

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

**APPLICATION OF PERMIAN RESOURCES  
OPERATING, LLC FOR APPROVAL OF AN  
OVERLAPPING HORIZONTAL WELL SPACING  
UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO.** \_\_\_\_\_

**APPLICATION**

Permian Resources Operating, LLC (“Permian” or “Applicant”) (OGRID No. 372165), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in an interval of the Bone Spring formation comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in the correlative stratigraphic interval from 9,465 feet TVD to 9,660 feet TVD, that being the First Bone Spring, as shown in the New Mexico ‘DA’ State #001 (API: 30-025-27360). In support of its application, Permian states:

1. Applicant is a working interest owner in the proposed overlapping horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to be designated as the operator of the proposed overlapping horizontal spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Eric Cartman 6 State Com 304H** well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 6, Township 22 South, Range 35 East, a first take

point in the SE/4 SE/4 (Unit P) of Section 6, Township 22 South, Range 35 East, and a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35 East.

4. This 320-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit:

- 400-acre horizontal well spacing unit comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, dedicated to the Eric Cartman 31 State Com 506H (API: 30-025-50161) well.<sup>1</sup>

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant as operator of this overlapping horizontal spacing unit and the horizontal well to be drilled thereon;

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<sup>1</sup> Permian is simultaneously applying to contract the vertical interval for the Eric Cartman 31 State Com 506H spacing unit. Once approved, these spacing units will no longer overlap.

- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- D. 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
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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**ATTORNEYS FOR PERMIAN RESOURCES  
OPERATING, LLC**

**CASE \_\_\_\_\_:**     **Application of Permian Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in an interval of the Bone Spring formation comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in the correlative stratigraphic interval from 9,465 feet TVD to 9,660 feet TVD, that being the First Bone Spring, as shown in the New Mexico 'DA' State #001 (API: 30-025-27360). Said unit will be initially dedicated to the proposed **Eric Cartman 6 State Com 304H** well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 6, Township 22 South, Range 35 East, a first take point in the SE/4 SE/4 (Unit P) of Section 6, Township 22 South, Range 35 East, and a bottom hole location in the NE/4 NE/4 (Unit A) of Section 31, Township 21 South, Range 35 East.

This 320-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit:

- 400-acre horizontal well spacing unit comprised of the E/2 E/2 of Section 31, Township 21 South, Range 35 East, and the E/2 E/2 of Section 6 and the E/2 NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, dedicated to the Eric Cartman 31 State Com 506H (API: 30-025-50161) well.

Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles west of Eunice, New Mexico.