

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

DENVER • ASPEN  
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CHEYENNE • JACKSON HOLE  
SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
110 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

September 30, 2003

**HAND-DELIVERED**

**RECEIVED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

SEP 30 2003

Oil Conservation Division

*Case 13175*

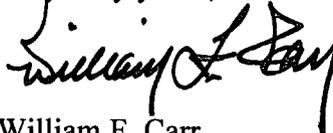
Re: Application of Permian Resources, Inc. for a non-standard spacing and proration unit and an unorthodox well location, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the application of Permian Resources, Inc. in the above-referenced matter and a proposed legal advertisement for this case. Permian Resources, Inc. requests that this matter be set for hearing before a Division Examiner on October 23, 2003.

Your attention to this application is appreciated.

Very truly yours,



William F. Carr

Enclosure

cc: Mr. Will Porter (w/enclosures)  
Mr. Bill Owen (w/enclosures)

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

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SEP 30 2003

IN THE MATTER OF THE APPLICATION  
OF PERMIAN RESOURCES, INC. FOR A  
NON-STANDARD SPACING AND PRORATION  
UNIT AND AN UNORTHODOX WELL LOCATION  
LEA COUNTY, NEW MEXICO.

Oil Conservation Division

CASE NO. 13175

APPLICATION

PERMIAN RESOURCES, INC. ("Permian"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving a non-standard spacing unit in the Strawn formation and an unorthodox well location, and in support of this application states:

1. Permian is a working interest owner and the operator of the E/2 of Section 17, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and proposes to drill its Berry Hobbs Unit 17 Well No. 1 as a wildcat well in the Morrow formation, at an unorthodox gas well location 2550 feet from the South line and 1950 feet from the East line of said Section 17. The Morrow formation is governed by the General Rules of the Division that provide for 320-acre spacing units with wells located no closer than 660 feet from a quarter section line. A standard 320-acre spacing unit comprised of the E/2 of Section 17 will be dedicated to the well in the Morrow formation.

2. Permian also intends to test the Strawn formation, Undesignated Northeast Shoe Bar-Strawn Pool. The Undesignated Northeast Shoe Bar- Strawn Pool is governed by Special Pool Rules and Regulations that provide for 80-acre spacing units comprised of the N/2, S/2, E/2 or W/2 of a governmental quarter section with wells to be located no closer than 330 feet from any quarter-quarter section line. A non-standard spacing and proration unit in the Strawn

formation comprised of the SW/4 NE/4 and NW/4 SE/4 of Section 17 will be dedicated to the well in the Strawn formation.

3. The proposed unorthodox location is required for geological reasons to maximize the potential for the recovery of reserves from the Strawn formation. Accordingly, Permian seeks an exception to Rule 104 C(2)(a) of the General Rules and Regulations of the Oil Conservation Division and Rules 2 and 4 of the Special Rules and Regulations for the Northeast Shoe Bar-Strawn Pool to permit the drilling of this well at this unorthodox gas well location on the proposed non-standard spacing and proration unit.

4. Approval of this application will afford the interest owners in this spacing unit the opportunity to produce their just and equitable share of the reserves under the subject unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Permian Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 23, 2003, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART, L.L.P.

By: 

William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR PERMIAN  
RESOURCES, INC.

CASE 13175 : **Application of Permian Resources, Inc. for a non-standard spacing and proration unit and an unorthodox well location, Lea County, New Mexico.** Applicant in the above-styled cause seeks authorization to drill its Berry Hobbs Unit 17 Well No. 1 as a wildcat well to test the Morrow formation, and the Strawn formation, Undesignated Northeast Shoe Bar Strawn Gas Pool, at an unorthodox well location 2550 feet from the South line and 1950 feet from the East line (Unit J) of Section 17, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico. A standard 320-acre spacing unit comprised of the E/2 of Section 17 is to be dedicated to said well in the Morrow formation and a non-standard spacing and proration unit comprised of the SW/4 NE/4 and the NW/4 SE/4 of Section 17 is to be dedicated to the well in the Strawn formation. Said unit is located approximately 1.5 miles southwest of Lovington, New Mexico.