

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

**APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**CASE Nos. 16095, 16096, 16097, 16098**

**4 of 4**

**ADVANCE ENERGY PARTNERS HAT MESA, LLC  
May 31, 2018**



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL  
Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

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April 10, 2018

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

**TO: ALL PARTIES TO BE POOLED ON ATTACHED LIST**

**Re: NMOCD Case No. 16097 – Woolhead #503H  
Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard  
Oil Spacing and Proration Unit and Compulsory Pooling, Lea County,  
New Mexico**

Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 E2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 3, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**EXHIBIT A**

**OCD Case No. 16097 (Woolhead #503H)**

**PARTIES TO BE POOLED**

Chevron U.S.A. Inc.  
1400 Smith Street  
Houston, TX 77002

Chevron U.S.A. Inc.  
Attn: Kristen Hunter, Land Representative  
6301 Deauville Blvd.  
Midland, TX 79706

Devon Energy Production Company, L.P.  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102-5015

## BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

Case No. 16097APPLICATION

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand and to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its Wool Head #503H well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 1,650 feet from the east line of Section 20 and a bottom hole location 2,540 feet from the south line and 1,650 feet from the east line of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 for the purposes set forth herein.

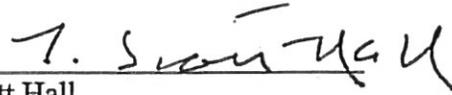
4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17;
- B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17;
- C. Designating Applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall  
Seth C. McMillan  
Post Office Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

*Attorneys for Advance Energy Partners  
Hat Mesa, LLC*

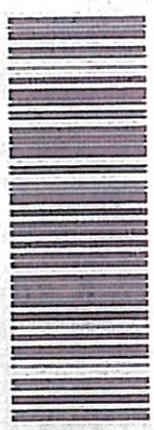
Case No. 16097 : *Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 E2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand. The unit will be dedicated to Applicant's proposed **Wool Head #503H** well to be drilled from an approximate surface location 100 feet from the south line and 1,650 feet from the east line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 1,650 feet from the east line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

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<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p><b>X</b></p> <p>B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span></p> <hr/> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>Article Addressed to:</p> <p><b>Chevron U.S.A. Inc.</b> 1400 Smith Street Houston, TX 77002</p>	<p>3. Service Type <span style="float: right;"><input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™</span></p> <p><input type="checkbox"/> Adult Signature <span style="float: right;"><input type="checkbox"/> Registered Mail Restricted Delivery</span></p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <span style="float: right;"><input type="checkbox"/> Return Receipt for Merchandise</span></p> <p><input type="checkbox"/> Certified Mail® <span style="float: right;"><input type="checkbox"/> Signature Confirmation™</span></p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span></p> <p><input type="checkbox"/> Collect on Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span></p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span></p> <p><input type="checkbox"/> Mail <span style="float: right;"><input type="checkbox"/> Mail Restricted Delivery</span></p> <p><input type="checkbox"/> Mail Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)</p> <p><b>7015 1730 0000 9793 5881</b></p>	<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p> <p style="text-align: right;">Domestic Return Receipt</p>



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**Chevron U.S.A. Inc.**  
1400 Smith Street  
Houston, TX 77002

See Reverse for Instructions

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<p>Article Addressed to:</p> <p><b>Chevron U.S.A. Inc.</b> 1400 Smith Street Houston, TX 77002</p>	<p>3. Service Type <span style="float: right;"><input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™</span></p> <p><input type="checkbox"/> Adult Signature <span style="float: right;"><input type="checkbox"/> Registered Mail Restricted Delivery</span></p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <span style="float: right;"><input type="checkbox"/> Return Receipt for Merchandise</span></p> <p><input checked="" type="checkbox"/> Certified Mail® <span style="float: right;"><input type="checkbox"/> Signature Confirmation™</span></p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span></p> <p><input type="checkbox"/> Collect on Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span></p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span></p> <p><input type="checkbox"/> Mail <span style="float: right;"><input type="checkbox"/> Mail Restricted Delivery</span></p> <p><input type="checkbox"/> Mail Restricted Delivery</p>
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<p>1. Article Addressed to:</p> <p><b>Chevron U.S.A. Inc.</b> Attn: Kristen Hunter, Land Representative 6301 Deauville Blvd. Midland, TX 79706</p>  <p>9590 9403 0913 5223 4342 38</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
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<p>1. Article Addressed to:</p> <p>Devon Energy Production Co., L.P.          333 W. Sheridan Avenue          Oklahoma City, OK 73102-5015</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No          If YES, enter delivery address below:</p> <p>Stamp: OKLAHOMA CITY APR 13 2018 USPS</p>
<p>Barcode: 9590 9403 0913 5223 4342 45</p> <p>Article Number (Transfer from service label)          7015 1730 0000 9793 5874</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery (500)</p>



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL  
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[www.montand.com](http://www.montand.com)

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April 10, 2018

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**TO: ALL OVERRIDING ROYALTY INTEREST OWNERS ON ATTACHED LIST**

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Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**EXHIBIT A**

