

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. 22106

EXHIBIT INDEX

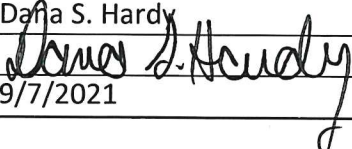
**Compulsory Pooling Checklist**

<b>Exhibit A</b>	<b>Self-Affirmed Statement of Paul Burdick</b>
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Plat of Tracts, Tract Ownership, Pooled Party, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit of Publication
<b>Exhibit B</b>	<b>Self-Affirmed Statement of Edward Caamano</b>
B-1	Location Map
B-2	Structure Map
B-3	Stratigraphic Cross Section

# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

<b>Case No.:</b>	<b>22106</b>
<b>Hearing Date:</b>	<b>9/9/2021</b>
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID	OGRID # 372417
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	ConocoPhillips Company
Well Family	Margarita
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent	Wolfcamp
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Wolfcamp
Pool Name and Pool Code	WC-025 G-10 S213328O; WOLFCAMP pool (98033)
Well Location Setback Rules	Statewide
Spacing Unit Size	360 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	360 acres
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	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
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	-
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Margarita Federal Com #20H (API # pending) SHL: S13-T21S-R32E 460 FNL, 675 'FEL BHL: S25-T21S-R32E 2540 FNL, 330 FEL Completion Target: Wolfcamp formation TVD: Approx. 11900'
Well #2	Margarita Federal Com #24H (API # pending) SHL: S13-T21S-R32E 460 FNL, 741 FEL (Unit A) BHL: S25-T21S-R32E 2540 FNL, 660 FEL (Unit H) Completion Target: Wolfcamp formation TVD: Approx. 12100'
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>APE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	Exhibit A-4
Production Supervision/Month \$	Exhibit A-4

Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
<b>Ownership Determination</b>	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Dana S. Hardy
<b>Signed Name (Attorney or Party Representative):</b>	
<b>Date:</b>	9/7/2021

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. 22106

**SELF-AFFIRMED STATEMENT  
OF PAUL BURDICK**

1. I am a Land Advisor at Advance Energy Partners Hat Mesa, LLC (“AEP”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the application in the above-referenced case and the land matters involved. Copies of this application and proposed hearing notice are attached hereto as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. AEP seeks an order pooling all uncommitted mineral interests in the Wolfcamp 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”).

ADVANCE ENERGY  
PARTNERS HAT MESA,  
LLC  
Case No. 22106  
Exhibit A

5. The Unit will be dedicated to the Margarita Federal Com #20H and #24H wells which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E (“Wells”).

6. The completed intervals of the Wells are orthodox.

7. The Wells are located in the WC-025 G-10 S213328O; WOLFCAMP pool (Pool Code 98033).

8. With respect to well setback requirements, this pool is subject to the statewide horizontal well rules set out in NMAC 19.15.16.15.

9. **Exhibit A-2** contains C-102s for the Wells.

10. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also contains any applicable lease numbers, unit recapitulation, and the interests AEP seeks to pool.

11. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the area.

12. AEP has conducted a diligent search of all public records in Lea County including phone directories and computer databases.

13. In my opinion, AEP made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact in **Exhibit A-5**.

14. AEP requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by AEP and by other operators in the vicinity.

15. Notice of AEP's application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as **Exhibit A-6**.

16. Notice of AEP's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

17. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

18. In my opinion, the granting of AEP's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

19. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 18 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Paul Burdick  
Paul Burdick

9-2-2021  
Date

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

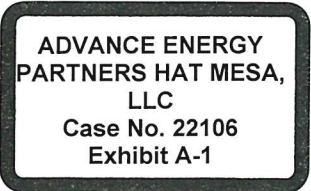
APPLICATION OF ADVANCE ENERGY  
PARTNERS HAT MESA, LLC FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO

Case No. 22106

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 Wolfcamp 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 Fed Com #20H**, 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 Fed Com #24H**, 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

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*

**Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks applies for an order pooling all uncommitted mineral interests in the Wolfcamp 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”). The Unit will be dedicated to following wells:

- Margarita Fed Com #20H, 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 Fed Com #24H, 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”).

The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately twenty-seven (27) miles west of Eunice, New Mexico.

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-8181 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3400 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 4, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MARGARITA FEDERAL COM	Well Number 20H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3906'

Surface Location

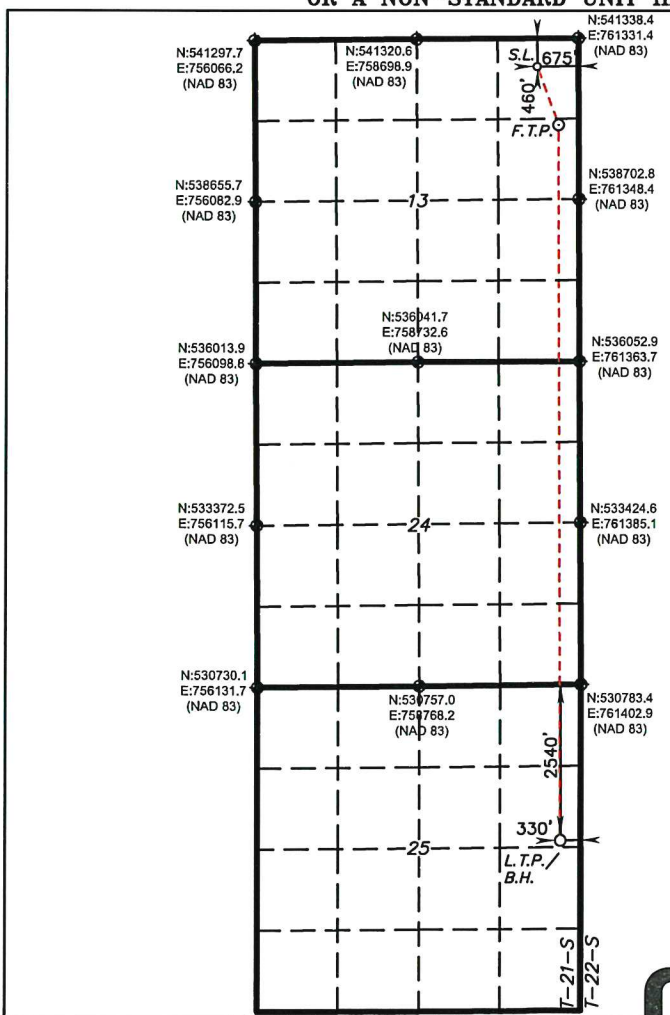
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
A	13	21 S	32 E		460	NORTH	675	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	25	21 S	32 E		2540	NORTH	330	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**SURFACE LOCATION**  
 Lat - N 32.484914°  
 Long - W 103.622055°  
 NMSPC - N 540873.7  
 E 760659.4  
 (NAD-83)

