

**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 underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SE/4 NE/4 and E/2 SE/4 of Section 13, E/2 E/2 of Section 24, and E/2 NE/4 of Section 25, 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:
  - **Margarita Federal Com #7H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
  - **Margarita Federal Com #8H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
  - **Margarita Federal Com #12H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a

bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;  
and

- **Margarita Federal Com #16H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E; (“Wells”).

3. The completed intervals of the Wells will be orthodox.

4. 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.

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

6. 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

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