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

APPLICATION OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO

CASE NOS. 22895

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhib	it A	Self-Affirmed Statement of Shelly Albrecht
	A-1	Application & Proposed Notice of Hearing
	A-2	C102s for Wells
	A-3	Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled
	A-4	Sample Well Proposal Letter and AFEs
	A-5	Chronology of Contact
Exhib	it B	Self-Affirmed Statement of John Harper
	B-1	Regional Locator Map
	B-2	Cross-Section Locator Map
	B-3	Bone Spring Structure Map
	B-4	Structural Cross-Section
	B-5	Stratigraphic Cross-Section
	B-6	Gun Barrel Development Plan
Exhib	it C	Affidavit of Dana S. Hardy
	C-1	Sample Notice Letter to All Interested Parties

- C-2 Chart of Notice to All Interested Parties and Certified Mail Receipts
- C-3 Copies of Certified Mail Receipts and Returns
- C-4 Affidavit of Publication for June 19, 2022

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

ALL INFORMATION IN THE APPLICATION MUST	
Case No.:	22895
Hearing Date:	8/18/2022
Applicant	Avant Operating, LLC
Designated Operator & OGRID	330396
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Avant Operating, LLC for Compulsory Pooling and
	Overlapping Spacing Unit, Lea County, New Mexico
Entries of Appearance/Intervenors	Marathon Oil Permian LLC
Well Family	Cutbow 36 1 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring Formation
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring Formation
Pool Name and Pool Code	GEM; Bone Spring Pool (Code 27220)
Well Location Setback Rules	Standard
Spacing Unit Size	640-acre
Spacing Unit	o to dele
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640
Building Blocks	
Orientation	quarter-quarter South/North
Description: TRS/County	E/2 of Section 36, Township 19 South, Range 32 East and the E/2 of
	Section 1, Township 20 South, Range 32 East, Lea County
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	Yes, the completed interval of the Cutbow 36 1 Fed Com #605H
	well will be located within 330' of the quarter-quarter section line
	separating the E/2 E/2 and W/2 E/2 of Sections 1 and 36 to
	allow for the creation of a standard 640-acre horiztonal spacing
	unit.
Proximity Defining Well: if yes, description	Yes, the Cutbow 36 1 Fed Com #605H well
Well(s)	
Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard)	
Well #1	Cutbow 36 1 Fed Com #604H (API # pending)
	SHL: 410' FSL & 1273' FEL, Unit P, Section 25, T19S-R32E
	BHL: 100' FSL & 2178' FEL, Unit O, Section 1, T20S-R32E
	Completion Target: Bone Spring (Approx. 10,900' TVD)
Well #2	Well Orientation: South to North
Weii #2	Cutbow 36 1 Fed Com #605H (API # pending)
	SHL: 410' FSL & 1239' FEL, Unit P, Section 25, T19S-R32E
	BHL: 100' FSL & 1254' FEL, Unit P, Section 1, T20S-R32E
	Completion Target: Bone Spring (Approx. 10,900' TVD)
	Well Orientation: South to North
Well #3	Cutbow 36 1 Fed Com #606H (API # pending)
	SHL: 410' FSL & 1206' FEL, Unit P, Section 25, T19S-R32E
	BHL: 100' FSL & 330' FEL, Unit P, Section 1, T20S-R32E
Released to Imaging: 8/17/2022 9:16:31 AM	Completion Target: Bone Spring (Approx. 10,900' TVD)
recessed to imaging. 0/1//2022 7.10.31 AM	Well Orientation: South to North

/s/ Dana S. Hardy

8/15/2022

Date:

Signed Name (Attorney or Party Representative):

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

APPLICATION OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 22895

SELF-AFFIRMED STATEMENT OF SHELLY ALBRECHT

- 1. I am the Vice President of Land for Avant Operating, LLC ("Avant") 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 land matters were accepted and made a matter of record.
- 2. I am familiar with the land matters involved in the above-referenced case. Copies of Avant's Application and proposed hearing notice are attached 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. Avant applies for an order: (1) approving a 640-acre, more or less, standard overlapping spacing unit in the Bone Spring formation underlying the E/2 of Section 36, Township 19 South, Range 32 East and the E/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico ("Unit"); and (2) pooling all uncommitted interests in the Unit.
- 5. The Unit will be dedicated to the following wells, which will be completed in the GEM; Bone Spring Pool (Code 27220):
 - Cutbow 36 1 Fed Com #604H, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range

Avant Operating, LLC Case No. 22895 Exhibit A

- 32 East, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1, Township 20 South, Range 32 East;
- Cutbow 36 1 Fed Com #605H, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East; and
- Cutbow 36 1 Fed Com #606H, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SE/4SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East.
- 6. The completed interval of the Cutbow 36 1 Fed Com #605H well will be located within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 1 and 36 to allow for the creation of a standard 640-acre horizontal spacing unit.
 - 7. The completed intervals of the Wells will be orthodox.
- 8. The Unit will partially overlap with the spacing unit for the Maroon Bells Federal Com 15 32 36 SB 001H well (API # 30-025-40827), which is dedicated to the W/2 E/2 of Section 1, Township 20 South, Range 32 East and the W/2 SE/4 of Section 36, Township 19 South, Range 32 East. That well targets the Second Bone Spring Sand interval of the Bone Spring formation and is operated by Marathon Oil Permian, LLC ("Marathon"). Marathon was provided notice of this application.
 - 9. **Exhibit A-2** contains the C-102s for the Wells.

- 10. **Exhibit A-3** contains a plat that identifies ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Avant seeks to pool highlighted in yellow. All of the interest owners are locatable.
- 11. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to the 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 subject formation in the area.
- 12. Avant has conducted a diligent search of all county public records including phone directories and computer databases.
- 13. In my opinion, Avant made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact described in **Exhibit** A-5.
- 14. Avant requests overhead and administrative rates of \$10,000 per month while the Wells are being drilled and \$1000 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by Avant and other operators in the vicinity.
- 15. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- 16. In my opinion, the granting of Avant's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 17. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony 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.

Shelly Albrecht

7/27/22 Date

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

APPLICATION OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO

Case No. 228	395
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APPLICATION

Pursuant to NMSA § 70-2-17, Avant Operating, LLC ("Applicant") applies for an order: (1) approving a 640-acre, more or less, standard overlapping spacing unit in the Bone Spring formation underlying the E/2 of Section 36, Township 19 South, Range 32 East and the E/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico ("Unit"); and (2) pooling all uncommitted interests in the Unit. In support of its application, Applicant states:

- 1. Applicant (OGRID No. 330396) is a working interest owner in the Unit and has the right to drill wells thereon.
 - 2. The Unit will be dedicated to the following wells ("Wells"):
 - a. **Cutbow 36 1 Fed Com #604H**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1, Township 20 South, Range 32 East;
 - b. **Cutbow 36 1 Fed Com #605H**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East; and
 - c. **Cutbow 36 1 Fed Com #606H**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19

Avant Operating, LLC Case No. 22895 Exhibit A-1 South, Range 32 East, to a bottom hole location in the SE/4SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East.

- 3. The completed intervals of the Wells will be orthodox.
- 4. The completed interval of the Cutbow 36 1 Fed Com #605H well will be located within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 1 and 36 to allow for the creation of a standard 640-acre horizontal spacing unit.
- 5. The Unit will partially overlap with the spacing unit for the Maroon Bells Federal Com 16 32 36 SB 001H well (API # 30-025-40827), which is dedicated to the W/2 E/2 of Section 1, Township 20 South, Range 32 East and the W/2 SE/4 of Section 36, Township 19 South, Range 32 East.
- 6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all of the interest owners.
- 7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
- 8. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the proposed overlapping spacing unit should be approved, all uncommitted 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 July 7, 2022 and that, after notice and hearing, the Division enter an order:

- A. Approving an overlapping 640-acre horizontal spacing unit;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the Wells in the Unit;

- D. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the
 Wells;
- F. 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
- G. 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 Jaclyn M. McLean P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com

Counsel for Avant Operating, LLC

Application of Avant Operating, LLC for Compulsory Pooling and Overlapping Spacing Unit, Lea County, New Mexico. Applicant applies for an order: (1) approving a 640-acre, more or less, standard overlapping spacing unit in the Bone Spring formation underlying the E/2 of Section 36, Township 19 South, Range 32 East and the E/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico ("Unit"); and (2) pooling all uncommitted interests in the Unit. The Unit will be dedicated to the following wells: Cutbow 36 1 Fed Com #604H, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1, Township 20 South, Range 32 East; Cutbow 36 1 Fed Com #605H, to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East; and Cutbow 36 1 Fed Com #606H, to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East. The completed interval of the Cutbow 36 1 Fed Com #605H well will be within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 1 and 36 to allow for the creation of a standard 640-acre horizontal spacing unit. The completed intervals of the Wells will be orthodox. The Unit will partially overlap with the spacing unit for the Maroon Bells Federal Com 16 32 36 SB 001H well (API # 30-025-40827), which is dedicated to the W/2 E/2 of Section 1, Township 20 South, Range 32 East and the W/2 SE/4 of Section 36, Township 19 South, Range 32 East. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, 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 35 miles southwest of Hobbs, New Mexico.

