

**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 within the Bone Spring formation from a true vertical depth (“TVD”) of 10,024’ to 10,815’ underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the W/2SW/4 of Section 26 and the W/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 wells:

- **Anderson Fed Com #501H**, which will be horizontally drilled from a surface location in the NW/4NW/4 (Lot 4) of Section 2 in T22S-R32E to a bottom hole location in the NW/4SW/4 (Unit L) of Section 26 in T21S-R32E; and
- **Anderson Fed Com #505H**, which will be horizontally drilled from a surface location in the NW/4NW/4 (Lot 4) of Section 2 in T22S-R32E to a bottom hole location in the NW/4SW/4 (Unit L) of Section 26 in T21S-R32E (collectively the “Wells”).

3. The completed interval of the **Anderson Fed Com #505H** well will be unorthodox.

The completed intervals of the remaining Wells 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 a TVD of 10,024' to 10,815'.

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the Wells 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 Wells 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 Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;

- 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 Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy
Michael Rodriguez
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

Counsel for Advance Energy Partners Hat Mesa, LLC