

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 27, 2025**

CASE NOS. 25283-25284

*PERMIAN RESOURCES OPERATING, LLC:
FIERO 7 FED COM WELLS*

EDDY COUNTY, NEW MEXICO



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

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

CASE NOS. 25283-25284

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

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

CASE NOS. 25283-25284

SELF-AFFIRMED STATEMENT OF CLAY WOOTEN, LANDMAN

1. My name is Clay Wooten and I work for MRC Energy Company, an affiliate of MRC Permian Company ("MRC"), as a Landman.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of public record.

3. I am familiar with the applications filed by Permian Resources Operating, LLC ("Permian") in these consolidated cases and I am familiar with the status of the lands in the subject area with respect to MRC's development plans, as described herein.

4. In these consolidated cases, Permian seeks to pool standard horizontal well spacing units for two-mile laydown laterals in the Bone Spring formation underlying the S/2 of Section 7 and 8, Township 20 South, Range 27 East, Eddy County, New Mexico, as follows:

- Under **Case No. 25283**, Permian seeks to pool a standard 320-acre horizontal spacing unit in the Bone Spring formation underlying the N/2 S/2 of Sections 7 and 8, for the proposed **Fiero 7 Fed Com 133H**; and
- Under **Case No. 25284**, Permian seeks to pool a standard 320-acre horizontal spacing unit in the Bone Spring formation underlying the S/2 S/2 of Sections 7 and 8, for the proposed **Fiero 7 Fed Com 134H**.

5. Attached as **MRC Exhibit A-1** is a copy of the well proposals that MRC received from Permian for Permian's Fiero project. As shown in MRC Exhibit A-1, when Permian proposed

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**

the wells, it proposed both (i) the initial wells listed in Permian's current applications (the Fiero 7 Fed Com #133H and #134H), which MRC understands are located in the Third Bone Spring formation; and (ii) two additional wells (the Fiero 7 Fed Com #123H and #124H), which MRC understands are located in the Second Bone Spring formation.

6. MRC objects to Permian's applications and requests that they be denied for a number of reasons. I will be addressing the land-related reasons that Permian's applications should be denied.

The SE/4 of Section 8 is Already Fully Committed to MRC's JOA

7. **MRC Exhibit A-2** contains a map showing Permian's Fiero project outlined in green.

8. MRC Exhibit A-2 also shows MRC's current development plans for its Becky project outlined in blue, which includes the SE/4 of Section 8, as well as the SW/4 and NW/4 SE/4 of Section 9.

9. As shown on MRC Exhibit A-2, Permian's and MRC's development plans overlap in the SE/4 of Section 8. Notably, MRC's title information shows that 100% of the working interest in the SE/4 of Section 8 is committed to a joint operating agreement ("JOA") under which MRC owns an interest and its affiliate, Matador Production Company, is the designated operator. MRC's JOA also covers the SW/4 and NW/4 SE/4 of Section 9, among other lands, and MRC's title information shows that 100% of the working interest in the entirety of MRC's Becky project shown in blue is committed to MRC's JOA. Therefore, MRC does not need to force pool any working interest owners in its current Becky project, which is the reason MRC has not filed competing applications in this case.

10. With respect to the overlap between Permian's and MRC's development plans in the SE/4 of Section 8, not only does MRC's title information show that 100% of the working interest is subject to MRC's JOA, but MRC's title information shows that Permian's affiliate (by virtue of its acquisition of the interest previously owned by Read & Stevens, Inc.) is a party to MRC's JOA. Moreover, MRC's title information shows that Permian's affiliate only owns a 1.171875% working interest in the SE/4 of Section 8 (which is committed to MRC's JOA), while MRC owns a 26.100619% working interest the SE/4 of Section 8.

11. Because MRC controls 100% of the working interest in the SE/4 of Section 8 and intends to develop that acreage under its existing JOA, Permian's request to include the SE/4 of Section 8 in its Fiero project should be denied.

MRC's Development Plans

12. MRC's current preferred development for its Becky development would be to locate surface pads on the Eastern boundary, which would allow development using U-turn wells. MRC plans to initially target the Third Bone Spring and Second Bond Spring intervals. A general depiction of this potential development plan is shown on **MRC Exhibit A-3**.

13. Alternatively, if such surface location was not available, and MRC was required to locate its drilling pad on the Western boundary of the Becky project area, then MRC would plan to develop the N/2 SE/4 of Section 8 and the N/2 SW/4 and NW/4 SE/4 of Section 9 on a 1.25-mile basis and the S/2 SE/4 of Sections 8 and S/2 SW/4 of Section 9 on a 1-mile basis, also initially targeting the Third Bone Spring and Second Bone Spring intervals. A general depiction of this potential development plan is shown on **MRC Exhibit A-4**.

14. MRC's Federal team plans to discuss the potential pad locations for this project with the Bureau of Land Management ("BLM") as MRC gets closer to filing its applications for federal drilling permits.

15. In addition, to the extent the current working interest owners in the E/2 SE/4 of Section 9 and potential future lessee of the SW/4 SE/4 of Section 9 (discussed further below) were interested in that acreage being included in MRC's development, MRC would be open to discussing amending MRC's JOA to include that acreage.

16. MRC's plan to develop its Becky project is part of MRC's larger development plans for this area. **MRC Exhibit A-5** shows MRC's current development plans for its Rik Schenck, Helma Ling, and Jim Minor three-mile units directly North of the Becky project, outlined in blue. In addition, MRC Exhibit A-5 shows the contract area for MRC's JOA, referenced above, outlined in yellow.

**Permian's Application May Potentially Strand
MRC's Acreage in the S/2 SW/4 of Section 9**

17. As shown MRC Exhibit A-2, there is an unleased federal tract located in the SW/4 SE/4 of Section 9, highlighted in purple.

18. It is unknown if or when the BLM will place that unleased federal tract onto a federal lease sale, although MRC is in the process of nominating it.

19. If Permian's applications were granted it would create a risk of stranding the development of the S/2 SW/4 of Section 9 because, absent the ability to get approved surface on the Eastern boundary of MRC's Becky project in a location that would allow for U-turn wells, the unleased federal tract in the SW/4 SE/4 of Section 9 would prevent MRC from developing the S/2 SW/4 of Section 9 on a laydown basis with anything longer than a half-mile well.

20. Denial of Permian's application would remove that stranding risk for the S/2 SW/4 of Section 9 because it could be included in MRC's current Becky development plans, discussed above, that is already committed to a 100% voluntary agreement.

**Permian Should Drill 1.5-Mile Laterals (or 3-Mile U-Turn wells)
in the S/2 of Section 7 and SW/4 of Section 8**

21. MRC understands that Permian has lease expirations in or around June 2026 located in its fee acreage in the S/2 of Section 7 and/or SW/4 of Section 8.

22. To facilitate meeting its lease expiration deadlines, and to protect MRC's correlative rights and the correlative rights of MRC's JOA partners, Permian should develop its acreage in the S/2 of Section 7 and SW/4 of Section 8 on either a 1.5-mile basis or using 3-mile U-turn wells.

23. A map showing this alternative development is shown on **MRC Exhibit A-6**.

24. By excluding the SE/4 of Section 8 for its development, and developing its acreage using 1.5-mile laterals or 3-mile U-turn wells, this would allow Permian to meet any lease expirations in that acreage while at the same time allowing MRC to develop the acreage that is fully committed to its JOA.

25. For all these reasons, it is unclear to MRC why if Permian was concerned with lease expirations in the S/2 of Section 7 and/or SW/4 of Section 8 that it would seek to include the SE/4 of Section 8 (where its affiliate owns only a 1.171875% working interest that is subject to MRC's JOA) in its development plans.

26. In my opinion, denying Permian's applications would be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

27. **MRC Exhibits A-2 through A-6** were either prepared by me or compiled under my direction and supervision.

28. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Clay Wooten
Clay Wooten

5/14/25
Date

Exhibit A-1

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-1
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**

PERMIAN
RESOURCES300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701OFFICE 432.695.4222
FAX 432.695.4063

February 12, 2025

Via Certified Mail

MRC DELAWARE RESOURCES, LLC
5400 LBJ FREEWAY, STE 1500
DALLAS, TX 75240

RE: **Well Proposals – Fiero 7 Fed Com**
Township 20 South – Range 27 East, N.M.P.M.
Section 7: S/2
Section 8: S/2
Eddy County, New Mexico



To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), as operator, hereby proposes the drilling and completion of the following four (4) wells, the Fiero 7 Fed Com Wells at the following approximate locations within Township 20 South, Range 27 East, Eddy Co., NM:

1. Fiero 7 Fed Com 123H

SHL: 912' FSL & 358' FWL or a legal location in the SW/4 of Section 9
BHL: 2,310' FSL & 100' FWL of Section 7
FTP: 2,310' FSL & 100' FEL of Section 8
LTP: 2,310' FSL & 100' FWL of Section 7
TVD: Approximately 6,675'
TMD: Approximately 16,960'
Proration Unit: N/2S/2 of Sections 7 & 8, T20S-R27E
Targeted Interval: 2nd Bone Spring
Total Cost: See attached AFE

2. Fiero 7 Fed Com 133H

SHL: 846' FSL & 358' FWL or a legal location in the SW/4 of Section 9
BHL: 2,310' FSL & 100' FWL of Section 7
FTP: 2,310' FSL & 100' FEL of Section 8
LTP: 2,310' FSL & 100' FWL of Section 7
TVD: Approximately 7,880'
TMD: Approximately 18,165'
Proration Unit: N/2S/2 of Sections 7 & 8, T20S-R27E
Targeted Interval: 3rd Bone Spring
Total Cost: See attached AFE

3. Fiero 7 Fed Com 124H

SHL: 879' FSL & 358' FWL or a legal location in the SW/4 of Section 9
BHL: 990' FSL & 100' FWL of Section 7
FTP: 990' FSL & 100' FEL of Section 8
LTP: 990' FSL & 100' FWL of Section 7
TVD: Approximately 6,676'
TMD: Approximately 16,961'
Proration Unit: S/2S/2 of Sections 7 & 8, T20S-R27E
Targeted Interval: 2nd Bone Spring
Total Cost: See attached AFE

Well Proposal Fiero 7 Fed Com



300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

4. Fiero 7 Fed Com 134H

SHL: 813' FSL & 359' FWL or a legal location in the SW/4 of Section 9
BHL: 990' FSL & 100' FWL of Section 7
FTP: 990' FSL & 100' FEL of Section 8
LTP: 990' FSL & 100' FWL of Section 7
TVD: Approximately 7,931'
TMD: Approximately 18,216'
Proration Unit: S/2S/2 of Sections 7 & 8, T20S-R27E
Targeted Interval: 3rd Bone Spring
Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is available upon request. The Operating Agreement has the following general provisions:

- 100%/300%/300% non-consent provisions
- \$10,000/\$1,000 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells on the enclosed ballot. Please sign and return one copy of this letter, signed copies of the proposed AFEs, a signed copy of the enclosed insurance declaration, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into spacing units for the proposed wells. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact Erin Lloyd at Erin.Lloyd@permianres.com or myself at, Ryan.Curry@permianres.com.

Respectfully,

A handwritten signature in blue ink that reads "RC Curry".

Ryan Curry | Senior Landman

O 432.400.0209 | ryan.curry@permianres.com

300 N. Marienfeld Street, Suite 1000 | Midland, TX 79701

Enclosures

ELECTIONS ON PAGE TO FOLLOW

Well Proposal Fiero 7 Fed Com



300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

Fiero 7 Fed Com Elections:

| Well Elections: <i>(Please indicate your responses in the spaces below)</i> | | |
|---|-----------------------------|--|
| Well(s) | Elect to Participate | Elect to <u>NOT</u> Participate |
| Fiero Fed Com 123H | | |
| Fiero Fed Com 133H | | |
| Fiero Fed Com 124H | | |
| Fiero Fed Com 134H | | |

Company Name (If Applicable):

By: _____

Printed Name: _____

Date: _____

~W

Well Proposal Fiero 7 Fed Com



300 N. MARIENFELD STREET, SUITE 1000
MIDLAND, TX 79701

OFFICE 432.695.4222
FAX 432.695.4063

Participate / Rejection Declaration

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- ☐ I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- ☐ I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Company Name (If Applicable):

By: _____

CU

Printed Name: _____

Date: _____

Well Proposal Fiero 7 Fed Com



Cost Estimate

Printed Date: Feb 10, 2025

| | | | |
|------------------------|----------------------|---------------------|----------------------|
| AFE Number: | 502863 | Description: | FIERO 7 FED COM 123H |
| AFE Name: | FIERO 7 FED COM 123H | AFE TYPE: | Drill and Complete |
| Well Operator: | PERMIAN RESOURCES | | |
| Operator AFE #: | | | |

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|---------------------------------|---|------------------------|
| Pipeline | | |
| 8036.1310 | PLN - PERMANENT EASEMENT | \$16,364.00 |
| 8036.3610 | PLN - POWER DISTRIBUTION MATERIAL | \$3,000.00 |
| 8036.3620 | PLN - POWER DISTRIBUTION LABOR | \$3,000.00 |
| 8036.2800 | PLN - FLOWLINE MATERIAL | \$60,000.00 |
| 8036.3200 | PLN - VALVES FITTINGS & PIPE | \$10,000.00 |
| 8036.2200 | PLN - CONTRACT LABOR | \$60,000.00 |
| | Sub-total | \$152,364.00 |
| Artificial Lift Tangible | | |
| 8065.2000 | TAL - WELLHEAD EQUIPMENT | \$60,000.00 |
| 8065.2300 | TAL - GAS LIFT INJECTION LINE & INSTALL | \$80,000.00 |
| 8065.3100 | TAL - MEASUREMENT EQUIPMENT | \$30,000.00 |
| 8065.2500 | TAL - VALVES/CONNECTIONS/FTGS | \$15,000.00 |
| 8065.1100 | TAL - TUBING | \$65,000.00 |
| 8065.1320 | TAL - GAS LIFT EQUIPMENT/INSTALL | \$30,000.00 |
| 8065.2400 | TAL - COMPRESSOR INSTALL & STARTUP | \$70,000.00 |
| 8065.3200 | TAL - COMM, TELEMETRY & AUTOMA | \$10,000.00 |
| | Sub-total | \$360,000.00 |
| Facilities | | |
| 8035.3500 | FAC - COMPRESSOR | \$3,000.00 |
| 8035.3700 | FAC - AUTOMATION MATERIAL | \$12,500.00 |
| 8035.3800 | FAC - FLARE/COMBUSTER | \$11,000.00 |
| 8035.1310 | FAC - PERMANENT EASEMENT/ROW | \$1,000.00 |
| 8035.1700 | FAC - RENTAL EQUIPMENT | \$8,000.00 |
| 8035.2500 | FAC - CONSULTING SERVICES | \$500.00 |
| 8035.4500 | FAC - CONTINGENCY | \$10,496.00 |
| 8035.2100 | FAC - INSPECTION & TESTING | \$250.00 |
| 8035.1400 | FAC - ROAD LOCATIONS PITS | \$2,500.00 |
| 8035.3100 | FAC - VRU RENTAL | \$1,500.00 |
| 8035.2200 | FAC - CONTRACT LABOR / ROUSTAB | \$20,000.00 |
| 8035.1600 | FAC - TRANSPORTATION TRUCKING | \$3,000.00 |
| 8035.3200 | FAC - VALVES FITTINGS & PIPE | \$60,000.00 |
| 8035.4400 | FAC - COMPANY LABOR | \$500.00 |
| 8035.2400 | FAC - SUPERVISION | \$7,000.00 |
| 8035.4000 | FAC - SAFETY / ENVIRONMENTAL | \$400.00 |
| 8035.2900 | FAC - TANK BATTERY | \$36,000.00 |
| 8035.3000 | FAC - HEATER TREATER/SEPARATOR | \$97,000.00 |
| 8035.1300 | FAC - SURFACE DAMAGE | \$200.00 |
| 8035.3400 | FAC - METERS | \$48,000.00 |
| 8035.1500 | FAC - MATERIALS & SUPPLIES | \$3,000.00 |
| 8035.3600 | FAC - ELECTRICAL | \$27,500.00 |