<u>DISTRICT I</u> 1625 N. French Dr., Hobbs, N.M. 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

<u>DISTRICT II</u> 811 S. First St., Artesia, N.M. 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

<u>DISTRICT III</u> 1000 Rio Brazos Rd., Aztec, N.M. 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

<u>DISTRICT IV</u> 1220 S. St. Francis Dr., Santa Fe, N.M. 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 State of New Mexico Exhibit A-2
Energy, Minerals & Natural Resources Department

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, N.M. 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	*Pool Code 27220					
⁴ Property Code	⁶ Proper	⁵ Property Name				
	Cutbow 36 1	Cutbow 36 1 Federal Com				
OGRID No.	⁶ Opera	or Name	• Elevation			
330396	Avant Ope	rating, LLC	3580			

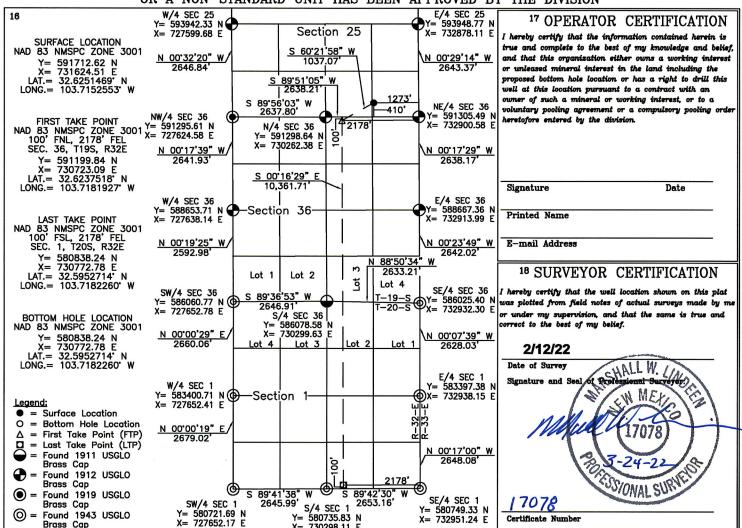
¹⁰ Surface Location

7									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	19 S	32 E		410	South	1273	East	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	1	20 S	32 E		100	South	2178	East	Lea
18 Dedicated Acre	18 Dedicated Acres				nsolidation Code	15 Order No.			
640									

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



DISTRICT I 1625 N. French Dr., Hobbs, N.M. 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

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State of New Mexico Energy, Minerals & Natural Resources Department

> OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, N.M. 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	27220 Code	27220 GEM; Bone Spring Pool Name				
⁴ Property Code	⁶ Propert	⁶ Property Name				
	Cutbow 36 1 I	Cutbow 36 1 Federal Com				
OGRID No.	⁶ Operate	or Name	• Elevation			
330396	Avant Oper	Avant Operating, LLC				

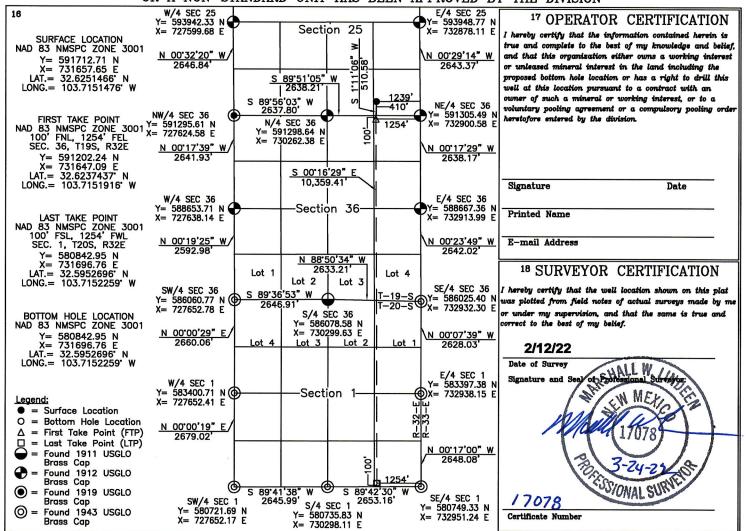
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Р	25	19 S	32 E		410	South	1239	East	Lea

¹¹ Bottom Hole Location If Different From Surface

					DOCUMENT I	. Dillor ollo 110	JII Dallaco		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Р	1	20 S	32 E		100	South	1254	East	Lea
18 Dedicated Acres	18 Dedicated Acres		18 Joint or	Infill 14 Co	nsolidation Code	15 Order No.			
640									

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DISTRICT I 1625 N. French Dr., Hobbs, N.M. 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 DISTRICT II 811 S. First St., Artesia, N.M. 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

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Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, N.M. 87505 Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	^a Pool Code 27220	1 OI Name				
⁴Property Code	⁶ Propert	⁶ Property Name				
	Cutbow 36 1	Cutbow 36 1 Federal Com				
OGRID No.	⁸ Operat	or Name	⁹ Elevation			
330396	Avant Oper	ating, LLC	3579			

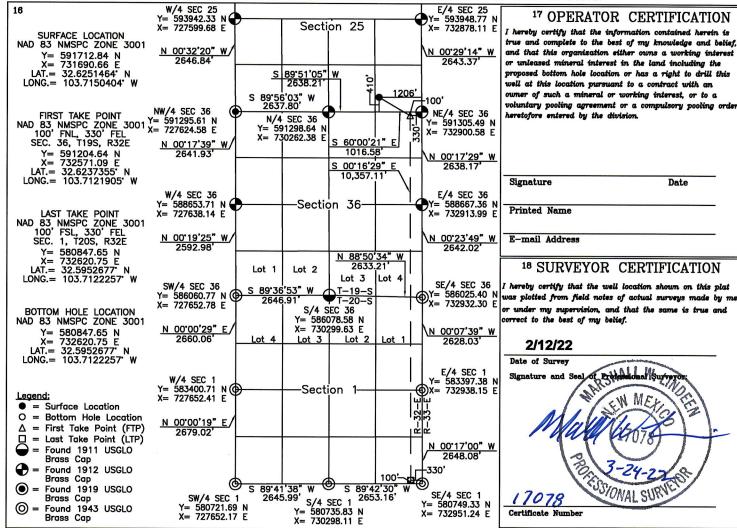
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Р	25	19 S	32 E		410	South	1206	East	Lea

11 Bottom Hole Location If Different From Surface

-	Bottom note bocation if billerent From Surface										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
Р	1	20 S	32 E		100	South	330	East	Lea		
18 Dedicated Acres	18 Dedicated Acres		18 Joint or	Infill 14 Co	nsolidation Code	15 Order No.					
640											

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



Received by Offit-1162Ct2OWHEIShip

F/2 Sec 36-T19S-R32F

E/2 Sec 36-T19S-R32E & E/2 Sec 1-T20S-R32E

Avant Operating, LLC Exhibit A-3 Case No. 22895



CUTBOW 36 1FEDERAL COM 604H, 605H and 606H (E2 Sec 36 and E2 Sec 01Bone Spring) Case No. 22895					
WI OWNER	WI	Net Ac	Tract No	FORCE POOL INTEREST	
Avant Operating, LLC	71.5703%	457.3699	1, 2, 3, 4, 5, 7	Operator	
Marathon Oil Permian, LLC	24.9988%	159.7550	3, 4, 6	Yes	
Oxy Y-1 Company	2.4952%	15.9455	3, 4, 5	Yes	
Sharbro Energy, LLC	0.9357%	5.9796	3, 4, 5	Yes	
	100.0000%	639.0500			

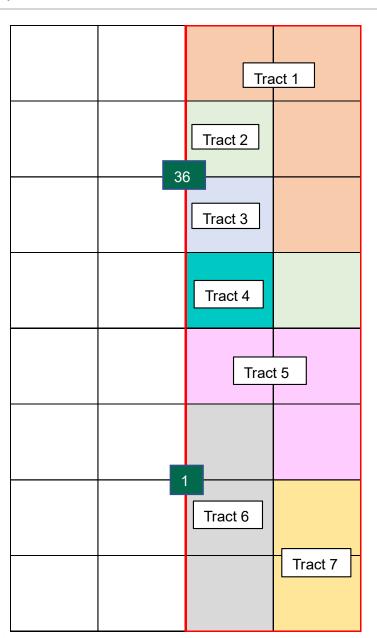
Lessee of Record	WI	Net Ac	Tract No	FORCE POOL INTEREST
Magnum Hunter Production, Inc.	N/A	N/A	1, 2, 3, 4	Yes
EOG Resources, Inc.	N/A	N/A	5	Yes
Oxy Y-1 Company	N/A	N/A	5	Yes
Sharbro Energy, LLC	N/A	N/A	5	Yes
Rolla R. Hinkle. III	N/A	N/A	6, 7	Yes



E/2 Sec 36-T19S-R32E & E/2 Sec 1-T20S-R32E

Avant Operating, LLC Exhibit A-3 Case No. 22895





Tract	State/Fed/Fee	Lease
Tract 1	State	L-6691
Tract 2	State	B-1482
Tract 3	State	L-6691
Tract 4	State	B-1482
Tract 5	Fed	NM 77054
Tract 6	Fee	Fee
Tract 7	Fee	Fee

ORRI Owners	Tract
Penasco Petroleum, LLC	6, 7
Mark McClellan	6, 7
Rolla R. Hinkle, III	6, 7
Magnum Hunter Production, Inc.	1, 2, 3, 4
Nilo Operating Company	5





March 25, 2022

Sent Via Certified Mail Tracking # 7018 2290 0002 1892 9080

Sharbro Energy, LLC 505 W. Main Street Artesia, NM 88210

RE: Cutbow 36 1 Fed Com #301H, #302H, #303H,

#304H, #305H, #306H, #501H, #502H, #503H, #601H, #602H, #603H, #604H, #605H and #606H

SHL: NW of Section 36 & S2 of Section 25, Township 19 South, Range 32 East

BHL: S2 of Section 1, Township 20 South, Range 32 East

Lea County, New Mexico

Ladies and Gentlemen:

Avant Operating, LLC ("Avant") proposes to drill and complete the Cutbow 36 1 Fed Com #301H, #302H, #303H, #304H, #305H, #306H, #501H, #502H, #503H, #601H, #602H, #603H, #604H, #605H, & #606H wells, located in Section 36, Township 19 South, Range 32 East and Section 1, Township 20 South, Range 32 East, Lea County, New Mexico, to test the Bone Spring Formation.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each proposed well is itemized on the enclosed Authority for Expenditures ("AFE").
- **Cutbow 36 1 Fed Com #301H**: to be drilled from a legal location with a proposed surface hole location SW4 of Section 25-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,000'TVD and will be drilled horizontally to a Measured Depth of approximately 19,400'.
- **Cutbow 36 1 Fed Com #302H**: to be drilled from a legal location with a proposed surface hole location SW4 of Section 25-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,000'TVD and will be drilled horizontally to a Measured Depth of approximately 19,400'.

