

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. 22107

EXHIBIT INDEX

Compulsory Pooling Checklist

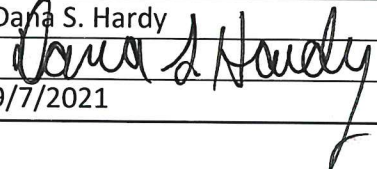
Exhibit A	Self-Affirmed Statement of Paul Burdick
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Plat of Tracts, Tract Ownership, Pooled Party, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit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

Case No.:	22107
Hearing Date:	9/9/2021
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
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	WC-025 G-08 S213304D; BONE SPRING pool (97895)
Well Location Setback Rules	Statewide
Spacing Unit Size	360 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	360 acres
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	SW/4 NE/4 and W/2 SE/4 of Section 13, W/2 E/2 of Section 24, and W/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
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	-
Well(s)	
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 #15H (API # pending) SHL: S13-T21S-R32E 1399 FNL, 2047 FEL (Unit G) BHL: S25-T21S-R32E 2540 FNL, 2310 FEL (Unit G) Completion Target: Bone Spring formation TVD: Approx. 11700'
Well #2	Margarita Federal Com #5H (API # pending) SHL: S13-T21S-R32E 1399 FNL, 2014 FEL (Unit G) BHL: S25-T21S-R32E 2540 FNL, 2310 FEL (Unit G) Completion Target: Bone Spring formation TVD: Approx. 11250'
Well #3	Margarita Federal Com #6H (API # pending) SHL: S13-T21S-R32E 1399 FNL, 1882 FEL (Unit G) BHL: S25-T21S-R32E 2540 FNL, 1650 FEL (Unit G) Completion Target: Bone Spring formation TVD: Approx. 11400'

Well #4	Margarita Federal Com #11H (API # pending) SHL: S13-T21S-R32E 1399 FNL, 1948 FEL (Unit G) BHL: S25-T21S-R32E 2540 FNL, 1980 FEL (Unit G) Completion Target: Bone Spring formation TVD: Approx. 10900'
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	Exhibit A-4
Production Supervision/Month \$	Exhibit A-4
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
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
Ownership Determination	
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
Joinder	
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
Geology	
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
Forms, Figures and Tables	
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
Additional Information	

CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	
Date:	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. 22107

**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 the 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 Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SW/4 NE/4 and W/2 SE/4 of Section 13, W/2 E/2 of Section 24, and W/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the Margarita Federal Com #15H, #5H, #6H, and #11H wells which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G)

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22107
Exhibit A

of Section 13 to a bottom hole location in the SW/4 NE/4 (Unit G) 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-08 S213304D; BONE SPRING pool (Pool Code 97895).
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. 22107

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 SW/4 NE/4 and W/2 SE/4 of Section 13, W/2 E/2 of Section 24, and W/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 #15H**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E;
 - **Margarita Federal Com #5H**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E;
 - **Margarita Federal Com #6H**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a



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

- **Margarita Federal Com #11H**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) 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 Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SW/4 NE/4 and W/2 SE/4 of Section 13, W/2 E/2 of Section 24, and W/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 Federal Com #15H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E;
- Margarita Federal Com #5H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E;
- Margarita Federal Com #6H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E; and
- Margarita Federal Com #11H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) 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) 476-3460 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 5H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3911'

Surface Location

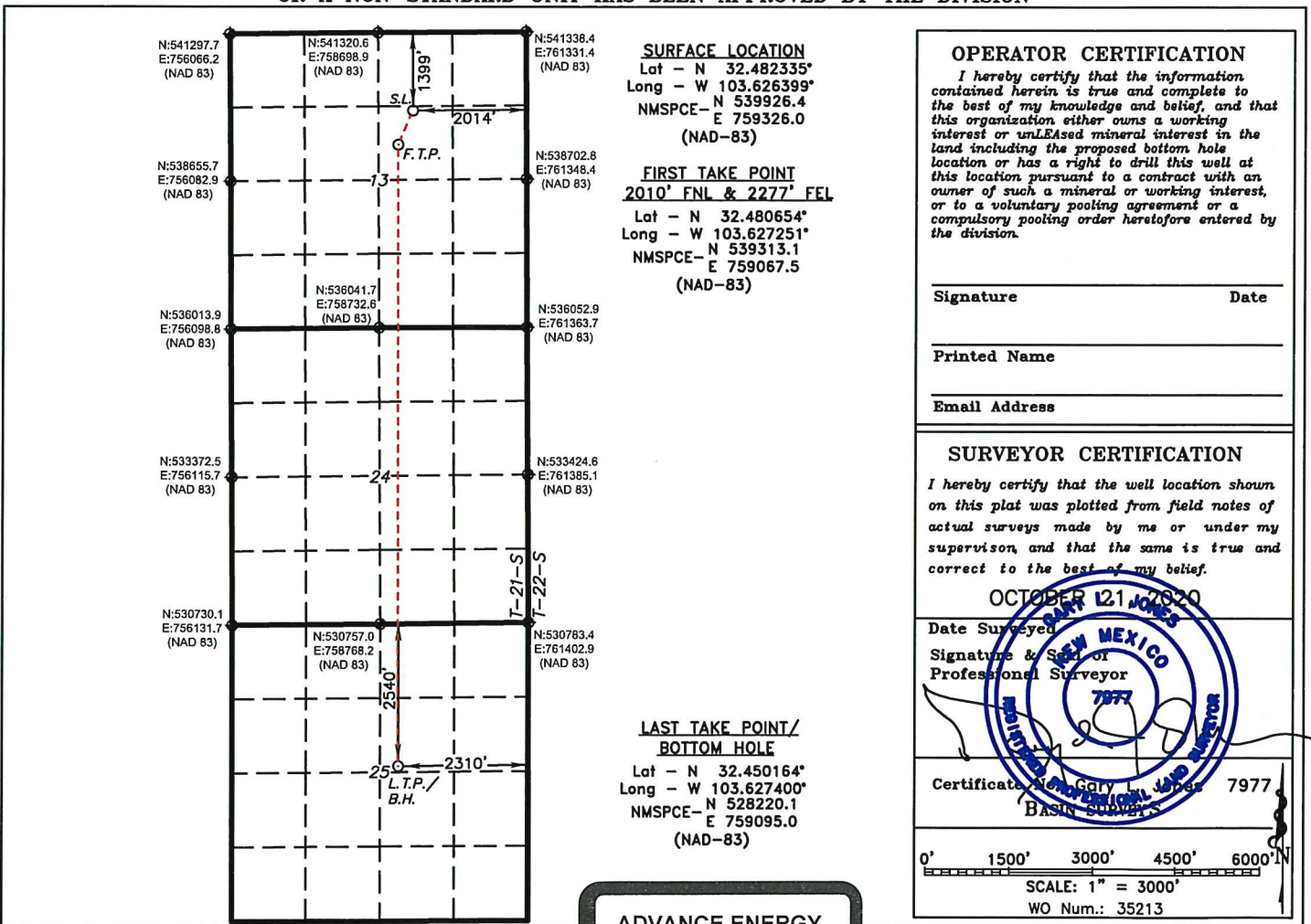
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
G	13	21 S	32 E		1399	NORTH	2014	EAST	LEA