300 N Marienfeld Street, Suite 1000, Midland, TX 79701
 TEL (432) 695-4222 www.permianres.com



Cost Estimate

Printed Date: Feb 10, 2025

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|------------------------------|--|------------------------|
| 8035.3300 | FAC - CIRCULATING TRNSFER PUMP | \$7,000.00 |
| | Sub-total | \$360,346.00 |
| Completion Intangible | | |
| 8025.3050 | ICC - SOURCE WATER | \$402,439.00 |
| 8025.2300 | ICC - COMPLETION FLUIDS | \$10,000.00 |
| 8025.1600 | ICC - COILED TUBING | \$184,906.00 |
| 8025.3000 | ICC - WATER HANDLING | \$142,276.00 |
| 8025.1500 | ICC - FUEL / POWER | \$238,780.00 |
| 8025.2500 | ICC - WELL STIMULATION/FRACTUR | \$1,731,225.00 |
| 8025.3600 | ICC - SUPERVISION/ENGINEERING | \$5,000.00 |
| 8025.1800 | ICC - WATER DISPOSAL/VACUUM TRUCK | \$14,700.00 |
| 8025.2000 | ICC - TRUCKING | \$14,375.00 |
| 8025.3400 | ICC - RENTAL EQUIPMENT | \$149,130.00 |
| 8025.1100 | ICC - ROAD, LOCATIONS, PITS | \$10,500.00 |
| 8025.3700 | ICC - SAFETY / ENVIRONMENTAL | \$15,000.00 |
| 8025.3800 | ICC - OVERHEAD | \$10,000.00 |
| 8025.2200 | ICC - ELECTRIC LOGGING / PERFORATING | \$395,640.00 |
| 8025.3100 | ICC - WELLHEAD/FRACTREE REPAIR | \$40,000.00 |
| 8025.2600 | ICC - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8025.1400 | ICC - WIRELINE OPEN/CASED HOLE | \$40,000.00 |
| 8025.3500 | ICC - WELLSITE SUPERVISION | \$43,200.00 |
| | Sub-total | \$3,462,171.00 |
| Drilling Intangible | | |
| 8015.4200 | IDC - MANCAMP | \$35,100.00 |
| 8015.1310 | IDC - PERMANENT EASEMENT | \$12,000.00 |
| 8015.1900 | IDC - DIRECTNL DRILL & SURVEY | \$222,328.13 |
| 8015.2300 | IDC - FUEL / POWER | \$126,225.00 |
| 8015.4600 | IDC - SAFETY / ENVIRONMENTAL | \$14,850.00 |
| 8015.3100 | IDC - CASING CREW & TOOLS | \$47,500.00 |
| 8015.5200 | IDC - CONTINGENCY | \$109,590.18 |
| 8015.1100 | IDC - STAKING & SURVEYING | \$15,000.00 |
| 8015.3800 | IDC - WELLHEAD PREPARE/REPAIR | \$12,500.00 |
| 8015.3700 | IDC - DISPOSAL | \$118,111.00 |
| 8015.3200 | IDC - CONTRACT LABOR/ROUSTABOUT | \$27,000.00 |
| 8015.5000 | IDC - WELL CONTROL INSURANCE | \$7,425.00 |
| 8015.1500 | IDC - RIG MOB / TRUCKING | \$127,500.00 |
| 8015.3400 | IDC - MATERIALS & SUPPLIES | \$5,000.00 |
| 8015.3600 | IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM | \$53,071.88 |
| 8015.2500 | IDC - MUD/CHEMICALS/ACIDIZING | \$194,289.81 |
| 8015.2000 | IDC - CONDUCTOR HOLE & SERVICE | \$42,500.00 |
| 8015.1300 | IDC - SURFACE DAMAGE / ROW | \$35,000.00 |
| 8015.1700 | IDC - DAYWORK CONTRACT | \$503,465.63 |
| 8015.2400 | IDC - RIG WATER | \$16,875.00 |
| 8015.2150 | IDC - DRILL BIT | \$98,000.00 |
| 8015.1600 | IDC - RIG MOB / STANDBY RATE | \$35,100.00 |
| 8015.1400 | IDC - ROAD, LOCATIONS, PITS | \$135,625.00 |

PERMIAN
 RESOURCES

Cost Estimate

Printed Date: Feb 10, 2025

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|-----------------------------------|------------------------------------|------------------------|
| 8015.2350 | IDC - FUEL/MUD | \$86,000.00 |
| 8015.3500 | IDC - TRUCKING/VACUUM/ TRANSP | \$20,250.00 |
| 8015.1200 | IDC - LEGAL, TITLE SERVICES | \$13,000.00 |
| 8015.1000 | IDC - PERMITS,LICENSES,ETC | \$15,000.00 |
| 8015.4100 | IDC - RENTAL EQUIPMENT | \$109,375.00 |
| 8015.4300 | IDC - WELLSITE SUPERVISION | \$78,300.00 |
| 8015.2200 | IDC - BITS, TOOLS, STABILIZERS | \$48,746.00 |
| 8015.3000 | IDC - CEMENT SERV/FLOAT EQUIP | \$143,200.00 |
| 8015.2700 | IDC - INSPECTION, TESTING & REPAIR | \$37,000.00 |
| | Sub-total | \$2,544,927.63 |
| Drilling Tangible | | |
| 8020.1400 | TDC - CASING - PRODUCTION | \$307,816.25 |
| 8020.1200 | TDC - CASING - INTERMEDIATE - 1 | \$59,287.50 |
| 8020.1100 | TDC - CASING - SURFACE | \$22,434.69 |
| 8020.1500 | TDC - WELLHEAD EQUIPMENT | \$53,125.00 |
| | Sub-total | \$442,663.44 |
| Artificial Lift Intangible | | |
| 8060.1900 | IAL - INSPECTION & TESTING | \$3,000.00 |
| 8060.3410 | IAL - LAYDOWN MACHINE | \$5,000.00 |
| 8060.2600 | IAL - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8060.2300 | IAL - COMPLETION FLUIDS | \$5,000.00 |
| 8060.1200 | IAL - WORKOVER RIG | \$17,000.00 |
| 8060.3500 | IAL - WELLSITE SUPERVISION | \$5,000.00 |
| 8060.2010 | IAL - KILL TRUCK | \$5,000.00 |
| 8060.2000 | IAL - TRUCKING/VACUUM/TRANSP | \$5,000.00 |
| 8060.1400 | IAL - WIRELINE OPEN/CASED HOLE | \$10,000.00 |
| 8060.3400 | IAL - RENTAL EQUIPMENT | \$5,000.00 |
| 8060.3420 | IAL - REVERSE UNIT RENTAL | \$5,000.00 |
| | Sub-total | \$80,000.00 |
| Flowback Intangible | | |
| 8040.3430 | IFC - SURFACE PUMP RENTAL | \$20,000.00 |
| 8040.2000 | IFC - TRUCKING/VACUUM/TRANSP | \$20,000.00 |
| 8040.3420 | IFC - TANK RENTALS | \$20,000.00 |
| 8040.4000 | IFC - CHEMICALS | \$15,000.00 |
| 8040.2900 | IFC - WELL TESTING / FLOWBACK | \$125,000.00 |
| 8040.1100 | IFC - ROADS LOCATIONS / PITS | \$5,000.00 |
| 8040.1899 | IFC - FRAC WATER RECOVERY | \$611,078.24 |
| 8040.3500 | IFC - WELLSITE SUPERVISION | \$10,000.00 |
| | Sub-total | \$826,078.24 |
| Completion Tangible | | |
| 8030.2000 | TCC - WELLHEAD EQUIPMENT | \$47,250.00 |
| | Sub-total | \$47,250.00 |
| Grand Total | | \$8,275,800.31 |



Cost Estimate

Printed Date: Feb 10, 2025

| | | | |
|------------------------|----------------------|---------------------|----------------------|
| AFE Number: | 502869 | Description: | FIERO 7 FED COM 133H |
| AFE Name: | FIERO 7 FED COM 133H | AFE TYPE: | Drill and Complete |
| Well Operator: | PERMIAN RESOURCES | | |
| Operator AFE #: | | | |

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|-----------------------------------|---------------------------------|------------------------|
| Artificial Lift Intangible | | |
| 8060.3500 | IAL - WELLSITE SUPERVISION | \$5,000.00 |
| 8060.1400 | IAL - WIRELINE OPEN/CASED HOLE | \$10,000.00 |
| 8060.2010 | IAL - KILL TRUCK | \$5,000.00 |
| 8060.2000 | IAL - TRUCKING/VACUUM/TRANSP | \$5,000.00 |
| 8060.3400 | IAL - RENTAL EQUIPMENT | \$5,000.00 |
| 8060.3420 | IAL - REVERSE UNIT RENTAL | \$5,000.00 |
| 8060.2600 | IAL - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8060.2300 | IAL - COMPLETION FLUIDS | \$5,000.00 |
| 8060.1900 | IAL - INSPECTION & TESTING | \$3,000.00 |
| 8060.3410 | IAL - LAYDOWN MACHINE | \$5,000.00 |
| 8060.1200 | IAL - WORKOVER RIG | \$17,000.00 |
| | Sub-total | \$80,000.00 |
| Facilities | | |
| 8035.3400 | FAC - METERS | \$48,000.00 |
| 8035.3200 | FAC - VALVES FITTINGS & PIPE | \$60,000.00 |
| 8035.3500 | FAC - COMPRESSOR | \$3,000.00 |
| 8035.3100 | FAC - VRU RENTAL | \$1,500.00 |
| 8035.4400 | FAC - COMPANY LABOR | \$500.00 |
| 8035.2400 | FAC - SUPERVISION | \$7,000.00 |
| 8035.2900 | FAC - TANK BATTERY | \$36,000.00 |
| 8035.1300 | FAC - SURFACE DAMAGE | \$200.00 |
| 8035.3000 | FAC - HEATER TREATER/SEPARATOR | \$97,000.00 |
| 8035.3300 | FAC - CIRCULATING TRANSFER PUMP | \$7,000.00 |
| 8035.1600 | FAC - TRANSPORTATION TRUCKING | \$3,000.00 |
| 8035.2200 | FAC - CONTRACT LABOR / ROUSTAB | \$20,000.00 |
| 8035.2100 | FAC - INSPECTION & TESTING | \$250.00 |
| 8035.3600 | FAC - ELECTRICAL | \$27,500.00 |
| 8035.2500 | FAC - CONSULTING SERVICES | \$500.00 |
| 8035.3800 | FAC - FLARE/COMBUSTER | \$11,000.00 |
| 8035.1500 | FAC - MATERIALS & SUPPLIES | \$3,000.00 |
| 8035.4500 | FAC - CONTINGENCY | \$10,496.00 |
| 8035.1310 | FAC - PERMANENT EASEMENT/ROW | \$1,000.00 |
| 8035.1400 | FAC - ROAD LOCATIONS PITS | \$2,500.00 |
| 8035.4000 | FAC - SAFETY / ENVIRONMENTAL | \$400.00 |
| 8035.3700 | FAC - AUTOMATION MATERIAL | \$12,500.00 |
| 8035.1700 | FAC - RENTAL EQUIPMENT | \$8,000.00 |
| | Sub-total | \$360,346.00 |
| Drilling Intangible | | |
| 8015.2500 | IDC - MUD/CHEMICALS/ACIDIZING | \$207,677.31 |
| 8015.3500 | IDC - TRUCKING/VACUUM/ TRANSP | \$20,250.00 |

300 N Marienfeld Street, Suite 1000, Midland, TX 79701
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PERMIAN
 RESOURCES

Cost Estimate

Printed Date: Feb 10, 2025

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|------------------------------|--|------------------------|
| 8015.2400 | IDC - RIG WATER | \$16,875.00 |
| 8015.2350 | IDC - FUEL/MUD | \$86,000.00 |
| 8015.5000 | IDC - WELL CONTROL INSURANCE | \$7,425.00 |
| 8015.4100 | IDC - RENTAL EQUIPMENT | \$109,375.00 |
| 8015.1500 | IDC - RIG MOB / TRUCKING | \$127,500.00 |
| 8015.1000 | IDC - PERMITS, LICENSES, ETC | \$15,000.00 |
| 8015.2150 | IDC - DRILL BIT | \$98,000.00 |
| 8015.4200 | IDC - MANCAMP | \$35,100.00 |
| 8015.2200 | IDC - BITS, TOOLS, STABILIZERS | \$52,346.00 |
| 8015.3800 | IDC - WELLHEAD PREPARE/REPAIR | \$12,500.00 |
| 8015.1100 | IDC - STAKING & SURVEYING | \$15,000.00 |
| 8015.3000 | IDC - CEMENT SERV/FLOAT EQUIP | \$143,200.00 |
| 8015.3400 | IDC - MATERIALS & SUPPLIES | \$5,000.00 |
| 8015.1900 | IDC - DIRECTNL DRILL & SURVEY | \$222,328.13 |
| 8015.3200 | IDC - CONTRACT LABOR/ROUSTABOUT | \$27,000.00 |
| 8015.3700 | IDC - DISPOSAL | \$130,711.00 |
| 8015.4300 | IDC - WELLSITE SUPERVISION | \$78,300.00 |
| 8015.1200 | IDC - LEGAL, TITLE SERVICES | \$13,000.00 |
| 8015.5200 | IDC - CONTINGENCY | \$110,921.62 |
| 8015.3100 | IDC - CASING CREW & TOOLS | \$47,500.00 |
| 8015.1400 | IDC - ROAD, LOCATIONS, PITS | \$135,625.00 |
| 8015.2300 | IDC - FUEL / POWER | \$126,225.00 |
| 8015.4600 | IDC - SAFETY / ENVIRONMENTAL | \$14,850.00 |
| 8015.3600 | IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM | \$53,071.88 |
| 8015.2000 | IDC - CONDUCTOR HOLE & SERVICE | \$42,500.00 |
| 8015.2700 | IDC - INSPECTION, TESTING & REPAIR | \$37,000.00 |
| 8015.1310 | IDC - PERMANENT EASEMENT | \$12,000.00 |
| 8015.1700 | IDC - DAYWORK CONTRACT | \$503,465.63 |
| 8015.1600 | IDC - RIG MOB / STANDBY RATE | \$35,100.00 |
| 8015.1300 | IDC - SURFACE DAMAGE / ROW | \$35,000.00 |
| Sub-total | | \$2,575,846.57 |
| Completion Intangible | | |
| 8025.1600 | ICC - COILED TUBING | \$184,906.00 |
| 8025.1800 | ICC - WATER DISPOSAL/VACUUM TRUCK | \$14,700.00 |
| 8025.2600 | ICC - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8025.1400 | ICC - WIRELINE OPEN/CASED HOLE | \$40,000.00 |
| 8025.1500 | ICC - FUEL / POWER | \$251,969.00 |
| 8025.1100 | ICC - ROAD, LOCATIONS, PITS | \$10,500.00 |
| 8025.3400 | ICC - RENTAL EQUIPMENT | \$149,130.00 |
| 8025.2500 | ICC - WELL STIMULATION/FRACTUR | \$1,847,401.00 |
| 8025.2200 | ICC - ELECTRIC LOGGING / PERFORATING | \$395,640.00 |
| 8025.2300 | ICC - COMPLETION FLUIDS | \$10,000.00 |
| 8025.3700 | ICC - SAFETY / ENVIRONMENTAL | \$15,000.00 |
| 8025.3000 | ICC - WATER HANDLING | \$150,919.00 |
| 8025.3050 | ICC - SOURCE WATER | \$426,884.00 |
| 8025.3600 | ICC - SUPERVISION/ENGINEERING | \$5,000.00 |



