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

IN THE MATTER OF THE APPLICATION OF PERMIAN RESOURCES, INC. FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION, DESIGNATION OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO

CASE NO. 12953

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#### **AFFIDAVIT**

STATE OF NEW MEXICO)

) ss.

COUNTY OF SANTA FE )

J. SCOTT HALL, attorney in fact and authorized representative of Permian Resources, Inc., the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

J. SCOTT HALL

SUBCRIBED AND SWORN to before me this 231d day of October, 2002.

Virginia L. Bell Notary Public



| Address                       |
|-------------------------------|
|                               |
|                               |
| James I. Holden, Jr.          |
| 2250 Havensridge Drive        |
| Colorado Springs, CO 80920    |
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| Sotirios Papadopoulos         |
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| Sydney, Australia             |
| Sotirios Rallis               |
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| Andrei Rallis                 |
| 29 Victory Street             |
| Rose Bay                      |
| Sydney 2023 NSW               |
| Australia                     |
| Miriam P. Christopher         |
| 566 Willow Road               |
| Winnetka, Illinois 60093-4138 |

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# AL NOTAMENTO TO

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

IN THE MATTER OF THE APPLICATION OF PERMIAN RESOURCES, INC. FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION, DESIGNATION OF A SPECIAL PROJECT AREA, AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO

| CASE NO. |  |
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#### APPLICATION

PERMIAN RESOURCES, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to *inter alia* NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

- 1. For the compulsory pooling of all interests in the Strawn formation,
  (Northeast Shoe Bar-Strawn Oil Pool), underlying the S/2 SE/4 of Section 7;
- 2. The designation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the S/2 SE/4 of Section 7 for its directionally drilled well;
- 3. For an exception to the well locational requirements of Division Rule 104 for the drilling of its proposed Chambers No. 2 well at an unorthodox well location; and
- 4. For the simultaneous dedication of production from the Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well, both located in the SE/4 of Section 7.

In support thereof, Applicant would show the Division:

- 1. Applicant owns or controls one-hundred percent of the available working interests in and under the S/2 SE/4 of Section 7, and has the right to drill thereon.
- 2. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other mineral interest owners in the Strawn formation underlying the S/2 SE/4 of said Section 7.

- 3. The Strawn formation reserves that are the target of Applicant's proposed well cannot be efficiently accessed from a straight-hole well drilled at a standard location on the S/2 SE/4 of Section 7.
- 4. Applicant proposes to dedicate the pooled unit to its Chambers No. 2 well to be drilled from an unorthodox surface location 1000 feet from the South line and 1, 100 feet from the East line in the SE/4 SE/4 of Section 7 (Unit P) to an unorthodox Strawn formation bottom hole location 950 feet from the South line and 1,500 feet from the East line in the SW/4 SE/4 (Unit O) of Section 7 to a depth sufficient to test the Strawn formation (Northeast Shoe Bar-Strawn Oil Pool). Applicant anticipates the well will first encounter the Strawn formation at a location approximately 1,000 feet from the South line and 1025 feet from the East line in the SE/4 SE/4 (Unit P) of Section 7, from which point the well will be directionally drilled to the bottom hole location referenced above.
- 5. The directional drilling of the well in this manner is the most efficient means available to encounter and produce the Strawn formation reserves believed to underlie the S/2 SE/4 of Section 7.
- 6. Applicant also proposes to complete the Chambers No. 2 well in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) at an unorthodox location for that pool approximately 950 feet from the South line and 1500 feet from East line of Section 7.
- 7. Applicant operates the Chambers No. 1 well (API No. 30-025-24617) completed at a standard location 555 feet from the South line and 2085 feet from the East line of Section 7 (Unit O) currently producing from the Wolfcamp formation (North Shoe

Bar Wolfcamp Oil Pool). Applicant proposes the simultaneous dedication of the Wolfcamp formation to both the Chambers No. 1 and the Chambers No. 2 well.

