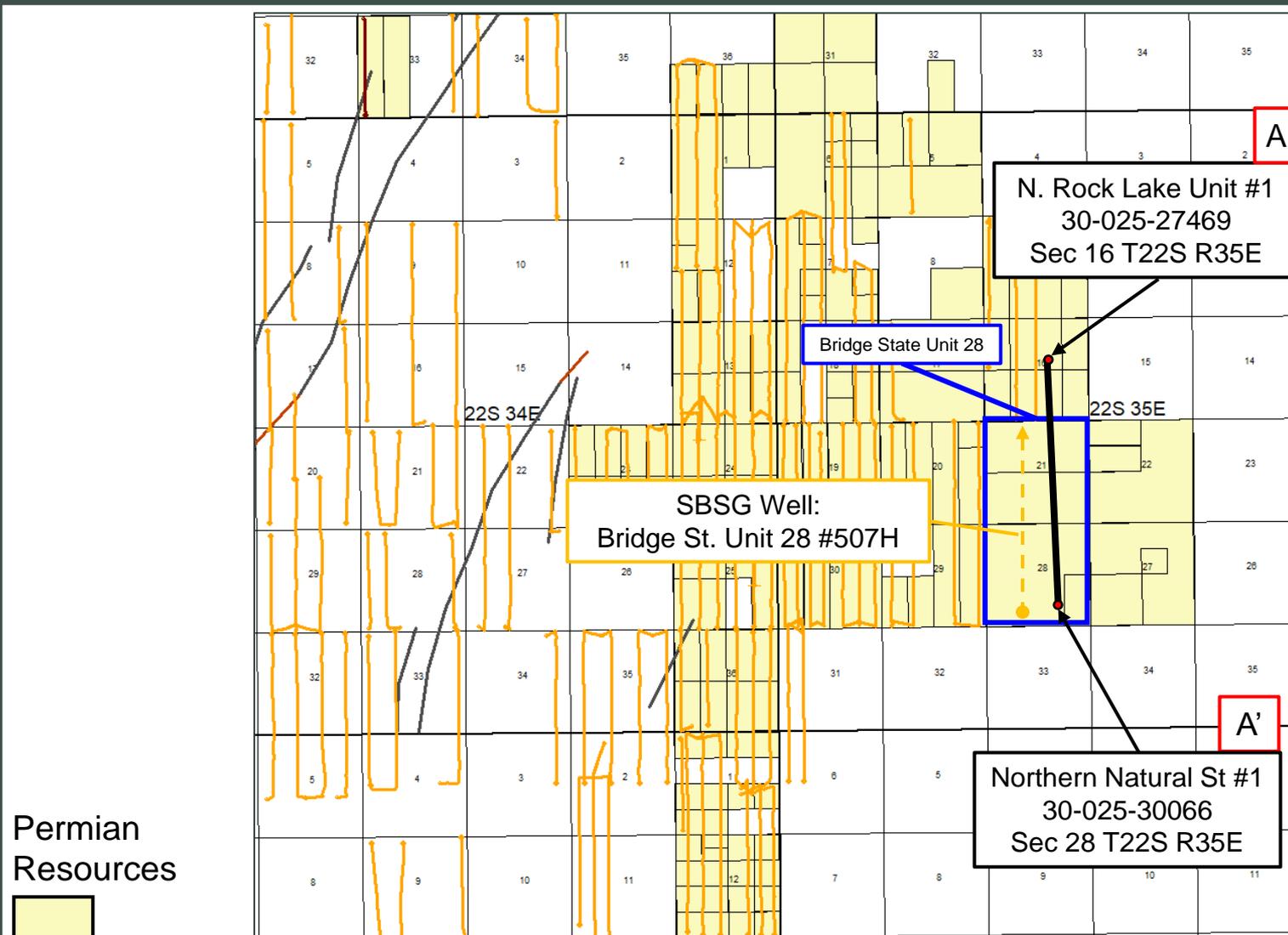
Permian Resources Operating, LLC
Case No. 23535- Exhibit B-1



