

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

**APPLICATION OF PERMIAN RESOURCES OPERATING, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Permian Resources Operating, LLC, OGRID No. 372165 (“Permian”), files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17 (2023), seeking an order pooling all mineral interests in the First and Third Bone Spring intervals (WINCHESTER; BONE SPRING [65010]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the N/2 N/2 of Sections 35 and 36, all in Township 19 South, Range 29 East, in Eddy County, New Mexico. In support of its application, Permian states as follows:

1. Permian is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Permian proposes to drill the following 2-mile well in the proposed HSU:
 - **Ironhorse 35-36 Fed State #131H** well, to be horizontally drilled from an approximate surface hole location in Lot H of Section 34, T19S-R29E, to an approximate bottom hole location 10’ FEL and 330’ FNL of Section 36, T19S-R29E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.
4. Total vertical depth will be approximately 9,194’.

5. A depth severance exists in the Bone Spring formation, severing the Second Bone Spring from the First and Third Bone Spring. Wells operated by a third party are currently producing from the Second Bone Spring. Permian therefore seeks to exclude the Second Bone Spring interval from this pooling.

6. Permian has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

7. Approval of the HSU and the pooling of all mineral interest owners in the First and Third Bone Spring intervals underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to permit Permian to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Permian should be designated the operator of the HSU.

WHEREFORE, Permian requests that this application be set for hearing before an Examiner of the Oil Conservation Division on the October docket, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 320-acre, more or less, HSU comprised of the N/2 N/2 of Sections 35 and 36, all in Township 19 South, Range 29 East, in Eddy County, New Mexico;
- B. Pooling all mineral interests in the First and Third Bone Spring intervals underlying the HSU;
- C. Allowing the drilling of the following 2-mile well in the HSU: Ironhorse 35-36 Fed State #131H;
- D. Designating Permian as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Permian to recover its costs of drilling, equipping, and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$10,000/month and, after completion, \$1,000/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Permian in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the First and Third Bone Spring intervals (WINCHESTER; BONE SPRING [65010]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the N/2 N/2 of Sections 35 and 36, T19S-R29E, in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile well in the HSU: **Ironhorse 35-36 Fed State #131H** well, to be horizontally drilled from an approximate surface hole location in Lot H of Section 34, T19S-R29E, to an approximate bottom hole location 10’ FEL and 330’ FNL of Section 36, T19S-R29E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 12 miles North of Carlsbad, New Mexico.