

**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
OVERLAPPING SPACING UNIT,
LEA 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 from approximately 8,076' to 9,568' TVD and 10,605' to 11,340' TVD, within the Bone Spring formation, underlying a 795.38-acre, more or less, standard horizontal spacing unit, comprised of the E/2 equivalent of irregular Section 2 and the E/2 of Section 11, Township 21 South, Range 34 East, Lea 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. **Outland State Unit 11-2 133H**, which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and
 - b. **Outland State Unit 11-2 134H**, which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11.
3. The completed interval of the Wells will be orthodox.

4. The completed interval of the Outland State Unit 11-2 134H 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 2 and 11 to allow for the creation of a 795.38-acre standard horizontal spacing unit.

5. A depth severance exists within the Unit. Therefore, Permian Resources seeks to pool only those uncommitted interests from 8,076' to 9,568' TVD and 10,605' to 11,340' TVD, as found on the Butkus 2 State #001 (API No. 30-025-35325).

6. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the Grama Ridge; Bone Spring, North Pool (Code 28434):

- a. Outland State Unit 11 2 1BS #001H (API No. 30-025-45222), which is located in the W/2 SE/4 of Section 2 and the W/2 E/2 of Section 11; and
- b. Outland State Unit 11 2 2BS #002H (API No. 30-025-45914), which is located in the E/2 SE/4 of Section 2 and the E/2 E/2 of Section 11.

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 overlapping spacing unit;
- D. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- F. 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
- G. 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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