**FIRST TAKE POINT**  
 1420 FNL & 330 FEL  
 Lat - N 32.482276°  
 Long - W 103.620937°  
 NMSPC - N 539916.2  
 E 761010.6  
 (NAD-83)

**LAST TAKE POINT/  
 BOTTOM HOLE**  
 Lat - N 32.450181°  
 Long - W 103.620981°  
 NMSPC - N 528239.9  
 E 761074.9  
 (NAD-83)

**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unLEASED mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 Email Address \_\_\_\_\_

**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APR 16, 2020  
 Date Surveyed  
 Signature & Seal of Professional Surveyor  
 Gary J. Jones  
 Certificate No. 7977  
 Basis: SURVEY

0' 1500' 3000' 4500' 6000'  
 SCALE: 1" = 3000'  
 WO Num.: 35093

ADVANCE ENERGY PARTNERS HAT MESA, LLC  
 Case No. 22106  
 Exhibit A-2

**DISTRICT I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone (575) 393-8181 Fax: (575) 393-9720

**DISTRICT II**  
 811 S. First St., Artesia, NM 86210  
 Phone (505) 748-1283 Fax: (505) 748-9720

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State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised August 4, 2011

Submit one copy to appropriate  
 District Office

**OIL CONSERVATION DIVISION**  
 1220 South St. Francis Dr.  
 Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MARGARITA FEDERAL COM	Well Number 24H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3907'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
A	13	21 S	32 E		460	NORTH	741	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	25	21 S	32 E		2540	NORTH	660	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**SURFACE LOCATION**  
 Lat - N 32.484914°  
 Long - W 103.622269°  
 NMSPC - N 540873.4  
 E 760593.4  
 (NAD-83)

**FIRST TAKE POINT**  
 1420 FNL & 660 FEL  
 Lat - N 32.482276°  
 Long - W 103.622007°  
 NMSPC - N 539914.0  
 E 760680.6  
 (NAD-83)

**LAST TAKE POINT/  
 BOTTOM HOLE**  
 Lat - N 32.450178°  
 Long - W 103.622050°  
 NMSPC - N 528236.6  
 E 760744.9  
 (NAD-83)

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

Email Address \_\_\_\_\_

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**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

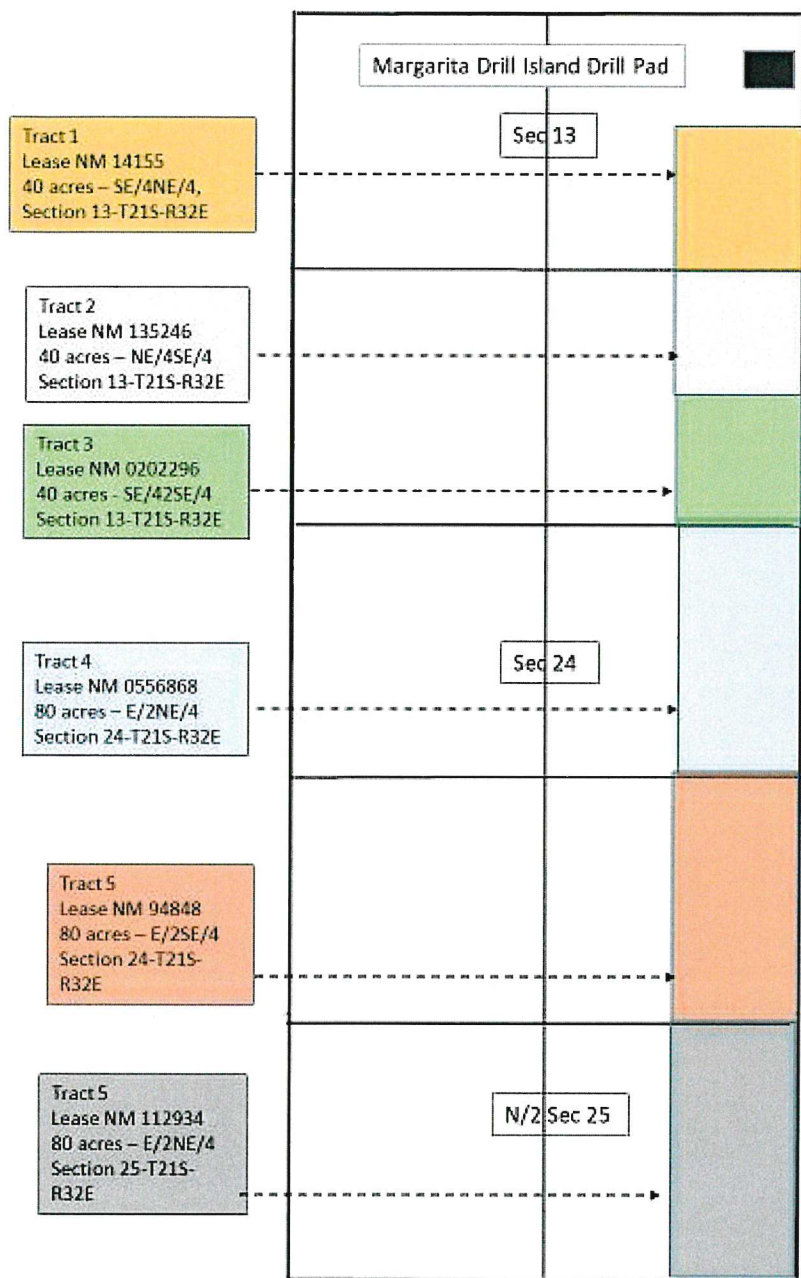
APR 15, 2020  
 Date Surveyed \_\_\_\_\_

Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977  
 BASIN SURVEYORS

0' 1500' 3000' 4500' 6000' IN  
 SCALE: 1" = 3000'  
 WO Num.: 35093

**Exhibit A-3**  
 SE/4NE/4, E/2SE/4 Section 13, E/2E/2 Section 24, E/2NE/4 Section 25, T21S-R32E, Lea County, N.M.



**ADVANCE ENERGY  
 PARTNERS HAT MESA,  
 LLC**  
 Case No. 22106  
 Exhibit A-3

### Exhibit A-3

S/2E/2NE/4, E/2SE/4 Section 13, E/2E/2 Section 24, E/2NE/4 Section 25, T21S-R32E, Lea County, N.M.

Tract 1: SE/4NE/4 Section 13-21S-32E (BLM Lease NM 14155)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

Tract 2: NE/4SE/4 Section 13-21S-32E (BLM Lease NM 135246)

Marathon Oil Permian, LLC 100% W.I.

Tract 3: SE/4SE/4 Section 13-21S-32E (BLM Lease NM 0202296)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

Tract 4: E/2NE/4 Section 24-21S-32E (BLM Lease NM 0556868)

Advance Energy Partners Hat Mesa, LLC 51.5625% W.I.

ConocoPhillips Company 48.4375% W.I.

