

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



October 16, 2017

Advance Energy Partners Hat Mesa, LLC
Attn: Mr. Tate Savage

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7594

Advance Energy Partners Hat Mesa, LLC
OGRID 372417
Merchant State Unit Well No. 503H
API No. 30-025-43909

Non-Standard Location

Proposed Location:

	Footages	Unit/Lot	Sec.	Twsp	Range	County
Surface	100' FNL & 2250' FWL	C	35	21S	33E	Lea
Penetration Point	400' FNL & 2250' FWL	C	35	21S	33E	Lea
Final perforation	200' FSL & 2250' FWL	N	2	22S	33E	Lea
Terminus	100' FSL & 2250' FWL	N	2	22S	33E	Lea

Proposed Project Area:

Description	Acres	Pool	9	Pool Code
E/2 W/2 of Section 35	320.03	WC 025 G-06 S213326D;		97929
E/2 W/2 of Section 2		Bone Spring		

Reference is made to your application received on September 25, 2017.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

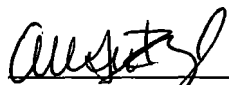
It is our understanding that the Applicant is seeking this location in order to maximize recovery and reserves in the Bone Spring formation.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

 for
DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Hobbs District Office
State Land Office – Oil, Gas, and Minerals Division