**OCD Case No. 16097 (Woolhead #503H)**

**OVERRIDING ROYALTY INTEREST OWNERS**

Bullhead Energy, LLC  
217 Rupert Street  
Fort Worth, Texas 76107

Charis Royalty F, LP  
P. O. Box 93983  
Southlake, Texas 76092

Schlagal Brothers  
202 North Eisenhower  
Midland, Texas 79703

Mike Petraitis, MSU  
P.O. Box 10886  
Midland, Texas 79702

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

Case No. 16097

**APPLICATION**

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand and to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its **Wool Head #503H** well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 1,650 feet from the east line of Section 20 and a bottom hole location 2,540 feet from the south line and 1,650 feet from the east line of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17;

B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17;

C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

*Attorneys for Advance Energy Partners*

*Hat Mesa, LLC*

Case No. 16097 : *Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 E2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand. The unit will be dedicated to Applicant's proposed **Wool Head #503H** well to be drilled from an approximate surface location 100 feet from the south line and 1,650 feet from the east line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 1,650 feet from the east line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

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 217 Rupert Street  
 City: Fort Worth, Texas 76107

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City, State

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<p>1. Article Addressed to:</p> <p>Schlagal Brothers          202 North Eisenhower          Midland, Texas 79703</p>	
 9590 9403 0913 5223 4343 20	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
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 Street and: P.O. Box 10886  
 City, State: Midland, Texas 79702

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<p>1. Article Addressed to:          Mike Petraitis, MSU          P.O. Box 10886          Midland, Texas 79702</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
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Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

---

April 10, 2018

VIA CERTIFIED MAIL  
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TO: ALL OFFSET OPERATORS ON ATTACHED LIST

Re: NMOCD Case No. 16097 – Woolhead #503H  
Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard  
Oil Spacing and Proration Unit and Compulsory Pooling, Lea County,  
New Mexico

Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 E2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 3, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

---

REPLY TO:

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**EXHIBIT A**

**OCD Case No. 16097 (Woolhead #503H)**

**OFFSET OPERATORS**

COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701

The Allar Company  
P. O. Box 1567  
Graham, TX 76450-3151

Marathon Oil Permian LLC  
5555 San Felipe  
Houston, TX 77056

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

Case No. 16097

**APPLICATION**

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand and to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its **Wool Head #503H** well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 1,650 feet from the east line of Section 20 and a bottom hole location 2,540 feet from the south line and 1,650 feet from the east line of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17;

B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying W/2 E/2 of Section 20 and the W/2 SE/4 of Section 17;

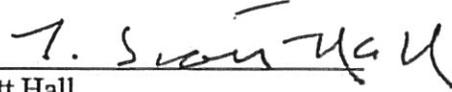
C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall  
Seth C. McMillan  
Post Office Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

*Attorneys for Advance Energy Partners  
Hat Mesa, LLC*

Case No. 16097 : *Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 E2 of Section 20 and the W/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand. The unit will be dedicated to Applicant's proposed **Wool Head #503H** well to be drilled from an approximate surface location 100 feet from the south line and 1,650 feet from the east line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 1,650 feet from the east line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

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 One Concho Center  
 600 West Illinois Avenue  
 Midland, TX 79701



9590 9403 0913 5223 4342 83

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5805

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A. Signature

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Agent

Addressee

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4/13/18

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**P. O. Box 1567**  
**Graham, TX 76450-3151**



2. Article Number (Transfer from service label)  
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A. Signature  
**X**  Agent  
 Addressee

B. Received by (Printed Name) **Melanie Barrett** C. Date of Delivery **4-13-18**

D. Is delivery address different from item 1?  Yes  
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  - Collect on Delivery Restricted Delivery
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  - Insured Mail Restricted Delivery (over \$500)
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  - Registered Mail™
  - Registered Mail Restricted Delivery
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- Return Receipt (electronic) \$ \_\_\_\_\_
- Certified Mail Restricted Delivery \$ \_\_\_\_\_
- Adult Signature Required \$ \_\_\_\_\_
- Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postmark Here

The Allar Company  
 P. O. Box 1567  
 Graham, TX 76450-3151

534 offset 15048-1503  
 16096, 16097, 16098  
 16095

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**The Allar Company**  
**P. O. Box 1567**  
**Graham, TX 76450-3151**



2. Article Number (Transfer from service label)  
**7015 1730 0000 9793 5836**

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X**  Agent  
 Addressee

B. Received by (Printed Name) **Melanie Barrett** C. Date of Delivery **4-13-18**

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Insured Mail Restricted Delivery (over \$500)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Marathon Oil Permian LLC**  
**5555 San Felipe**  
**Houston, TX 77056**



9590 9403 0913 5228 4343 13

2. Article Number (Transfer from service label)  
**7015 1730 0000 9793 5812**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X**  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Mail Restricted Delivery (00)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
 Domestic Mail Only