Tract 5: E/2SE/4 Section 24-21S-32E (BLM Lease NM 94848)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

Tract 6: E/2NE/4 Section 25-21S-32E (BLM Lease NM 112934)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

RECAPITULATION

Tract No.	Number Acres Committed	Percentage of Interest in Unit
1	40	11.111%
2	40	11.111%
3	40	11.111%
4	80	22.222%
5	80	22.222%
6	80	22.223%
<b>Total</b>	<b>360</b>	<b>100%</b>

Advance Energy Partners Hat Mesa, LLC 11490 Westheimer Road, Suite 950 Houston, Texas 77077	78.125% W.I
ConocoPhillips Company 600 W. Illinois Avenue Midland, Texas 79701	10.764% W.I.
Marathon Oil Permian, LLC 5555 San Felipe St. Houston, Texas 77056	11.111% W.I.
<b>Total</b>	<b>100.000%</b>

Leasehold Interest:

Advance Energy Partners Hat Mesa, LLC .  
11490 Westheimer Road, Suite 950  
Houston, Texas 77077

ConocoPhillips Company  
600 W. Illinois Avenue  
Midland, Texas 79701

Marathon Oil Permian, LLC  
5555 San Felipe St.  
Houston, Texas 77056



11490 Westheimer Road, Suite 950, Houston, Texas 77077 • Phone 832-672-4700 • Fax 832-672-4609

Date: July 7, 2021

Federal Express Tracking No.  
8158 1407 7600  
8158 1407 7611

ConocoPhillips Company  
600 W. Illinois Avenue  
Midland, Texas 79701

Marathon Oil Permian, LLC  
5555 San Felipe St.  
Houston, Texas 77056

Attention: JIV Department

Attention: Jeff Broussard

Re: Corrected Margarita Federal Com Well Proposals  
East Margarita Ridge Development Area  
S/2NE/4, SE/4 Sec 13, E/2 Sec 24, NE/4 Sec 25, T21S-R32E  
Lea County, New Mexico

Ladies and Gentlemen:

This letter is to revise and replace the letter sent June 29, 2021 proposing the wells stated below. In our initial proposals, the attached AFEs contained incorrect bottom-hole locations. This letter and attached AFEs include the corrected AFEs. We ask that you disregard the original proposal dated June 29, 2021.

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following wells, testing the Bone Spring and Wolfcamp formations within the referenced lands. The proposed wells shall be drilled from established and approved Drill Islands designated for the Margarita Ridge Development Area which are located within the N/2NE/4 Section 13, T22S-R32E. The bottom-hole locations shall be in the NE/4 of Section 25, T21S-R32E, Lea County, New Mexico.

Proposed Wells

Well Name	Target	Surface Location in	Measured	True Verical	Lateral	Completed
		Section 13-21S-32E	Depth	Depth	Length	Well Cost Est.
Margarita Federal Com 13 #5H	Bone Spring	1399' FNL, 2014' FEL	22,677	11,250	11,427	\$9,430,906
Margarita Federal Com 13 #6H	Bone Spring	1399' FNL, 1882' FEL	22,840	11,400	11,440	\$9,440,392
Margarita Federal Com 13 #7H	Bone Spring	460' FNL, 774' FEL	23,269	11,250	12,019	\$9,668,352
Margarita Federal Com 13 #8H	Bone Spring	460' FNL, 642' FEL	23,611	11,400	12,211	\$9,735,469
Margarita Federal Com 13 #11H	Bone Spring	1399' FNL, 1948' FEL	22,320	10,900	11,420	\$9,410,062
Margarita Federal Com 13 #12H	Bone Spring	460' FNL, 708' FEL	22,932	10,900	12,032	\$9,648,629
Margarita Federal Com 13 #15H	Bone Spring	1399' FNL, 2047' FEL	23,141	11,700	11,441	\$9,457,974
Margarita Federal Com 13 #16H	Bone Spring	460' FNL, 807' FEL	23,662	11,700	11,962	\$9,645,664
Margarita Federal Com 13 #19H	Wolfcamp	1399' FNL, 1915' FEL	23,319	11,900	11,419	\$9,954,467
Margarita Federal Com 13 #20H	Wolfcamp	460' FNL, 675' FEL	24,071	11,900	12,171	\$10,200,836
Margarita Federal Com 13 #23H	Wolfcamp	1399' FNL, 1981' FEL	23,537	12,100	11,437	\$9,967,154
Margarita Federal Com 13 #24H	Wolfcamp	460' FNL, 741' FEL	24,131	12,100	12,031	\$10,204,751

ADVANCE ENERGY PARTNERS HAT MESA, LLC  
Case No. 22106  
Exhibit A-4



*East Margarita Fed Com Well Proposals - Corrected*

July 7, 2021

Page 2

AEPHM proposes to drill the above wells in accordance to an AAPL 2015 form Joint Operating Agreement (JOA) covering the S/2NE/4, SE/4 of Section 13, E/2 Section 24 and NE/4 Section 25, all in T21S-R32E, Lea County, NM as to the depths lying from the surface to the base of the Wolfcamp formation. The proposed JOA form is attached for your review.

Attached are the AFEs pertaining to the above-described wells. The AFEs are only estimates and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations.

If you elect to participate in the drilling and completion of the proposed wells, please indicate your approval so by signing the AFEs in the space indicated and by returning 1 signed copy of each approved AFE. We also request the party(s) execute the JOA.

If you do not want to participate, as an alternative, Advance Energy Partners is open to acquire your interest under mutually acceptable terms.

Thank you for your consideration to our proposal. and request your timely evaluation and response within 30 days of receipt. If you have questions or require additional information, please contact me using telephone number or email address provided below.

Sincerely,  
Advance Energy Partners Hat Mesa, LLC

Paul Burdick  
Land Advisor  
(832) 672-4623  
Email: [PBurdick@AdvanceEnergyPartners.com](mailto:PBurdick@AdvanceEnergyPartners.com)



AFE#: NM0187

Authorization For Expenditure

Date: Jul 7, 2021

<b>Lease:</b> Margarita Federal	<b>Target:</b> Wolfcamp
<b>Well No:</b> Margarita Federal Com 13 #20H	<b>Projected MD/TVD:</b> 24071/11900
<b>County:</b> Lea	<b>Spud to TD:</b> 23
<b>State:</b> NM	<b>Lateral Length:</b> 11800
<b>SHL:</b> S13-T21S-R32E 460 FNL, 675 'FEL	<b>Stages:</b> 75
<b>BHL:</b> S25-T21S-R32E 2540 FNL, 330 FEL	<b>Proppant/ft:</b> 2500