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
G	25	21 S	32 E		2540	NORTH	2310	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



ADVANCE ENERGY PARTNERS HAT MESA, LLC
Case No. 22107
Exhibit A-2

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-8161 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) 334-8178 Fax: (505) 334-8170

DISTRICT IV
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Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name		Well Number
	MARGARITA FEDERAL COM		6H
OGRID No.	Operator Name		Elevation
	ADVANCE ENERGY PARTNERS HAT MESA		3910'

Surface Location

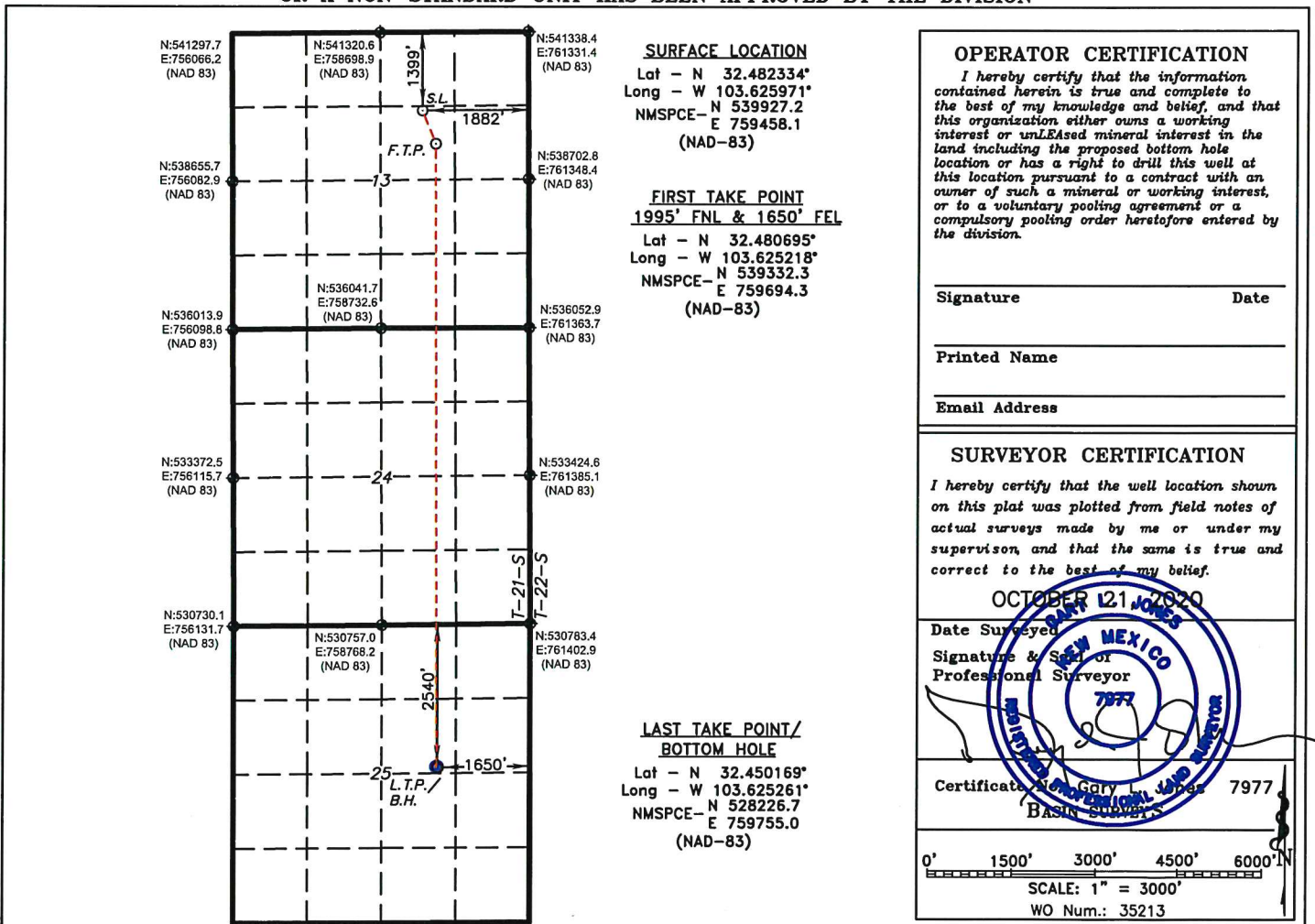
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
G	13	21 S	32 E		1399	NORTH	1882	EAST	LEA

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
G	25	21 S	32 E		2540	NORTH	1650	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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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 11H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA		Elevation 3910'

Surface Location

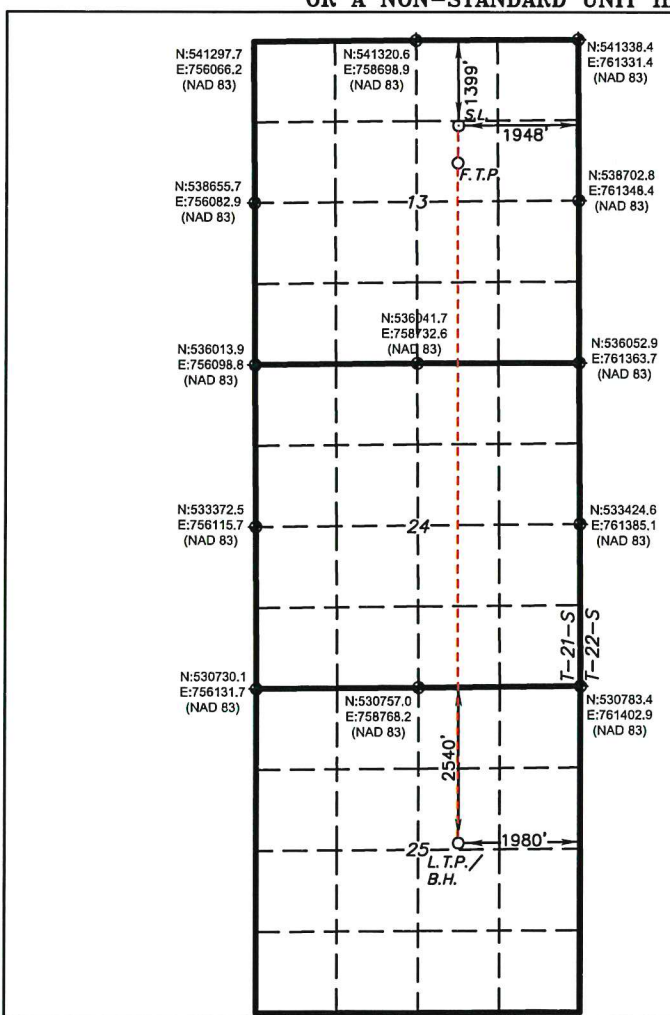
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
G	13	21 S	32 E		1399	NORTH	1948	EAST	LEA

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
G	25	21 S	32 E		2540	NORTH	1980	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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SURFACE LOCATION

Lat - N 32.482334°
Long - W 103.626186°
NMSPC - N 539926.8
E 759391.9
(NAD-83)

FIRST TAKE POINT

2010' FNL & 1960' FEL
Lat - N 32.480654°
Long - W 103.626223°
NMSPC - N 539315.2
E 759384.4
(NAD-83)

LAST TAKE POINT/
BOTTOM HOLE

Lat - N 32.450167°
Long - W 103.626331°
NMSPC - N 528223.4
E 759425.0
(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.