7015 1730 0000 9793 5812

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

- Certified Mail Fee \$
- Extra Services & Fees (check box, add fee as appropriate)
- Return Receipt (hardcopy) \$
  - Return Receipt (electronic) \$
  - Certified Mail Restricted Delivery \$
  - Adult Signature Required \$
  - Adult Signature Restricted Delivery \$

Postmark Here

**Marathon Oil Permian LLC**  
**5555 San Felipe**  
**Houston, TX 77056**

*Handwritten:* H offset 1504E-1803  
 926, 15097, 15098  
 16095

PS Form 3800, April 2015 PSN 7530-02-000-9053 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Marathon Oil Permian LLC**  
**5555 San Felipe**  
**Houston, TX 77056**



9590 9403 0913 5228 4343 13

2. Article Number (Transfer from service label)  
**7015 1730 0000 9793 5812**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X Marcus Cumeey**  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery  
**Marcus Cumeey** **4-16-18**

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Mail Restricted Delivery (00)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1 Article Addressed to:

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706



9590 9403 0913 5223 4343 06

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5829

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee

- Extra Services & Fees (check box, add fee as appropriate)
- Return Receipt (hardcopy) \$
  - Return Receipt (electronic) \$
  - Certified Mail Restricted Delivery \$
  - Adult Signature Required \$
  - Adult Signature Restricted Delivery \$

Postage

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

Postmark Here

JSH 04527 15045-1003  
16096, 16097, 16098  
16095

7015 1730 0000 9793 5829

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1 Article Addressed to:

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706



9590 9403 0913 5223 4343 06

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5829

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt





**EXHIBIT A**

**OCD Case No. 16098 (Woolhead #504H)**

**PARTIES TO BE POOLED**

Chevron U.S.A. Inc.  
1400 Smith Street  
Houston, TX 77002

Chevron U.S.A. Inc.  
Attn: Kristen Hunter, Land Representative  
6301 Deauville Blvd.  
Midland, TX 79706

Devon Energy Production Company, L.P.  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102-5015

**OVERRIDING ROYALTY INTEREST OWNERS**

Bullhead Energy, LLC  
217 Rupert Street  
Fort Worth, Texas 76107

Charis Royalty F, LP  
P. O. Box 93983  
Southlake, Texas 76092

Schlagal Brothers  
202 North Eisenhower  
Midland, Texas 79703

Mike Petraitis, MSU  
P.O. Box 10886  
Midland, Texas 79702

## **OFFSET OPERATORS**

COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701

The Allar Company  
P. O. Box 1567  
Graham, TX 76450-3151

Marathon Oil Permian LLC  
5555 San Felipe  
Houston, TX 77056

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

Bullhead Energy, LLC  
217 Rupert Street  
Fort Worth, TX 76107

Ascent Energy LLC  
1621 18th Street, Suite 200  
Denver, Colorado 80202

Centennial Resources Production LLC  
1001 Seventeenth Street, Suite 1800  
Denver, Colorado 80202



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL  
Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

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April 10, 2018

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

**TO: ALL PARTIES TO BE POOLED ON ATTACHED LIST**

**Re: NMOCD Case No. 16098 – Woolhead #504H  
Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard  
Oil Spacing and Proration Unit and Compulsory Pooling, Lea County,  
New Mexico**

Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the E/2 E2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 3, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**EXHIBIT A**

**OCD Case No. 16098 (Woolhead #504H)**

**PARTIES TO BE POOLED**

Chevron U.S.A. Inc.  
1400 Smith Street  
Houston, TX 77002

Chevron U.S.A. Inc.  
Attn: Kristen Hunter, Land Representative  
6301 Deauville Blvd.  
Midland, TX 79706

Devon Energy Production Company, L.P.  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102-5015

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

Case No. 16098

**APPLICATION**

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its Wool Head #504H well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 330 feet from the east line of Section 20 and a bottom hole location 2,540 feet from the south line and 330 feet from the east line of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17;

B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17;

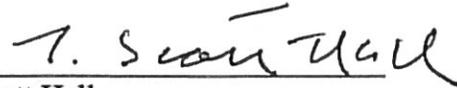
C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in black ink that reads "J. Scott Hall". The signature is written in a cursive style with a horizontal line underneath it.

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

*Attorneys for Advance Energy Partners*

*Hat Mesa, LLC*

Case No. 16098 : *Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the E/2 E2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand. The unit will be dedicated to Applicant's proposed **Wool Head #504H** well to be drilled from an approximate surface location 100 feet from the south line and 330 feet from the east line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 330 feet from the east line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

SENDER COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <b>X</b></p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>Article Addressed to:</p> <p><b>Chevron U.S.A. Inc.</b> 1400 Smith Street Houston, TX 77002</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p>Mail Restricted Delivery (00)</p>
<p>9590 9403 0913 5223 4342 21</p> <p>2. Article Number (Transfer from service label) <b>7015 1730 0000 9793 5881</b></p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
<p>Certified Mail Fee \$ <b>8.00</b></p> <p>Extra Services &amp; Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$</p> <p><input type="checkbox"/> Return Receipt (electronic) \$</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$</p> <p><input type="checkbox"/> Adult Signature Required \$</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$</p>	<p>Postmark Here</p> <p><i>JSK Aired Pacific 15048-1803 16095, 16026, 16027, 16098</i></p>
<p>Postage</p> <p>Total \$</p> <p>Per \$</p> <p>Per @</p>	<p><b>Chevron U.S.A. Inc.</b> 1400 Smith Street Houston, TX 77002</p>