**Project Description:**

The proposed AFE is for the Margarita Fed Com 20H, a 2.25 section Wolfcamp to be drilled in Lea County, NM. This is a 4 string casing design consisting of the following: 24" surface hole drilled on Water to +/- 1700' and 20" 94# J-55 BTC casing set and cemented in place; 17.5" first intermediate hole drilled on Brine to +/-5600' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-10500' and 9.625" 40# HCP-110 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-24071' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11800' of treatable lateral and completion design will consist of +/-75 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
<b>Tangible Drilling - 01</b>		\$ 1,314,800.00	\$ -	\$ -	\$ 1,314,800.00
9401	Surface Casing	\$ 118,387	\$ -	\$ -	\$ 118,387
9402	Production Casing	\$ 465,915	\$ -	\$ -	\$ 465,915
9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
9412	Intermediate 1 Casing	\$ 686,521	\$ -	\$ -	\$ 686,521
<b>Tangible Completion - 02</b>		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
<b>Tangible Facility - 03</b>		\$ -	\$ -	\$ 500,000.00	\$ 500,000.00
9407	Tanks	\$ -	\$ -	\$ 25,000	\$ 25,000
9408	Vessels	\$ -	\$ -	\$ 150,000	\$ 150,000
9416	Valves & Fittings	\$ -	\$ -	\$ 145,000	\$ 145,000
9417	Electrical	\$ -	\$ -	\$ 75,000	\$ 75,000
9418	Gas Meter	\$ -	\$ -	\$ 6,000	\$ 6,000
9419	Flare	\$ -	\$ -	\$ 6,000	\$ 6,000
9420	Pumps-Surface	\$ -	\$ -	\$ 35,000	\$ 35,000
9421	Production Battery	\$ -	\$ -	\$ 18,000	\$ 18,000
9423	COMM- SCADA/Radio/Telecom	\$ -	\$ -	\$ 6,000	\$ 6,000
9424	Vapor Recovery Unit	\$ -	\$ -	\$ 22,000	\$ 22,000
9490	Miscellaneous	\$ -	\$ -	\$ 12,000	\$ 12,000
<b>TOTAL TANGIBLE COSTS &gt;&gt;&gt;</b>		\$ 1,314,800.00	\$ 46,382.00	\$ 500,000.00	\$ 1,861,182.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
<b>Intangible Drilling - 01</b>		\$ 3,015,870.00	\$ -	\$ -	\$ 3,015,870.00
9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
9211	Location & Roads	\$ 46,784	\$ -	\$ -	\$ 46,784
9202	Drilling - Daywork	\$ 577,840	\$ -	\$ -	\$ 577,840
9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
9224	Fuel	\$ 199,082	\$ -	\$ -	\$ 199,082
9219	Bits & BHA	\$ 127,785	\$ -	\$ -	\$ 127,785
9204	Directional	\$ 407,981	\$ -	\$ -	\$ 407,981
9209	Mud - Chemicals & Engineering	\$ 157,434	\$ -	\$ -	\$ 157,434
9230	Mud - Drill Water	\$ 32,021	\$ -	\$ -	\$ 32,021
9231	Mud - Brine	\$ 17,073	\$ -	\$ -	\$ 17,073
9233	Mud - Diesel	\$ 91,746	\$ -	\$ -	\$ 91,746
9232	Mud - Auxillary	\$ 22,807	\$ -	\$ -	\$ 22,807
9234	Solids Control / Closed Loop	\$ 99,405	\$ -	\$ -	\$ 99,405
9235	Disposal	\$ 162,766	\$ -	\$ -	\$ 162,766
9212	Equipment Rental	\$ 159,893	\$ -	\$ -	\$ 159,893



Authorization For Expenditure

Date: Jul 7, 2021

9237	Mancamp	\$	54,280	\$	-	\$	-	\$	54,280
9218	Casing Services	\$	101,426	\$	-	\$	-	\$	101,426
9208	Cementing & Services	\$	217,005	\$	-	\$	-	\$	217,005
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	3,041	\$	-	\$	-	\$	3,041
9222	Consulting Services	\$	142,005	\$	-	\$	-	\$	142,005
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	16,082	\$	-	\$	-	\$	16,082
9229	Geosteering Services	\$	5,184	\$	-	\$	-	\$	5,184
9236	Safety & Environmental	\$	5,576	\$	-	\$	-	\$	5,576
9205	Drilling Overhead	\$	6,222	\$	-	\$	-	\$	6,222
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	143,221	\$	-	\$	-	\$	143,221
<b>Intangible Completion - 02</b>		\$	-	\$	4,923,784.00	\$	-	\$	4,923,784.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	791,250	\$	-	\$	791,250
9337	Sand	\$	-	\$	570,340	\$	-	\$	570,340
9332	Chemicals	\$	-	\$	356,063	\$	-	\$	356,063
9331	Pump Down Services	\$	-	\$	70,685	\$	-	\$	70,685
9325	Wireline/Perforating	\$	-	\$	494,858	\$	-	\$	494,858
9335	Packers, Frac Plugs & Accessories	\$	-	\$	70,369	\$	-	\$	70,369
9312	Rental Equipment - Surface	\$	-	\$	448,450	\$	-	\$	448,450
9330	Mancamp	\$	-	\$	32,480	\$	-	\$	32,480
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	714,472	\$	-	\$	714,472
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	124,563	\$	-	\$	124,563
9328	Company Supervision	\$	-	\$	6,317	\$	-	\$	6,317
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	51,926	\$	-	\$	51,926
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	11,195	\$	-	\$	11,195
9336	Contingency (10%)	\$	-	\$	248,579	\$	-	\$	248,579
9339	WTR - Brackish Water	\$	-	\$	465,367	\$	-	\$	465,367
9340	WTR - Fresh Water	\$	-	\$	6,469	\$	-	\$	6,469
9343	WTR - AEP Water Recycle	\$	-	\$	24,533	\$	-	\$	24,533
9346	WTR - Water Transfers	\$	-	\$	123,450	\$	-	\$	123,450
<b>Intangible Facility - 03</b>		\$	-	\$	-	\$	400,000.00	\$	400,000.00
9351	Installation Costs - Supervision	\$	-	\$	-	\$	15,000	\$	15,000
9352	Instal-Labor Mechanical	\$	-	\$	-	\$	140,000	\$	140,000
9353	Instal Labor: Inst,Elec,Autom	\$	-	\$	-	\$	144,000	\$	144,000
9354	Instal-Labor: Welding	\$	-	\$	-	\$	15,000	\$	15,000
9356	Fluids,Chemicals	\$	-	\$	-	\$	10,000	\$	10,000
9357	Location,Permit,Damages,Survey	\$	-	\$	-	\$	15,000	\$	15,000
9359	Disposal	\$	-	\$	-	\$	12,000	\$	12,000
9360	Surface Rental	\$	-	\$	-	\$	13,000	\$	13,000
9362	Consulting - Engineering	\$	-	\$	-	\$	12,000	\$	12,000
9363	Trucking Costs	\$	-	\$	-	\$	12,000	\$	12,000
9370	Miscellaneous	\$	-	\$	-	\$	12,000	\$	12,000



AFE#: NM0187

Authorization For Expenditure

Date: Jul 7, 2021

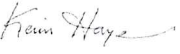
TOTAL INTANGIBLE COSTS >>>	\$ 3,015,870.00	\$ 4,923,784.00	\$ 400,000.00	\$ 8,339,654.00
TOTAL PROJECT COSTS >>>	\$ 4,330,670.00	\$ 4,970,166.00	\$ 900,000.00	\$ 10,200,836.00
	Dry Hole	Completion	Facility	Total

This Authority for Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

Operator: ADVANCE ENERGY PARTNERS HAT MESA

Signature:   
 Name: Braden Harris

Date: Jun 23, 2021  
 Title: V.P. of Drilling & Completions

Signature:   
 Name: Kevin Hayes

Date: Jun 23, 2021  
 Title: C.F.O.

