

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

**APPLICATION OF EARTHSTONE PERMIAN
LLC, FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Earthstone Permian LLC (“Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 468.11-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 30 and the E/2 equivalent of irregular Section 31, Township 26 South, Range 35 East, Lea County, New Mexico¹ (“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 (“Wells”):
 - a. **Los Vaqueros Fed Com 113H** which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 30, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas;
 - b. **Los Vaqueros Fed Com 123H**, which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 30, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas;
 - c. **Los Vaqueros Fed Com 114H**, which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 30, Township 26 South, Range 35 East, Lea

¹ The spacing unit crosses the state line and extends into Texas. Applicant seeks to pool only the acreage located in New Mexico.

County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas;

d. **Los Vaqueros Fed Com 125H**, which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 30, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas; and

e. **Los Vaqueros Fed Com 155H**, which will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 30, Township 26 South, Range 35 East, Lea County, New Mexico, to a bottom hole location in Section 25, Block C-24, Loving County, Texas.

3. The completed intervals of the Wells will be orthodox.

4. The completed interval of the **Los Vaqueros Fed Com 155H** well will be located within 330' of the quarter-quarter section line separating E/2 E/2 and W/2 E/2 of Sections 30 and 31 to allow for the creation of a 468.11-acre, more or less, standard horizontal spacing unit.

5. 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.

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

7. 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.

8. Applicant requests that Permian Resources Operating, LLC ("Permian Resources") (OGRID No. 372165) be designated as operator of the Unit and Wells.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 10, 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. Designating Permian Resources as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Permian Resources 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 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

Dana S. Hardy
Jaclyn M. McLean
125 Lincoln Ave., Ste. 223
Santa Fe, NM 87501
Phone: (505) 230-4410
dhardy@hardymclean.com
jmclean@hardymclean.com

COUNSEL FOR EARTHSTONE PERMIAN LLC
AND PERMIAN RESOURCES OPERATING, LLC