- Cutbow 36 1 Fed Com #303H: to be drilled from a legal location with a proposed surface hole location SW4 of Section 25-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,000'TVD and will be drilled horizontally to a Measured Depth of approximately 19,400'.
- Cutbow 36 1 Fed Com #304H: to be drilled from a legal location with a proposed surface hole location SE4 of Section 25-19S-32E and a proposed bottom hole location SE4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,000'TVD and will be drilled horizontally to a Measured Depth of approximately 19,400'.
- **Cutbow 36 1 Fed Com #305H**: to be drilled from a legal location with a proposed surface hole location SE4 of Section 25-19S-32E and a proposed bottom hole location SE4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,000'TVD and will be drilled horizontally to a Measured Depth of approximately 19,400'.
- **Cutbow 36 1 Fed Com #306H**: to be drilled from a legal location with a proposed surface hole location SE4 of Section 25-19S-32E and a proposed bottom hole location SE4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,000'TVD and will be drilled horizontally to a Measured Depth of approximately 19,400'.
- **Cutbow 36 1 Fed Com #501H**: to be drilled from a legal location with a proposed surface hole location SW4 of Section 25-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,900'TVD and will be drilled horizontally to a Measured Depth of approximately 20,300'.
- Cutbow 36 1 Fed Com #502H: to be drilled from a legal location with a proposed surface hole location SW4 of Section 25-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,900'TVD and will be drilled horizontally to a Measured Depth of approximately 20,300'.
- Cutbow 36 1 Fed Com #503H: to be drilled from a legal location with a proposed surface hole location SW4 of Section 25-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 9,900'TVD and will be drilled horizontally to a Measured Depth of approximately 20,300'.
- Cutbow 36 1 Fed Com #601H: to be drilled from a legal location with a proposed surface hole location NW4 of Section 36-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,800'TVD and will be drilled horizontally to a Measured Depth of approximately 21,200'.
- Cutbow 36 1 Fed Com #602H: to be drilled from a legal location with a proposed surface hole location NW4 of Section 36-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,800'TVD and will be drilled horizontally to a Measured Depth of approximately 21,200'.

- Cutbow 36 1 Fed Com #603H: to be drilled from a legal location with a proposed surface hole location NW4 of Section 36-19S-32E and a proposed bottom hole location SW4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,800'TVD and will be drilled horizontally to a Measured Depth of approximately 21,200'.
- Cutbow 36 1 Fed Com #604H: to be drilled from a legal location with a proposed surface hole location SE4 of Section 25-19S-32E and a proposed bottom hole location SE4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,800'TVD and will be drilled horizontally to a Measured Depth of approximately 21,200'.
- **Cutbow 36 1 Fed Com #605H**: to be drilled from a legal location with a proposed surface hole location SE4 of Section 25-19S-32E and a proposed bottom hole location SE4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,800'TVD and will be drilled horizontally to a Measured Depth of approximately 21,200'.
- **Cutbow 36 1 Fed Com #606H**: to be drilled from a legal location with a proposed surface hole location SE4 of Section 25-19S-32E and a proposed bottom hole location SE4 of Section 1-20S-32E. The Well will have a targeted interval within the Bone Spring formation at a depth of approximately 10,800'TVD and will be drilled horizontally to a Measured Depth of approximately 21,200'.

Avant reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. Avant will advise you of any material modifications.

Avant is proposing to drill the proposed wells under the terms of a modified 1989 AAPL form of Operating Agreement ("JOA"). This JOA will be sent to you following this proposal with the following general provisions:

- 100%/300%/300% non-consent penalty
- \$10,000/\$1000 drilling and producing monthly overhead rates
- Contract Area of all of Section 36-T19S-R32E and Section 1-T20S-R32E
- This proposed Operating Agreement will supersede any and all existing Operating Agreements as to all depths on all horizontal wells drilled after the effective date of the JOA.

If we do not reach an agreement within thirty (30) days of receipt of these well proposals, Avant will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit or units for the proposed wells. Please indicate your elections in the spaces provided on the following pages. If you elect to participate in the drilling and completion of the wells proposed herein, please sign and return a copy of this letter along with the enclosed AFEs within thirty (30) days of receipt of this proposal.

In the event you do not wish to participate in this proposed development, Avant is keen to discuss a deal to either trade for or purchase your interest.

Should you have any questions, please contact the undersigned at shelly@avantnr.com.

Sincerely,

Shelly Albrecht

Vice President of Land

Enclosures

Sharbro Energy, LLC elects as follows:
Cutbow 36 1 Fed Com #301H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #301H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #301H well.
Cutbow 36 1 Fed Com #302H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #302H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #302H well.
Cutbow 36 1 Fed Com #303H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #303H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #303H well.
Cutbow 36 1 Fed Com #304H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #304H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #304H well.
Cutbow 36 1 Fed Com #305H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #305H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #305H well.
Cutbow 36 1 Fed Com #306H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #306H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #306H well.
Cutbow 36 1 Fed Com #501H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #501H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #501H well.
Cutbow 36 1 Fed Com #502H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #502H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #502H well.
Cutbow 36 1 Fed Com #503H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #503H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #503H well.
Cutbow 36 1 Fed Com #601H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #601H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #601H well.
Cutbow 36 1 Fed Com #602H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #602H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #602H well.

1515 Wynkoop Street | Suite 700 | Denver, CO 80202 www.avantnr.com

Cutbow 36 1 Fed Com #603H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #603H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #603H well.
Cutbow 36 1 Fed Com #604H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #604H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #604H well.
Cutbow 36 1 Fed Com #605H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #605H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #605H well.
Cutbow 36 1 Fed Com #606H:
I/We hereby elect to participate in the Cutbow 36 1 Fed Com #606H well.
I/We hereby elect NOT to participate in the Cutbow 36 1 Fed Com #606H well.
Sharbro Energy, LLC
By:
Printed Name:
Title:
Date:

Authority For	Evpondituro	- WALLAEE
Authority For	Expenditure	- well AFE

Well Name:	Well:	Cutbow Federal Com 604H	Date:	3/23/2022
AFE:	#:	NM0022	Operator:	AVANT OPERATING, LLC
County/State:	County:	Lea	Completed LL:	10,000 ft
	State:	New Mexico	# of Stages:	46
Field:	Field:	Antelope Ridge; Bone Spring North	Total Proppant:	25,000,000 lbs
Total Depth:	TVD:	10,900 ft	Total Fluid:	642,857 bbls
	MD:	20,900 ft		

Drill and complete a 3rd Bonespring horizontal with an estimated 10,000' lateral. Drill costs include rig daywork, drilling fluid, tubulars, cement, and other services and rentals. Completion Costs include 46 stage frac job, water, sand, frac plugs, perforations, drilloout, flow back, tubing, artificial lift, tanks and facilities.

ACCOUNT CODES	INTANGIBLE DRILLING COSTS		AFE AMOUNT
8200.102	Daywork Cost		\$ 569,400.00
8200.103	Rig Mob/Demob		\$ 59,300.00
8200.104	Rig Fuel & Power		\$ 117,800.00
8200.106	Transportation & Hauling		\$ 53,000.00
8200.111	Permit/Surveys/Fees		\$ 21,500.00
8200.112	Roads, Location, Pits & Restoration		\$ 216,100.00
8200.115	Drilling Water & Hauling		\$ 51,400.00
8200.116	Drill Bits		\$ 98,000.00
8200.117	Drilling Mud & Chemicals		\$ 108,700.00
8200.124	Rental Equipment, Tools & Services		\$ 117,900.00
8200.125	Equipment Repairs & Maintenance		\$ 46,200.00
8200.127	Contract Labor		\$ 62,500.00
8200.128	Directional Services		\$ 270,800.00
8200.135	Coring & Analysis		\$ -
8200.136	Mud Logging		\$ 41,600.00
8200.137	Casing Services		\$ 53,000.00
8200.138	Cement & Services		\$ 183,500.00
8200.139	Fishing/Sidetrack		\$ -
8200.144	Engineering & Drilling Supervision		\$ 346,100.00
8200.151	Insurance Gen Liability		\$ 8,000.00
8200.152	Insurance OEE		\$ 20,000.00
8200.161	Log/Perf/Core		\$ 11,500.00
8200.162	Surface Equipment Rental		\$ 78,000.00
8200.163	Drillstem Test		\$ -
8200.164	Solids Control		\$ 155,000.00
8200.165	Safety/Environment		\$ 28,300.00
	INTANGIBLE DRILLING COSTS - SUBTOTAL		\$ 2,717,600.00
	TANGIBLE DRILLING COSTS		
8400.301	Surface Casing		\$ 67,800.00
8400.302	Intermediate Casing		\$ 204,200.00
8400.303	Production Casing		\$ 697,500.00
8400.304	Conductor Pipe		\$ 22,400.00
8400.340	Wellhead Equipment		\$ 42,000.00
	TANGIBLE DRILLING COSTS - SUBTOTAL		\$ 1,033,900.00
		DRILLING AFE TOTAL	\$ 3,751,500.00