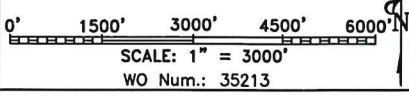
OCTOBER 121 2020

Date Surveyed _____

Signature & Seal of Professional Surveyor

Certificate No. GARY L. JONES 7977

Basic Survey



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

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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 15H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3911'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
G	13	21 S	32 E		1399	NORTH	2047	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
G	25	21 S	32 E		2540	NORTH	2310	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

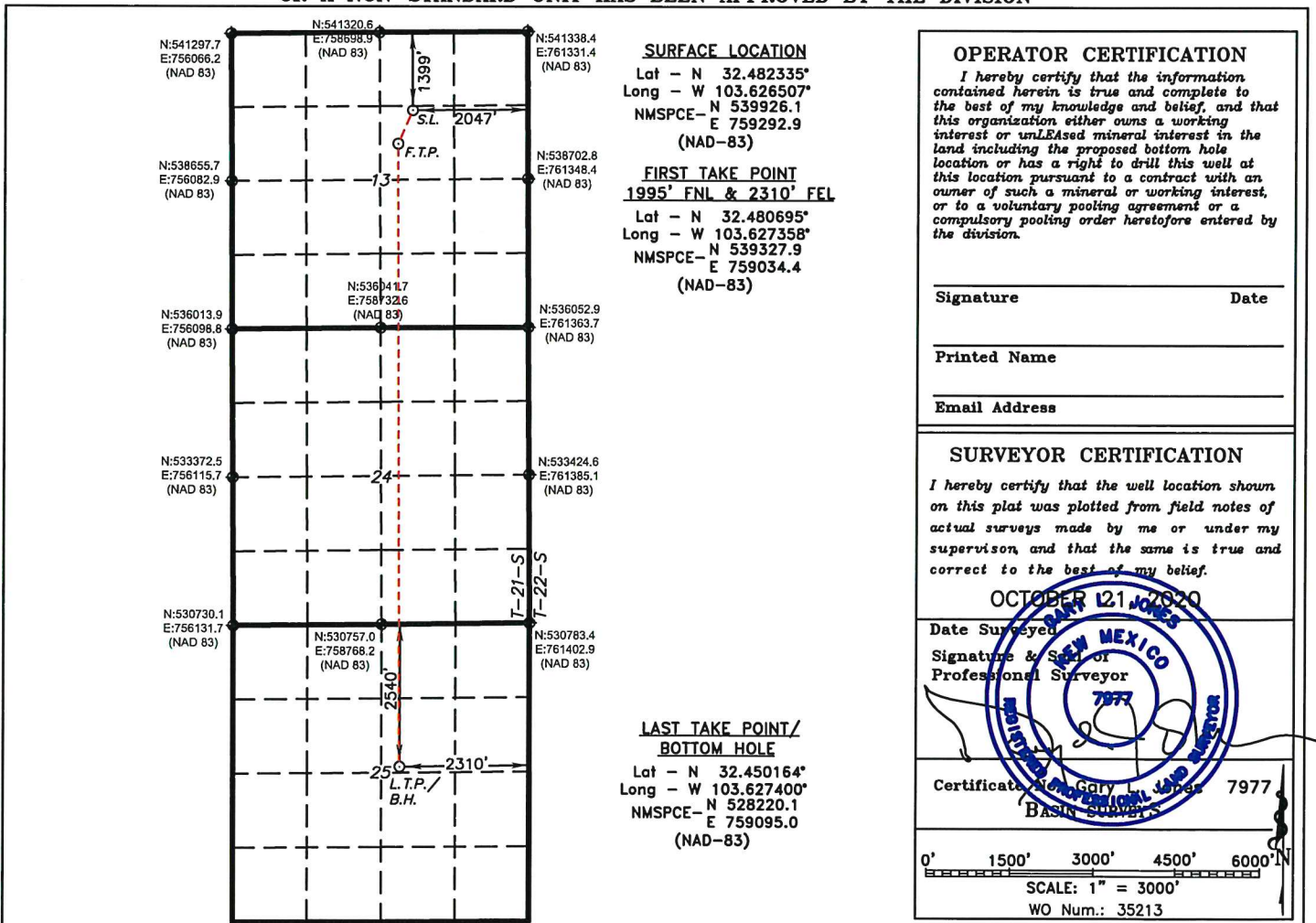
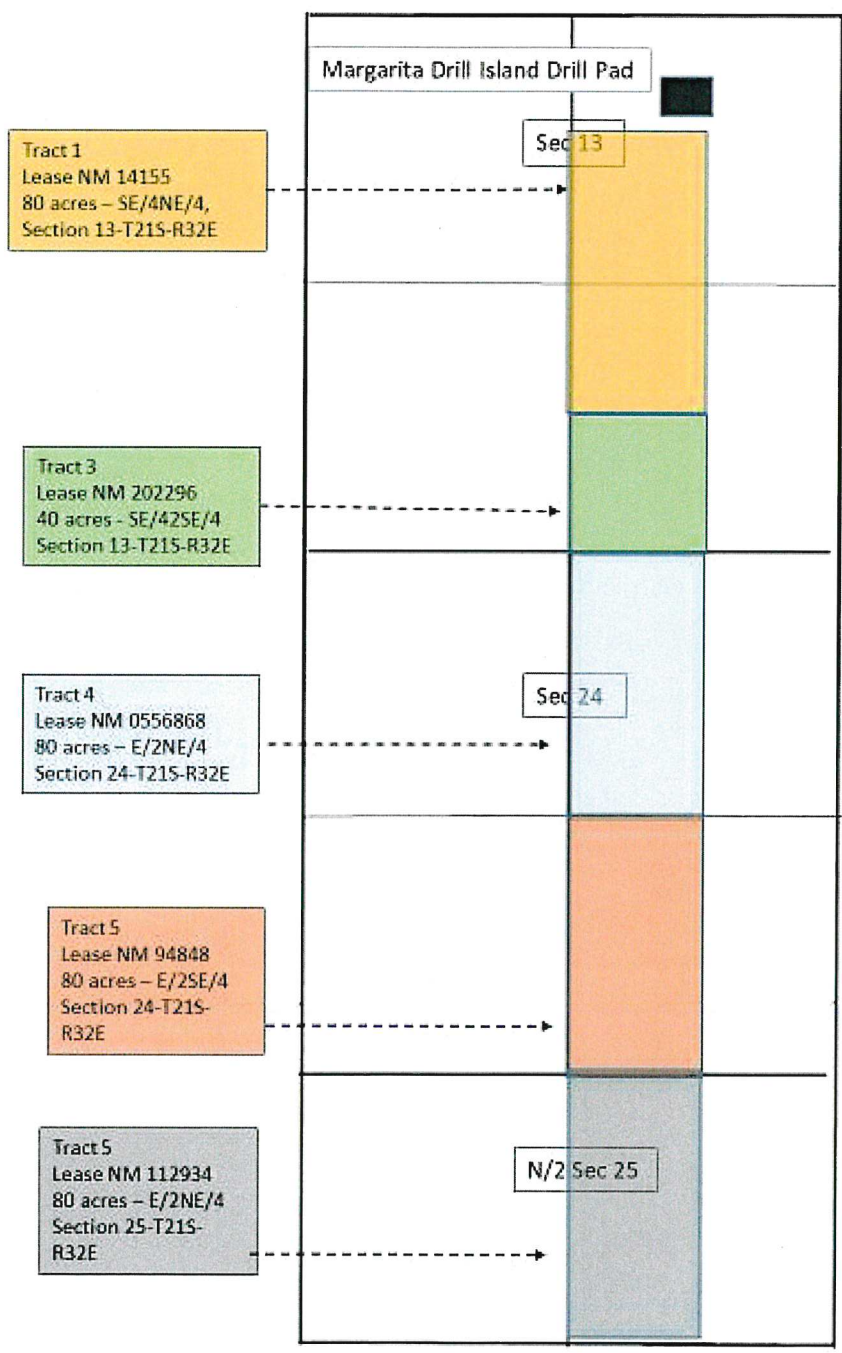