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <b>X</b> <i>Anthony Allen</i></p> <p>B. Received by (Printed Name) <b>Anthony Allen</b></p> <p>C. Date of Delivery <b>4-16-18</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>Article Addressed to:</p> <p><b>Chevron U.S.A. Inc.</b> 1400 Smith Street Houston, TX 77002</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p>Mail Restricted Delivery (00)</p>
<p>9590 9403 0913 5223 4342 21</p> <p>2. Article Number (Transfer from service label) <b>7015 1730 0000 9793 5881</b></p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY													
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature <input checked="" type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee													
1. Article Addressed to: Chevron U.S.A. Inc. Attn: Kristen Hunter, Land Representative 6301 Deauville Blvd. Midland, TX 79706	B. Received by (Printed Name)	C. Date of Delivery												
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No													
 9590 9403 0913 5223 4342 38	3. Service Type <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> </table>		<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
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<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™													
<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery													
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise													
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™													
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery													
2. Article Number (Transfer from service label) 7015 1730 0000 9793 5898	PS Form 3811, July 2015 PSN 7530-02-000-9053 <span style="float: right;">Domestic Return Receipt</span>													

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> ™	
<b>OFFICIAL USE</b>	
Certified Mail Fee \$ <u>3.00</u>	Postmark Here  JSA 15045-1503 Pooled Post-5 0895 0896 16097, 16098
Extra Services & Fees (check box, and fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$ _____ <input type="checkbox"/> Return Receipt (electronic) \$ _____ <input type="checkbox"/> Certified Mail Restricted Delivery \$ _____ <input type="checkbox"/> Adult Signature Required \$ _____ <input type="checkbox"/> Adult Signature Restricted Delivery \$ _____	
Postage \$ _____	Chevron U.S.A. Inc. Attn: Kristen Hunter, Land Representative 6301 Deauville Blvd. Midland, TX 79706
See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY													
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature <input checked="" type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee													
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<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise													
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™													
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery													
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Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

Devon Energy Production Co., L.P.  
 333 W. Sheridan Avenue  
 Oklahoma City, OK 73102-5015

SANTA FE NM  
 APR 10 2018  
 USPS 87504

Post Office Here  
 345 8096  
 874 18698

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<p>1. Article Addressed to:</p> <p>Devon Energy Production Co., L.P.          333 W. Sheridan Avenue          Oklahoma City, OK 73102-5015</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No          If YES, enter delivery address below:</p> <p>APR 13 2018          OKLAHOMA CITY, OK          USPS</p>
<p>9590 9403 0913 5223 4342 45</p> <p>2. Article Number (Transfer from service label)          7015 1730 0000 9793 5874</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery (\$500)</p>



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL  
Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

---

April 10, 2018

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

**TO: ALL OVERRIDING ROYALTY INTEREST OWNERS ON ATTACHED LIST**

**Re: NMOCD Case No. 16098 – Woolhead #504H  
Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard  
Oil Spacing and Proration Unit and Compulsory Pooling, Lea County,  
New Mexico**

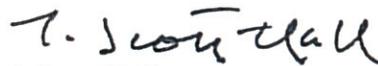
Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the E/2 E2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 3, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

  
J. Scott Hall

JSH/dml  
Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**EXHIBIT A**

**OCD Case No. 16098 (Woolhead #504H)**

**OVERRIDING ROYALTY INTEREST OWNERS**

Bullhead Energy, LLC  
217 Rupert Street  
Fort Worth, Texas 76107

Charis Royalty F, LP  
P. O. Box 93983  
Southlake, Texas 76092

Schlagal Brothers  
202 North Eisenhower  
Midland, Texas 79703

Mike Petraitis, MSU  
P.O. Box 10886  
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

Case No. 16098

APPLICATION

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its **Wool Head #504H** well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 330 feet from the east line of Section 20 and a bottom hole location 2,540 feet from the south line and 330 feet from the east line of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17;

B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17;

C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in black ink that reads "J. Scott Hall". The signature is written in a cursive style with a horizontal line underneath the name.