9200 204	INTANGIBLE COMPLETION COSTS		\$ -
8300.201	Completion Rig		Ψ
8300.203	Fuel & Power		\$ 690,000.00
8300.205	Roads, Location, Pits & Restoration		-
8300.207	Water & Hauling		\$ 927,858.00
8300.209	Completion Fluids/Mud/Chemicals		\$ 15,000.00
8300.210	Rental Equipment Tools & Services Contract Labor		\$ 322,000.00 \$ 95,000.00
8300.212 8300.214			\$ 95,000.00
	Perforating & Bridge Plugs		\$ 469,200.00
8300.220	Engineering & Drilling Supervision		
8300.227 8300.229	Insurance Gen Liability Transportation & Hauling		\$ 8,000.00 \$ 50,000.00
8300.240	·		\$ 26,500.00
	Special Services		
8300.253	Inspection/Tubular Testing		\$ 10,000.00 \$ 1,955,000.00
8300.270 8300.271	Hydraulic Fracturing		
0300.271	Coil Tubing INTANGIBLE COMPLETION COSTS - SUBTOT	ļ Al	\$ 105,200.00 \$ 4,806,758.00
	INTANGIBLE COMPLETION COSTS - SUBTOT	AL	\$ 4,806,758.00
	TANCIPI E COMPI ETION COSTO		
8300.251	TANGIBLE COMPLETION COSTS		\$ 100,000.00
8400.312	Tubing Gas Lift		\$ 100,000.00 \$ 50,000.00
8400.313	Tank Battery		\$ 50,000.00
8400.313			\$ 175,900.00
8400.314 8400.316	Heater Treater / Separator Valves/Fitting		\$ 350,000.00
8400.331	Automation		\$ 350,000.00
8400.340	Wellhead Equipment		\$ 92,000.00
0400.340	TANGIBLE COMPLETION COSTS - SUBTOTAL		\$ 1,297,900.00
	TANGIBLE COMPLETION COSTS - SUBTOTAL	-	1,237,300.00
		COMPLETION AFE TOTAL	\$ 6,104,658.00
		Added Contingency	\$ 492,807.90
		TOTAL AFE	
			,
APPROVED BY:	TITLE	: VP of Engineering	DATE:
COMPANY:	Avant Operating, LLC		
APPROVED BY:	TITLI	E: CFO	DATE:
COMPANY:	Avant Operating, LLC		
APPROVED BY:	TITLE	E: CEO	DATE:
COMPANY:	Avant Operating, LLC		
APPROVED BY:	TITLE	3	DATE:
COMPANY:		WORKING INTEREST:	
COSTS	SHOWN ON THIS FORM ARE ESTIMATES ONLY AND AP	PROVAL OF THIS AUTHORIZ	ATION SHALL EXTEND

Well Name:	Well:	Cutbow Federal Com 605H	Date:	3/23/2022
AFE:	#:	NM0023	Operator:	AVANT OPERATING, LLC
County/State:	County:	Lea	Completed LL:	10,000 ft
	State:	New Mexico	# of Stages:	46
Field:	Field:	Antelope Ridge; Bone Spring North	Total Proppant:	25,000,000 lbs
Total Depth:	TVD:	10,900 ft	Total Fluid:	642,857 bbls
	MD:	20,900 ft		

Drill and complete a 3rd Bonespring horizontal with an estimated 10,000' lateral. Drill costs include rig daywork, drilling fluid, tubulars, cement, and other services and rentals. Completion Costs include 46 stage frac job, water, sand, frac plugs, perforations, drilloout, flow back, tubing, artificial lift, tanks and facilities.

ACCOUNT CODES	INTANGIBLE DRILLING COSTS		AFE AMOUNT
8200.102	Daywork Cost		\$ 569,400.00
8200.103	Rig Mob/Demob		\$ 59,300.00
8200.104	Rig Fuel & Power		\$ 117,800.00
8200.106	Transportation & Hauling		\$ 53,000.00
8200.111	Permit/Surveys/Fees		\$ 21,500.00
8200.112	Roads, Location, Pits & Restoration		\$ 216,100.00
8200.115	Drilling Water & Hauling		\$ 51,400.00
8200.116	Drill Bits		\$ 98,000.00
8200.117	Drilling Mud & Chemicals		\$ 108,700.00
8200.124	Rental Equipment, Tools & Services		\$ 117,900.00
8200.125	Equipment Repairs & Maintenance		\$ 46,200.00
8200.127	Contract Labor		\$ 62,500.00
8200.128	Directional Services		\$ 270,800.00
8200.135	Coring & Analysis		\$ -
8200.136	Mud Logging		\$ 41,600.00
8200.137	Casing Services		\$ 53,000.00
8200.138	Cement & Services		\$ 183,500.00
8200.139	Fishing/Sidetrack		\$ -
8200.144	Engineering & Drilling Supervision		\$ 346,100.00
8200.151	Insurance Gen Liability		\$ 8,000.00
8200.152	Insurance OEE		\$ 20,000.00
8200.161	Log/Perf/Core		\$ 11,500.0
8200.162	Surface Equipment Rental		\$ 78,000.0
8200.163	Drillstem Test		\$ -
8200.164	Solids Control		\$ 155,000.0
8200.165	Safety/Environment		\$ 28,300.00
	INTANGIBLE DRILLING COSTS - SUBTOTAL		\$ 2,717,600.00
	TANGIBLE DRILLING COSTS		
8400.301	Surface Casing		\$ 67,800.00
8400.302	Intermediate Casing		\$ 204,200.0
8400.303	Production Casing		\$ 697,500.0
8400.304	Conductor Pipe		\$ 22,400.0
8400.340	Wellhead Equipment		\$ 42,000.0
	TANGIBLE DRILLING COSTS - SUBTOTAL		\$ 1,033,900.0
		DRILLING AFE TOTAL	\$ 3,751,500.00

	INTANGIBLE COMPLETION COSTS			
8300.201	Completion Rig		\$	
8300.203	Fuel & Power		\$	690,0
8300.205	Roads, Location, Pits & Restoration		\$	
8300.207	Water & Hauling		\$	927,85
8300.209	Completion Fluids/Mud/Chemicals		\$	15,00
8300.210	Rental Equipment Tools & Services		\$	322,00
8300.212	Contract Labor		\$	95,00
8300.214	Perforating & Bridge Plugs		\$	469,20
8300.220	Engineering & Drilling Supervision		\$	133,00
8300.227	Insurance Gen Liability		\$	8,00
8300.229	Transportation & Hauling		\$	50,00
8300.240	Special Services		\$	26,50
8300.253	Inspection/Tubular Testing		\$	10,00
8300.270	Hydraulic Fracturing		\$	1,955,00
8300.271	Coil Tubing		\$	105,20
	INTANGIBLE COMPLETION COSTS - SUBTOTA	AL.	\$	4,806,75
				.,,.
	TANGIBLE COMPLETION COSTS			
8300.251	Tubing		\$	100,00
8400.312	Gas Lift		\$	50,00
8400.313	Tank Battery		\$	175,90
8400.314	Heater Treater / Separator		\$	180,00
8400.316	Valves/Fitting		\$	350,00
8400.331	Automation		\$	350,00
8400.340	Wellhead Equipment		\$	92,00
0400.340	TANGIBLE COMPLETION COSTS - SUBTOTAL		\$	1,297,90
	TANOIDLE COMIT LETION COOTS - CODTOTAL		Ψ	1,237,30
		COMPLETION AFE TOTAL	e	6,104,65
		Added Contingency	\$	492,80
		TOTAL AFE	-	10,348,96
		TOTALALL	Ψ	10,040,00
APPROVED BY:	TITLE	: VP of Engineering	DATE:	
	Avant Operating, LLC	vi or Engineering	57(12.	
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APPROVED BY:	TITLE	CFO	DATE:	
	Avant Operating, LLC			
	,g,			
APPROVED BY:	TITLE	CEO	DATE:	
	Avant Operating, LLC			
com rutti				
APPROVED BY:	TITLE		DATE:	
COMPANY:	11166	WORKING INTEREST:		
JOINI AITI.		TOTALINO INTEREST		
COSTS	SHOWN ON THIS FORM ARE ESTIMATES ONLY AND APP	ROVAL OF THIS AUTHORIZ	ATION SHALL	EXTEND
55510	E ACTUAL COSTS INCURRED IN CONDUCTING THE WOR			

Authority For	Evnenditure	- Wall AFF
Authority i of	LADEIIUILUIE	- AAGII WI L

Well Name:	Well:	Cutbow Federal Com 606H	Date:	3/23/2022
AFE:	#:	NM0024	Operator:	AVANT OPERATING, LLC
County/State:	County:	Lea	Completed LL:	10,000 ft
	State:	New Mexico	# of Stages:	46
Field:	Field:	Antelope Ridge; Bone Spring North	Total Proppant:	25,000,000 lbs
Total Depth:	TVD:	10,900 ft	Total Fluid:	642,857 bbls
	MD:	20,900 ft		

Drill and complete a 3rd Bonespring horizontal with an estimated 10,000' lateral. Drill costs include rig daywork, drilling fluid, tubulars, cement, and other services and rentals. Completion Costs include 46 stage frac job, water, sand, frac plugs, perforations, drilloout, flow back, tubing, artificial lift, tanks and facilities.

