

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

**APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR COMPULSORY  
POOLING AND APPROVAL OF NON-STANDARD,  
OVERLAPPING SPACING UNIT,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA 1978, Section 70-2-17, Permian Resources Operating, LLC (OGRID No. 372165) ("Permian Resources" or "Applicant") applies for an order pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation underlying a 1,280-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of the all of Sections 35 and 36, Township 18 South, Range 30 East, Eddy County, New Mexico ("Unit"). In support of this application, Permian Resources 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 ("Wells"):
  - a. **Jakku 36 Fed State Com 131H**, which will be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 36 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 35;
  - b. **Jakku 36 Fed State Com 132H**, which will be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 36 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 35;

- c. **Jakku 36 Fed State Com 133H**, which will be drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 36 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 35; and
  - d. **Jakku 36 Fed State Com 134H**, which will be drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 36 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 35.
3. The completed interval of the Wells will be orthodox.
4. Permian Resources requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.
5. A depth severance exists within the Unit. Therefore, Permian Resources seeks to pool only those uncommitted interests from the top of the Third Bone Spring interval, at a stratigraphic equivalent of approximately 8,900' TVD, to the base of the Bone Spring formation, at a stratigraphic equivalent of approximately 9,780' TVD, as found on the Oxy Bits State 1 (API No. 30-015-31937).
6. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the Benson; Bone Spring Pool (Code 5200):
- a. Smokey Bits State Com #002H (API No. 30-015-40196) located in the S/2 N/2 of Section 36, Township 18 South, Range 30 East;
  - b. Smokey Bits State Com #003H (API No. 30-015-39118) located in the N/2 S/2 of Section 36, Township 18 South, Range 30 East;
  - c. Smokey Bits State Com #005H (API No. 30-015-40070) located in the S/2 S/2 of Section 36, Township 18 South, Range 30 East; and

- d. Smokey Bits State Com #006H (API No. 30-015-40148) located in the N/2 N/2 of Section 36, Township 18 South, Range 30 East.
- e. Ivore 35 Federal Com #002H (API No. 30-015-41409) located in the S/2 N/2 of Section 35, Township 18 South, Range 30 East;
- f. Misty 35 Federal Com #004H (API No. 30-015-41413) located in the N/2 S/2 of Section 35, Township 18 South, Range 30 East;
- g. Misty 35 Federal Com #003H (API No. 30-015-41416) located in the S/2 S/2 of Section 35, Township 18 South, Range 30 East; and
- h. Ivore 35 Federal Com #003H (API No. 30-015-41410) located in the N/2 N/2 of Section 35, Township 18 South, Range 30 East.

7. 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.

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

9. 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 as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 2025, 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. Approving the non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC;
- D. Approving the overlapping spacing unit;
- E. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- G. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- H. 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,

HARDY McLEAN LLC

/s/ Dana S. Hardy

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