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

*Attorneys for Advance Energy Partners*

*Hat Mesa, LLC*

Case No. 16098 : *Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the E/2 E2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand. The unit will be dedicated to Applicant's proposed **Wool Head #504H** well to be drilled from an approximate surface location 100 feet from the south line and 330 feet from the east line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 330 feet from the east line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

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Set Bullhead Energy, LLC  
 Street 217 Rupert Street  
 City Fort Worth, Texas 76107

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<p>1. Article Addressed to:</p> <p>Bullhead Energy, LLC          217 Rupert Street          Fort Worth, Texas 76107</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer)</p> <p>7015 1730 0000 9793 5799</p>	
<p>9590 9403 0913 5223 4343 44</p>	
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P. O. Box 93983  
Southlake, Texas 76092



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- Addressee

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Sen Schlagal Brothers

Stre 202 North Eisenhower

City Midland, Texas 79703

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<p>1. Article Addressed to:</p> <p>Schlagal Brothers        202 North Eisenhower        Midland, Texas 79703</p> <p>9590 9403 0913 5223 4343 20</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)</p> <p>7015 1730 0000 9793 5751</p>	<p>(over 3000)</p>
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 Adult Signature Required \$ \_\_\_\_\_  
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Postage

Total Postage and Fees

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City, State

Mike Petraitis, MSU  
P.O. Box 10886  
Midland, Texas 79702

PS Form 3800, April 2015 PSN 7530-02-000-9047

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APR 10 2018  
USPO 87504  
ORRI  
15048-1803 JSA  
16095, 16096  
16097, 16098

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1. Article Addressed to:  
Mike Petraitis, MSU  
P.O. Box 10886  
Midland, Texas 79702



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2. Article Number (Transfer from service label)

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**COMPLETE THIS SECTION ON DELIVERY**

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 Agent  
 Addressee

B. Received by (Printed Name) *Marcos M. Ayabich*  
 C. Date of Delivery *4/12/18*

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 No  
 If YES, enter delivery address below:

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- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Registered Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

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J. SCOTT HALL  
Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

---

April 10, 2018

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL OFFSET OPERATORS ON ATTACHED LIST

Re: NMOCD Case No. 16098 – Woolhead #504H  
Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard  
Oil Spacing and Proration Unit and Compulsory Pooling, Lea County,  
New Mexico

Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the E/2 E2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 3, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

---

REPLY TO:

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

**EXHIBIT A**

**OCD Case No. 16098 (Woolhead #504H)**

**OFFSET OPERATORS**

COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701

The Allar Company  
P. O. Box 1567  
Graham, TX 76450-3151

Marathon Oil Permian LLC  
5555 San Felipe  
Houston, TX 77056

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF ADVANCE ENERGY PARTNERS  
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

Case No. 16098

**APPLICATION**

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its Wool Head #504H well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 330 feet from the east line of Section 20 and a bottom hole location 2,540 feet from the south line and 330 feet from the east line of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17;

B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying E/2 E/2 of Section 20 and the E/2 SE/4 of Section 17;

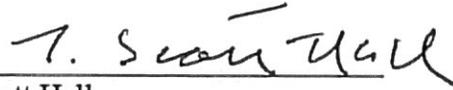
C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall  
Seth C. McMillan  
Post Office Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

*Attorneys for Advance Energy Partners  
Hat Mesa, LLC*

Case No. 16098 : *Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the E/2 E2 of Section 20 and the E/2 SE/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, pooling all mineral interests underlying the non-standard unit from the top of the 1<sup>st</sup> Bone Spring Sand to the base of the 2<sup>nd</sup> Bone Spring Sand. The unit will be dedicated to Applicant's proposed **Wool Head #504H** well to be drilled from an approximate surface location 100 feet from the south line and 330 feet from the east line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 330 feet from the east line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

**SENDER: COMPLETE THIS SECTION**

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1. Article Addressed to:

COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701



9590 9403 0913 5223 4342 83

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5805

PS Form 3811, July 2015 PSN 7530-02-000-9053

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A. Signature

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- Agent
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- Addressee

B. Received by (Printed Name)

C. Date of Delivery

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3. Service Type

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- Certified Mail®
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- Certified Mail Restricted Delivery
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- Collect on Delivery
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- Collect on Delivery Restricted Delivery
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- Insured Mail
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- 
- Insured Mail Restricted Delivery (over \$500)

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- Priority Mail Express®
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- Registered Mail™
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- Registered Mail Restricted Delivery
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- Return Receipt (electronic) \$
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- Certified Mail Restricted Delivery \$
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- Adult Signature Restricted Delivery \$

Postage

COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701

Postmark  
Here

ISH RECEIPT 15248-1803  
 16096, 16097, 16098  
 16095

PS Form 3800, April 2015 PSN 7530-02-000-9053

See Reverse for Instructions

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COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701



9590 9403 0913 5223 4342 83

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5805

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- 
- Agent
- 
- 
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

4/13/18

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- 
- Adult Signature
- 
- 
- Adult Signature Restricted Delivery
- 
- 
- Certified Mail®
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- Certified Mail Restricted Delivery
- 
- 
- Collect on Delivery
- 
- 
- Collect on Delivery Restricted Delivery
- 
- 
- Insured Mail
- 
- 
- Insured Mail Restricted Delivery (over \$500)

- 
- Priority Mail Express®
- 
- 
- Registered Mail™
- 
- 
- Registered Mail Restricted Delivery
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- 
- Return Receipt for Merchandise
- 
- 
- Signature Confirmation™
- 
- 
- Signature Confirmation Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Allar Company  
 P. O. Box 1567  
 Graham, TX 76450-3151