ACCOUNT CODES	INTANGIBLE DRILLING COSTS		AFE AMOUNT
8200.102	Daywork Cost		\$ 569,400.00
8200.103	Rig Mob/Demob		\$ 59,300.00
8200.104	Rig Fuel & Power		\$ 117,800.00
8200.106	Transportation & Hauling		\$ 53,000.00
8200.111	Permit/Surveys/Fees		\$ 21,500.00
8200.112	Roads, Location, Pits & Restoration		\$ 216,100.00
8200.115	Drilling Water & Hauling		\$ 51,400.00
8200.116	Drill Bits		\$ 98,000.00
8200.117	Drilling Mud & Chemicals		\$ 108,700.00
8200.124	Rental Equipment, Tools & Services		\$ 117,900.00
8200.125	Equipment Repairs & Maintenance		\$ 46,200.00
8200.127	Contract Labor		\$ 62,500.00
8200.128	Directional Services		\$ 270,800.00
8200.135	Coring & Analysis		\$ -
8200.136	Mud Logging		\$ 41,600.00
8200.137	Casing Services		\$ 53,000.00
8200.138	Cement & Services		\$ 183,500.00
8200.139	Fishing/Sidetrack		\$ -
8200.144	Engineering & Drilling Supervision		\$ 346,100.00
8200.151	Insurance Gen Liability		\$ 8,000.00
8200.152	Insurance OEE		\$ 20,000.00
8200.161	Log/Perf/Core		\$ 11,500.00
8200.162	Surface Equipment Rental		\$ 78,000.00
8200.163	Drillstem Test		\$ -
8200.164	Solids Control		\$ 155,000.00
8200.165	Safety/Environment		\$ 28,300.00
	INTANGIBLE DRILLING COSTS - SUBTOTAL		\$ 2,717,600.00
	TANGIBLE DRILLING COSTS		
8400.301	Surface Casing		\$ 67,800.00
8400.302	Intermediate Casing		\$ 204,200.00
8400.303	Production Casing		\$ 697,500.00
8400.304	Conductor Pipe		\$ 22,400.00
8400.340	Wellhead Equipment		\$ 42,000.00
	TANGIBLE DRILLING COSTS - SUBTOTAL		\$ 1,033,900.00
		DRILLING AFE TOTAL	\$ 3,751,500.00

				-		
		INTANGIBLE COMPLETION COSTS				
8300.201		Completion Rig		\$		
8300.203		Fuel & Power		\$	690,00	
8300.205		Roads, Location, Pits & Restoration		\$		
8300.207		Water & Hauling		\$	927,85	
8300.209		Completion Fluids/Mud/Chemicals		\$	15,00	
8300.210		Rental Equipment Tools & Services		\$	322,00	
8300.212		Contract Labor		\$	95,00	
8300.214		Perforating & Bridge Plugs		\$	469,20	
8300.220		Engineering & Drilling Supervision		\$	133,00	
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8300.240		Special Services		\$	26,50	
8300.253		Inspection/Tubular Testing		\$	10,00	
8300.270		Hydraulic Fracturing		\$	1,955,00	
8300.271		Coil Tubing		\$	105,20	
		INTANGIBLE COMPLETION COSTS - SUBTOTA	Ĺ	\$	4,806,75	
		TANGIBLE COMPLETION COSTS				
8300.251		Tubing		\$	100,00	
8400.312		Gas Lift		\$	50,00	
8400.313		Tank Battery		\$	175,90	
8400.314		Heater Treater / Separator		\$	180,00	
8400.316		Valves/Fitting		\$	350,00	
8400.331		Automation		\$	350,00	
8400.340		Wellhead Equipment		\$	92,00	
		TANGIBLE COMPLETION COSTS - SUBTOTAL		\$	1,297,90	
			COMPLETION AFE TOTAL	s	6,104,65	
			Added Contingency	\$	492,80	
			TOTAL AFE	-	10,348,965	
			101/2/12		10,010,000	
APPROVED BY:		TITI F	VP of Engineering	DATE:		
	: TITLE: VP of Engineering DATE: : Avant Operating, LLC					
APPROVED BY:		TITLE:	CEO	DATE:		
		erating, LLC				
JOHN ANT.	Availt Ope					
APPROVED BY:		TITLE:	CEO	DATE:		
		erating, LLC		PAIL.		
CONFAINT.	Avail Ope	naung, LLO				
APPROVED BY:		TITLE:		DATE:		
COMPANY:		11166.	WORKING INTEREST:			
JOHN ANT.			TOMANO INTEREST.			
COSTS	SHOWN	N THIS FORM ARE ESTIMATES ONLY AND APP	ROVAL OF THIS AUTHORIZE	ATION SHALL	EXTEND	
		COSTS INCURRED IN CONDUCTING THE WORK				
10 11	AO I UAL	TOOLS INCOMED IN CONDUCTING THE WORK		JAL ON LEG	·	

Cutbow 36 1 Fed Com Communication Timeline

March 25, 2022- Proposals sent for the Cutbow 36 1 Fed Com wells. Avant in the process of confirming Marathon's title

April 27, 2022- Supplemental proposal sent to Marathon Oil Permian, LLC upon determining ownership

Late March-Early April- Parties received well proposals

April 26, 2022- Call with Marathon's Blake Williams about appetite to divest or trade interests to Avant

May 2, 2022- Marathon Oil Permian, LLC receives well proposals

May 10, 2022- Sharbro Energy. LLC elected NOT to participate in the Cutbow 36 1 Fed Com #601H, #602H, 603H, #604H, #605H and #606H wells

May 12, 2022- Marathon's Blake Williams emailed Avant to express an interest in working a trade that would transfer ownership of Marathon's interests to Avant

May 16, 2022- Avant emailed Marathon's Blake Williams to explore other deal options, as Avant's trade potential was limited at that time

May 20, 2022- JOA form sent to Chevron, Marathon, Oxy, Sharbro for review. Avant initiated deal discussions with Oxy

June 1, 2022- Avant had a phone call with Marathon's Blake Williams to further discuss a potential deal

June 10-13, 2022- Emails exchanged between Avant and Oxy's Jonathan Gonzales about a potential deal and Oxy's title. Oxy did not respond to deal discussions

Early to mid-June, 2022- Q&A between Chevron and Avant, as well as Oxy and Avant, regarding title interests, JOA form, spacing, timing of operations, timing of pooling, etc. Continued deal discussions with Marathon

June 27, 2022- Avant emailed a written trade proposal to Marathon's Blake Williams based on terms discussed over the phone. Blake confirmed receipt

June 28, 2022- Marathon requested continuance of Avant cases to allow time for Marathon and Avant to work a deal

July 8, 2022- Followed up with Marathon's Blake Williams on deal proposal sent to Marathon on June 27, 2022

July 15, 2022- Phone call with Marathon's Blake Williams in response to Avant's proposal. Blake said Marathon explained our proposal needed to be slightly revised, from their perspective, and would email more specifics

July 18, 2022- Received email from Marathon's Blake Williams regarding Avant's proposal reiterating what was discussed on the phone on July 15, 2022 but with added specifics [around terms for a counterproposal]. Quickly responded via phone to Marathon's Blake Williams with revisions, in attempt to address counterproposal requests

Avant Operating, LLC Case No. 22895 Exhibit A-5 **July 20, 2022**- Sent Marathon's Blake Williams email following up on the latest proposal terms to solicit feedback; Blake responded saying internal feedback was taking longer than he had hoped

July 21, 2022- Phone call with Marathon's Blake Williams where he explained the terms of Avant's proposal were "in line" but structurally needed to be slightly revised to fit Marathon company preferences. Blake Williams mentioned he didn't think Marathon would need to delay hearings

July 26, 2022- Left message with Blake Williams attempting to address and accommodate what seemed to be Marathon's final request relating to Avant's proposal. Followed with an email and received Blake's out of office reply stating he was out until August 1, 2022

July 27, 2022- Chase Rice, Landman from Marathon, stepped in, in Blake's absence, and questioned Marathon's title and trade discussions to date. Requested additional continuance

July 28, 2022- Responded to Chase Rice email and explained we have a title opinion and had already worked through Marathon's title with Blake Williams. Offered to fill him in on the title details. Chase responded and said Blake would handle when he returned to the office August 8th

August 1, 2022- Spoke to Blake Williams and was informed he resigned from Marathon but would attempt to progress the proposal until he needed to hand off the work to Chase Rice. I told him Avant would put the latest rendition of the proposal letter in an email for him for extra clarity

August 2, 2022- Sent revised proposal to both Blake and Chase via email for their review

August 9, 2022- Left voicemails with both Blake Williams and Chase Rice following up on the proposal seeking clarity on Marathon's position on each the proposal and the upcoming hearings- no response.