Cost Estimate

Printed Date: Feb 10, 2025

| Account | Description | Gross Est. (\$) |
|---------------------------------|---|-----------------------|
| 8025.3800 | ICC - OVERHEAD | \$10,000.00 |
| 8025.2000 | ICC - TRUCKING | \$14,375.00 |
| 8025.3100 | ICC - WELLHEAD/FRACTURE REPAIR | \$40,000.00 |
| 8025.3500 | ICC - WELLSITE SUPERVISION | \$43,200.00 |
| | Sub-total | \$3,624,624.00 |
| Flowback Intangible | | |
| 8040.2000 | IFC - TRUCKING/VACUUM/TRANSP | \$20,000.00 |
| 8040.1899 | IFC - FRAC WATER RECOVERY | \$1,135,333.04 |
| 8040.2900 | IFC - WELL TESTING / FLOWBACK | \$125,000.00 |
| 8040.3430 | IFC - SURFACE PUMP RENTAL | \$20,000.00 |
| 8040.3500 | IFC - WELLSITE SUPERVISION | \$10,000.00 |
| 8040.4000 | IFC - CHEMICALS | \$15,000.00 |
| 8040.3420 | IFC - TANK RENTALS | \$20,000.00 |
| 8040.1100 | IFC - ROADS LOCATIONS / PITS | \$5,000.00 |
| | Sub-total | \$1,350,333.04 |
| Artificial Lift Tangible | | |
| 8065.2400 | TAL - COMPRESSOR INSTALL & STARTUP | \$70,000.00 |
| 8065.2300 | TAL - GAS LIFT INJECTION LINE & INSTALL | \$80,000.00 |
| 8065.2500 | TAL - VALVES/CONNECTIONS/FTGS | \$15,000.00 |
| 8065.1320 | TAL - GAS LIFT EQUIPMENT/INSTALL | \$30,000.00 |
| 8065.3200 | TAL - COMM, TELEMETRY & AUTOMA | \$10,000.00 |
| 8065.2000 | TAL - WELLHEAD EQUIPMENT | \$60,000.00 |
| 8065.3100 | TAL - MEASUREMENT EQUIPMENT | \$30,000.00 |
| 8065.1100 | TAL - TUBING | \$65,000.00 |
| | Sub-total | \$360,000.00 |
| Pipeline | | |
| 8036.2200 | PLN - CONTRACT LABOR | \$20,000.00 |
| 8036.3620 | PLN - POWER DISTRIBUTION LABOR | \$4,000.00 |
| 8036.3200 | PLN - VALVES FITTINGS & PIPE | \$10,000.00 |
| 8036.3610 | PLN - POWER DISTRIBUTION MATERIAL | \$8,000.00 |
| 8036.2800 | PLN - FLOWLINE MATERIAL | \$20,000.00 |
| | Sub-total | \$62,000.00 |
| Drilling Tangible | | |
| 8020.1400 | TDC - CASING - PRODUCTION | \$340,653.87 |
| 8020.1500 | TDC - WELLHEAD EQUIPMENT | \$53,125.00 |
| 8020.1200 | TDC - CASING - INTERMEDIATE - 1 | \$59,287.50 |
| 8020.1100 | TDC - CASING - SURFACE | \$22,434.69 |
| | Sub-total | \$475,501.06 |
| Completion Tangible | | |
| 8030.2000 | TCC - WELLHEAD EQUIPMENT | \$47,250.00 |
| | Sub-total | \$47,250.00 |
| Grand Total | | \$8,935,900.67 |



Cost Estimate

Printed Date: Feb 10, 2025

| | | | |
|------------------------|----------------------|---------------------|----------------------|
| AFE Number: | 502863 | Description: | FIERO 7 FED COM 124H |
| AFE Name: | FIERO 7 FED COM 124H | AFE TYPE: | Drill and Complete |
| Well Operator: | PERMIAN RESOURCES | | |
| Operator AFE #: | | | |

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|---------------------------------|---|------------------------|
| Pipeline | | |
| 8036.1310 | PLN - PERMANENT EASEMENT | \$16,364.00 |
| 8036.3610 | PLN - POWER DISTRIBUTION MATERIAL | \$3,000.00 |
| 8036.3620 | PLN - POWER DISTRIBUTION LABOR | \$3,000.00 |
| 8036.2800 | PLN - FLOWLINE MATERIAL | \$60,000.00 |
| 8036.3200 | PLN - VALVES FITTINGS & PIPE | \$10,000.00 |
| 8036.2200 | PLN - CONTRACT LABOR | \$60,000.00 |
| | Sub-total | \$152,364.00 |
| Artificial Lift Tangible | | |
| 8065.2000 | TAL - WELLHEAD EQUIPMENT | \$60,000.00 |
| 8065.2300 | TAL - GAS LIFT INJECTION LINE & INSTALL | \$80,000.00 |
| 8065.3100 | TAL - MEASUREMENT EQUIPMENT | \$30,000.00 |
| 8065.2500 | TAL - VALVES/CONNECTIONS/FTGS | \$15,000.00 |
| 8065.1100 | TAL - TUBING | \$65,000.00 |
| 8065.1320 | TAL - GAS LIFT EQUIPMENT/INSTALL | \$30,000.00 |
| 8065.2400 | TAL - COMPRESSOR INSTALL & STARTUP | \$70,000.00 |
| 8065.3200 | TAL - COMM, TELEMETRY & AUTOMA | \$10,000.00 |
| | Sub-total | \$360,000.00 |
| Facilities | | |
| 8035.3500 | FAC - COMPRESSOR | \$3,000.00 |
| 8035.3700 | FAC - AUTOMATION MATERIAL | \$12,500.00 |
| 8035.3800 | FAC - FLARE/COMBUSTER | \$11,000.00 |
| 8035.1310 | FAC - PERMANENT EASEMENT/ROW | \$1,000.00 |
| 8035.1700 | FAC - RENTAL EQUIPMENT | \$8,000.00 |
| 8035.2500 | FAC - CONSULTING SERVICES | \$500.00 |
| 8035.4500 | FAC - CONTINGENCY | \$10,496.00 |
| 8035.2100 | FAC - INSPECTION & TESTING | \$250.00 |
| 8035.1400 | FAC - ROAD LOCATIONS PITS | \$2,500.00 |
| 8035.3100 | FAC - VRU RENTAL | \$1,500.00 |
| 8035.2200 | FAC - CONTRACT LABOR / ROUSTAB | \$20,000.00 |
| 8035.1600 | FAC - TRANSPORTATION TRUCKING | \$3,000.00 |
| 8035.3200 | FAC - VALVES FITTINGS & PIPE | \$60,000.00 |
| 8035.4400 | FAC - COMPANY LABOR | \$500.00 |
| 8035.2400 | FAC - SUPERVISION | \$7,000.00 |
| 8035.4000 | FAC - SAFETY / ENVIRONMENTAL | \$400.00 |
| 8035.2900 | FAC - TANK BATTERY | \$36,000.00 |
| 8035.3000 | FAC - HEATER TREATER/SEPARATOR | \$97,000.00 |
| 8035.1300 | FAC - SURFACE DAMAGE | \$200.00 |
| 8035.3400 | FAC - METERS | \$48,000.00 |
| 8035.1500 | FAC - MATERIALS & SUPPLIES | \$3,000.00 |
| 8035.3600 | FAC - ELECTRICAL | \$27,500.00 |

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Cost Estimate

Printed Date: Feb 10, 2025

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|------------------------------|--|------------------------|
| 8035.3300 | FAC - CIRCULATING TRANSFER PUMP | \$7,000.00 |
| Sub-total | | \$360,346.00 |
| Completion Intangible | | |
| 8025.3050 | ICC - SOURCE WATER | \$402,439.00 |
| 8025.2300 | ICC - COMPLETION FLUIDS | \$10,000.00 |
| 8025.1600 | ICC - COILED TUBING | \$184,906.00 |
| 8025.3000 | ICC - WATER HANDLING | \$142,276.00 |
| 8025.1500 | ICC - FUEL / POWER | \$238,780.00 |
| 8025.2500 | ICC - WELL STIMULATION/FRACTUR | \$1,731,225.00 |
| 8025.3600 | ICC - SUPERVISION/ENGINEERING | \$5,000.00 |
| 8025.1800 | ICC - WATER DISPOSAL/VACUUM TRUCK | \$14,700.00 |
| 8025.2000 | ICC - TRUCKING | \$14,375.00 |
| 8025.3400 | ICC - RENTAL EQUIPMENT | \$149,130.00 |
| 8025.1100 | ICC - ROAD, LOCATIONS, PITS | \$10,500.00 |
| 8025.3700 | ICC - SAFETY / ENVIRONMENTAL | \$15,000.00 |
| 8025.3800 | ICC - OVERHEAD | \$10,000.00 |
| 8025.2200 | ICC - ELECTRIC LOGGING / PERFORATING | \$395,640.00 |
| 8025.3100 | ICC - WELLHEAD/FRACTURE REPAIR | \$40,000.00 |
| 8025.2600 | ICC - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8025.1400 | ICC - WIRELINE OPEN/CASED HOLE | \$40,000.00 |
| 8025.3500 | ICC - WELLSITE SUPERVISION | \$43,200.00 |
| Sub-total | | \$3,462,171.00 |
| Drilling Intangible | | |
| 8015.4200 | IDC - MANCAMP | \$35,100.00 |
| 8015.1310 | IDC - PERMANENT EASEMENT | \$12,000.00 |
| 8015.1900 | IDC - DIRECTNL DRILL & SURVEY | \$222,328.13 |
| 8015.2300 | IDC - FUEL / POWER | \$126,225.00 |
| 8015.4600 | IDC - SAFETY / ENVIRONMENTAL | \$14,850.00 |
| 8015.3100 | IDC - CASING CREW & TOOLS | \$47,500.00 |
| 8015.5200 | IDC - CONTINGENCY | \$109,590.18 |
| 8015.1100 | IDC - STAKING & SURVEYING | \$15,000.00 |
| 8015.3800 | IDC - WELLHEAD PREPARE/REPAIR | \$12,500.00 |
| 8015.3700 | IDC - DISPOSAL | \$118,111.00 |
| 8015.3200 | IDC - CONTRACT LABOR/ROUSTABOUT | \$27,000.00 |
| 8015.5000 | IDC - WELL CONTROL INSURANCE | \$7,425.00 |
| 8015.1500 | IDC - RIG MOB / TRUCKING | \$127,500.00 |
| 8015.3400 | IDC - MATERIALS & SUPPLIES | \$5,000.00 |
| 8015.3600 | IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM | \$53,071.88 |
| 8015.2500 | IDC - MUD/CHEMICALS/ACIDIZING | \$194,289.81 |
| 8015.2000 | IDC - CONDUCTOR HOLE & SERVICE | \$42,500.00 |
| 8015.1300 | IDC - SURFACE DAMAGE / ROW | \$35,000.00 |
| 8015.1700 | IDC - DAYWORK CONTRACT | \$503,465.63 |
| 8015.2400 | IDC - RIG WATER | \$16,875.00 |
| 8015.2150 | IDC - DRILL BIT | \$98,000.00 |
| 8015.1600 | IDC - RIG MOB / STANDBY RATE | \$35,100.00 |
| 8015.1400 | IDC - ROAD, LOCATIONS, PITS | \$135,625.00 |



