

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

**APPLICATION OF AVANT
OPERATING, LLC FOR COMPULSORY
POOLING AND APPROVAL OF NON-
STANDARD SPACING UNIT, LEA
COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Avant Operating, LLC, OGRID No. 330396 (“Avant” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17 and 19.15.16.15(B)(5) NMAC, for an order (1) creating a non-standard 1,280-acre, more or less, horizontal spacing unit (“HSU”) composed of all of Section 31, Township 18 South, Range 33 East, N.M.P.M. and all of Section 6, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Bone Spring Formation, designated as an oil pool, underlying said HSU.

In support of its Application, Avant states the following:

1. Avant is a working interest owner in the subject lands and has a right to drill wells thereon.
2. Avant seeks to dedicate all of Section 31, Township 18 South, Range 33 East, N.M.P.M. and all of Section 6, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico to form a 1,280-acre, more or less, HSU.
3. Avant seeks to dedicate the above-referenced HSU to the following proposed wells:
 - A. **Emerald Fed Com #301H, Emerald Fed Com #302H, Emerald Fed Com #501H, Emerald Fed Com #502H, Emerald Fed Com #601H, and Emerald Fed**

Com #602H, which are oil wells that will be horizontally drilled from a surface location in Lot 7 of Section 6 to a bottom hole location in the Bone Spring Formation in Lot 1 of Section 31;

B. **Emerald Fed Com #303H, Emerald Fed Com #513H, and Emerald Fed Com #603H**, which are oil wells that will be horizontally drilled from a surface location in Lot 7 of Section 6 to a bottom hole location in the Bone Spring Formation in the NE/4NW/4 (Unit C) of Section 31;

C. **Emerald Fed Com #304H, Emerald Fed Com #514H, and Emerald Fed Com #604H**, which are oil wells that will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) of Section 6 to a bottom hole location in the Bone Spring Formation in the NW/4NE/4 (Unit B) of Section 31; and

D. **Emerald Fed Com #305H, Emerald Fed Com #306H, Emerald Fed Com #515H, Emerald Fed Com #516H, Emerald Fed Com #605H, and Emerald Fed Com #606H**, which are oil wells that will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) of Section 6 to a bottom hole location in the Bone Spring Formation in the NE/4NE/4 (Unit A) of Section 31.

4. The wells are orthodox in their location as defined by 19.15.16.15.(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15.(C) NMAC.

5. Avant has sought in good faith but has been unable to obtain voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Bone Spring formation within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.

8. To provide for its just and fair share of the oil and gas underlying the subject lands, Avant requests that all uncommitted interests in this HSU be pooled and that Avant be designated as the operator of the proposed horizontal wells and HSU.

WHEREFORE, Avant requests this Application be set for hearing on May 2, 2024, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the creation of an approximately 1,280-acre non-standard HSU, composed of the Application Lands, pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Bone Spring Formation underlying the HSU within the Application Lands;
- C. Approving the **Emerald Fed Com #301H, Emerald Fed Com #302H, Emerald Fed Com #501H, Emerald Fed Com #502H, Emerald Fed Com #601H, and Emerald Fed Com #602H, Emerald Fed Com #303H, Emerald Fed Com #513H, and Emerald Fed Com #603H, Emerald Fed Com #304H, Emerald Fed Com #514H, and Emerald Fed Com #604H, Emerald Fed Com #305H, Emerald Fed Com #306H, Emerald Fed Com #515H, Emerald Fed Com #516H, Emerald Fed Com #605H, and Emerald Fed Com #606H,** as the wells for the HSU.
- D. Designating Avant as operator of the HSU and the horizontal wells to be drilled thereon;

- E. Authorizing Avant to recover its costs of drilling, equipping, and completing the wells;
- F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Setting a 200% charge for the risk assumed by Avant in drilling and completing the wells in the event a working interest owner elects not to participate in the wells, as authorized by NMSA 1978, § 70-2-17.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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Application of Avant Natural Resources, LLC for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a non-standard 1,280-acre, more or less, spacing and proration unit composed of all of Section 31, Township 18 South, Range 33 East, N.M.P.M. and all of Section 6, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted mineral interests in the Bone Spring Formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are Emerald Fed Com #301H, Emerald Fed Com #302H, Emerald Fed Com #501H, Emerald Fed Com #502H, Emerald Fed Com #601H, and Emerald Fed Com #602H, which are oil wells that will be horizontally drilled from a surface location in Lot 7 of Section 6 to a bottom hole location in the Bone Spring Formation in Lot 1 of Section 31; Emerald Fed Com #303H, Emerald Fed Com #513H, and Emerald Fed Com #603H, which are oil wells that will be horizontally drilled from a surface location in Lot 7 of Section 6 to a bottom hole location in the Bone Spring Formation in the NE/4NW/4 (Unit C) of Section 31; Emerald Fed Com #304H, Emerald Fed Com #514H, and Emerald Fed Com #604H, which are oil wells that will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) of Section 6 to a bottom hole location in the Bone Spring Formation in the NW/4NE/4 (Unit B) of Section 31; and Emerald Fed Com #305H, Emerald Fed Com #306H, Emerald Fed Com #515H, Emerald Fed Com #516H, Emerald Fed Com #605H, and Emerald Fed Com #606H, which are oil wells that will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) of Section 6 to a bottom hole location in the Bone Spring Formation in the NE/4NE/4 (Unit A) of Section 31. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. Applicant will apply for administrative approval of the non-standard spacing unit. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 5 miles west from Hobbs, New Mexico.