

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

**APPLICATION OF ADVANCE ENERGY
PARTNERS HAT MESA, LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Advance Energy Partners Hat Mesa, LLC (“Applicant”) applies for an order pooling all uncommitted mineral interests in the Bone Spring formation from the top of the formation to a true vertical depth (“TVD”) of 10,024’ underlying a 200-acre, more or less, standard horizontal spacing unit comprised of the SE/4SW/4 of Section 26 and the E/2W/2 of Section 35, Township 21 South, Range 32 East in Lea County, New Mexico (“Unit”). In support of its application, Applicant states the following:

1. Applicant (OGRID No. 372417) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to following well:
 - **Anderson Fed Com #506H** (“Well”), which will be horizontally drilled from a surface location in the NE/4NW/4 (Lot 3) of Section 2 in T22S-R32E to a bottom hole location in the SE/4SW/4 (Unit N) of Section 26 in T21S-R32E.
3. The completed interval of the Well will be orthodox.
4. Two depth severances exist in the Bone Spring formation underlying the Unit by virtue of a partial release of oil and gas lease recorded in Lea County on July 7, 2011 (Book 1737, Page 0912 Lea County, New Mexico). The first depth severance is located at 10,024’ TVD, being 100’ below the stratigraphic equivalent of the Anderson 35 #5H well (API No. 30-025-41780), which is dedicated to a proration unit in the S2/S2 of Section 35. The second depth severance is

located at 10,815' TVD, being 100' below the stratigraphic equivalent of the Anderson 35 #3H well (API No. 30-015-41780), which is dedicated to a proration unit in the N2/S2 of Section 35.

5. Accordingly, Applicant seeks to pool all uncommitted interests within the Bone Spring formation from the top of the formation to a TVD of 10,024'.

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all of the mineral interest owners.

7. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on September 9, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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