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

APPLICATION OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 22895

SELF-AFFIRMED STATEMENT OF JOHN HARPER

- 1. I am the Vice President of Geosciences at Avant Operating, LLC ("Avant") 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 regional locator map that identifies the Cutbow project area for the Bone Spring horizontal spacing unit that is the subject of this application.
- 4. Exhibit B-2 is a cross section location map for the proposed horizontal spacing unit within the Bone Spring formation. The approximate wellbore paths for the proposed Cutbow 36 1 Fed Com #604H, Cutbow 36 1 Fed Com #605H, and Cutbow 36 1 Fed Com #606H wells ("Wells") are represented by dashed lines. This map identifies a line of cross-section running from A-A' and includes the cross-section well names.
- 5. **Exhibit B-3** is a Wolfcamp Structure map in TVD subsea with a contour interval of 50 ft. The map identifies the approximate wellbore path for the **Cutbow 36 1 Fed Com #604H**, **Cutbow 36 1 Fed Com #605H**, and **Cutbow 36 1 Fed Com #606H** proposed Bone Spring wells. It also identifies the location of the cross-section running from Λ-Λ' in proximity to the proposed

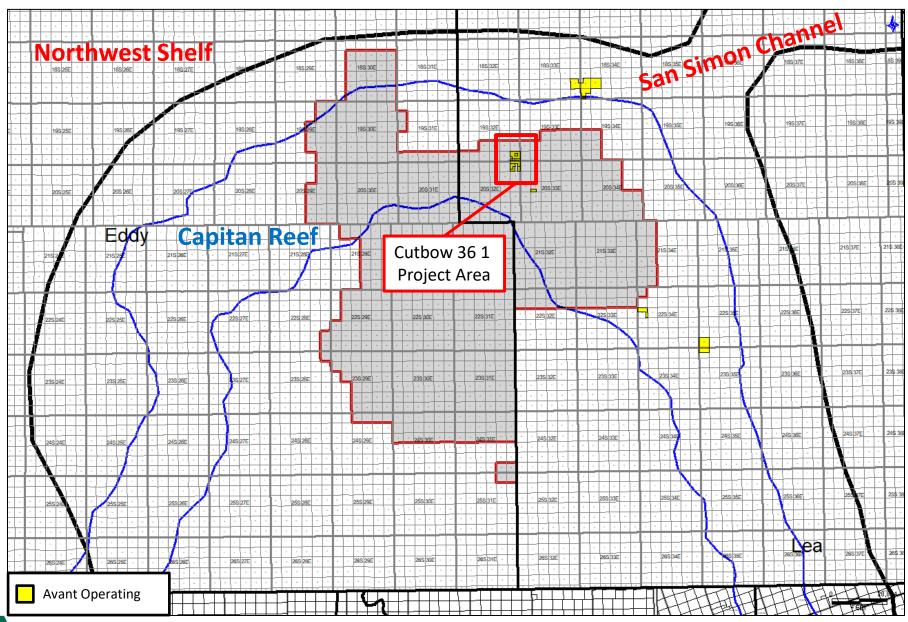
Avant Operating, LLC Case No. 22895 Exhibit B wells. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

- 6. **Exhibit B-4** is a structural cross-section that identifies four wells penetrating the targeted interval that I used to construct a structural cross-section from A to A'. The structural cross section from north to south shows the regional dip to the East-Southeast for Third Bone Spring Sand. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area. The target zone for the proposed wells is the Third Bone Spring formation, which is consistent across the units. The approximate well-path for the proposed wells is indicated by dashed line to be drilled from north to south across the units.
- 7. **Exhibit B-5** is a stratigraphic cross-section from A to A' using the representative wells identified on **Exhibit B-4**. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from north to south and is hung on the top of the Wolfcamp formation. The proposed landing zone for the Well is labeled on the exhibit. The approximate well-path for the proposed wells is indicated by a dashed line to be drilled from north to south across the units. This cross-section demonstrates the target interval is continuous across the Unit.
- 8. Exhibit B-6 is a gun barrel diagram that shows the Cutbow 36 1 Fed Com #604H, Cutbow 36 1 Fed Com #605H, and Cutbow 36 1 Fed Com #606H well in the Bone Spring formation, along with wells that currently exist.
- 9. In my opinion, a North-South orientation for the Wells is appropriate to properly develop the subject acreage due to consistent rock properties throughout the Unit and the preferred fracture orientation in this portion of the trend.

- 10. Based on my geologic study of the area, the targeted interval underlying the 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.
- 11. In my opinion, the granting of Avant's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- 13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony 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.

Regional Locator Map Cutbow 36 1 Fed Com #604H/#605H/#606H Avant Operating, LLC Case No. 22895 Exhibit B-1

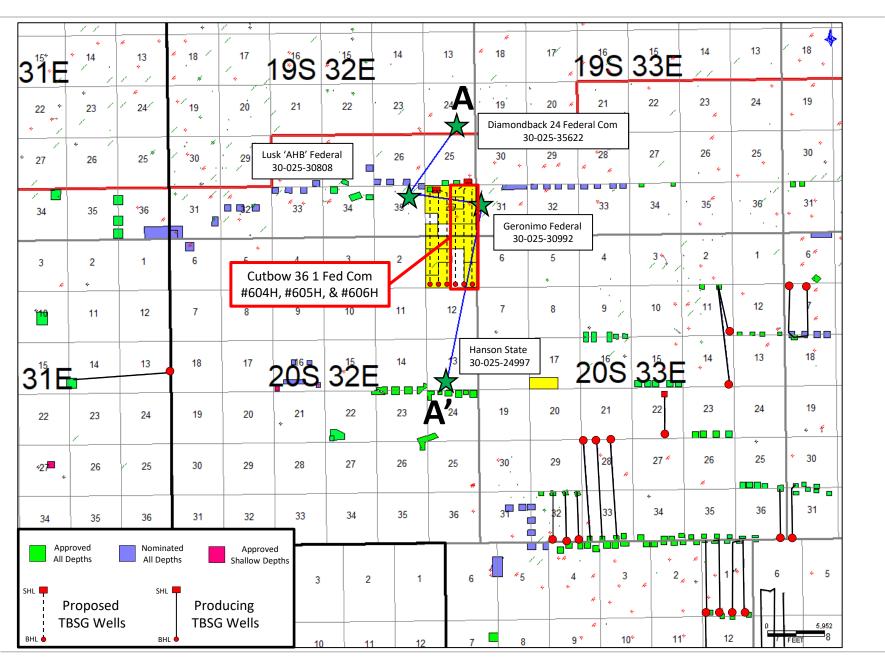






Cross-Section Locator Map Cutbow 36 1 Fed Com #604H/#605H/#606H Avant Operating, LLC Case No. 22895 Exhibit B-2