- 8. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.
- 9. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will 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 a duly appointed examiner of the Oil Conservation Division on October 24, 2002 and that after notice and hearing as required by law, the Division enter its Order providing as follows:

- 1. Authorizing the creation of an 80-acre Special Project Area pursuant to Division Rule 111 A(9) consisting of the following lands in Section 7: S/2 SE/4;
  - 2. Approving the unorthodox well locations;
- 3. Pooling the S/2 SE/4 of Section 7, including provisions designating Applicant as Operator, and for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well;

- 4. Approving the simultaneous dedication of production from the Wolfcamp formation (North Shoe Bar Wolfcamp Pool) from Applicant's Chambers No. 1 well and its proposed Chambers No. 2 well; and
- 5. Making such other and further provisions as the Division deems appropriate.

MILLER, STRATVERT & TORGERSON, P.A.

By

J. Scott Hall

Attorneys for Permian Resources, Inc.

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Post Office Box 1986

Santa Fe, New Mexico 87504-1986

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WILLIAM K, STRATVERT JAMES B, COLLINS ALBUQUERQUE, NM

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PLEASE REPLY TO SANTA FE

NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
 NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

OF COUNSEL

October 3, 2002

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Miriam P. Christopher 566 Willow Road Winnetka, Illinois 60093-4138

Re: NMOCD Case No. \_\_\_\_\_\_; Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

Dear Ms. Christopher:

Please be advised that Permian Resources, Inc. has filed an Application with the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Oil Pool, underlying the S/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers No. 2 well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Permian Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to designate the referenced unit as a Special Project Area for the directional drilling of its well from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line to an unorthodox bottom hole location 950 feet from the South line and 1,025 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 7 to a depth sufficient to test the Strawn and Wolfcamp formations. Applicant further proposes the simultaneous dedication of Wolfcamp production from the Chambers No. 2 well and the Chambers No. 1 well located in the SW/4 SE/4 of Section 7. A copy of the Application is enclosed.

Permian Resources' Application is set for hearing before a Division Examiner at 8:15 a.m. on Thursday, October 24, 2002 at the NMOCD's offices located at 1220 South St. Francis Drive in Santa Fe, New Mexico. You have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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J. Scott Hall

RAMME B. MILLER
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GEOGRAPHEN M. WIDMAN
SETH V. BINGHAM
TINGTHY R. BINGGS
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#### COLINGE ROSS B. PERKAL JAMES I. WIDLAND BRADLEY D. TEPPER \*\* GARY RIBLEY NELL GRAHAM SALE

#### WILLIAM K. STRATVERT JAMES B. COLLINS

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NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
 NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW
 October 3, 2002

OF COLMER

#### REGISTERED MAIL/RETURN RECEIPT REQUESTED

Andrei Rallis
29 Victory Street
Rose Bay
Sydney 2023 NSW
Australia

Re: NMOCD Case No. \_\_\_\_\_\_, Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

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Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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#### COUNSEL.

noss B. Perkal James J. Widland Bradley D. Tepper\*\* Gary Hisley NELL Graham Sale

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PLEASE REPLY TO SANTA FE

New mexico board of specialization recognized specialist in natural resources - oil & gas law
 New mexico board of specialization recognized specialist in real estate law
 October 3, 2002

#### REGISTERED MAIL/RETURN RECEIPT REQUESTED

Sotirios Rallis General Delivery Silivena Eqialias, Greece

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Very truly yours,

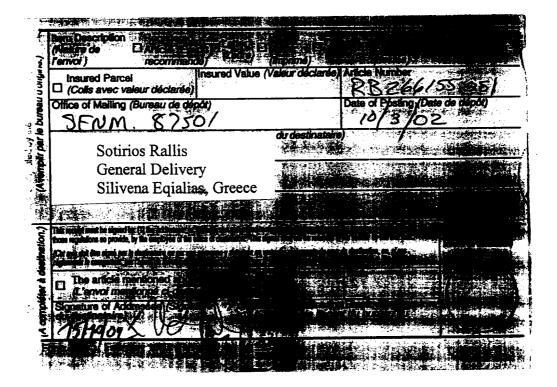
MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall

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WILLIAM K. STRATVERT

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**FARMINGTON, NM** 

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LAS CRUCES, NM

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PLEASE REPLY TO SANTA FE

• NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW •• NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW October 3,2002