Cost Estimate

Printed Date: Feb 10, 2025

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|-----------------------------------|------------------------------------|------------------------|
| 8015.2350 | IDC - FUEL/MUD | \$86,000.00 |
| 8015.3500 | IDC - TRUCKING/VACUUM/ TRANSP | \$20,250.00 |
| 8015.1200 | IDC - LEGAL, TITLE SERVICES | \$13,000.00 |
| 8015.1000 | IDC - PERMITS,LICENSES,ETC | \$15,000.00 |
| 8015.4100 | IDC - RENTAL EQUIPMENT | \$109,375.00 |
| 8015.4300 | IDC - WELLSITE SUPERVISION | \$78,300.00 |
| 8015.2200 | IDC - BITS, TOOLS, STABILIZERS | \$48,746.00 |
| 8015.3000 | IDC - CEMENT SERV/FLOAT EQUIP | \$143,200.00 |
| 8015.2700 | IDC - INSPECTION, TESTING & REPAIR | \$37,000.00 |
| | Sub-total | \$2,544,927.63 |
| Drilling Tangible | | |
| 8020.1400 | TDC - CASING - PRODUCTION | \$307,816.25 |
| 8020.1200 | TDC - CASING - INTERMEDIATE - 1 | \$59,287.50 |
| 8020.1100 | TDC - CASING - SURFACE | \$22,434.69 |
| 8020.1500 | TDC - WELLHEAD EQUIPMENT | \$53,125.00 |
| | Sub-total | \$442,663.44 |
| Artificial Lift Intangible | | |
| 8060.1900 | IAL - INSPECTION & TESTING | \$3,000.00 |
| 8060.3410 | IAL - LAYDOWN MACHINE | \$5,000.00 |
| 8060.2600 | IAL - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8060.2300 | IAL - COMPLETION FLUIDS | \$5,000.00 |
| 8060.1200 | IAL - WORKOVER RIG | \$17,000.00 |
| 8060.3500 | IAL - WELLSITE SUPERVISION | \$5,000.00 |
| 8060.2010 | IAL - KILL TRUCK | \$5,000.00 |
| 8060.2000 | IAL - TRUCKING/VACUUM/TRANSP | \$5,000.00 |
| 8060.1400 | IAL - WIRELINE OPEN/CASED HOLE | \$10,000.00 |
| 8060.3400 | IAL - RENTAL EQUIPMENT | \$5,000.00 |
| 8060.3420 | IAL - REVERSE UNIT RENTAL | \$5,000.00 |
| | Sub-total | \$80,000.00 |
| Flowback Intangible | | |
| 8040.3430 | IFC - SURFACE PUMP RENTAL | \$20,000.00 |
| 8040.2000 | IFC - TRUCKING/VACUUM/TRANSP | \$20,000.00 |
| 8040.3420 | IFC - TANK RENTALS | \$20,000.00 |
| 8040.4000 | IFC - CHEMICALS | \$15,000.00 |
| 8040.2900 | IFC - WELL TESTING / FLOWBACK | \$125,000.00 |
| 8040.1100 | IFC - ROADS LOCATIONS / PITS | \$5,000.00 |
| 8040.1899 | IFC - FRAC WATER RECOVERY | \$611,078.24 |
| 8040.3500 | IFC - WELLSITE SUPERVISION | \$10,000.00 |
| | Sub-total | \$826,078.24 |
| Completion Tangible | | |
| 8030.2000 | TCC - WELLHEAD EQUIPMENT | \$47,250.00 |
| | Sub-total | \$47,250.00 |
| Grand Total | | \$8,275,800.31 |



Cost Estimate

Printed Date: Feb 10, 2025

| | | | |
|-----------------|----------------------|--------------|----------------------|
| AFE Number: | 502869 | Description: | FIERO 7 FED COM 134H |
| AFE Name: | FIERO 7 FED COM 134H | AFE TYPE: | Drill and Complete |
| Well Operator: | PERMIAN RESOURCES | | |
| Operator AFE #: | | | |

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|-----------------------------------|---------------------------------|------------------------|
| Artificial Lift Intangible | | |
| 8060.3500 | IAL - WELLSITE SUPERVISION | \$5,000.00 |
| 8060.1400 | IAL - WIRELINE OPEN/CASED HOLE | \$10,000.00 |
| 8060.2010 | IAL - KILL TRUCK | \$5,000.00 |
| 8060.2000 | IAL - TRUCKING/VACUUM/TRANSP | \$5,000.00 |
| 8060.3400 | IAL - RENTAL EQUIPMENT | \$5,000.00 |
| 8060.3420 | IAL - REVERSE UNIT RENTAL | \$5,000.00 |
| 8060.2600 | IAL - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8060.2300 | IAL - COMPLETION FLUIDS | \$5,000.00 |
| 8060.1900 | IAL - INSPECTION & TESTING | \$3,000.00 |
| 8060.3410 | IAL - LAYDOWN MACHINE | \$5,000.00 |
| 8060.1200 | IAL - WORKOVER RIG | \$17,000.00 |
| | Sub-total | \$80,000.00 |
| Facilities | | |
| 8035.3400 | FAC - METERS | \$48,000.00 |
| 8035.3200 | FAC - VALVES FITTINGS & PIPE | \$60,000.00 |
| 8035.3500 | FAC - COMPRESSOR | \$3,000.00 |
| 8035.3100 | FAC - VRU RENTAL | \$1,500.00 |
| 8035.4400 | FAC - COMPANY LABOR | \$500.00 |
| 8035.2400 | FAC - SUPERVISION | \$7,000.00 |
| 8035.2900 | FAC - TANK BATTERY | \$36,000.00 |
| 8035.1300 | FAC - SURFACE DAMAGE | \$200.00 |
| 8035.3000 | FAC - HEATER TREATER/SEPARATOR | \$97,000.00 |
| 8035.3300 | FAC - CIRCULATING TRANSFER PUMP | \$7,000.00 |
| 8035.1600 | FAC - TRANSPORTATION TRUCKING | \$3,000.00 |
| 8035.2200 | FAC - CONTRACT LABOR / ROUSTAB | \$20,000.00 |
| 8035.2100 | FAC - INSPECTION & TESTING | \$250.00 |
| 8035.3600 | FAC - ELECTRICAL | \$27,500.00 |
| 8035.2500 | FAC - CONSULTING SERVICES | \$500.00 |
| 8035.3800 | FAC - FLARE/COMBUSTER | \$11,000.00 |
| 8035.1500 | FAC - MATERIALS & SUPPLIES | \$3,000.00 |
| 8035.4500 | FAC - CONTINGENCY | \$10,496.00 |
| 8035.1310 | FAC - PERMANENT EASEMENT/ROW | \$1,000.00 |
| 8035.1400 | FAC - ROAD LOCATIONS PITS | \$2,500.00 |
| 8035.4000 | FAC - SAFETY / ENVIRONMENTAL | \$400.00 |
| 8035.3700 | FAC - AUTOMATION MATERIAL | \$12,500.00 |
| 8035.1700 | FAC - RENTAL EQUIPMENT | \$8,000.00 |
| | Sub-total | \$360,346.00 |
| Drilling Intangible | | |
| 8015.2500 | IDC - MUD/CHEMICALS/ACIDIZING | \$207,677.31 |
| 8015.3500 | IDC - TRUCKING/VACUUM/ TRANSP | \$20,250.00 |

300 N Marienfeld Street, Suite 1000, Midland, TX 79701
TEL (432) 695-4222 www.permianres.com

PERMIAN
 RESOURCES

Cost Estimate

Printed Date: Feb 10, 2025

| <u>Account</u> | <u>Description</u> | <u>Gross Est. (\$)</u> |
|------------------------------|--|------------------------|
| 8015.2400 | IDC - RIG WATER | \$16,875.00 |
| 8015.2350 | IDC - FUEL/MUD | \$86,000.00 |
| 8015.5000 | IDC - WELL CONTROL INSURANCE | \$7,425.00 |
| 8015.4100 | IDC - RENTAL EQUIPMENT | \$109,375.00 |
| 8015.1500 | IDC - RIG MOB / TRUCKING | \$127,500.00 |
| 8015.1000 | IDC - PERMITS,LICENSES,ETC | \$15,000.00 |
| 8015.2150 | IDC - DRILL BIT | \$98,000.00 |
| 8015.4200 | IDC - MANCAMP | \$35,100.00 |
| 8015.2200 | IDC - BITS, TOOLS, STABILIZERS | \$52,346.00 |
| 8015.3800 | IDC - WELLHEAD PREPARE/REPAIR | \$12,500.00 |
| 8015.1100 | IDC - STAKING & SURVEYING | \$15,000.00 |
| 8015.3000 | IDC - CEMENT SERV/FLOAT EQUIP | \$143,200.00 |
| 8015.3400 | IDC - MATERIALS & SUPPLIES | \$5,000.00 |
| 8015.1900 | IDC - DIRECTNL DRILL & SURVEY | \$222,328.13 |
| 8015.3200 | IDC - CONTRACT LABOR/ROUSTABOUT | \$27,000.00 |
| 8015.3700 | IDC - DISPOSAL | \$130,711.00 |
| 8015.4300 | IDC - WELLSITE SUPERVISION | \$78,300.00 |
| 8015.1200 | IDC - LEGAL, TITLE SERVICES | \$13,000.00 |
| 8015.5200 | IDC - CONTINGENCY | \$110,921.62 |
| 8015.3100 | IDC - CASING CREW & TOOLS | \$47,500.00 |
| 8015.1400 | IDC - ROAD, LOCATIONS, PITS | \$135,625.00 |
| 8015.2300 | IDC - FUEL / POWER | \$126,225.00 |
| 8015.4600 | IDC - SAFETY / ENVIRONMENTAL | \$14,850.00 |
| 8015.3600 | IDC - SOLIDS CONTROL/ CLOSED LOOP SYSTEM | \$53,071.88 |
| 8015.2000 | IDC - CONDUCTOR HOLE & SERVICE | \$42,500.00 |
| 8015.2700 | IDC - INSPECTION, TESTING & REPAIR | \$37,000.00 |
| 8015.1310 | IDC - PERMANENT EASEMENT | \$12,000.00 |
| 8015.1700 | IDC - DAYWORK CONTRACT | \$503,465.63 |
| 8015.1600 | IDC - RIG MOB / STANDBY RATE | \$35,100.00 |
| 8015.1300 | IDC - SURFACE DAMAGE / ROW | \$35,000.00 |
| | Sub-total | \$2,575,846.57 |
| Completion Intangible | | |
| 8025.1600 | ICC - COILED TUBING | \$184,906.00 |
| 8025.1800 | ICC - WATER DISPOSAL/VACUUM TRUCK | \$14,700.00 |
| 8025.2600 | ICC - CONTRACT LABOR/ROUSTABOUT | \$15,000.00 |
| 8025.1400 | ICC - WIRELINE OPEN/CASED HOLE | \$40,000.00 |
| 8025.1500 | ICC - FUEL / POWER | \$251,969.00 |
| 8025.1100 | ICC - ROAD, LOCATIONS, PITS | \$10,500.00 |
| 8025.3400 | ICC - RENTAL EQUIPMENT | \$149,130.00 |
| 8025.2500 | ICC - WELL STIMULATION/FRACTUR | \$1,847,401.00 |
| 8025.2200 | ICC - ELECTRIC LOGGING / PERFORATING | \$395,640.00 |
| 8025.2300 | ICC - COMPLETION FLUIDS | \$10,000.00 |
| 8025.3700 | ICC - SAFETY / ENVIRONMENTAL | \$15,000.00 |
| 8025.3000 | ICC - WATER HANDLING | \$150,919.00 |
| 8025.3050 | ICC - SOURCE WATER | \$426,884.00 |
| 8025.3600 | ICC - SUPERVISION/ENGINEERING | \$5,000.00 |



Cost Estimate

Printed Date: Feb 10, 2025

| Account | Description | Gross Est. (\$) |
|---------------------------------|---|-----------------------|
| 8025.3800 | ICC - OVERHEAD | \$10,000.00 |
| 8025.2000 | ICC - TRUCKING | \$14,375.00 |
| 8025.3100 | ICC - WELLHEAD/FRACTURE REPAIR | \$40,000.00 |
| 8025.3500 | ICC - WELLSITE SUPERVISION | \$43,200.00 |
| | Sub-total | \$3,624,624.00 |
| Flowback Intangible | | |
| 8040.2000 | IFC - TRUCKING/VACUUM/TRANSP | \$20,000.00 |
| 8040.1899 | IFC - FRAC WATER RECOVERY | \$1,135,333.04 |
| 8040.2900 | IFC - WELL TESTING / FLOWBACK | \$125,000.00 |
| 8040.3430 | IFC - SURFACE PUMP RENTAL | \$20,000.00 |
| 8040.3500 | IFC - WELLSITE SUPERVISION | \$10,000.00 |
| 8040.4000 | IFC - CHEMICALS | \$15,000.00 |
| 8040.3420 | IFC - TANK RENTALS | \$20,000.00 |
| 8040.1100 | IFC - ROADS LOCATIONS / PITS | \$5,000.00 |
| | Sub-total | \$1,350,333.04 |
| Artificial Lift Tangible | | |
| 8065.2400 | TAL - COMPRESSOR INSTALL & STARTUP | \$70,000.00 |
| 8065.2300 | TAL - GAS LIFT INJECTION LINE & INSTALL | \$80,000.00 |
| 8065.2500 | TAL - VALVES/CONNECTIONS/FTGS | \$15,000.00 |
| 8065.1320 | TAL - GAS LIFT EQUIPMENT/INSTALL | \$30,000.00 |
| 8065.3200 | TAL - COMM, TELEMETRY & AUTOMA | \$10,000.00 |
| 8065.2000 | TAL - WELLHEAD EQUIPMENT | \$60,000.00 |
| 8065.3100 | TAL - MEASUREMENT EQUIPMENT | \$30,000.00 |
| 8065.1100 | TAL - TUBING | \$65,000.00 |
| | Sub-total | \$360,000.00 |
| Pipeline | | |
| 8036.2200 | PLN - CONTRACT LABOR | \$20,000.00 |
| 8036.3620 | PLN - POWER DISTRIBUTION LABOR | \$4,000.00 |
| 8036.3200 | PLN - VALVES FITTINGS & PIPE | \$10,000.00 |
| 8036.3610 | PLN - POWER DISTRIBUTION MATERIAL | \$8,000.00 |
| 8036.2800 | PLN - FLOWLINE MATERIAL | \$20,000.00 |
| | Sub-total | \$62,000.00 |
| Drilling Tangible | | |
| 8020.1400 | TDC - CASING - PRODUCTION | \$340,653.87 |
| 8020.1500 | TDC - WELLHEAD EQUIPMENT | \$53,125.00 |
| 8020.1200 | TDC - CASING - INTERMEDIATE - 1 | \$59,287.50 |
| 8020.1100 | TDC - CASING - SURFACE | \$22,434.69 |
| | Sub-total | \$475,501.06 |
| Completion Tangible | | |
| 8030.2000 | TCC - WELLHEAD EQUIPMENT | \$47,250.00 |
| | Sub-total | \$47,250.00 |
| Grand Total | | \$8,935,900.67 |

Exhibit A-2

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-2
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**