9590 9403 0913 5223 4342 90

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5836

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

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- Return Receipt (hardcopy) \$
  - Return Receipt (electronic) \$
  - Certified Mail Restricted Delivery \$
  - Adult Signature Required \$
  - Adult Signature Restricted Delivery \$

Postmark Here

Postmark

The Allar Company  
 P. O. Box 1567  
 Graham, TX 76450-3151

JSH deficit 15048-1503  
 16096, 16097, 16098  
 16095

7015 1730 0000 9793 5836

**SENDER: COMPLETE THIS SECTION**

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Allar Company  
 P. O. Box 1567  
 Graham, TX 76450-3151



9590 9403 0913 5223 4342 90

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5836

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Melanie Barrett*

- Agent
- Addressee

B. Received by (Printed Name)

*Melanie Barrett*

C. Date of Delivery

*4-13-18*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Domestic Return Receipt

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- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Marathon Oil Permian LLC**  
**5555 San Felipe**  
**Houston, TX 77056**



2. Article Number (Transfer from service label)  
**7015 1730 0000 9793 5812**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X**  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Mail Restricted Delivery (RM)
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  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
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  - Signature Confirmation Restricted Delivery

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 Return Receipt (electronic) \$  
 Certified Mail Restricted Delivery \$  
 Adult Signature Required \$  
 Adult Signature Restricted Delivery \$

Postmark Here

Marathon Oil Permian LLC  
 5555 San Felipe  
 Houston, TX 77056

*if offset 1545-1603  
 596, 16097, 16098  
 16095*

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Marathon Oil Permian LLC**  
**5555 San Felipe**  
**Houston, TX 77056**



2. Article Number (Transfer from service label)  
**7015 1730 0000 9793 5812**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X Marcus Cuneey**  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery  
**Marcus Cuneey** **4-16-18**

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Mail Restricted Delivery (RM)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

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1. Article Addressed to:

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706



9590 9403 0913 5223 4343 06

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5829

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from Item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Restricted Delivery

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Extra Services & Fees (check box, add fee as appropriate)

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- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postage

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

Postmark Here

JSH 04527 15045-1003  
16096, 16097, 16098  
16095

7015 1730 0000 9793 5812

**SENDER: COMPLETE THIS SECTION**

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

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EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706



9590 9403 0913 5223 4343 06

2. Article Number (Transfer from service label)

7015 1730 0000 9793 5829

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from Item 1?  Yes  
If YES, enter delivery address below:  No

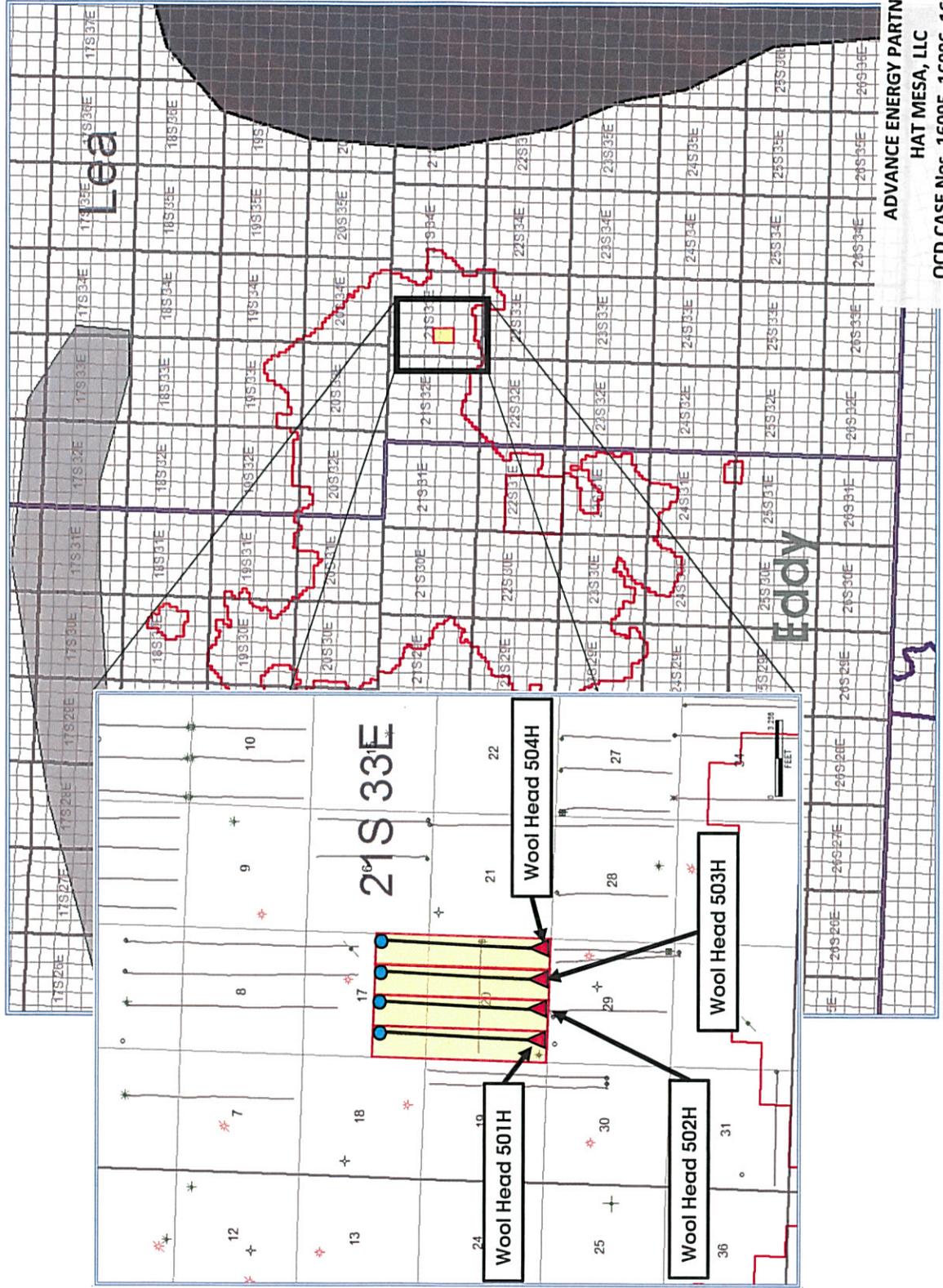
3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt

# Bone Springs (Pool Code 97895) Locator Map



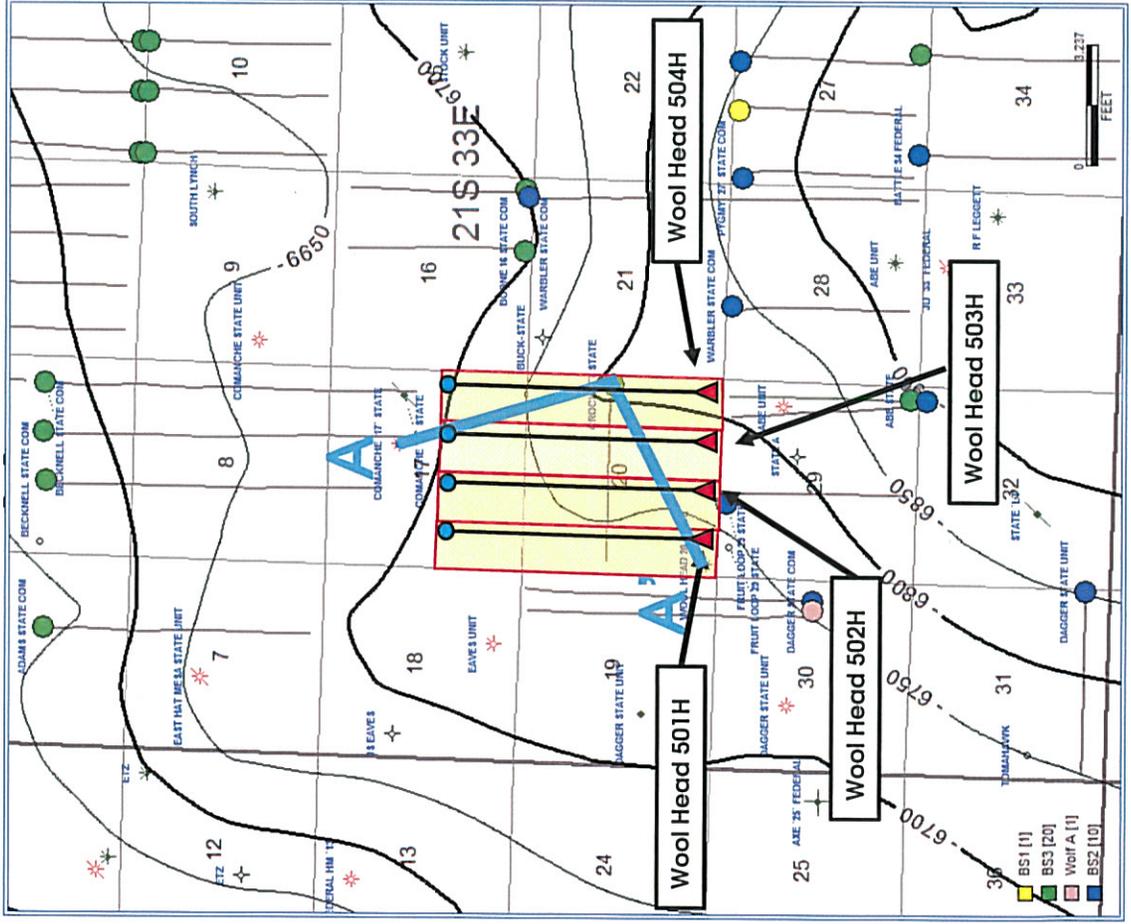
ADVANCE ENERGY PARTNERS  
HAT MESA, LLC

OCD CASE Nos. 16095, 16096, 16097, 16098

Exhibit No. 14

NM Oil Conservation Division  
Hearing - May 31, 2018

# BS2 - Bone Springs (Pool Code 97895) BS2 SSTD Structure Map



## Map Legend

**Advance Energy Partners Horizontal Location**

- BHL
- SHL

**Project Areas**

- 1st Bone Spring HZ Producer
- 2nd Bone Spring HZ Producer
- 3rd Bone Spring HZ Producer
- Woolcamp A HZ Producer