Signature:   
 Name: Peter Lellis

Date: Jun 23, 2021  
 Title: President & C.E.O.

WI Owner: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Printed Name: \_\_\_\_\_



Authorization For Expenditure

<b>Lease:</b> Margarita Federal	<b>Target:</b> Wolfcamp
<b>Well No:</b> Margarita Federal Com 13 #24H	<b>Projected MD/TVD:</b> 24131/12100
<b>County:</b> Lea	<b>Spud to TD:</b> 23.1
<b>State:</b> NM	<b>Lateral Length:</b> 11700
<b>SHL:</b> S13-T21S-R32E 460 FNL, 741 FEL	<b>Stages:</b> 75
<b>BHL:</b> S25-T21S-R32E 2540 FNL, 660 FEL	<b>Proppant/ft:</b> 2500

**Project Description:**

The proposed AFE is for the Margarita Fed Com 24H, a 2.25 section Wolfcamp to be drilled in Lea County, NM. This is a 4 string casing design consisting of the following: 24" surface hole drilled on Water to +/- 1700' and 20" 94# J-55 BTC casing set and cemented in place; 17.5" first intermediate hole drilled on Brine to +/-5600' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-10500' and 9.625" 40# HCP-110 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-24131' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11700' of treatable lateral and completion design will consist of +/-75 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
<b>Tangible Drilling - 01</b>		\$ 1,315,947.00	\$ -	\$ -	\$ 1,315,947.00
9401	Surface Casing	\$ 118,387	\$ -	\$ -	\$ 118,387
9402	Production Casing	\$ 467,062	\$ -	\$ -	\$ 467,062
9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
9412	Intermediate 1 Casing	\$ 686,521	\$ -	\$ -	\$ 686,521
<b>Tangible Completion - 02</b>		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
<b>Tangible Facility - 03</b>		\$ -	\$ -	\$ 500,000.00	\$ 500,000.00
9407	Tanks	\$ -	\$ -	\$ 25,000	\$ 25,000
9408	Vessels	\$ -	\$ -	\$ 150,000	\$ 150,000
9416	Valves & Fittings	\$ -	\$ -	\$ 145,000	\$ 145,000
9417	Electrical	\$ -	\$ -	\$ 75,000	\$ 75,000
9418	Gas Meter	\$ -	\$ -	\$ 6,000	\$ 6,000
9419	Flare	\$ -	\$ -	\$ 6,000	\$ 6,000
9420	Pumps-Surface	\$ -	\$ -	\$ 35,000	\$ 35,000
9421	Production Battery	\$ -	\$ -	\$ 18,000	\$ 18,000
9423	COMM- SCADA/Radio/Telecom	\$ -	\$ -	\$ 6,000	\$ 6,000
9424	Vapor Recovery Unit	\$ -	\$ -	\$ 22,000	\$ 22,000
9490	Miscellaneous	\$ -	\$ -	\$ 12,000	\$ 12,000
<b>TOTAL TANGIBLE COSTS &gt;&gt;&gt;</b>		\$ 1,315,947.00	\$ 46,382.00	\$ 500,000.00	\$ 1,862,329.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
<b>Intangible Drilling - 01</b>		\$ 3,018,638.00	\$ -	\$ -	\$ 3,018,638.00
9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
9211	Location & Roads	\$ 46,792	\$ -	\$ -	\$ 46,792
9202	Drilling - Daywork	\$ 578,898	\$ -	\$ -	\$ 578,898
9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
9224	Fuel	\$ 199,446	\$ -	\$ -	\$ 199,446
9219	Bits & BHA	\$ 127,816	\$ -	\$ -	\$ 127,816
9204	Directional	\$ 407,849	\$ -	\$ -	\$ 407,849
9209	Mud - Chemicals & Engineering	\$ 157,532	\$ -	\$ -	\$ 157,532
9230	Mud - Drill Water	\$ 32,021	\$ -	\$ -	\$ 32,021
9231	Mud - Brine	\$ 17,073	\$ -	\$ -	\$ 17,073
9233	Mud - Diesel	\$ 91,746	\$ -	\$ -	\$ 91,746
9232	Mud - Auxillary	\$ 22,818	\$ -	\$ -	\$ 22,818
9234	Solids Control / Closed Loop	\$ 99,942	\$ -	\$ -	\$ 99,942
9235	Disposal	\$ 162,766	\$ -	\$ -	\$ 162,766
9212	Equipment Rental	\$ 160,193	\$ -	\$ -	\$ 160,193



