

**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. 22324
ORDER NOS. R-21851, R-21853
(Re-Open)**

PRE-HEARING STATEMENT

Advance Energy Partners Hat Mesa, LLC (“Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Advance Energy Partners Hat Mesa, LLC

ATTORNEYS

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INTERESTED PARTIES

No other parties of record.

ATTORNEYS

STATEMENT OF THE CASE

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

The completed intervals of the Wells will be orthodox. 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 inclusion of this acreage into a standard horizontal well spacing unit. The Wells are located approximately twenty-seven (27) miles west of Eunice, New Mexico.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Paul Burdick	Land Advisor	Affidavit	Approx. 7
Edward Caamano	Vice President of Geoscience	Affidavit	Approx. 5

PROCEDURAL MATTERS

Applicant will present its case by affidavit if there is no opposition to its application.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 63101

QUESTIONS

Operator: ADVANCE ENERGY PARTNERS HAT MESA, LLC 11490 Westheimer Rd., Ste 950 Houston, TX 77077	OGRID: 372417
	Action Number: 63101
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>