

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

**APPLICATION OF PBEX, 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, PBEX, LLC (“PBEX” or “Applicant”) applies for an order pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation underlying a 640-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of the E/2 of Sections 24 and 25, Township 18 South, Range 32 East, Lea County, New Mexico (“Unit”). In support of this application, PBEX states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to designate PBEX Operations, LLC (OGRID No. 332544) as the operator of the Unit.
3. Applicant seeks to dedicate the Unit to the following wells (“Wells”):
 - a. **LTK 24-25 Fed Com 301H** well, which will be horizontally drilled from a proposed surface hole location in the NE/4 NE/4 (Unit A) of Section 24 to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 25; and
 - b. **LTK 24-25 Fed Com 304H** well, which will be horizontally drilled from a proposed surface hole location in the NE/4 NE/4 (Unit A) of Section 24 to a proposed bottom hole location in the SW/4 SE/4 (Unit O) of Section 25.
4. The completed intervals of the Wells will be orthodox.
5. Applicant has received administrative approval (Administrative Order NSP – 2374)

of the non-standard spacing unit.

6. Applicant seeks to pool only those uncommitted interests from the top of the Third Bone Spring interval of the Bone Spring formation, at a stratigraphic equivalent of approximately 9869' TVD, as shown on the French 9004 JV-P 004 (API No. 30-025-31235) well log, to the base of the Bone Spring Formation.

7. The spacing unit for the Wells partially overlaps with the spacing unit for the French 9004 JV-P #002 (API No. 30-025-31118), which is located in the NE/4 SE/4 of Section 24, Township 18 South, Range 32 East, and produces from the Corbin; Bone Spring, South Pool (Code 13160).

8. 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.

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

10. 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 PBEX Operations, LLC should be designated 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 July 9, 2026, 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 PBEX Operations, LLC 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 charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates 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

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