Cross-Section Locator Map

Bridge State Unit 28 #507H

Exhibit B-2



Permian Resources

Proposed Wells



Producing Wells

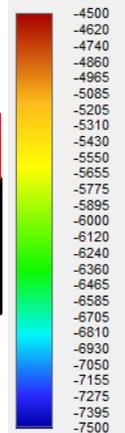
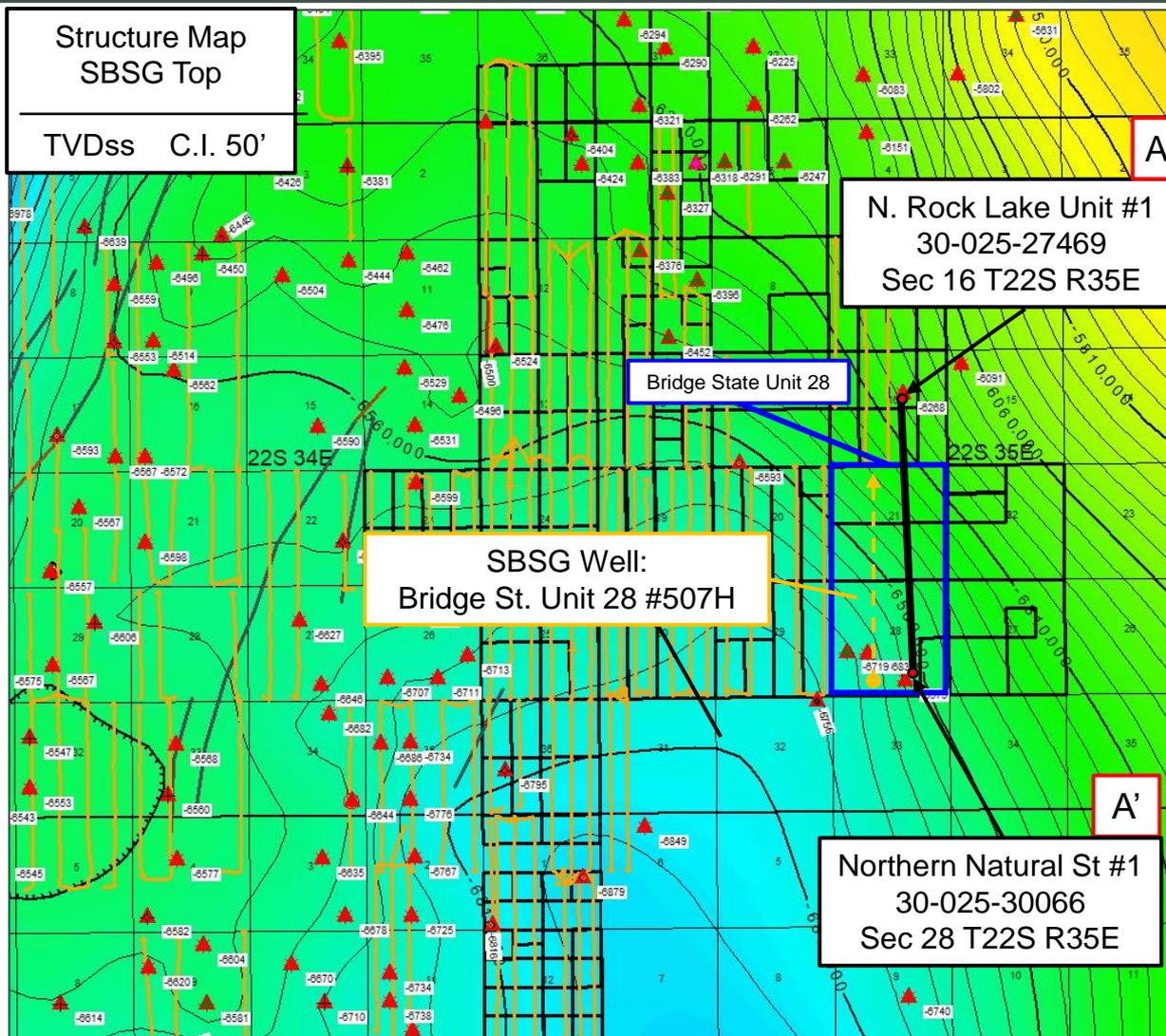