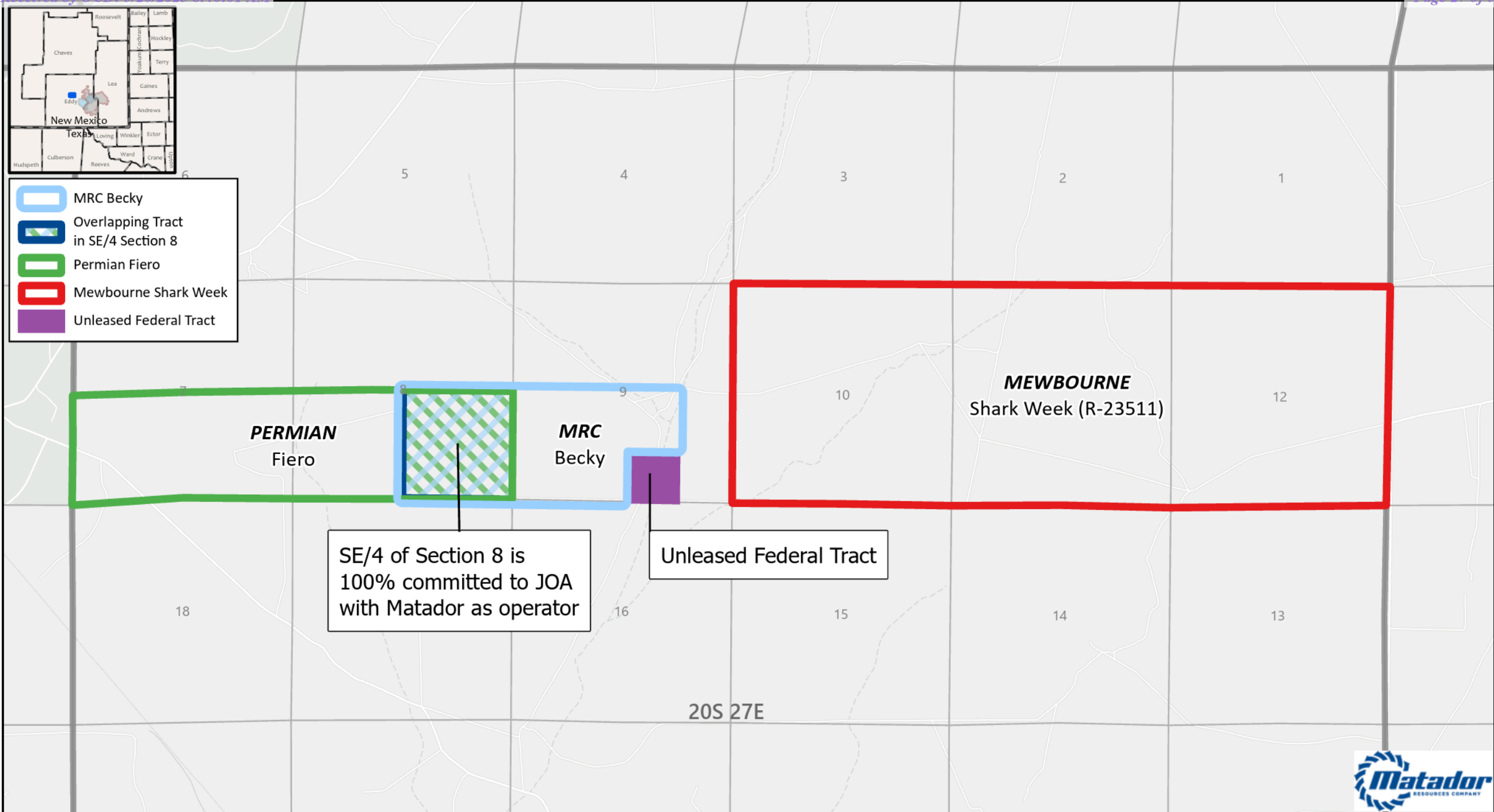


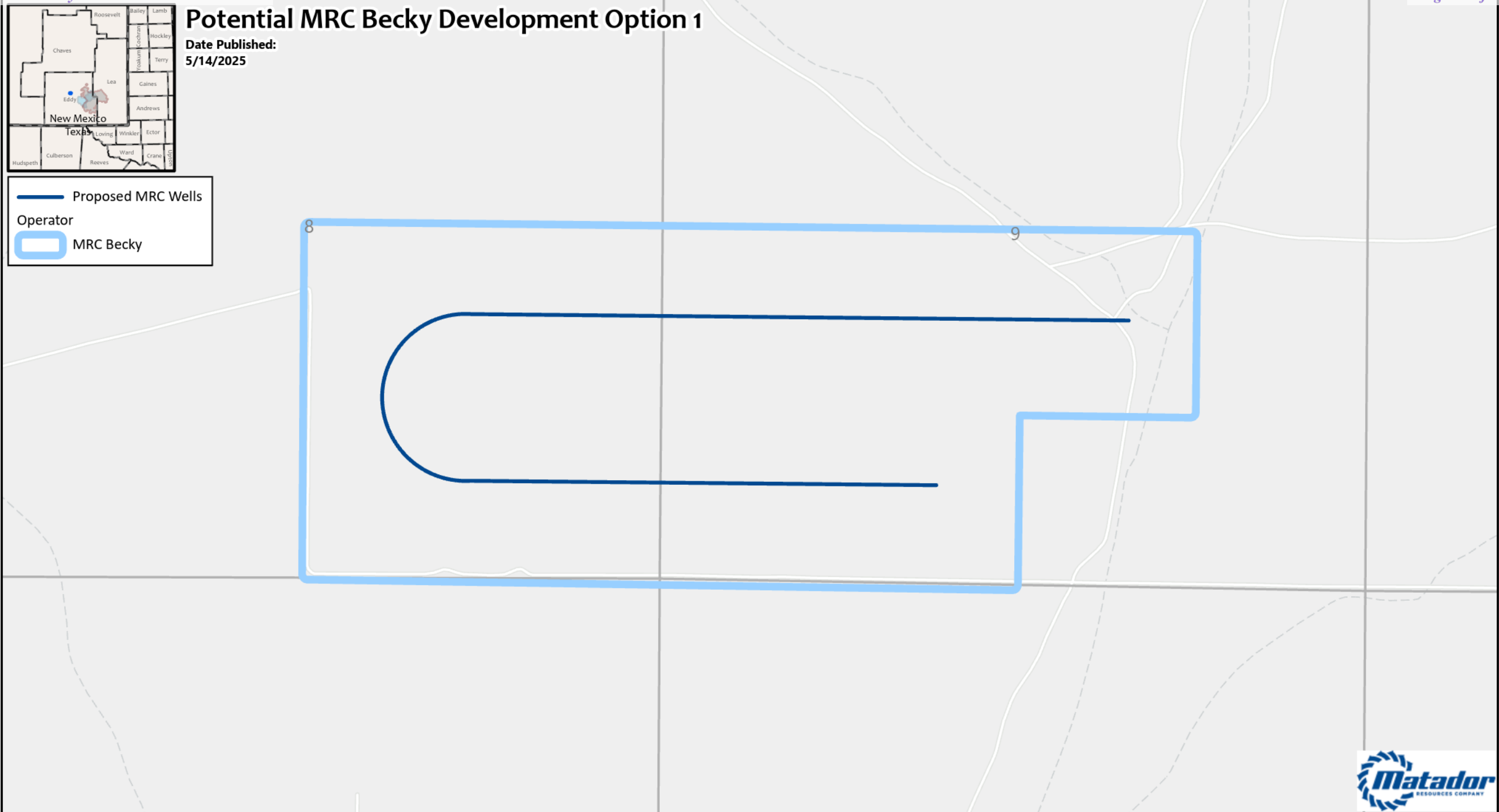


Exhibit A-3

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-3
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**



 Proposed MRC Wells
 Operator
 MRC Becky



N



A horizontal scale bar labeled "Feet" at the right end. It has major tick marks at 0, 450, 900, and 1,800 feet. The bar is black with white tick marks and numbers.

1:10,000
1 inch equals 833 feet

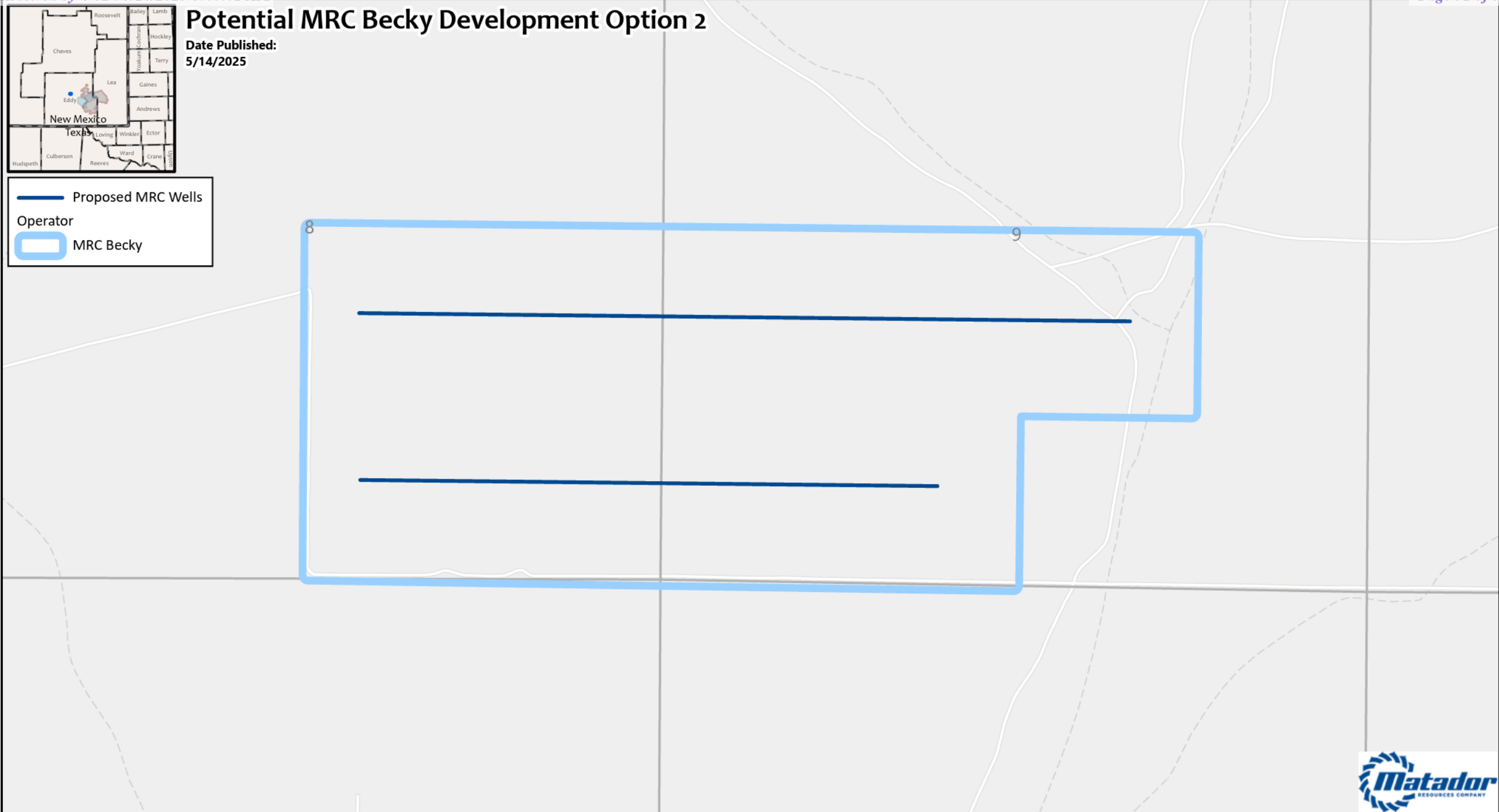
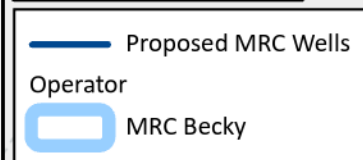
Map Prepared by: Lillian.yeargins
Date: May 14, 2025
Project: \\gis\UserData\lyeargins\--projects\Contested Hearing Map\Contested Hearing.aprx
Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office, GIS Department,
Texas Cooperative Wildlife Collection, Texas A&M University;
United States Census Bureau [TIGER]

Exhibit A-4

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-4
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**



Date Published:
5/14/2025



GIS Standard Map Disclaimer:
This cartographic product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.



Released to Imaging: 5/20/2025 1:26:15 PM

1:10,000
1 inch equals 833 feet

Map Prepared by: Lillian.yeargins
Date: May 14, 2025
Project: \\gis\UserData\lyeargins\--projects\Contested Hearing Map\Contested Hearing.aprx
Spatial Reference: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
Sources: IHS; ESRI; US DOI BLM Carlsbad, NM Field Office, GIS Department,
Texas Cooperative Wildlife Collection, Texas A&M University;
United States Census Bureau [TIGER]

Exhibit A-5

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-5
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284

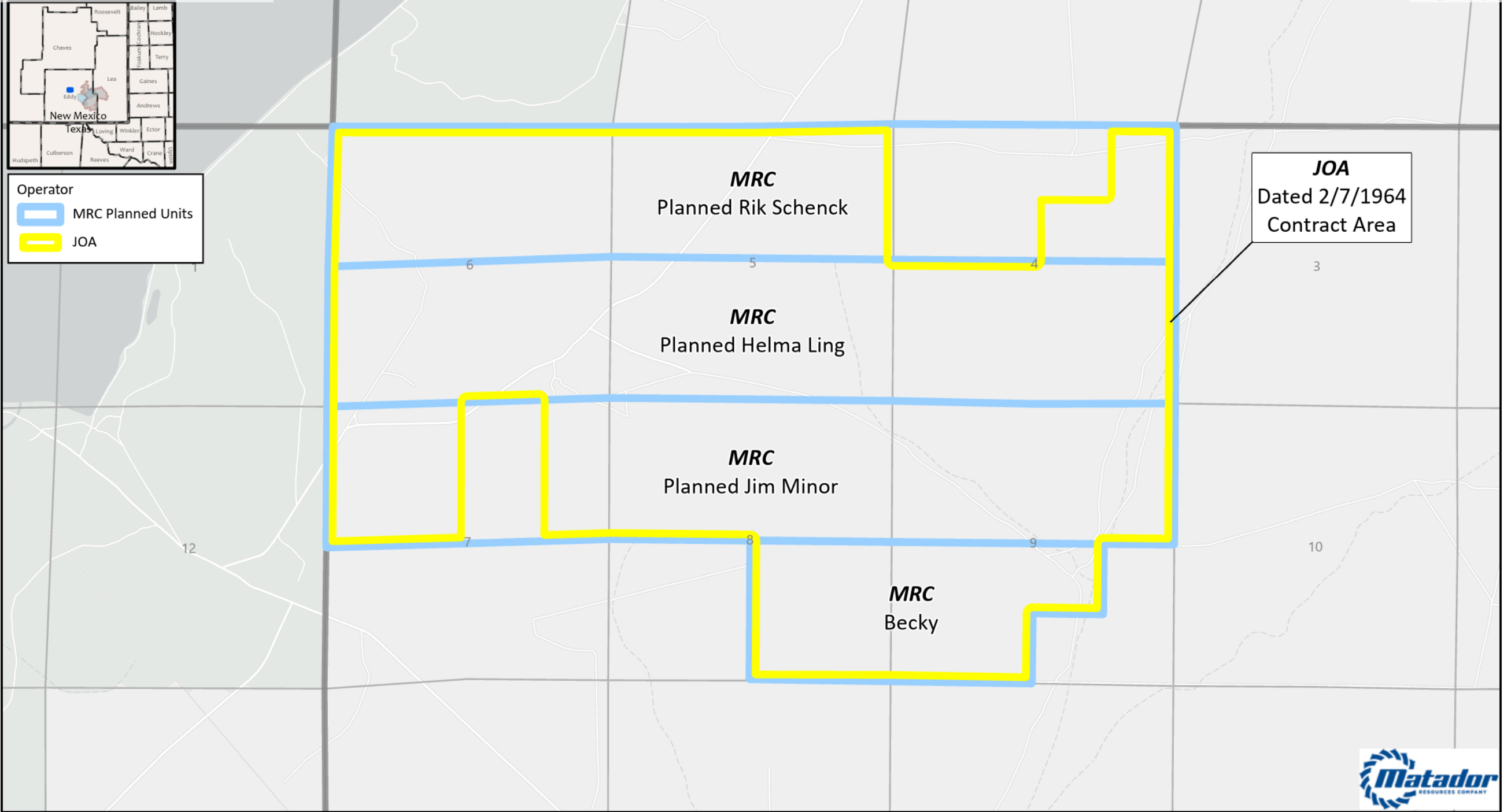
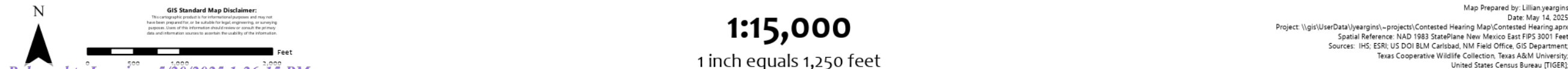


Exhibit A-6

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-6
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**



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

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

Case Nos. 25283-25284

SELF-AFFIRMED STATEMENT OF ANDREW PARKER, GEOLOGIST

1. My name is Andrew Parker. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Vice President of Geosciences.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by Permian Resources Operating, LLC ("Permian") in these consolidated cases, as well as MRC's current development plans for its Becky project, and I have conducted a geologic study of the lands in the subject area.
4. **MRC Exhibit B-1** contains two maps that generally depict MRC's two potential development plans for our Becky project in the SE/4 of Section 8 and the SW/4 and NW/4 SE/4 of Section 9, depending on where MRC can locate surface pads. The first map shows a development plan where MRC would use u-turn wells, which would be MRC's preferred development plan if MRC was able to locate surface on the Eastern side of the project that would allow for u-turn development. The second map shows an alternative development plan, in the event MRC was not able to locate surface on the Eastern side of the project and was able to locate surface on the Western boundary of the project, where MRC would use a combination of 1.25-mile wells

and 1-mile wells. In either scenario, MRC would plan to initially target both the Second Bone Spring and Third Bone Spring of the Bone Spring formation.

