

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

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

CASE NO. _____

APPLICATION

Permian Resources Operating, LLC, through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal well spacing comprised of N/2 S/2 of Sections 5 and Section 6, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to designate Permian Resources Operating, LLC (OGRID No. 372165) as the operator of the proposed horizontal spacing unit and of the proposed initial wells.

3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- **Lone Eagle 5 State Com 123H** and **Lone Eagle 5 State Com 133H** wells, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 5, Township 19 South, Range 28 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 6, Township 19 South, Range 28 East.

4. 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.

5. 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 October 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal well spacing unit;
- B. Designating Permian Resources Operating, LLC (OGRID No. 372165) as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR PERMIAN RESOURCES
OPERATING, LLC**

CASE _____ : **Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal well spacing comprised of N/2 S/2 of Sections 5 and Section 6, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed **Lone Eagle 5 State Com 123H** and **Lone Eagle 5 State Com 133H** wells, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 5, Township 19 South, Range 28 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 6, Township 19 South, Range 28 East. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 15 miles southeast of Artesia, New Mexico.