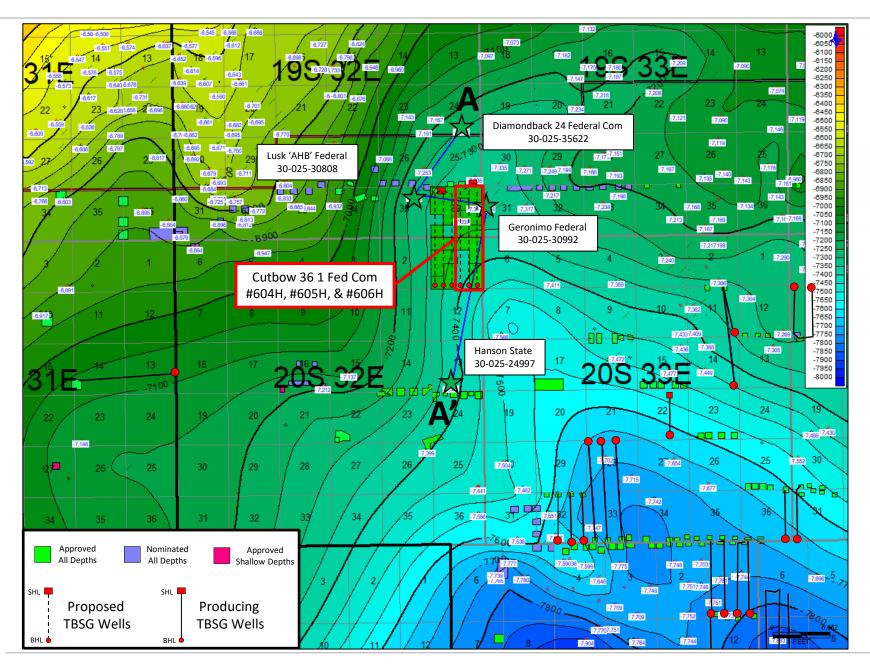






Bone Spring Structure Map (TVDss) Cutbow 36 1 Fed Com #604H/#605H/#606H

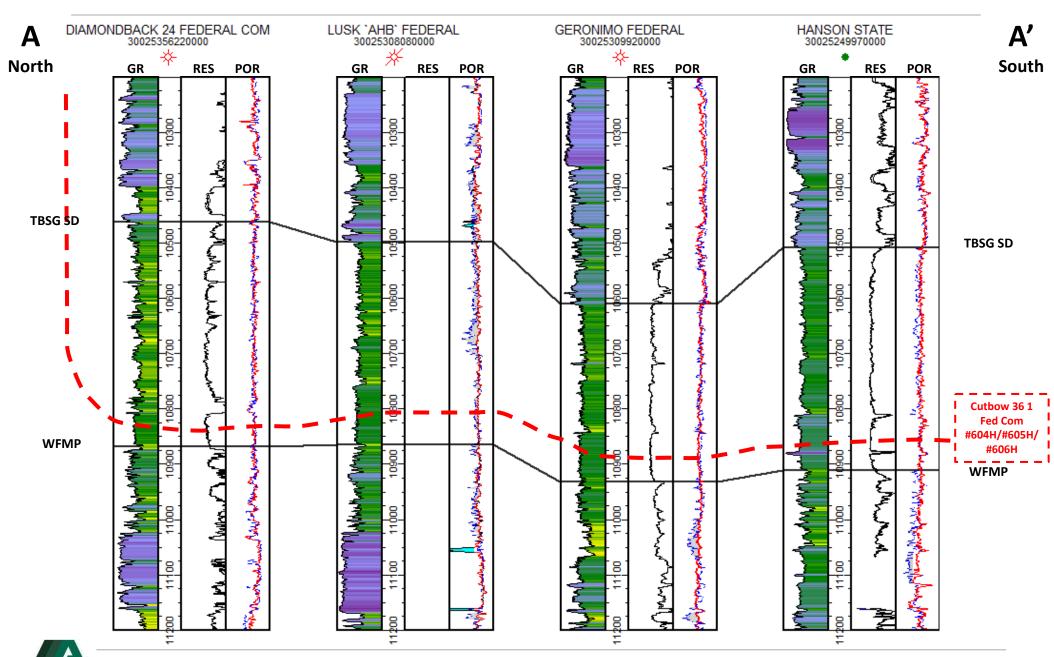






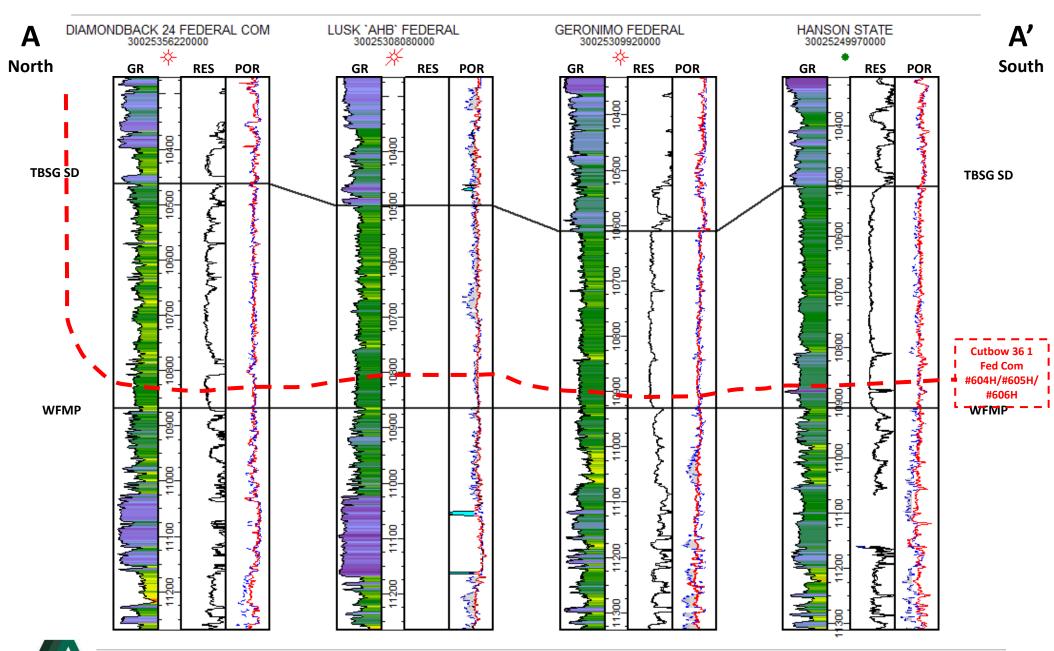
Structural Cross-Section A-A'
Cutbow 36 1 Fed Com #604H/#605H/#606H





Stratigraphic Cross-Section A-A'
Cutbow 36 1 Fed Com #604H/#605H/#606H

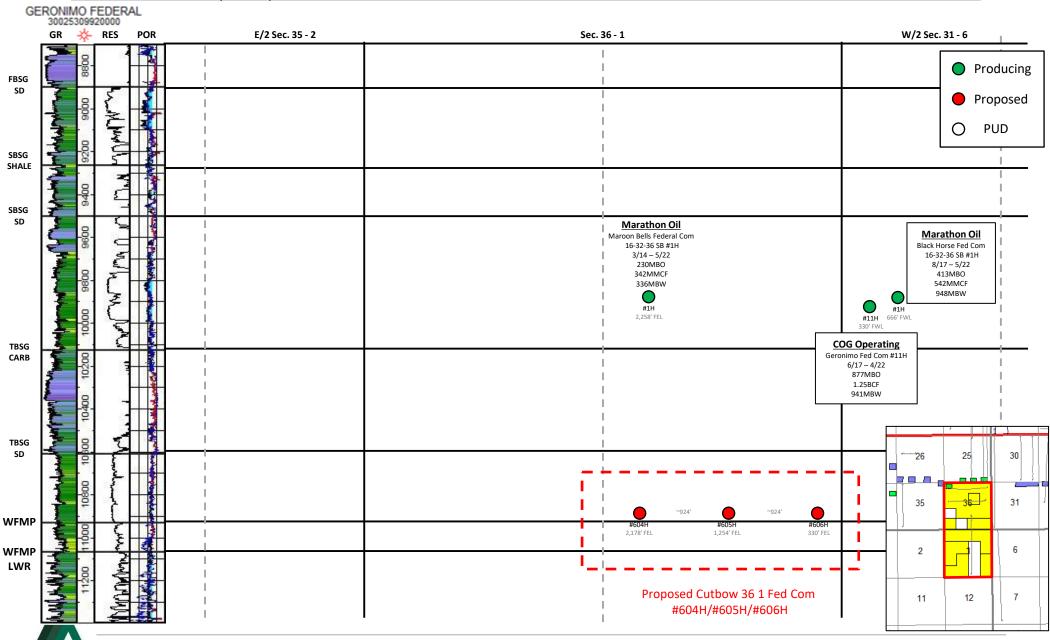




Gun Barrel Development Plan TBSG – SBSG - FBSG Avant Operating, LLC Case No. 22895 Exhibit B-6



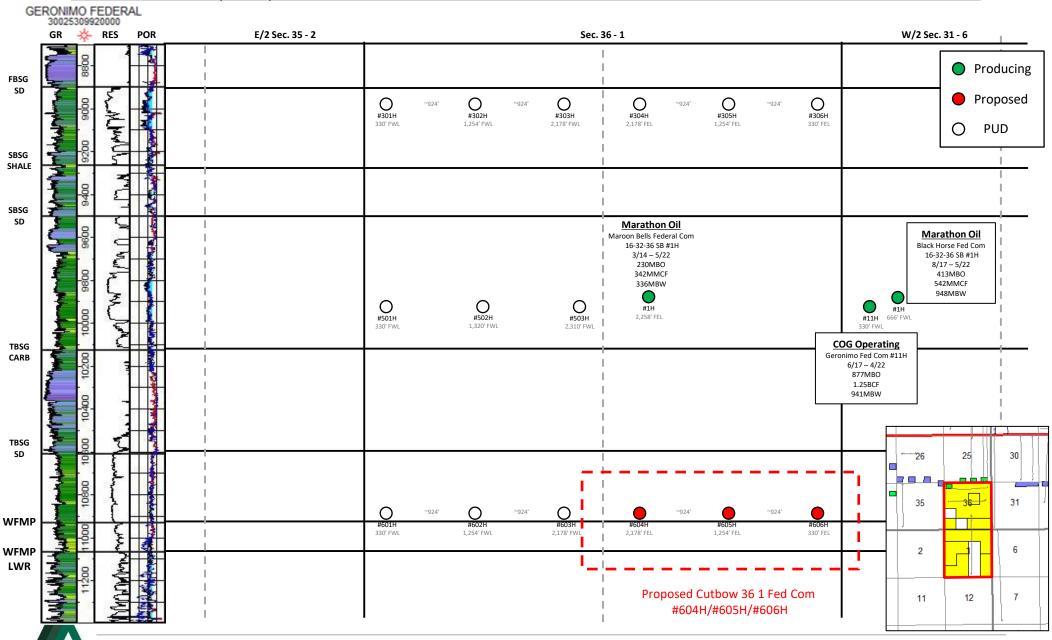
Cutbow 36 1 Fed Com #604H/#605H/#606H



Gun Barrel Development Plan TBSG – SBSG - FBSG

AVANT

Cutbow 36 1 Fed Com #604H/#605H/#606H



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

APPLICATIONS OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 22895

SELF-AFFIRMED STATEMENT OF DANA S. HARDY

- I am attorney in fact and authorized representative of Avant Operating LLC, the Applicant herein.
- 2. I am familiar with the Notice Letters attached as **Exhibit C-1** and caused the Notice Letters to be sent to the parties set out in the chart attached as **Exhibit C-2**.
- 3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit C-2.
- 4. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.
- 5. Copies of the certified mail green cards and white slips are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.
- 6. On June 19, 2022, I caused a notice to be published to all interested parties in the Hobbs News Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News Sun, along with a copy of the notice publication, is attached as **Exhibit C-4**.

/s/ Dana S. Hardy	8/12/22
Dana S. Hardy	Date



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

July 6, 2022

<u>VIA CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 22895 - Application of Avant Operating, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **August 4, 2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/. 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 submitted through the OCD E-Permitting system (https://www.apps.emnrd.state.nm.us/ocd/ocdpermitting/) or via e-mail to ocd.hearings@state.nm.us 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 questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure



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

June 10, 2022

<u>VIA CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 22895 - Application of Avant Operating, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **July 7**, **2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/. 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.

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

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure



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

June 24, 2022

<u>VIA CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 22895 - Application of Avant Operating, LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **July 7**, **2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/. 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 submitted through the OCD E-Permitting system (https://www.apps.emnrd.state.nm.us/ocd/ocdpermitting/) or via e-mail to ocd.hearings@state.nm.us 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 questions regarding this matter.