Authorization For Expenditure

9237	Mancamp	\$	54,341	\$	-	\$	-	\$	54,341
9218	Casing Services	\$	101,426	\$	-	\$	-	\$	101,426
9208	Cementing & Services	\$	217,005	\$	-	\$	-	\$	217,005
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	3,044	\$	-	\$	-	\$	3,044
9222	Consulting Services	\$	142,248	\$	-	\$	-	\$	142,248
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	16,147	\$	-	\$	-	\$	16,147
9229	Geosteering Services	\$	5,154	\$	-	\$	-	\$	5,154
9236	Safety & Environmental	\$	5,581	\$	-	\$	-	\$	5,581
9205	Drilling Overhead	\$	6,235	\$	-	\$	-	\$	6,235
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	143,354	\$	-	\$	-	\$	143,354
<b>Intangible Completion - 02</b>		\$	-	\$	4,923,784.00	\$	-	\$	4,923,784.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	791,250	\$	-	\$	791,250
9337	Sand	\$	-	\$	570,340	\$	-	\$	570,340
9332	Chemicals	\$	-	\$	356,063	\$	-	\$	356,063
9331	Pump Down Services	\$	-	\$	70,685	\$	-	\$	70,685
9325	Wireline/Perforating	\$	-	\$	494,858	\$	-	\$	494,858
9335	Packers, Frac Plugs & Accessories	\$	-	\$	70,369	\$	-	\$	70,369
9312	Rental Equipment - Surface	\$	-	\$	448,450	\$	-	\$	448,450
9330	Mancamp	\$	-	\$	32,480	\$	-	\$	32,480
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	714,472	\$	-	\$	714,472
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	124,563	\$	-	\$	124,563
9328	Company Supervision	\$	-	\$	6,317	\$	-	\$	6,317
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	51,926	\$	-	\$	51,926
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	11,195	\$	-	\$	11,195
9336	Contingency (10%)	\$	-	\$	248,579	\$	-	\$	248,579
9339	WTR - Brackish Water	\$	-	\$	465,367	\$	-	\$	465,367
9340	WTR - Fresh Water	\$	-	\$	6,469	\$	-	\$	6,469
9343	WTR - AEP Water Recycle	\$	-	\$	24,533	\$	-	\$	24,533
9346	WTR - Water Transfers	\$	-	\$	123,450	\$	-	\$	123,450
<b>Intangible Facility - 03</b>		\$	-	\$	-	\$	400,000.00	\$	400,000.00
9351	Installation Costs - Supervision	\$	-	\$	-	\$	15,000	\$	15,000
9352	Instal-Labor Mechanical	\$	-	\$	-	\$	140,000	\$	140,000
9353	Instal Labor: Inst,Elec,Autom	\$	-	\$	-	\$	144,000	\$	144,000
9354	Instal-Labor: Welding	\$	-	\$	-	\$	15,000	\$	15,000
9356	Fluids,Chemicals	\$	-	\$	-	\$	10,000	\$	10,000
9357	Location,Permit,Damages,Survey	\$	-	\$	-	\$	15,000	\$	15,000
9359	Disposal	\$	-	\$	-	\$	12,000	\$	12,000
9360	Surface Rental	\$	-	\$	-	\$	13,000	\$	13,000
9362	Consulting - Engineering	\$	-	\$	-	\$	12,000	\$	12,000
9363	Trucking Costs	\$	-	\$	-	\$	12,000	\$	12,000
9370	Miscellaneous	\$	-	\$	-	\$	12,000	\$	12,000



AFE#: NM0188


Authorization For Expenditure

Date: Jul 7, 2021


TOTAL INTANGIBLE COSTS >>>	\$ 3,018,638.00	\$ 4,923,784.00	\$ 400,000.00	\$ 8,342,422.00
TOTAL PROJECT COSTS >>>	\$ 4,334,585.00	\$ 4,970,166.00	\$ 900,000.00	\$ 10,204,751.00
	Dry Hole	Completion	Facility	Total

This Authority for Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

Operator: ADVANCE ENERGY PARTNERS HAT MESA

Signature:   
 Name: Braden Harris

Date: Jun 23, 2021  
 Title: V.P. of Drilling & Completions

Signature:   
 Name: Kevin Hayes

Date: Jun 23, 2021  
 Title: C.F.O.

Signature:   
 Name: Peter Lellis

Date: Jun 23, 2021  
 Title: President & C.E.O.

WI Owner: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

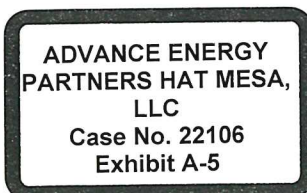
Title: \_\_\_\_\_

Printed Name: \_\_\_\_\_

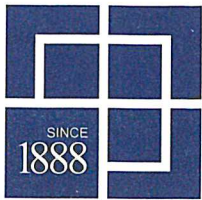
## Communication Timeline

July 7, 2021: Well proposals mailed to ConocoPhillips Company and Marathon Oil Permian, LLC via certified mail.

July-August: Multiple correspondences with ConocoPhillips and Marathon Oil Permian, LLC regarding Advance's proposals and various trade ideas. At this time, neither party has elected to participate in Advance's proposed development plan nor have the parties reached voluntary joinder.







hinklelawfirm.com

**HINKLE SHANOR LLP**  
ATTORNEYS AT LAW  
PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

August 5, 2021

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL INTERESTED PARTIES SUBJECT TO NOTICE**

**Re: Case No. 22106 - Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the subject application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **September 9, 2021** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

**ADVANCE ENERGY  
PARTNERS HAT MESA,  
LLC  
Case No. 22106  
Exhibit A-6**

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
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600 W. Illinois Avenue

City, S Midland, TX 79701

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Sent To: Marathon Oil Permian, LLC  
Street address: Attn: Jeff Broussard, 5555 San Felipe Street  
City, State: Houston, TX 77056

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

*Postmark Here: SANTA FE, NM 87501 AUG 05 2021*

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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 <i>CJG</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>CJG</i> C. Date of Delivery <i>9-9-21</i></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>1. Article Addressed to:</p> <p>Marathon Oil Permian, LLC Attn: Jeff Broussard 5555 San Felipe Street Houston, TX 77056</p> <p> 9590 9402 5712 9346 7877 44</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 <input type="checkbox"/> Signature Confirmation Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p>7020 2450 0002 1363 4939</p>	<p>Domestic Return Receipt</p>

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

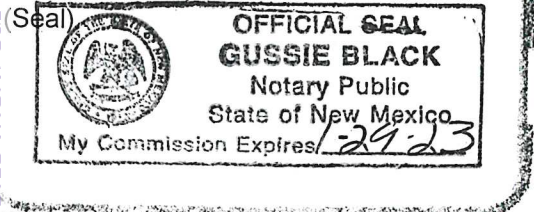
Beginning with the issue dated August 12, 2021 and ending with the issue dated August 12, 2021.

  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this 12th day of August 2021.

  
\_\_\_\_\_  
Business Manager

My commission expires January 29, 2023



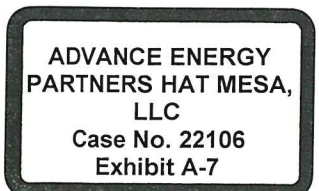
This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

<b>LEGAL</b>	<b>LEGAL</b>
<b>LEGAL NOTICE</b> August 12, 2021	
<p>This is to notify all interested parties, including ConocoPhillips Company, Marathon Oil Permian, LLC, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Advance Energy Partners Hat Mesa, LLC (Case No. 22106). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on September 9, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for that date: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a>. Applicant applies for an order pooling all uncommitted mineral interests in the Wolfcamp 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"). The Unit will be dedicated to following wells:</p> <ul style="list-style-type: none"> <li>• Margarita Fed Com #20H, 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</li> <li>• Margarita Fed Com #24H, 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").</li> </ul> <p>The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately twenty-seven (27) miles west of Eunice, New Mexico. #36743</p>	