5. **MRC Exhibit B-2** is a locator map with a large red box in the top left corner. The yellow shaded rectangle within this larger red box identifies the acreage included in MRC's current Becky development plan.

6. **MRC Exhibit B-3** is a subsea structure map prepared off the top of the Bone Spring formation. The contour interval is 100 feet. The structure map shows the Bone Spring formation gently dipping to the southeast. The structure appears consistent within MRC's Becky project across the proposed wellbore paths. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

7. Also included on MRC Exhibit B-3 is a line of cross section from A to A'.

8. **MRC Exhibit B-4** is a structural cross-section prepared displaying open-hole logs run over the Bone Spring formation from the four representative wells denoted from A to A'. For each well in the cross-section, the following logs are included: gamma ray, caliper, resistivity, and porosity. The proposed target interval for each of MRC's wells (under either development described above), which are in the Second Bone Spring and Third Bone Spring of the Bone Spring formation, is labeled and marked with a yellow shaded area. The logs in the cross-section demonstrate that the targeted intervals within MRC's Becky project is consistent in thickness, across the entirety of the proposed spacing units.

9. In my opinion, the laydown orientation is the strongly preferred orientation for development in this area for Bone Spring wells.

10. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells within the Bone Spring formation within MRC's Becky project.

11. In my opinion, each quarter-quarter section within MRC's Becky project will be productive and contribute more-or-less equally to production from the proposed wells (under either of the two development plans described above).

12. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

13. **MRC Exhibits B-2 through B-4** were either prepared by me or compiled under my direction and supervision.

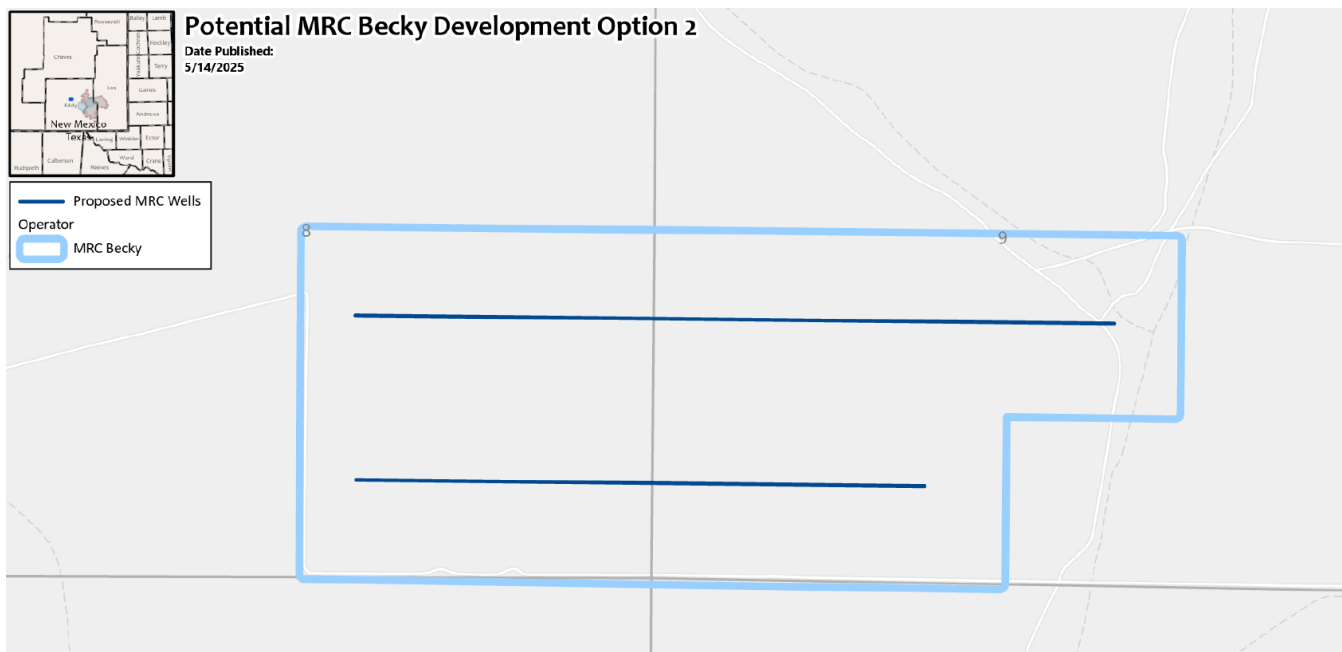
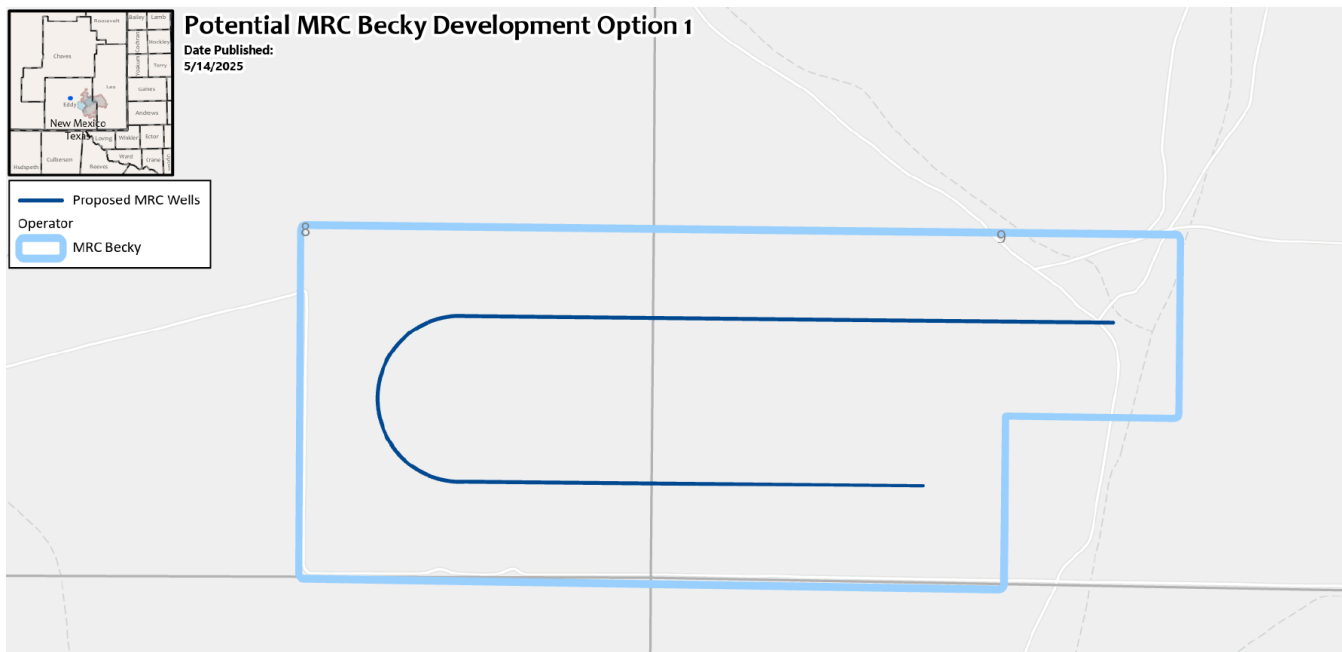
14. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.