#### REGISTERED MAIL/RETURN RECEIPT REQUESTED

Sotirios Papadopoulos Lot 4, Whitebread Place North Rocks 2151 Sydney, Australia

Re: NMOCD Case No. \_\_\_\_\_\_; Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. Papadopoulos:

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Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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J. Scott Hall

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COUNSEL

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JAMES J. WIDLAND

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WILLIAM K. STRATVERT JAMES B. COLLINS

OF COUNSEL

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- ••• NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW
  October 3, 2002

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Ms. Mary Van Wyk 7562 S. University Littleton, Colorado 80122

Re: NMOCD Case No. \_\_\_\_\_; Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

Dear Ms. Van Wyk:

Please be advised that Permian Resources, Inc. has filed an Application with the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Oil Pool, underlying the S/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers No. 2 well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Permian Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to designate the referenced unit as a Special Project Area for the directional drilling of its well from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line to an unorthodox bottom hole location 950 feet from the South line and 1,025 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 7 to a depth sufficient to test the Strawn and Wolfcamp formations. Applicant further proposes the simultaneous dedication of Wolfcamp production from the Chambers No. 2 well and the Chambers No. 1 well located in the SW/4 SE/4 of Section 7. A copy of the Application is enclosed.

Permian Resources' Application is set for hearing before a Division Examiner at 8:15 a.m. on Thursday, October 24, 2002 at the NMOCD's offices located at 1220 South St. Francis Drive in Santa Fe, New Mexico. You have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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J. Scott Hall

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PLEASE REPLY TO SANTA FE

\* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW \*\* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW October 3,2002

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Nancy Fox 16 Auriell Drive Colchester, VT 05446

Re: NMOCD Case No. \_\_\_\_\_\_; Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

Dear Ms. Fox:

Please be advised that Permian Resources, Inc. has filed an Application with the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Oil Pool, underlying the S/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers No. 2 well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Permian Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to designate the referenced unit as a Special Project Area for the directional drilling of its well from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line to an unorthodox bottom hole location 950 feet from the South line and 1,025 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 7 to a depth sufficient to test the Strawn and Wolfcamp formations. Applicant further proposes the simultaneous dedication of Wolfcamp production from the Chambers No. 2 well and the Chambers No. 1 well located in the SW/4 SE/4 of Section 7. A copy of the Application is enclosed.

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Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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 NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

October 3, 2002

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

David Marshall c/o Nancy Fox 16 Auriell Drive Colchester, VT 05446

NMOCD Case No.

; Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well

Location and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. Marshall:

Re:

Please be advised that Permian Resources, Inc. has filed an Application with the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Oil Pool, underlying the S/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers No. 2 well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. designation of Permian Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to designate the referenced unit as a Special Project Area for the directional drilling of its well from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line to an unorthodox bottom hole location 950 feet from the South line and 1,025 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 7 to a depth sufficient to test the Strawn and Wolfcamp formations. Applicant further proposes the simultaneous dedication of Wolfcamp production from the Chambers No. 2 well and the Chambers No. 1 well located in the SW/4 SE/4 of Section 7. A copy of the Application is enclosed.

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Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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J. Scott Hall

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#### OF COUNSEL

WILLIAM K. STRATVERT

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 NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW October 3, 2002

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

James I. Holden, Jr. 2250 Havensridge Drive Colorado Springs, CO 80920

> Re: NMOCD Case No. ; Application of Permian Resources, Inc. for Compulsory Pooling, Designation of a Special Project Area, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. Holden:

Please be advised that Permian Resources, Inc. has filed an Application with the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Oil Pool, underlying the S/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers No. 2 well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Permian Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to designate the referenced unit as a Special Project Area for the directional drilling of its well from an unorthodox surface location 1000 feet from the South line and 1,100 feet from the East line to an unorthodox bottom hole location 950 feet from the South line and 1,025 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 7 to a depth sufficient to test the Strawn and Wolfcamp formations. Applicant further proposes the simultaneous dedication of Wolfcamp production from the Chambers No. 2 well and the Chambers No. 1 well located in the SW/4 SE/4 of Section 7. A copy of the Application is enclosed.

Page 2 September 1992 to the september 1992

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Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

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J. Scott Hall

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