02107475

00257282

GILBERT  
HINKLE, SHANOR LLP  
PO BOX 2068  
SANTA FE, NM 87504



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. 22106

SELF-AFFIRMED STATEMENT  
OF EDWARD CAAMANO

1. I am the Senior Vice President of Geoscience at Advance Energy Partners Hat Mesa, LLC (“AEP”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-1** is a location map of the proposed horizontal spacing unit (“Unit”) in the above-referenced case and shows the following proposed wells with black lines: Margarita Federal Com #20H and #24H wells (“Wells”). Offset Wolfcamp producers (DUCs) are shown as blue diamonds and offsetting Wolfcamp wells which are either in progress or permitted are shown as purple triangles. This exhibit also identifies three wells penetrating the targeted interval used to construct a structural cross-section from A to A’. I utilized these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

4. **Exhibit B-2** is a structure map for the top of the Wolfcamp formation which also reflects the surrounding area in relation to the Unit. The contour interval is 25’. The Wells are depicted with black lines, and I have identified the bottom hole locations. The map demonstrates

ADVANCE ENERGY  
PARTNERS HAT MESA,  
LLC  
Case No. 22106  
Exhibit B

the formation is dipping to the southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

5. **Exhibit B-3** is a structural cross-section using the representative wells identified on **Exhibit B-1**. It contains gamma ray, resistivity and porosity logs. The landing zone for the Wells are labeled on the exhibit. The cross-section demonstrates the target interval is continuous across the Unit.

6. In my opinion, a standup orientation for the Wells is appropriate for the proper exploitation of subject acreage because of the of consistent rock properties throughout the Unit and in taking advantage the NE-SW maximum stress orientation in this area.

7. Based on my geologic study of the area, the targeted interval underlying the subject areas and Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Wells.

8. In my opinion, the granting of AEP's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

9. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

10. I understand this Self-Affirmed Statement will be used as written testimony in these cases. I affirm my testimony in paragraphs 1 through 9 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

  
Edward Caamano

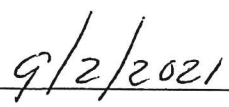
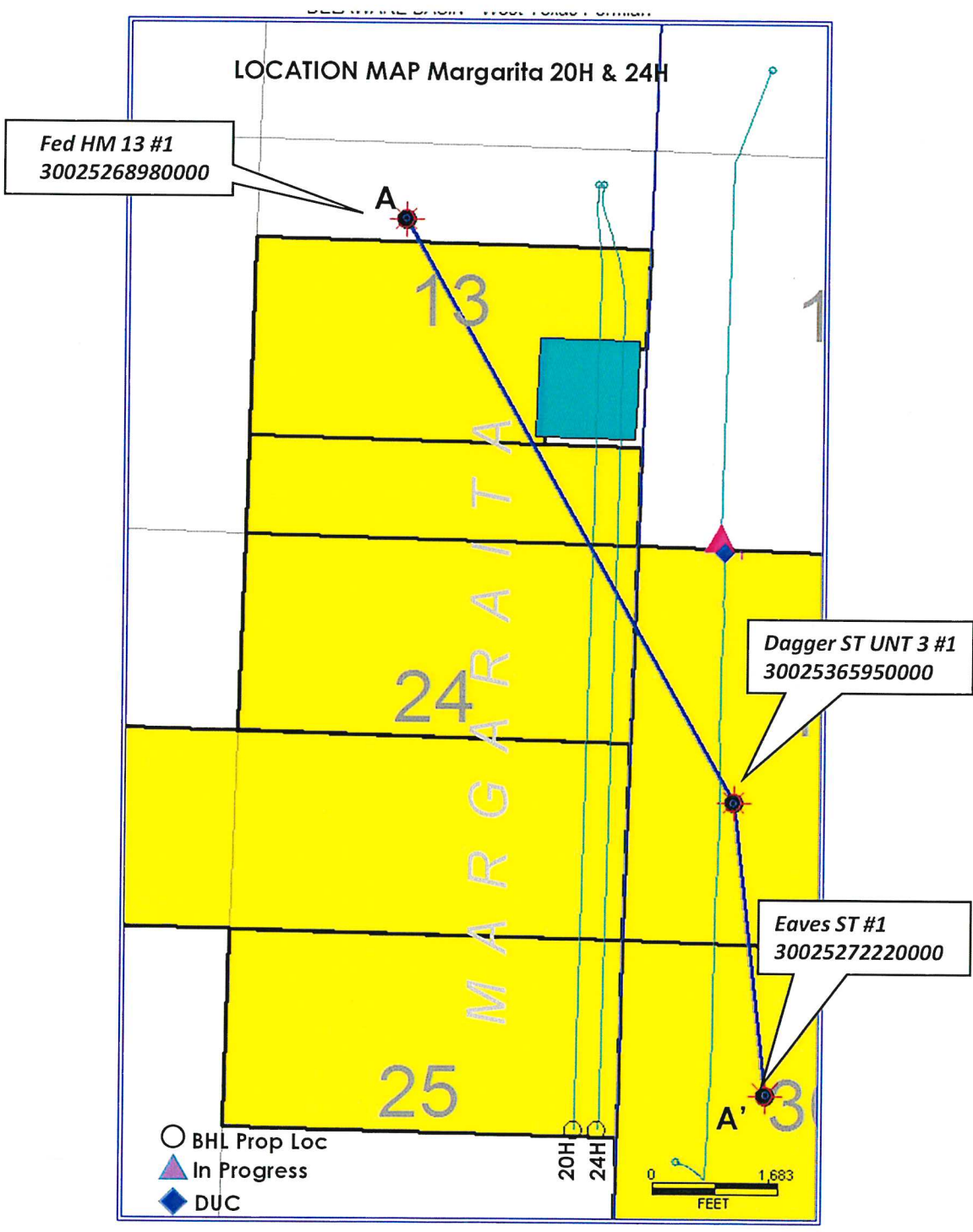
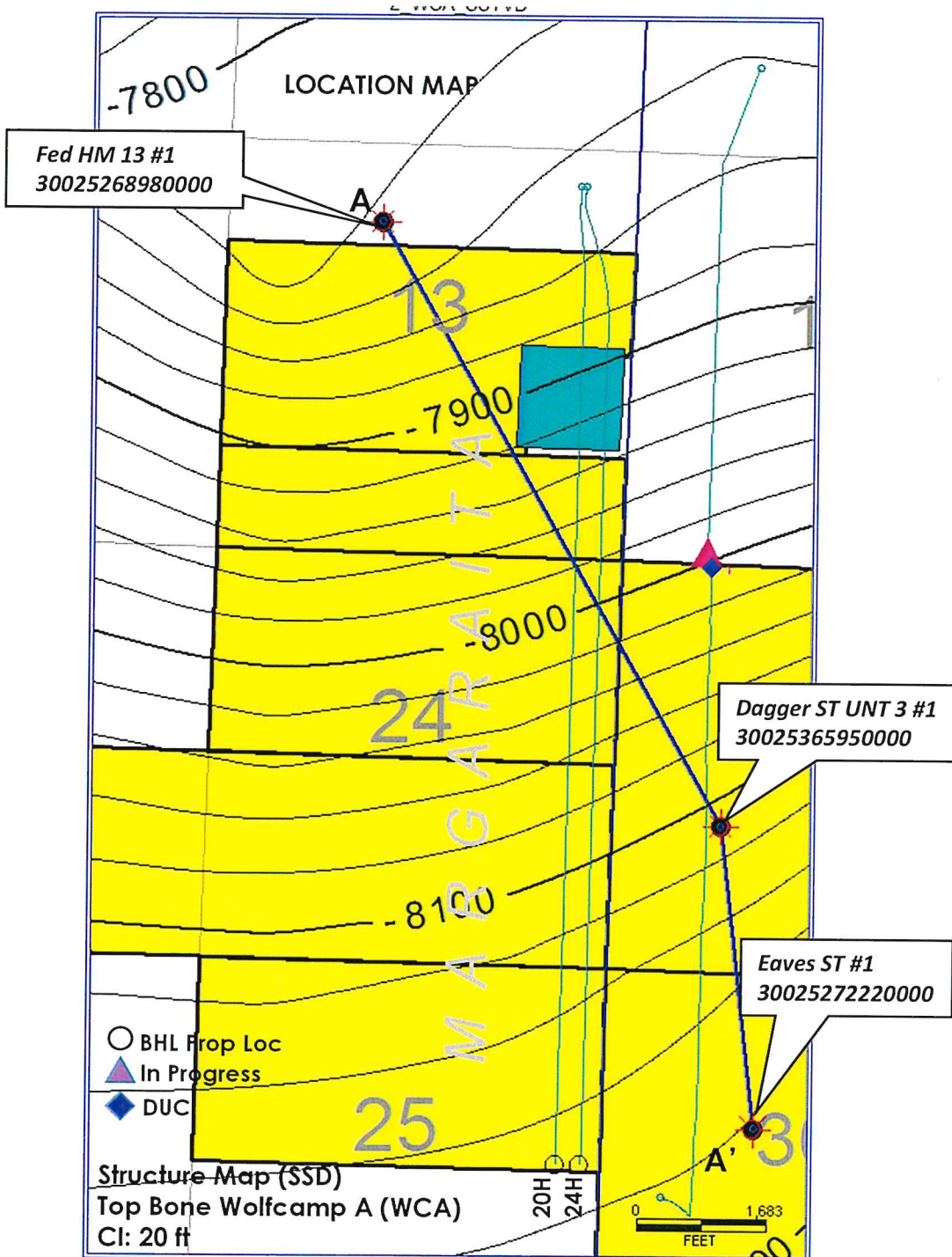
  
