

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

**APPLICATION OF ADVANCE ENERGY PARTNERS HAT MESA, LLC TO AMEND ORDER NOS. R-21851 AND R-21853 TO CONSOLIDATE HORIZONTAL SPACING UNITS, REVISE WELL LOCATIONS, AND INCLUDE ADDITIONAL WELLS, LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_  
ORDER NOS. R-21851, R-21853  
(Re-Open)**

**APPLICATION**

Advance Energy Partners Hat Mesa, LLC (“Applicant”) files this application to: (1) amend the locations of the wells approved under Order Nos. R-21851 and R-21853 (“Orders”); (2) consolidate the adjacent horizontal spacing units approved under the Orders into a 720-acre, more or less, standard horizontal spacing unit (“Unit”) within the Bone Spring formation comprised of the S/2NE/4 and SE/4 of Section 13, E/2 of Section 24, and NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico; and (3) include the Margarita Federal Com 13 #19H and #20H wells in the Unit. In support of its application, Applicant states the following:

1. On September 22, 2021, the Division issued Order No. R-21851 in Case No. 22105 and Order No. R-21853 in Case No. 22107.
2. Order No. R-21851 pooled all uncommitted mineral interests in the Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SE/4NE/4 and E/2SE/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 and dedicated the unit to the Margarita Federal Com #7H, #8H, #12H, and #16H wells.
3. Order No. R-21853 pooled all uncommitted mineral interests in the Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the

SW/4NE/4 and W/2SE/4 of Section 13, W/2E/2 of Section 24, and W/2NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico and dedicated the unit to the Margarita Federal Com #15H, #5H, #6H, and #11H wells.

4. The Orders designated Applicant as the operator of the units.

5. Subsequent to the entry of the Orders, Applicant revised the proposed locations of the wells approved under the Orders and intends to include the Margarita Federal Com 13 #19H and #20H wells in its development plan. Accordingly, Applicant intends to dedicate the Unit to the following wells ("Wells"):

- **Margarita Federal Com 13 #5H, #6H, #11H, #15H and #19H** wells to be horizontally drilled from a surface location in the SW/4NE/4 (Unit G) of Section 13 to a bottom hole location in the SW/4NE/4 (Unit G) of Section 25;
- **Margarita Federal Com 13 #7H and #16H** wells to be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 13 to a bottom hole location in the SW/4NE/4 (Unit G) of Section 25; and
- **Margarita Federal Com 13 #8H, #12 and #20** wells to be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 13 to a bottom hole location in the SE/4NE/4 (Unit H) of Section 25.

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

3. The completed interval for the proposed **Margarita Federal Com 13 #6H** well will be within 330' of the quarter-quarter line separating the W/2SE/4 from the E/2SE/4 and the SE/4NE/4 from the SW/4NE/4 of Section 13, the E/2E/2 from the W/2E/2 of Section 24, and the W/2NE/4 from the E/2NE/4 of Section 25 to allow the inclusion of this acreage in a 720-acre, more or less, standard horizontal spacing unit.

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, the Orders should be amended as discussed above, 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 December 2, 2021 and that, after notice and hearing, the Division approve:

- a. the revised locations of the Wells;
- b. the addition of the Margarita Federal Com 13 #19H and #20H wells to the Unit; and
- c. the consolidation of the horizontal spacing units approved under Order Nos. R-21851 and R-21853 into a 720-acre, more or less, standard horizontal spacing unit.

Respectfully submitted,

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