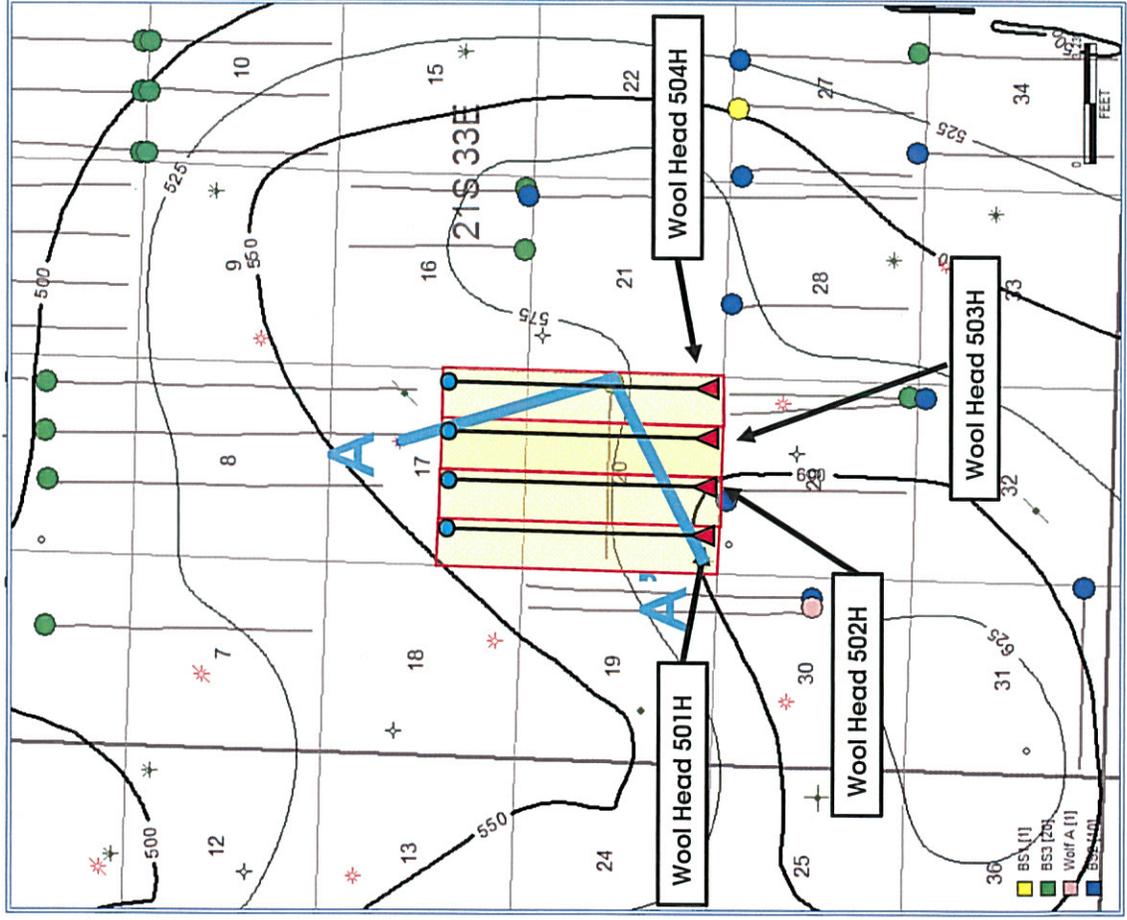
**Cross-section Location**

A

A'

C.I. = 50'  
 ADVANCE ENERGY PARTNERS  
 HAT MESA, LLC  
 OCD CASE Nos. 16095, 16096, 16097, 16098  
 Exhibit No. 15  
 NM Oil Conservation Division  
 Hearing - May 31, 2018

# BS2 - Bone Springs (Pool Code 97895) BS2 Thickness Map



## Map Legend

BHL } Advance Energy Partners  
SHL } Horizontal Location

Project Areas

Cross-section Location



1st Bone Spring  
HZ Producer

2nd Bone Spring  
HZ Producer

3rd Bone Spring  
HZ Producer

Wolfcamp A  
HZ Producer

C.I. = 25'

ADVANCE ENERGY PARTNERS

HAT MESA, LLC

OCD CASE Nos. 16095, 16096, 16097, 16098

Exhibit No. 16

NM Oil Conservation Division

Hearing - May 31, 2018

# Bone Springs (Pool Code 97895) A-A' Cross-section



A'

Proposed Wool Head 501H (502H, 503H, 504H)

A