Andrew Parker


Date

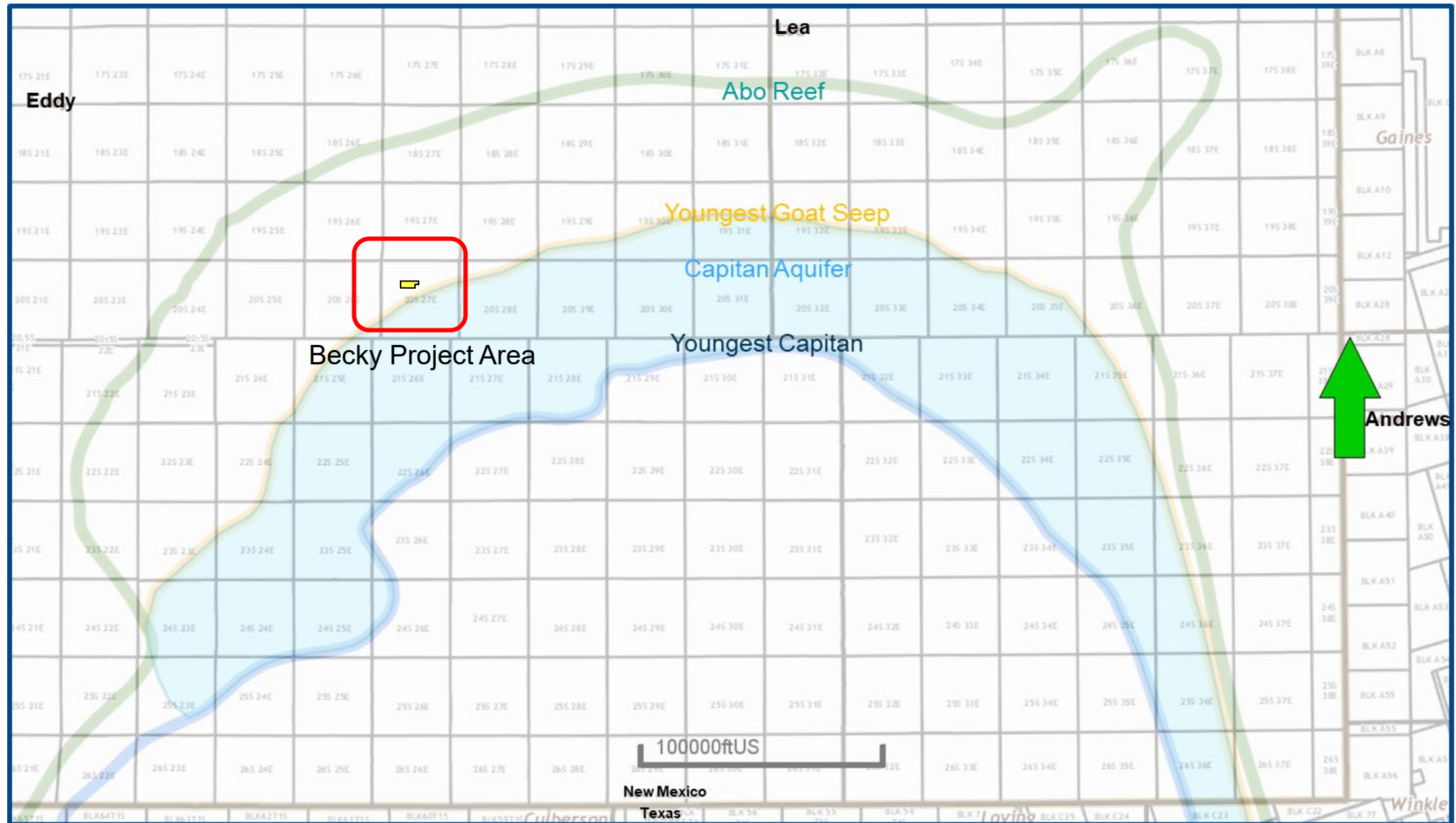
Development Options

Exhibit B-1



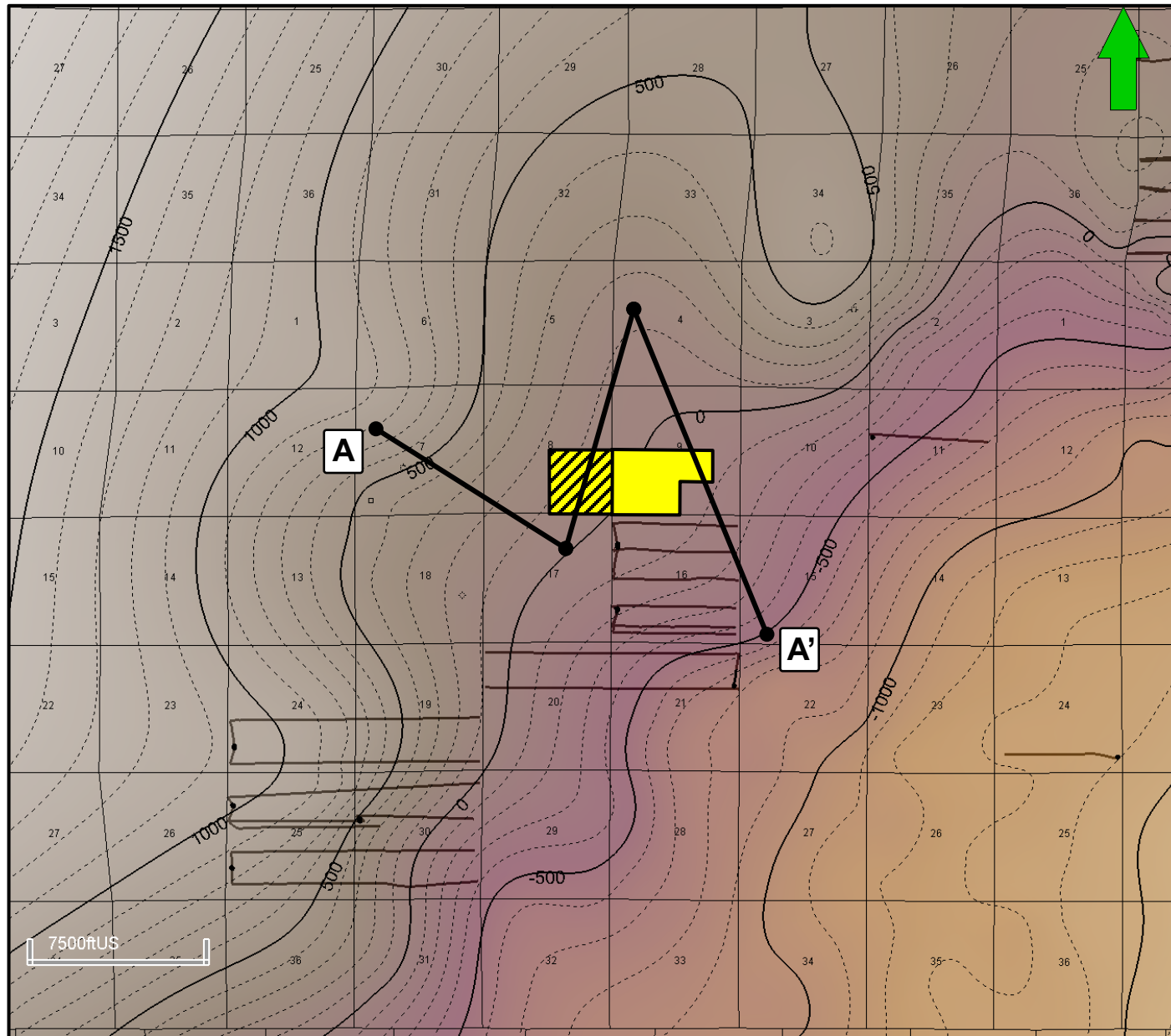
Locator Map

Exhibit B-2



Structure Map (Top Bone Spring Subsea) A – A' Reference Line

Exhibit B-3



Map Legend

Bone Spring Wells



Project Area



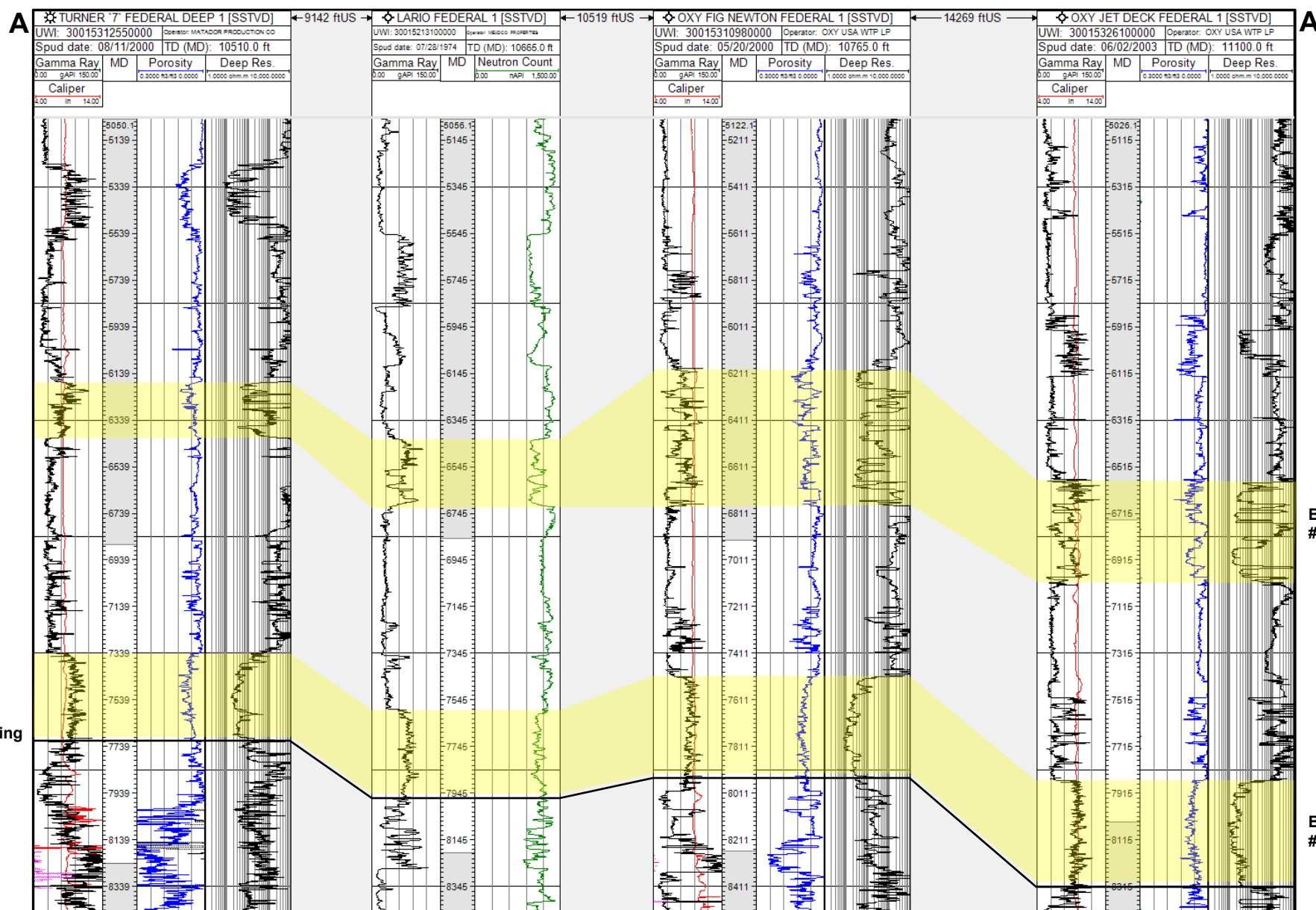
Overlapping Acreage



C. I. = 100'

Structural Cross-Section A – A'

Exhibit B-4



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

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

CASE NOS. 25283-25284

SELF-AFFIRMED STATEMENT OF TANNER SCHULZ

1. My name is Tanner Schulz and I am employed by MRC Energy Company, an affiliate of MRC Permian Company ("MRC"), as the Vice President of Reservoir Engineering and the Reserves Team.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum engineering. My credentials as a petroleum engineer have been accepted by the Division and made a matter of public record.

3. I am familiar with the applications filed by Permian Resources Operating, LLC ("Permian") in these consolidated cases and I am also familiar with MRC's current development plans for its Becky project.

4. Permian's applications in these cases seek to pool spacing units for two-mile laydown laterals in the Bone Spring formation underlying the S/2 of Sections 7 and 8, Township 20 South, Range 27 East, Eddy County, New Mexico. MRC understands that the initial wells proposed in Permian's applications are for the Third Bone Spring of the Bone Spring formation.

5. MRC objects to Permian's applications and requests that they be denied, which would still allow Permian to develop its acreage in the S/2 of Section 7 and SW/4 of Section 8 utilizing 1.5-mile laterals or 3-mile U-turn laterals. I will be addressing the potential risk of waste

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: MRC Permian Company
Hearing Date: May 27, 2025
Permian Case Nos. 25283-25284**

that could be caused if the approval of Permian's applications led to the acreage in the S/2 SW/4 of Section 9 being undeveloped.

6. For purposes of my testimony, I conducted an analysis that assumed (i) the 40 acre tract in the SW/4 SE/4 of Section 9 was an unleased federal tract that would remain unleased, and (ii) that MRC was unable to locate drilling pads on the Eastern portion of its Becky project that would enable it to include the S/2 SW/4 of Section 9 in development using U-turn wells.

7. **MRC Exhibit C-1** contains a map showing Permian's Fiero two-mile spacing units in green, which would be the result if Permian's current applications were approved. The remaining portion of MRC's Becky project (assuming Permian's applications were approved) is shown in yellow. The 40 acre tract in the SW/4 SE/4 of Section 9 that I understand is an unleased federal tract is shown on the map in purple.

8. As mentioned above, my analysis was based on an assumed scenario where MRC was unable to locate its drilling pad on the Eastern portion of the remaining Becky project to allow for U-turn development and was required to locate its drilling pad on the Western boundary of its remaining Becky project area. In that instance, the development of the 80 acres comprised of the S/2 SW/4 of Section 9 (outlined in red on the map) would be limited to one-half mile development if developed on the preferred laydown orientation for this area.

9. The chart at the bottom of Exhibit C-1 contains a summary of an economic analysis of the potential for one-half mile development of the Second Bone Spring and Third Bone Spring targets in that acreage. In conducting this analysis, I surveyed the production results from the wells shown in **MRC Exhibit C-2** (for the Second Bone Spring) and **MRC Exhibit C-3** (for the Third Bone Spring). For purposes of simplicity and objectivity, I used the EURs calculated by a third

party for such wells to calculate an average barrels of oil per foot and gas oil ratio for each respective target using that data set of wells.

10. As shown in the chart at the bottom of Exhibit C-1, this data indicated a Second Bone Spring well result of approximately 55 barrels of oil per foot and a Third Bone Spring well result of approximately 60 barrels of oil per foot. Using an assumed economic run of \$70 per barrel of oil and \$3 per Mcf of gas, the chart on Exhibit C-1 shows that I believe neither a half-mile Second Bone Spring well nor a half-mile Third Bone Spring well would be economically viable because both returns-on-investment ("ROI") are well below one and both rates of return ("RoR") are 0.00% under this analysis. Accordingly, MRC would not elect to drill those half-mile wells under that cost and pricing scenario.

11. If the S/2 SW/4 of Section 9 went undeveloped, the chart on Exhibit C-1 also shows, using the same well result assumptions described above, that there would be approximately 207,000 barrels of oil and 1,345,000 Mcf of gas that would be undeveloped and therefore wasted in the Second Bone Spring and Third Bone Spring within that acreage.

12. However, if Permian's applications were denied, even in a scenario where the federal lease remained unleased and MRC was required to locate drilling pads on the Western boundary of its Becky project, then the S/2 SW/4 of Section 9 could be developed on a one-mile basis as generally depicted on **MRC Exhibit A-4**, which would avoid the waste described above.

13. Accordingly, in my opinion, denying Permian's applications would be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. **MRC Exhibits C-1 through C-3** were either prepared by me or compiled under my direction and supervision.

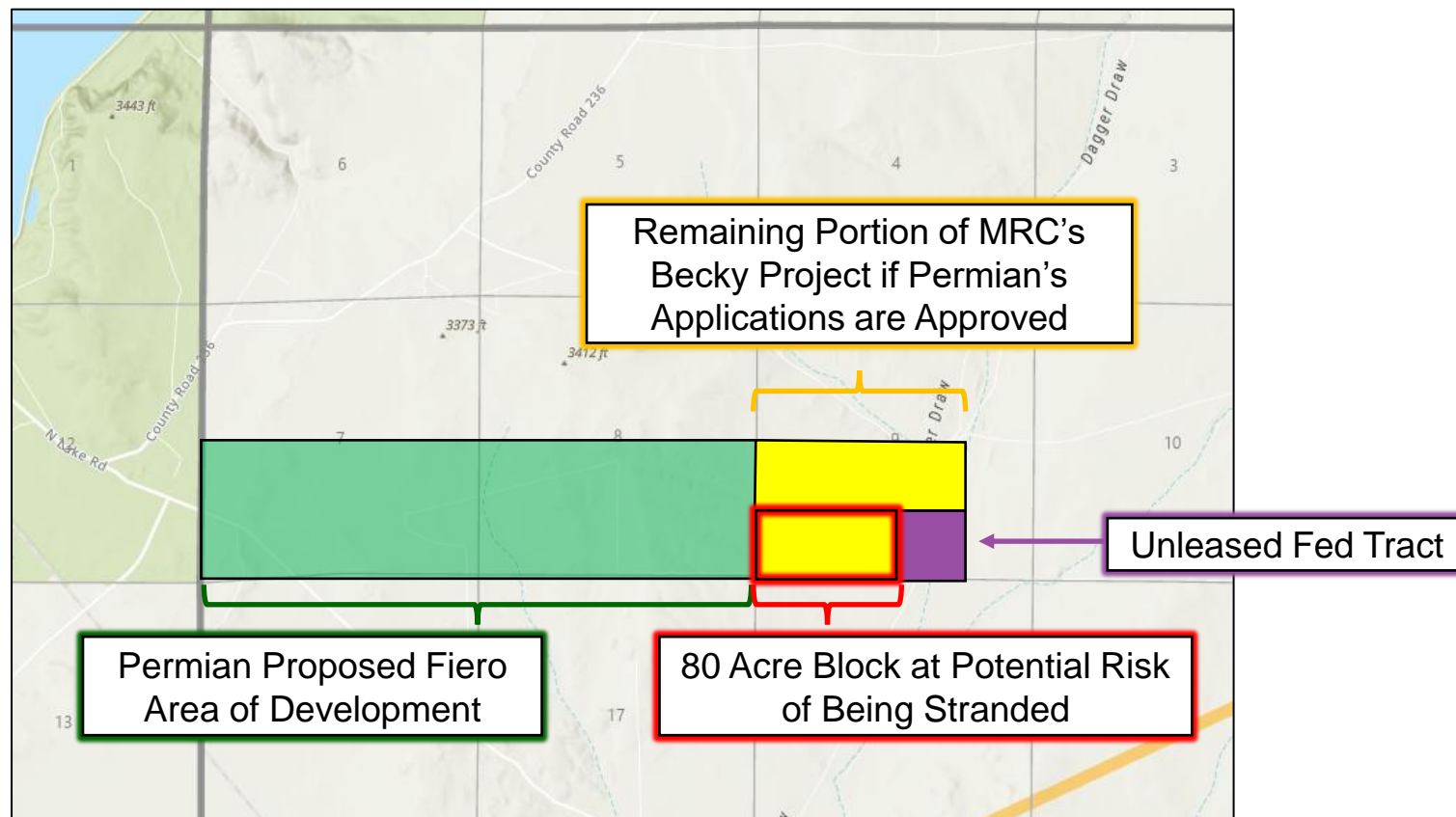
15. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.