Date

Exhibit B-1 Location Map



ADVANCE ENERGY  
PARTNERS HAT MESA,  
LLC  
Case No. 22106  
Exhibit B-1

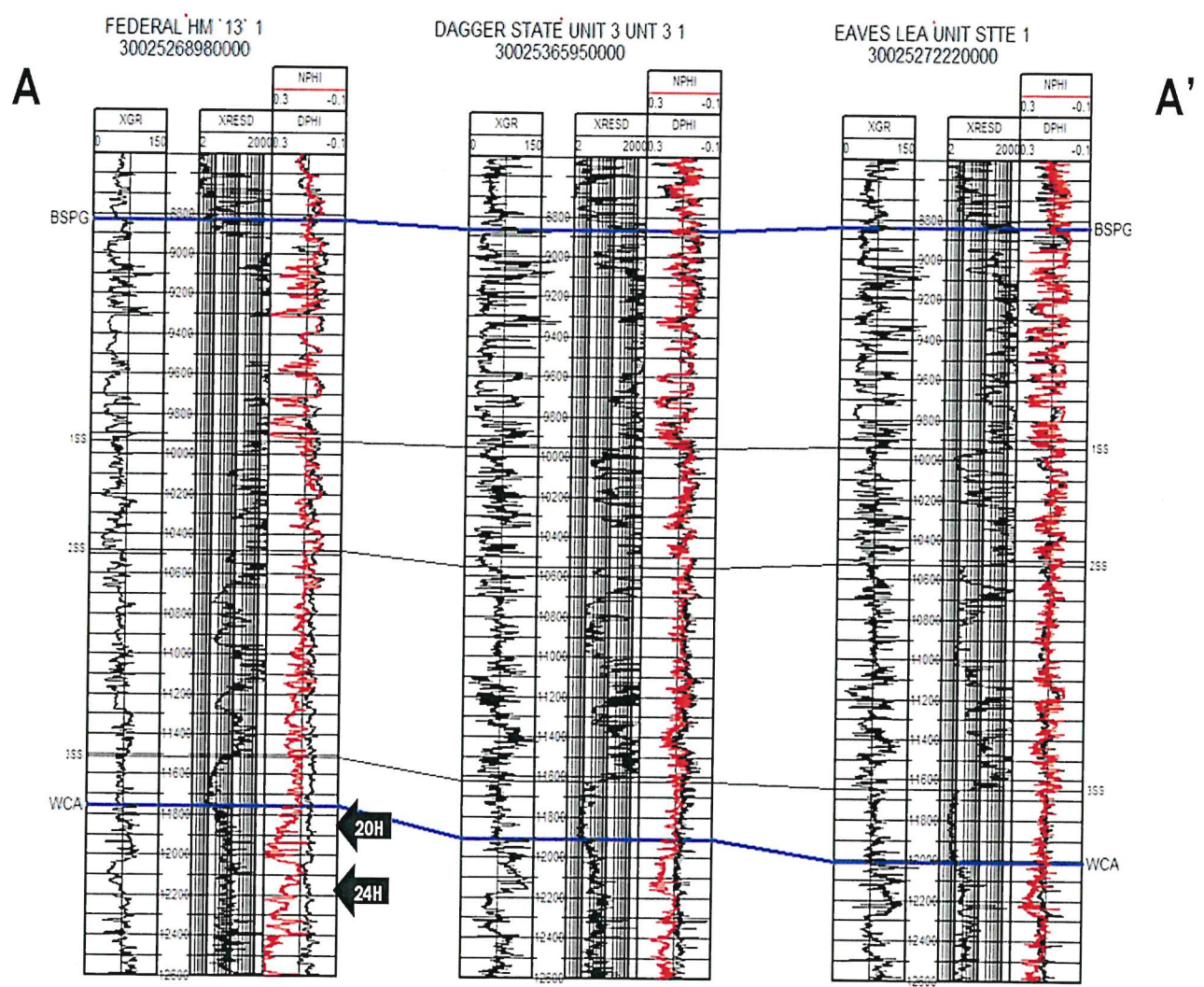
### Exhibit B-2 Structure Map Wolfcamp (SSD)



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Case No. 22106  
Exhibit B-2



### Exhibit B-3 CROSS SECTION A – A'



Proposed Landings annotated with arrows

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Case No. 22106  
Exhibit B-3