Exhibit A-3
 SW/4NE/4, W/2SE/4 Section 13, W/2E/2 Section 24, W2NE/4 Section 25, T21S-
 R32E, Lea County, N.M.



**ADVANCE ENERGY
 PARTNERS HAT MESA,
 LLC
 Case No. 22107
 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: SW/4NE/4, NW/4SE/4 Section 13-21S-32E (BLM Lease NM 14155)

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

Tract 2: SW/4SE/4 Section 13-21S-32E (BLM Lease NM 0202296)

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

Tract 3: W/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 4: W/2SE/4 Section 24-21S-32E (BLM Lease NM 94848)

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

Tract 5: W/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	80	22.222%
3	40	11.111%
4	80	22.222%
5	80	22.222%
6	80	22.223%

Advance Energy Partners Hat Mesa, LLC. . 11490 Westheimer Road, Suite 950 Houston, Texas 77077	89.236% W.I
ConocoPhillips Company 600 W. Illinois Avenue Midland, Texas 79701	10.764% W.I.
Total	100.000%

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

Pooled parties in yellow



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 Vertical	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. 22107
Exhibit A-4

Page 20 of 42

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



Authorization For Expenditure

AFE#: NM0189

Date: Jul 7, 2021

Lease: Margarita Federal
 Well No: Margarita Federal Com 13 #5H
 County: Lea
 State: NM
 SHL: S13-T21S-R32E 1399 FNL, 2014 FEL
 BHL: S25-T21S-R32E 2540 FNL, 2310 FEL

Target: Bone Springs
 Projected MD/TVD: 22677/11250
 Spud to TD: 19.9
 Lateral Length: 11100
 Stages: 71
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 5H, a 2.25 section Bone Spring 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 +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-22677' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11100' of treatable lateral and completion design will consist of +/-71 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Tangible Drilling - 01		\$ 979,302.00	\$ -	\$ -	\$ 979,302.00
9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
9402	Production Casing	\$ 439,281	\$ -	\$ -	\$ 439,281
9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 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
TOTAL TANGIBLE COSTS >>>		\$ 979,302.00	\$ 46,382.00	\$ 500,000.00	\$ 1,525,684.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Intangible Drilling - 01		\$ 2,785,921.00	\$ -	\$ -	\$ 2,785,921.00
9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
9211	Location & Roads	\$ 46,730	\$ -	\$ -	\$ 46,730
9202	Drilling - Daywork	\$ 512,240	\$ -	\$ -	\$ 512,240
9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
9224	Fuel	\$ 177,638	\$ -	\$ -	\$ 177,638
9219	Bits & BHA	\$ 125,937	\$ -	\$ -	\$ 125,937
9204	Directional	\$ 376,908	\$ -	\$ -	\$ 376,908
9209	Mud - Chemicals & Engineering	\$ 141,800	\$ -	\$ -	\$ 141,800
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	\$ 22,157	\$ -	\$ -	\$ 22,157
9234	Solids Control / Closed Loop	\$ 88,640	\$ -	\$ -	\$ 88,640
9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
9212	Equipment Rental	\$ 142,717	\$ -	\$ -	\$ 142,717



Authorization For Expenditure

AFE#: NM0189

Date: Jul 7, 2021

9237	Mancamp	\$	46,015	\$	-	\$	-	\$	46,015
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,862	\$	-	\$	-	\$	2,862
9222	Consulting Services	\$	127,709	\$	-	\$	-	\$	127,709
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	17,783	\$	-	\$	-	\$	17,783
9229	Geosteering Services	\$	4,930	\$	-	\$	-	\$	4,930
9236	Safety & Environmental	\$	5,321	\$	-	\$	-	\$	5,321
9205	Drilling Overhead	\$	5,502	\$	-	\$	-	\$	5,502
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	132,292	\$	-	\$	-	\$	132,292
Intangible Completion - 02		\$	-	\$	4,719,301.00	\$	-	\$	4,719,301.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	749,050	\$	-	\$	749,050
9337	Sand	\$	-	\$	539,922	\$	-	\$	539,922
9332	Chemicals	\$	-	\$	337,073	\$	-	\$	337,073
9331	Pump Down Services	\$	-	\$	67,520	\$	-	\$	67,520
9325	Wireline/Perforating	\$	-	\$	468,483	\$	-	\$	468,483
9335	Packers, Frac Plugs & Accessories	\$	-	\$	67,204	\$	-	\$	67,204
9312	Rental Equipment - Surface	\$	-	\$	425,133	\$	-	\$	425,133
9330	Mancamp	\$	-	\$	32,077	\$	-	\$	32,077
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	676,598	\$	-	\$	676,598
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	120,527	\$	-	\$	120,527
9328	Company Supervision	\$	-	\$	6,277	\$	-	\$	6,277
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	49,156	\$	-	\$	49,156
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	10,932	\$	-	\$	10,932
9336	Contingency (10%)	\$	-	\$	237,112	\$	-	\$	237,112
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
Intangible Facility - 03		\$	-	\$	-	\$	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#: NM0189

Authorization For Expenditure

Date: Jul 7, 2021


TOTAL INTANGIBLE COSTS >>>	\$ 2,785,921.00	\$ 4,719,301.00	\$ 400,000.00	\$ 7,905,222.00
TOTAL PROJECT COSTS >>>	\$ 3,765,223.00	\$ 4,765,683.00	\$ 900,000.00	\$ 9,430,906.00
	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