Second Bone Spring Sand – Structure Map

Bridge State Unit 28 #507H

Exhibit B-3



Control Point



TVDss

Proposed Wells

SBSG



SHL BHL

Producing Wells

SBSG



BHL SHL

Permian Resources





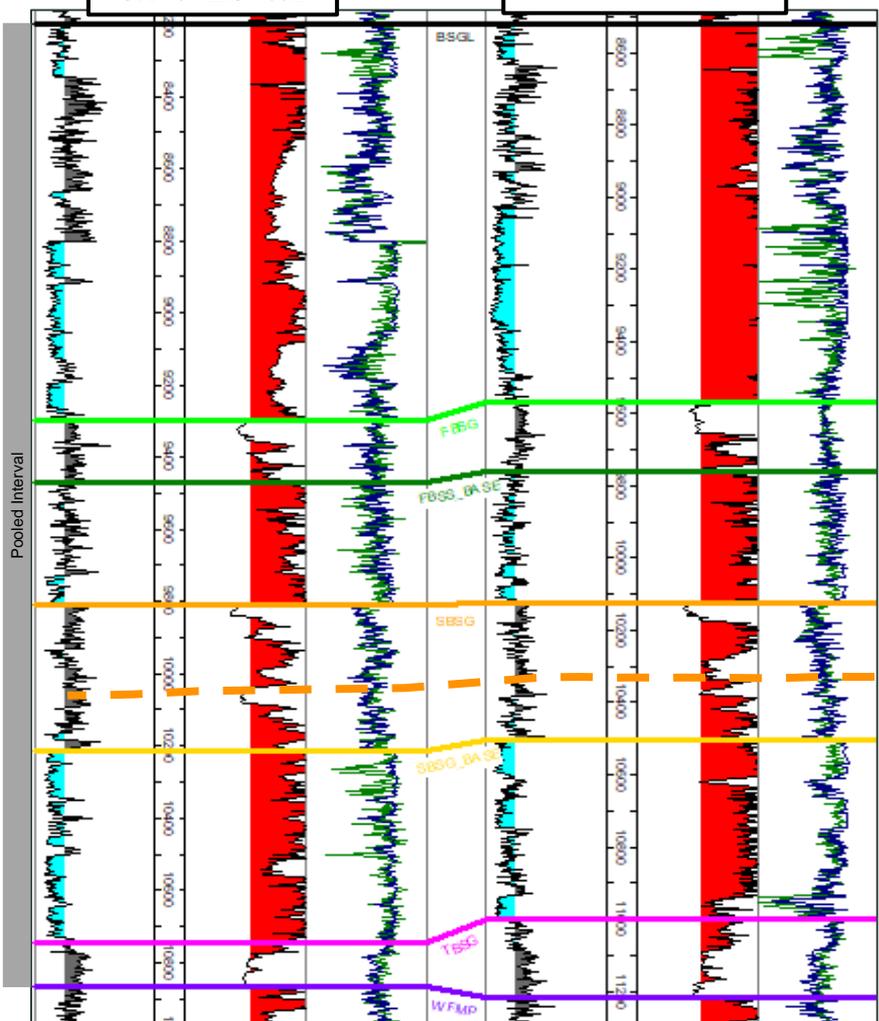
Stratigraphic Cross-Section A-A'

Bridge State Unit 28 #507H

Exhibit B-4

NORTH **A** N. Rock Lake Unit #1
30-025-27469
Sec 16 T22S R35E Northern Natural St #1
30-025-30066
Sec 28 T22S R35E **A'** **SOUTH**

Flattened on
BSGL



BSGL

SBSG Planned Wellbore

FBSG

FBSG Base

SBSG

SBSG Base

TBSG

SBSG Well:
Bridge 28 #507H

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

**APPLICATION OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23535

**SELF-AFFIRMED STATEMENT
OF DANA S. HARDY**

1. I am attorney in fact and authorized representative of Permian Resources Operating, LLC, the Applicant herein.
2. I am familiar with the Notice Letter attached as **Exhibit C-1**
3. The above-referenced Application was provided, along with the Notice Letter, to OXY Y-1 Company, on May 9, 2023.
4. **Exhibit C-2** provides a copy of the certified mail green card and white slip, along with the return we received on May 16, 2023.
5. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/ Dana S. Hardy
Dana S. Hardy

May 30, 2023
Date

**Permian Resources Operating, LLC
Case No. 23535
Exhibit C**



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:
Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

May 9, 2023

OXY Y-1 Company
5 Greenwood Plaza, Suite 110
Houston, TX 77046

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Case Nos. 23534 & 23535 – Applications of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **June 1, 2023**, beginning at 8:15 a.m.

Hearings are currently conducted remotely. 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.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/>) or via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please contact Chris Astwood with Permian Resources at 432-315-0102 if you have questions regarding these matters.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Permian Resources Operating, LLC
Case No. 23535
Exhibit C-1

Enclosure

PO BOX 10
ROSWELL, NEW MEXICO 88202
(575) 622-6510
FAX (575) 623-9332

7601 JEFFERSON ST NE · SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

PO BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

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 MAY - 9 2023
 SANTA FE, NM 87501-USPS

OXY Y-1 Company
 5 Greenwood Plaza, Suite 110
 Houston, TX 77046
 23534-35 - PRO Bridge State

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p>
<p>1. Article Addressed to:</p> <p>OXY Y-1 Company 5 Greenwood Plaza, Suite 110 Houston, TX 77046 23534-35 - PRO Bridge State</p>  <p>9590 9402 7635 2122 8884 95</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>RECEIVED MAY 16 2023</p>
<p>2. Article Number (Transfer from service label)</p> <p>7020 0090 0000 0865 6168</p>	<p>3. Service Type Hinkle Shanor LLP <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

Permian Resources Operating, LLC
 Case No. 23535
 Exhibit C-2