Tanner Schulz

5-19-2025
Date

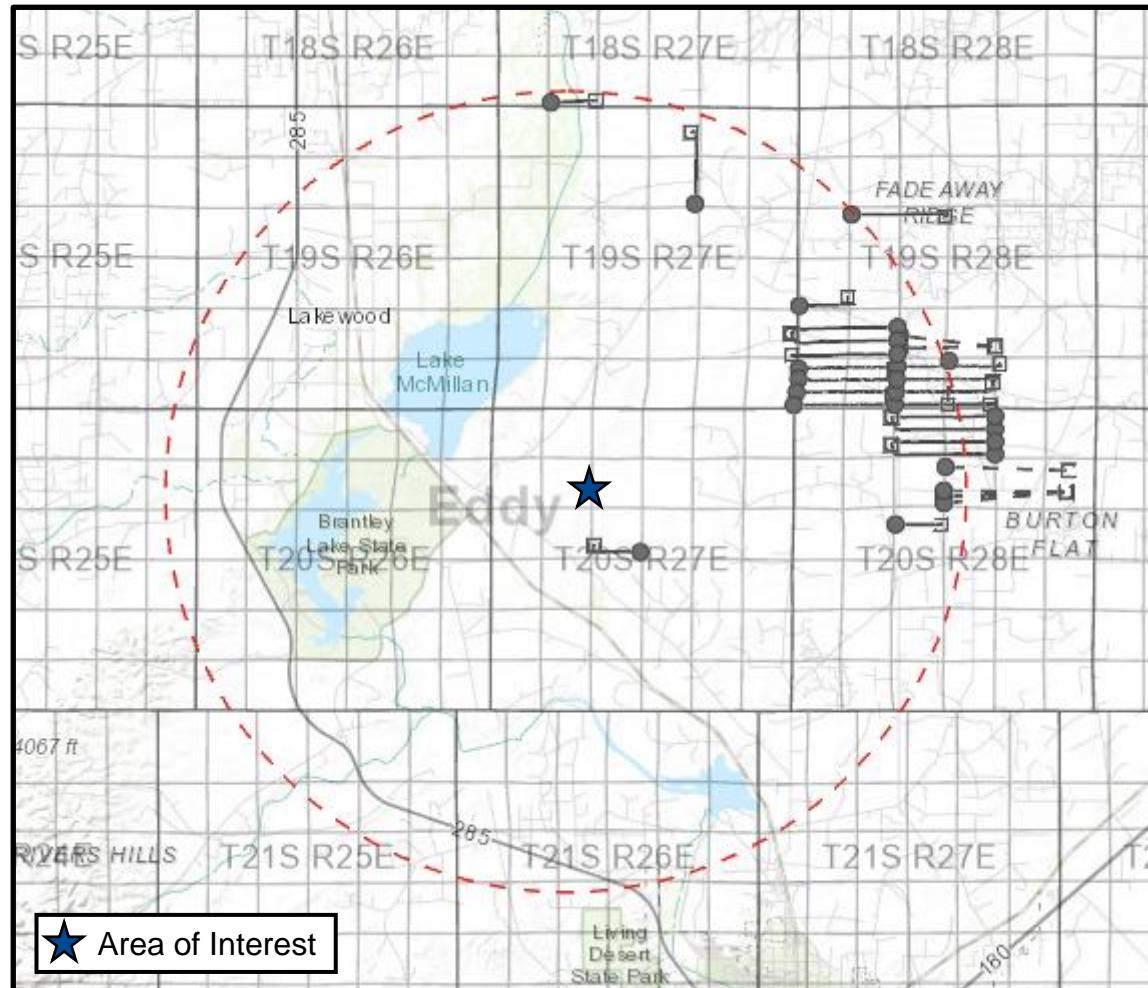
Risk of Potential Waste Caused By Permian's Application

Township 20S Range 27E, Proposed Development Areas



| LNRI | Case | TIL | BO/FT | CapEx (\$MM/well) | RoR ⁽¹⁾ | ROI ⁽¹⁾ | Gross Oil (MBO) | Gross Gas (MMcf) |
|--------------------------------|---------------|----------|-------|-------------------|--------------------|--------------------|-----------------|------------------|
| 75.0% | 0.5-Mile SBSG | 1/1/2027 | 55 | 5.8 | 0.00% | 0.72 | 101 | 727 |
| 75.0% | 0.5-Mile TBSG | 1/1/2027 | 60 | 6.08 | 0.00% | 0.63 | 106 | 618 |
| Total Stranded Reserves | | | | | | | 207 | 1,345 |

2nd Bone Spring Analog Wells

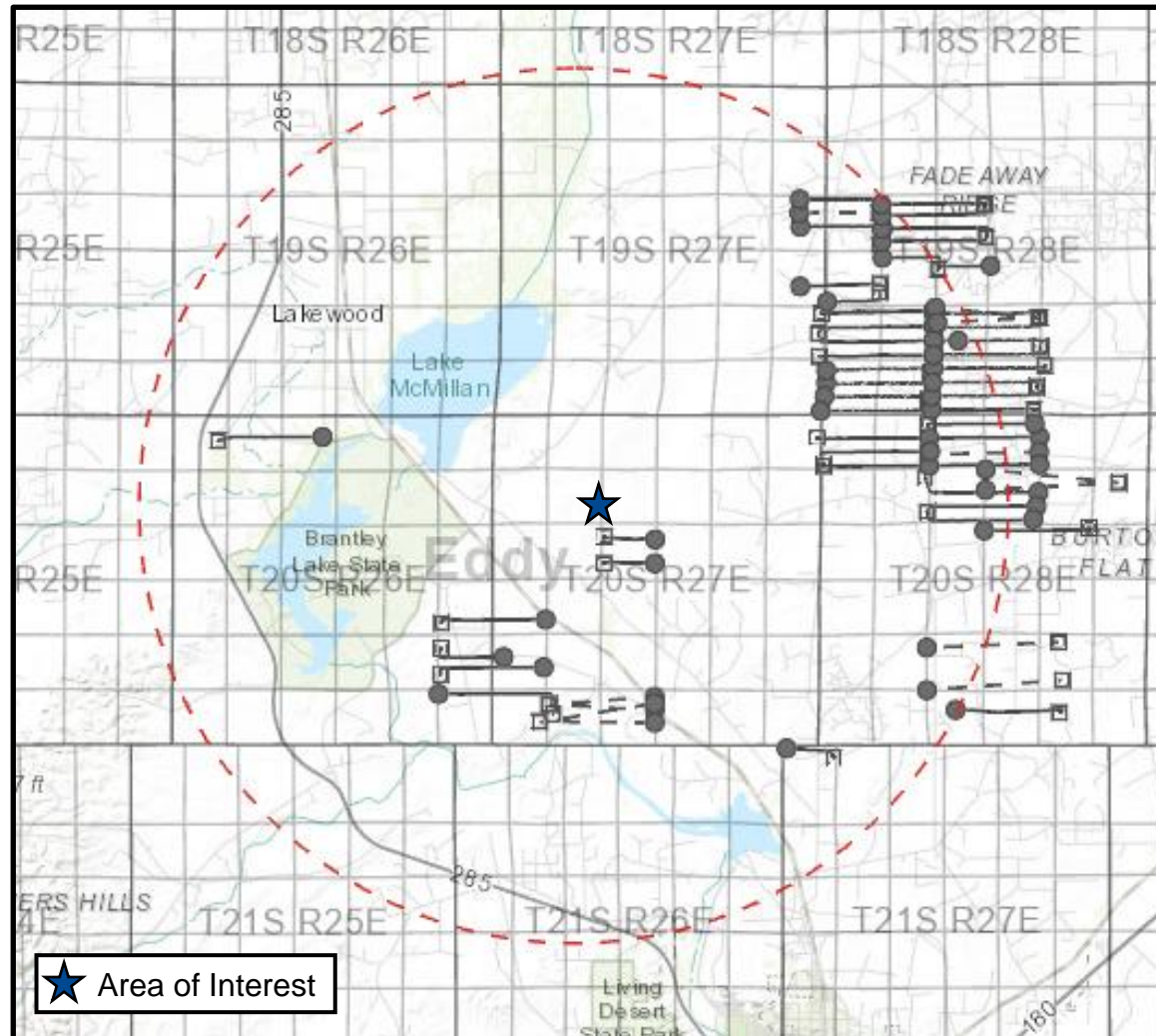


BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-2
 Submitted by: MRC Permian Company
 Hearing Date: May 27, 2025
 Permian Case Nos. 25283-25284

2nd Bone Spring Analog Wells

| API | Well Name |
|----------------|------------------------------------|
| 30015537360000 | BONNEVILLE 16 STATE 204H |
| 30015533020000 | BLACK CAT 16 STATE COM 121H |
| 30015502150000 | PALMILLO 29 30 STATE COM 274H |
| 30015502130000 | PALMILLO 29 30 STATE COM 273H |
| 30015502110000 | PALMILLO 29 30 STATE COM 272H |
| 30015499230000 | BIG BURRO 27 STATE COM 123H |
| 30015499220000 | BIG BURRO 27 STATE COM 124H |
| 30015497720000 | DUNDEE 4 FEDERAL COM 123H |
| 30015497710000 | DUNDEE 4 FEDERAL COM 121H |
| 30015497450000 | DUNDEE 4 FEDERAL COM 122H |
| 30015497440000 | DUNDEE 4 FEDERAL COM 124H |
| 30015482140000 | BIG FISH 12 10 FEDERAL COM 312H |
| 30015477400000 | DAKOTA 32 STATE FEDERAL COM 124H |
| 30015477390000 | DAKOTA 32 STATE FEDERAL COM 123H |
| 30015477340000 | BOLANDER 32 STATE FEDERAL COM 122H |
| 30015477320000 | BOLANDER 32 STATE FEDERAL COM 121H |
| 30015477070000 | SHAMROCK 34 FEDERAL COM 122H |
| 30015477060000 | SHAMROCK 34 FEDERAL COM 121 |
| 30015477040000 | DAWSON 34 FEDERAL COM 123H |
| 30015476030000 | DAWSON 34 FEDERAL COM 124H |
| 30015475990000 | BIG FISH 12 10 FEDERAL COM 314H |
| 30015475980000 | BIG FISH 12 10 FEDERAL COM 315H |
| 30015474970000 | BIG FISH 12 10 FEDERAL COM 033H |
| 30015474000000 | LIGHTFOOT 19 STATE COM 221H |
| 30015452790000 | PALMILLO 21 STATE COM 227H |
| 30015442910000 | SECRETARIAT 3 FEDERAL COM 501H |
| 30015423870000 | ARCO 34 FEDERAL 003H |
| 30015418570000 | STATE CV COM 002H |
| 30015412860000 | WINDMILL 32 FEDERAL COM 004H |

3rd Bone Spring Analog Wells



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-3
 Submitted by: MRC Permian Company
 Hearing Date: May 27, 2025
 Permian Case Nos. 25283-25284

3rd Bone Spring Analog Wells

| API | Well Name |
|----------------|---|
| 30015552080000 | WEAVER 27 STATE COM 122H |
| 30015552070000 | WEAVER 27 STATE COM 121H |
| 30015542620000 | KOALA 9 FEDERAL COM 134H |
| 30015541910000 | KOALA 9 FEDERAL COM 133H |
| 30015541630000 | VENTURA 3233 FEDERAL COM 204H |
| 30015541620000 | VENTURA 3233 FEDERAL COM 203H |
| 30015541580000 | VENTURA 3233 FEDERAL COM 202H |
| 30015541560000 | VENTURA 3233 FEDERAL COM 201H |
| 30015541430000 | KOALA 9 FEDERAL COM 132H |
| 30015540600000 | RED EAGLE 18 STATE COM 131H |
| 30015540590000 | RED EAGLE 18 STATE COM 132H |
| 30015538640000 | SANTA MARIA 31 36 B3AD FEDERAL COM 001H |
| 30015537640000 | RED EAGLE 18 STATE COM 133H |
| 30015537210000 | MAD MAX 6 FEDERAL COM 133H |
| 30015534980000 | BONNEVILLE 16 STATE 304H |
| 30015534600000 | MIA 64 FEE 002H |
| 30015533040000 | BLACK CAT 16 STATE COM 131H |
| 30015533030000 | BLACK CAT 16 STATE COM 122H |
| 30015533000000 | BLACKHAWK 16 STATE COM 133H |
| 30015532990000 | BLACKHAWK 16 STATE COM 124H |
| 30015532980000 | BLACKHAWK 16 STATE COM 123H |
| 30015502160000 | PALMILLO 29 30 STATE COM 378H |
| 30015502140000 | PALMILLO 29 30 STATE COM 377H |
| 30015502100000 | PALMILLO 29 30 STATE COM 376H |
| 30015502020000 | PALMILLO 29 30 STATE COM 375H |
| 30015502010000 | PALMILLO 29 30 STATE COM 271H |
| 30015501480000 | BURTON FLAT DEEP UNIT 333H |
| 30015500540000 | MAD MAX 6 FEDERAL COM 134H |
| 30015500340000 | MAD MAX 6 FEDERAL COM 132H |
| 30015499380000 | LE MANS 2419 STATE COM 305H |

3rd Bone Spring Analog Wells Continued

| API | Well Name |
|----------------|--|
| 30015498060000 | BONNEVILLE 16 STATE 302H |
| 30015497850000 | DUNDEE 4 FEDERAL COM 134H |
| 30015497430000 | DUNDEE 4 FEDERAL COM 131H |
| 30015497420000 | DUNDEE 4 FEDERAL COM 133H |
| 30015497410000 | DUNDEE 4 FEDERAL COM 132H |
| 30015496700000 | CATALINA 25 30 STATE COM 202H |
| 30015492570000 | BURTON FLAT 26 28 FEDERAL STATE COM 335H |
| 30015492530000 | BURTON FLAT 26 28 FEDERAL STATE COM 332H |
| 30015491120000 | CATALINA 25 30 STATE COM 002H |
| 30015477740000 | BOLANDER 32 STATE FEDERAL COM 131H |
| 30015477510000 | SHAMROCK 34 FEDERAL COM 132H |
| 30015477440000 | DAKOTA 32 STATE FEDERAL COM 134H |
| 30015477420000 | DAKOTA 32 STATE FEDERAL COM 133H |
| 30015477360000 | BOLANDER 32 STATE FEDERAL COM 132H |
| 30015477080000 | SHAMROCK 34 FEDERAL COM 131H |
| 30015477050000 | DAWSON 34 FEDERAL COM 133H |
| 30015476040000 | DAWSON 34 FEDERAL COM 134H |
| 30015475970000 | BIG FISH 12 10 FEDERAL COM 313H |
| 30015475950000 | BIG FISH 12 10 FEDERAL COM 311H |
| 30015474250000 | LIGHTFOOT 19 STATE COM 231H |
| 30015473990000 | LIGHTFOOT 19 STATE COM 222H |
| 30015467690000 | WEAVER 27 STATE COM 132H |
| 30015467680000 | WEAVER 27 STATE COM 131H |
| 30015467660100 | BIG BURRO 27 STATE COM 133H |
| 30015467660000 | BIG BURRO 27 STATE COM 133H |
| 30015467650000 | BIG BURRO 27 STATE COM 134H |
| 30015465280000 | PALMILLO 20 STATE COM 365H |
| 30015452820000 | PALMILLO 21 STATE COM 325H |
| 30015452810000 | PALMILLO 21 STATE COM 324H |
| 30015431680000 | ROSCOE 6 B3AD FEDERAL COM 001H |
| 30015431230000 | CHARLIE CHOCOLATE 14 15 FEDERAL COM 031H |