AFE#: NM0190

Date: Jul 7, 2021

Lease: Margarita Federal	Target: Bone Springs
Well No: Margarita Federal Com 13 #6H	Projected MD/TVD: 22840/11400
County: Lea	Spud to TD: 20
State: NM	Lateral Length: 11100
SHL: S13-T21S-R32E 1399 FNL, 1882 FEL	Stages: 71
BHL: S25-T21S-R32E 2540 FNL, 1650 FEL	Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 6H, a 2.25 section Bone Spring 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 +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-22840' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11100' of treatable lateral and completion design will consist of +/-71 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Tangible Drilling - 01		\$ 982,417.00	\$ -	\$ -	\$ 982,417.00
9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
9402	Production Casing	\$ 442,396	\$ -	\$ -	\$ 442,396
9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 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
TOTAL TANGIBLE COSTS >>>		\$ 982,417.00	\$ 46,382.00	\$ 500,000.00	\$ 1,528,799.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Intangible Drilling - 01		\$ 2,792,292.00	\$ -	\$ -	\$ 2,792,292.00
9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
9211	Location & Roads	\$ 46,731	\$ -	\$ -	\$ 46,731
9202	Drilling - Daywork	\$ 514,463	\$ -	\$ -	\$ 514,463
9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
9224	Fuel	\$ 178,366	\$ -	\$ -	\$ 178,366
9219	Bits & BHA	\$ 126,000	\$ -	\$ -	\$ 126,000
9204	Directional	\$ 378,016	\$ -	\$ -	\$ 378,016
9209	Mud - Chemicals & Engineering	\$ 141,933	\$ -	\$ -	\$ 141,933
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	\$ 22,180	\$ -	\$ -	\$ 22,180
9234	Solids Control / Closed Loop	\$ 89,081	\$ -	\$ -	\$ 89,081
9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
9212	Equipment Rental	\$ 143,280	\$ -	\$ -	\$ 143,280



Authorization For Expenditure

AFE#: NM0190

Date: Jul 7, 2021

9237	Mancamp	\$ 46,138	\$ -	\$ -	\$ 46,138
9218	Casing Services	\$ 98,261	\$ -	\$ -	\$ 98,261
9208	Cementing & Services	\$ 200,183	\$ -	\$ -	\$ 200,183
9215	Transportation	\$ 10,550	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing	\$ 25,848	\$ -	\$ -	\$ 25,848
9239	Company Supervision	\$ 2,868	\$ -	\$ -	\$ 2,868
9222	Consulting Services	\$ 128,194	\$ -	\$ -	\$ 128,194
9206	Contract Labor	\$ 36,695	\$ -	\$ -	\$ 36,695
9228	Mudlogging & Services	\$ 17,909	\$ -	\$ -	\$ 17,909
9229	Geosteering Services	\$ 4,943	\$ -	\$ -	\$ 4,943
9236	Safety & Environmental	\$ 5,330	\$ -	\$ -	\$ 5,330
9205	Drilling Overhead	\$ 5,526	\$ -	\$ -	\$ 5,526
9220	Insurance	\$ 5,275	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 132,594	\$ -	\$ -	\$ 132,594
Intangible Completion - 02		\$ -	\$ 4,719,301.00	\$ -	\$ 4,719,301.00
9311	Location, Permit & Damages	\$ -	\$ 17,353	\$ -	\$ 17,353
9314	Stimulation	\$ -	\$ 749,050	\$ -	\$ 749,050
9337	Sand	\$ -	\$ 539,922	\$ -	\$ 539,922
9332	Chemicals	\$ -	\$ 337,073	\$ -	\$ 337,073
9331	Pump Down Services	\$ -	\$ 67,520	\$ -	\$ 67,520
9325	Wireline/Perforating	\$ -	\$ 468,483	\$ -	\$ 468,483
9335	Packers, Frac Plugs & Accessories	\$ -	\$ 67,204	\$ -	\$ 67,204
9312	Rental Equipment - Surface	\$ -	\$ 425,133	\$ -	\$ 425,133
9330	Mancamp	\$ -	\$ 32,077	\$ -	\$ 32,077
9313	Rental Equipment - Downhole	\$ -	\$ 21,795	\$ -	\$ 21,795
9307	Water Disposal	\$ -	\$ 64,656	\$ -	\$ 64,656
9309	Fuel	\$ -	\$ 676,598	\$ -	\$ 676,598
9306	Contract Labor	\$ -	\$ 76,858	\$ -	\$ 76,858
9321	Roustabout Services	\$ -	\$ 3,165	\$ -	\$ 3,165
9322	Consulting Services	\$ -	\$ 120,527	\$ -	\$ 120,527
9328	Company Supervision	\$ -	\$ 6,277	\$ -	\$ 6,277
9304	Safety & Environmental	\$ -	\$ 10,545	\$ -	\$ 10,545
9326	Coil Tubing Unit	\$ -	\$ 49,156	\$ -	\$ 49,156
9327	Flowback/Testing	\$ -	\$ 99,698	\$ -	\$ 99,698
9315	Transportation	\$ -	\$ 18,348	\$ -	\$ 18,348
9305	Completion Overhead	\$ -	\$ 10,932	\$ -	\$ 10,932
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ 237,112
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
Intangible Facility - 03		\$ -	\$ -	\$ 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#: NM0190

Authorization For Expenditure

Date: Jul 7, 2021


TOTAL INTANGIBLE COSTS >>>	\$ 2,792,292.00	\$ 4,719,301.00	\$ 400,000.00	\$ 7,911,593.00
TOTAL PROJECT COSTS >>>	\$ 3,774,709.00	\$ 4,765,683.00	\$ 900,000.00	\$ 9,440,392.00
	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

AFE#: NM0191

Date: Jul 7, 2021

Lease: Margarita Federal	Target: Bone Springs
Well No: Margarita Federal Com 13 #11H	Projected MD/TVD: 22320/10900
County: Lea	Spud to TD: 19.7
State: NM	Lateral Length: 11100
SHL: S13-T21S-R32E 1399 FNL, 1948 FEL	Stages: 71
BHL: S25-T21S-R32E 2540 FNL, 1980 FEL	Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 11H, a 2.25 section Bone Spring 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 +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-22320' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11100' of treatable lateral and completion design will consist of +/-71 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Tangible Drilling - 01		\$ 972,482.00	\$ -	\$ -	\$ 972,482.00
9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
9402	Production Casing	\$ 432,461	\$ -	\$ -	\$ 432,461
9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 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
TOTAL TANGIBLE COSTS >>>		\$ 972,482.00	\$ 46,382.00	\$ 500,000.00	\$ 1,518,864.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Intangible Drilling - 01		\$ 2,771,897.00	\$ -	\$ -	\$ 2,771,897.00
9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
9211	Location & Roads	\$ 46,727	\$ -	\$ -	\$ 46,727
9202	Drilling - Daywork	\$ 507,332	\$ -	\$ -	\$ 507,332
9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
9224	Fuel	\$ 176,028	\$ -	\$ -	\$ 176,028
9219	Bits & BHA	\$ 125,798	\$ -	\$ -	\$ 125,798
9204	Directional	\$ 374,564	\$ -	\$ -	\$ 374,564
9209	Mud - Chemicals & Engineering	\$ 141,501	\$ -	\$ -	\$ 141,501
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	\$ 22,109	\$ -	\$ -	\$ 22,109
9234	Solids Control / Closed Loop	\$ 87,616	\$ -	\$ -	\$ 87,616
9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
9212	Equipment Rental	\$ 141,469	\$ -	\$ -	\$ 141,469



