

**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. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Permian Resources Operating, LLC (“Applicant”) (OGRID No. 372165) applies for an order pooling all uncommitted interests in the Second Bone Spring formation underlying a 960-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Sections 23, 26 and 35, Township 20 South, Range 32 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.
2. The Unit will be dedicated to the following wells:
 - a. The **Spicy Chicken 23 35 Fed Com 215H** and **Spicy Chicken 23 35 Fed Com 226H** wells, which will produce from first take points in the NW/4 NE/4 (Unit B) of Section 23 to last take points in the SW/4 SE/4 (Unit O) of Section 35; and
 - b. The **Spicy Chicken 23 35 Fed Com 217H** well, which will produce from a first take point in the NE/4 NE/4 (Unit A) of Section 23 to a last take point in the SE/4 SE/4 (Unit P) of Section 35.
3. The completed intervals of the Wells will be orthodox.
4. The completed interval of the **Spicy Chicken 23 35 Fed Com 226H** well will be located within 330’ of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of

Sections 23, 26 and 35 to allow for the creation of a 960-acre, more or less, standard horizontal spacing unit.

5. There is an ownership depth severance in the Bone Spring Formation within the Unit. As a result, Applicant seeks to pool interests in the Second Bone Spring Formation from approximately 9,444' TVD to 9,930' TVD as shown on the Hanson State #1 well log (API 30-025-2499).

6. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. 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 Wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 2024, 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 Wells in the Unit;
- C. Designating Permian Resources Operating, LLC as the operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Wells;

- 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 Permian Resources Operating, LLC 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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