Authorization For Expenditure

9237	Mancamp	\$	45,743	\$	-	\$	-	\$	45,743
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,849	\$	-	\$	-	\$	2,849
9222	Consulting Services	\$	126,636	\$	-	\$	-	\$	126,636
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	17,504	\$	-	\$	-	\$	17,504
9229	Geosteering Services	\$	4,908	\$	-	\$	-	\$	4,908
9236	Safety & Environmental	\$	5,299	\$	-	\$	-	\$	5,299
9205	Drilling Overhead	\$	5,448	\$	-	\$	-	\$	5,448
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	131,626	\$	-	\$	-	\$	131,626
Intangible Completion - 02		\$	-	\$	4,719,301.00	\$	-	\$	4,719,301.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	749,050	\$	-	\$	749,050
9337	Sand	\$	-	\$	539,922	\$	-	\$	539,922
9332	Chemicals	\$	-	\$	337,073	\$	-	\$	337,073
9331	Pump Down Services	\$	-	\$	67,520	\$	-	\$	67,520
9325	Wireline/Perforating	\$	-	\$	468,483	\$	-	\$	468,483
9335	Packers, Frac Plugs & Accessories	\$	-	\$	67,204	\$	-	\$	67,204
9312	Rental Equipment - Surface	\$	-	\$	425,133	\$	-	\$	425,133
9330	Mancamp	\$	-	\$	32,077	\$	-	\$	32,077
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	676,598	\$	-	\$	676,598
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	120,527	\$	-	\$	120,527
9328	Company Supervision	\$	-	\$	6,277	\$	-	\$	6,277
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	49,156	\$	-	\$	49,156
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	10,932	\$	-	\$	10,932
9336	Contingency (10%)	\$	-	\$	237,112	\$	-	\$	237,112
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
Intangible Facility - 03		\$	-	\$	-	\$	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#: NM0191

Authorization For Expenditure

Date: Jul 7, 2021

TOTAL INTANGIBLE COSTS >>>	\$ 2,771,897.00	\$ 4,719,301.00	\$ 400,000.00	\$ 7,891,198.00
TOTAL PROJECT COSTS >>>	\$ 3,744,379.00	\$ 4,765,683.00	\$ 900,000.00	\$ 9,410,062.00
	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: _____



Lease: Margarita Federal	Target: Bone Springs
Well No: Margarita Federal Com 13 #15H	Projected MD/TVD: 23141/11700
County: Lea	Spud to TD: 20.2
State: NM	Lateral Length: 11100
SHL: S13-T21S-R32E 1399 FNL, 2047 FEL	Stages: 71
BHL: S25-T21S-R32E 2540 FNL, 2310 FEL	Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 15H, a 2.25 section Bone Spring 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 +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-23141' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11100' of treatable lateral and completion design will consist of +/-71 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Tangible Drilling - 01		\$ 988,168.00	\$ -	\$ -	\$ 988,168.00
9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
9402	Production Casing	\$ 448,147	\$ -	\$ -	\$ 448,147
9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 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
TOTAL TANGIBLE COSTS >>>		\$ 988,168.00	\$ 46,382.00	\$ 500,000.00	\$ 1,534,550.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Intangible Drilling - 01		\$ 2,804,123.00	\$ -	\$ -	\$ 2,804,123.00
9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
9211	Location & Roads	\$ 46,735	\$ -	\$ -	\$ 46,735
9202	Drilling - Daywork	\$ 518,605	\$ -	\$ -	\$ 518,605
9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
9224	Fuel	\$ 179,724	\$ -	\$ -	\$ 179,724
9219	Bits & BHA	\$ 126,117	\$ -	\$ -	\$ 126,117
9204	Directional	\$ 379,983	\$ -	\$ -	\$ 379,983
9209	Mud - Chemicals & Engineering	\$ 142,185	\$ -	\$ -	\$ 142,185
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	\$ 22,221	\$ -	\$ -	\$ 22,221
9234	Solids Control / Closed Loop	\$ 89,951	\$ -	\$ -	\$ 89,951
9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
9212	Equipment Rental	\$ 144,333	\$ -	\$ -	\$ 144,333



Authorization For Expenditure

Date: Jul 7, 2021

9237	Mancamp	\$	46,368	\$	-	\$	-	\$	46,368
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,880	\$	-	\$	-	\$	2,880
9222	Consulting Services	\$	129,100	\$	-	\$	-	\$	129,100
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	18,145	\$	-	\$	-	\$	18,145
9229	Geosteering Services	\$	4,960	\$	-	\$	-	\$	4,960
9236	Safety & Environmental	\$	5,348	\$	-	\$	-	\$	5,348
9205	Drilling Overhead	\$	5,572	\$	-	\$	-	\$	5,572
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	133,156	\$	-	\$	-	\$	133,156
Intangible Completion - 02		\$	-	\$	4,719,301.00	\$	-	\$	4,719,301.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	749,050	\$	-	\$	749,050
9337	Sand	\$	-	\$	539,922	\$	-	\$	539,922
9332	Chemicals	\$	-	\$	337,073	\$	-	\$	337,073
9331	Pump Down Services	\$	-	\$	67,520	\$	-	\$	67,520
9325	Wireline/Perforating	\$	-	\$	468,483	\$	-	\$	468,483
9335	Packers, Frac Plugs & Accessories	\$	-	\$	67,204	\$	-	\$	67,204
9312	Rental Equipment - Surface	\$	-	\$	425,133	\$	-	\$	425,133
9330	Mancamp	\$	-	\$	32,077	\$	-	\$	32,077
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	676,598	\$	-	\$	676,598
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	120,527	\$	-	\$	120,527
9328	Company Supervision	\$	-	\$	6,277	\$	-	\$	6,277
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	49,156	\$	-	\$	49,156
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	10,932	\$	-	\$	10,932
9336	Contingency (10%)	\$	-	\$	237,112	\$	-	\$	237,112
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
Intangible Facility - 03		\$	-	\$	-	\$	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#: NM0192

Authorization For Expenditure

Date: Jul 7, 2021


TOTAL INTANGIBLE COSTS >>>	\$ 2,804,123.00	\$ 4,719,301.00	\$ 400,000.00	\$ 7,923,424.00
TOTAL PROJECT COSTS >>>	\$ 3,792,291.00	\$ 4,765,683.00	\$ 900,000.00	\$ 9,457,974.00
	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: _____

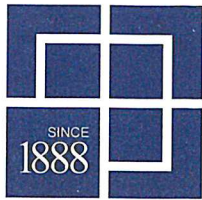
Printed Name: _____

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.





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. 22107 - 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. 22107
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
505-858-8320
(FAX) 505-858-8321

7020 2450 0002 1363 4946

CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

OFFICIAL USE (10)

Certified Mail Fee \$ _____

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

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

Sent To ConocoPhillips Company
Attn: JIV Department
600 W. Illinois Avenue
Midland, TX 79701

Street and _____

City, State, _____

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

ConocoPhillips Company
Attn: JIV Department
600 W. Illinois Avenue
Midland, TX 79701



9590 9402 5712 9346 7877 37

2. Article Number (Transfer from service label)

7020 2450 0002 1363 4946

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee

X *[Signature]*

B. Received by (Printed Name) *Danese R. Lopez*

C. Date of Delivery _____

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below: _____

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

7020 2450 0002 1363 4953

CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®

OFFICIAL USE (6)

Certified Mail Fee \$ _____

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

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

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

City, State _____

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



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> 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. 	<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>CB</i> C. Date of Delivery <i>8-9-21</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>Marathon Oil Permian, LLC Attn: Jeff Broussard 5555 San Felipe Street Houston, TX 77056</p> <p>9590 9402 5712 9346 7877 20</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p>7020 2450 0002 1363 4953</p>	

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

Domestic Return Receipt

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).

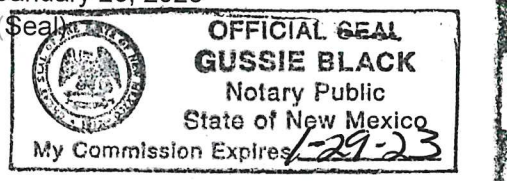
Beginning with the issue dated August 12, 2021 and ending with the issue dated August 12, 2021.


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

LEGAL NOTICE August 12, 2021

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. 22107). 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: <https://www.emnrd.nm.gov/ocd/hearing-info/>. 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 SW/4 NE/4 and W/2 SE/4 of Section 13, W/2 E/2 of Section 24, and W/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico ("Unit"). The Unit will be dedicated to the following wells:

- Margarita Federal Com #15H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E;
- Margarita Federal Com #5H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E;
- Margarita Federal Com #6H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 25 in T21S-R32E; and
- Margarita Federal Com #11H, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 13 in T21S-R32E to a bottom hole location in the SW/4 NE/4 (Unit G) 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. #36744

02107475

00257288

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. 22107

**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 #15H, #5H, #6H, and #11H wells (“Wells”). Offset Bone Spring producers (DUCs) are shown as blue diamonds and offsetting Bone Spring 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 Bone Spring formation which also reflects the surrounding area in relation to the Unit. The contour interval is 20’. The Wells are

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22107
Exhibit B

depicted with black lines, and I have identified the bottom hole locations. The map demonstrates the formation within a very minor anticlinal feature trending NW-SE 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.

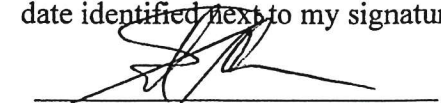
6. In my opinion, a standup orientation for the Wells is appropriate for the proper exploitation of subject acreage because of the of consistent rock properties throughout the Unit and in taking advantage the NE-SW maximum stress orientation in this area

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


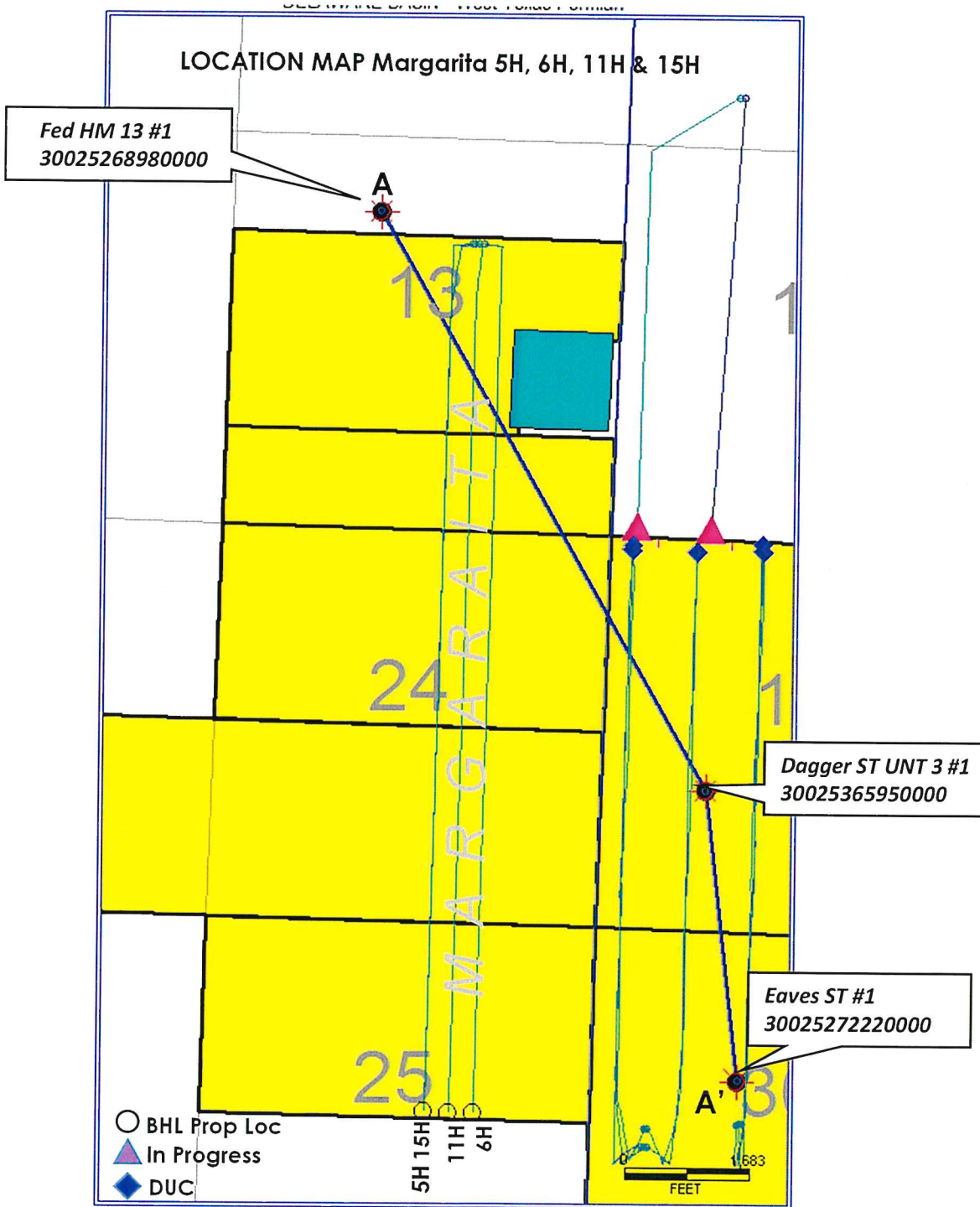
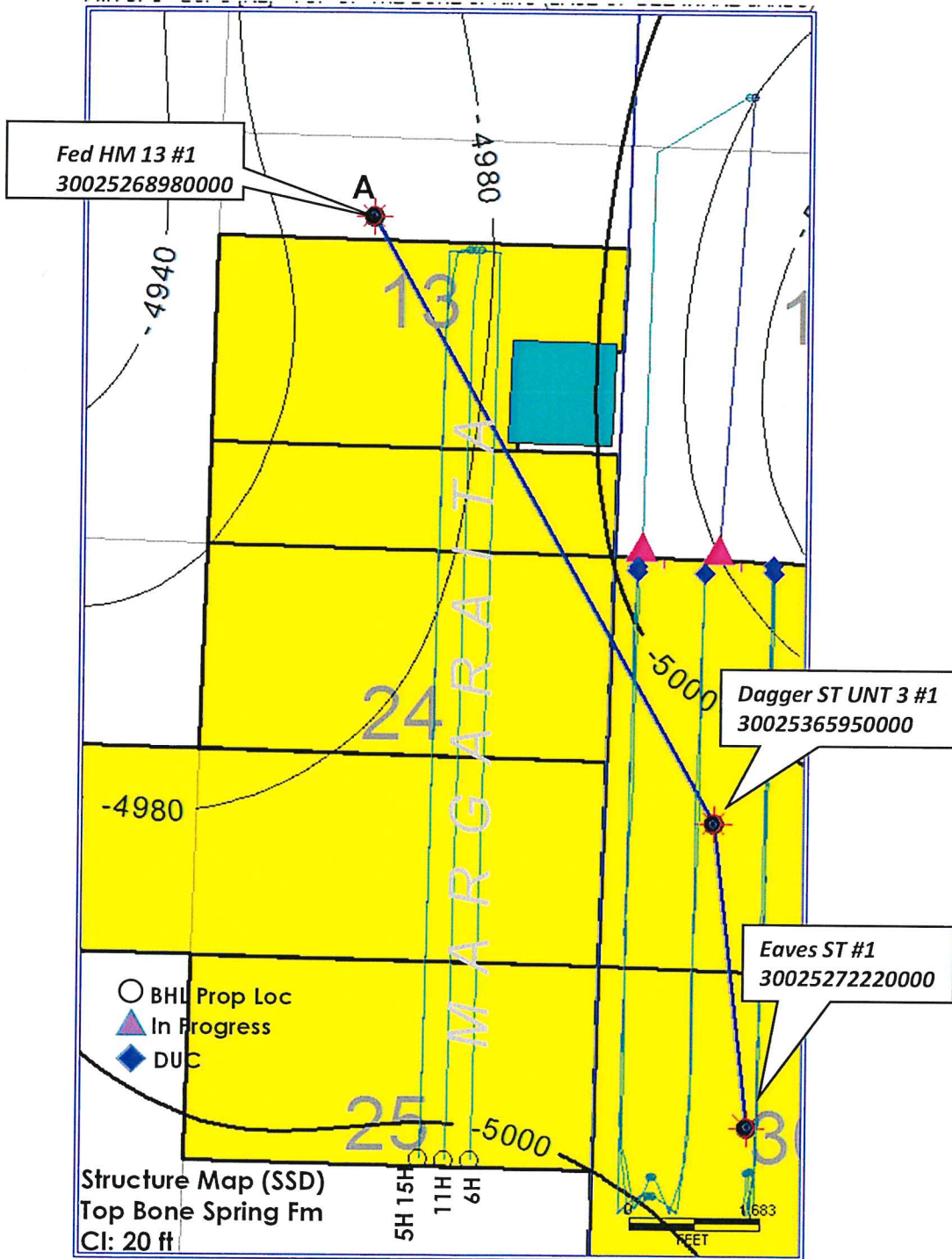

Date

Exhibit B-1



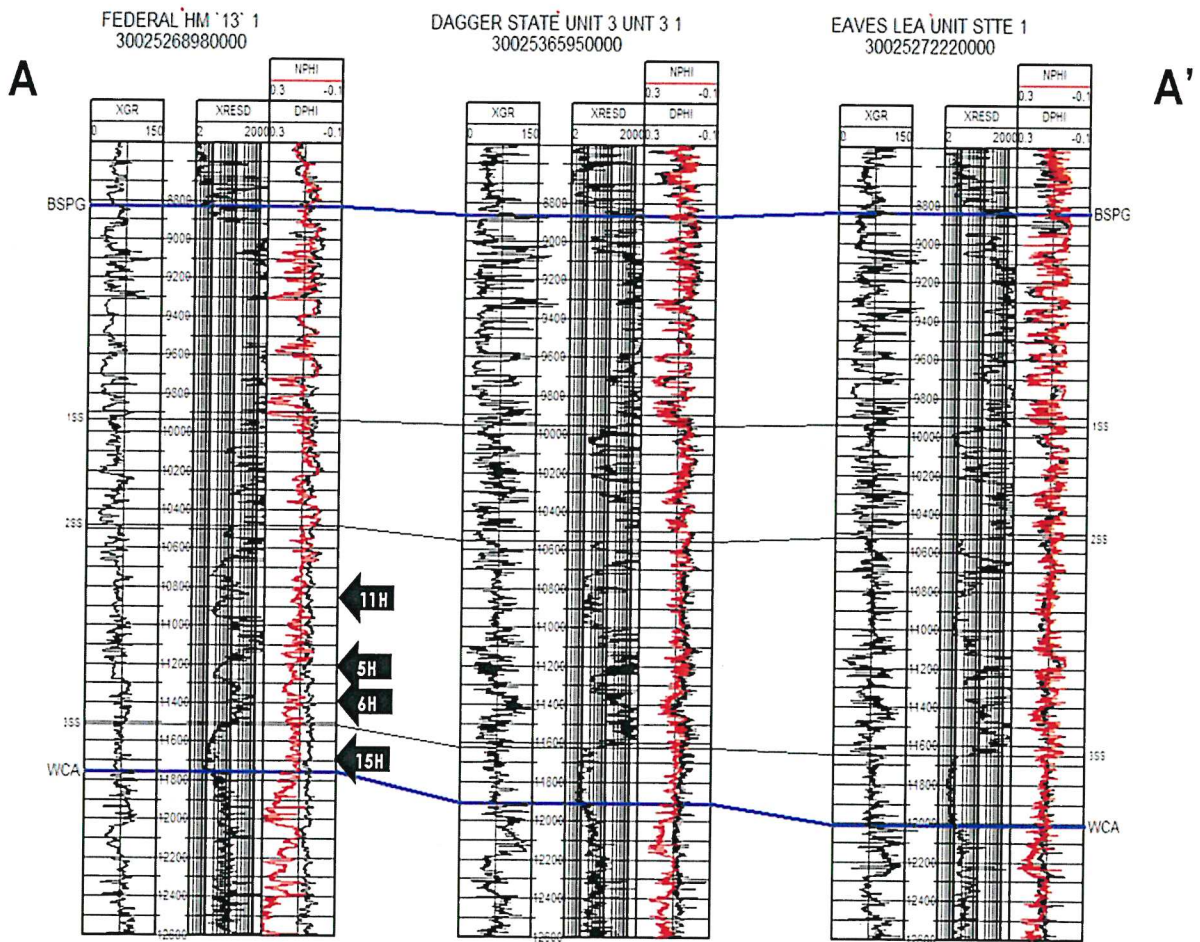
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 Case No. 22107
 Exhibit B-1

Exhibit B-2 Structure Map Top Bone Spring (SSD)



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 Case No. 22107
 Exhibit B-2

Exhibit B-3 CROSS SECTION A - A'



Proposed Landings annotated with arrows

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Exhibit B-3