Sincerely,
/s/ Dana S. Hardy

is Dana S. Haray

Dana S. Hardy

Enclosure

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

APPLICATION OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO

Case No. 22895

NOTICE LETTER LIST

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Double Cabin Minerals, LLC 1515	06/24/22	07/05/22
Wynkoop Street, Suite 700		
Denver, CO 80202		
EOG Resources, Inc	06/10/22	06/21/22
ATTN: Laci Stretcher		
5509 Champions Drive		
Midland, TX 79706		
Guard Income Fund, LP	06/24/22	06/29/22
1550 Larimer Street #505		
Denver, CO 80202		
Rolla R. Hinkle III	06/10/22	06/15/22
PO Box 2292		
Roswell, NM 88202		
Magnum Hunter	06/10/22	06/16/22
ATTN: John Coffman		
600 N. Marienfeld, Suite 600		
Midland, TX 79701		
Marathon Oil Permian, LLC	06/10/22	06/27/22
ATTN: Blake Williams		
990 Town & Country Blvd		
Houston, TX 77024		
Mark McClellan	06/10/22	07/16/22
PO Box 730		
Roswell, NM 88202-0730		
New Mexico State Land Office	07/06/22	07/12/22
310 Old Santa Fe Trail		
Santa Fe, NM 87501		
Nilo Operating Company	06/24/22	07/05/22
PO BOX 4362		
Houston, TX 77210-4362		
Oxy Y-1 Company	06/10/22	06/21/22
ATTN: Jonathan Gonzales		
5 Greenway Plaza, Suite 110		
Houston, TX 77046		

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

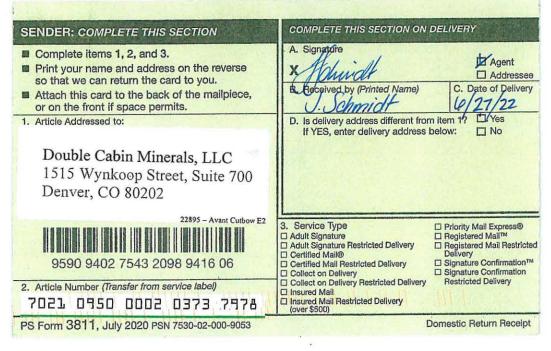
APPLICATION OF AVANT OPERATING, LLC FOR COMPULSORY POOLING AND OVERLAPPING SPACING UNIT, LEA COUNTY, NEW MEXICO

Case No. 22895

NOTICE LETTER LIST

Penasco Petroleum, LLC	06/10/22	06/15/22
PO Box 2292		
Roswell, NM 88202		
Sharbro Energy, LLC	06/10/22	06/16/22
327 W Main Street		
Artesia, NM 88210		
Sharbro Energy, LLC	06/10/22	06/16/22
505 W. Main Street		
Artesia, NM 88210		
Sharbro Energy, LLC	06/10/22	06/16/22
PO Box 840		
Artesia, NM 88211		
The United States of America	06/10/22	06/24/22
301 Dinosaur Trail		
Santa Fe, NM 87508		

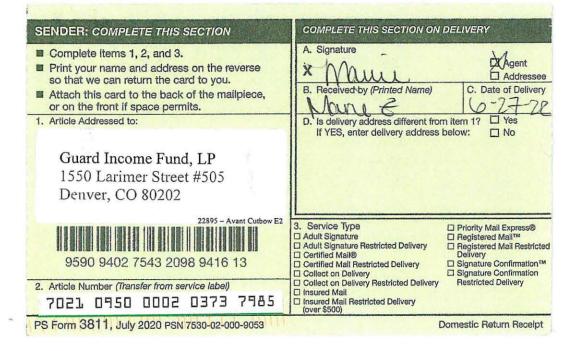








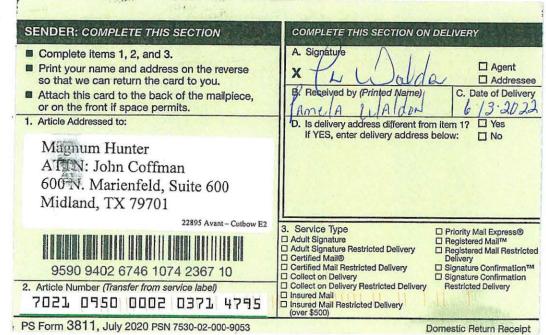




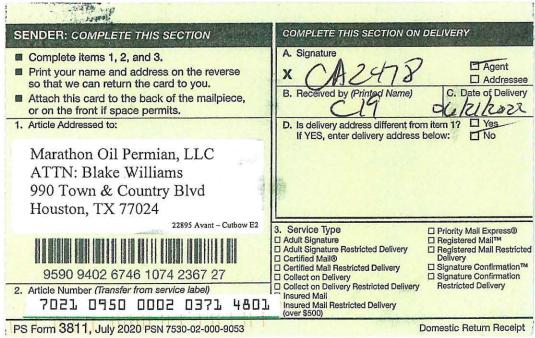
4788	U.S. Postal Service [™] CERTIFIED MAIL® RECEIPT Domestic Mail Only
=	For delivery information, visit our website at www.usps.com®.
037 <u>1</u>	Certified Mail Fee \$ Extra Services & Fees (check box, add fee as appropriate)
000	Return Receipt (electronic) Postmark Gertifled Mail Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery Adult Signature Restricted Delivery E
0950	Postage \$ Total Postage and Fees
7021	Sent To Rolla R. Hinkle III Street and Apt. No., or PO Box No. PO Box 2292 Roswell, NM 88202 City, State, ZIP+46 22895 Avant - Curbow E2
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions.



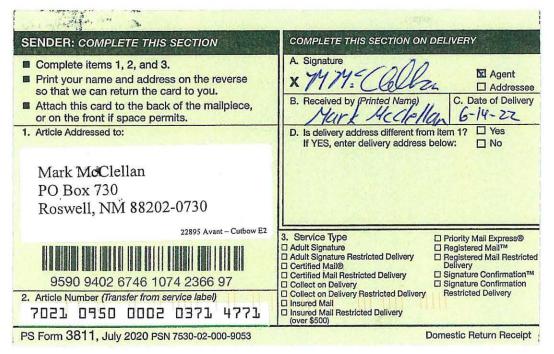




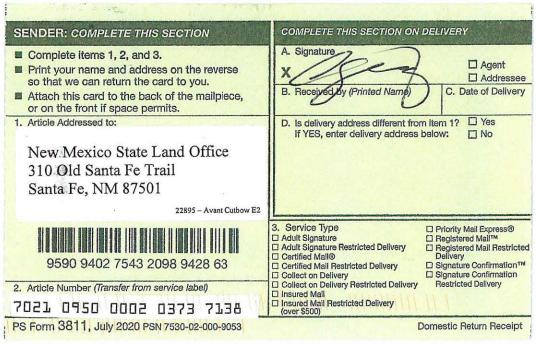








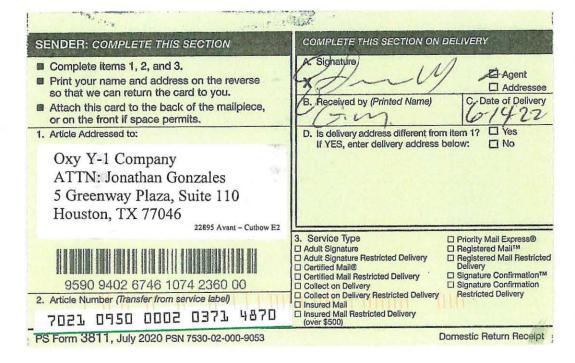








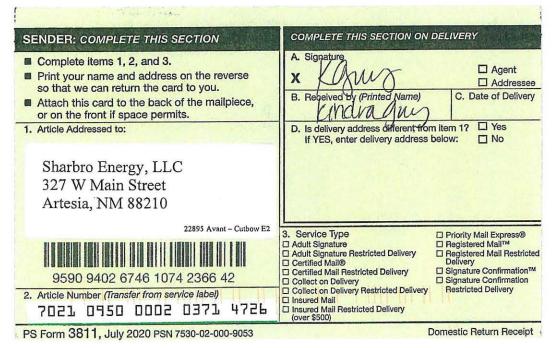




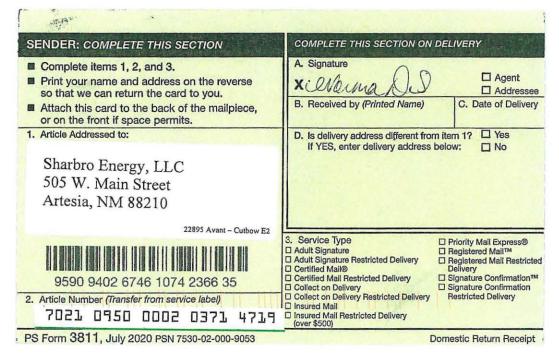




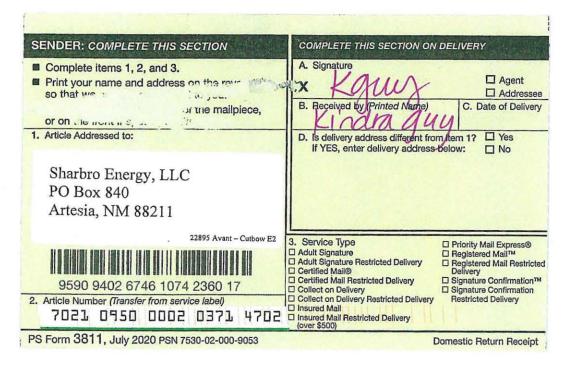




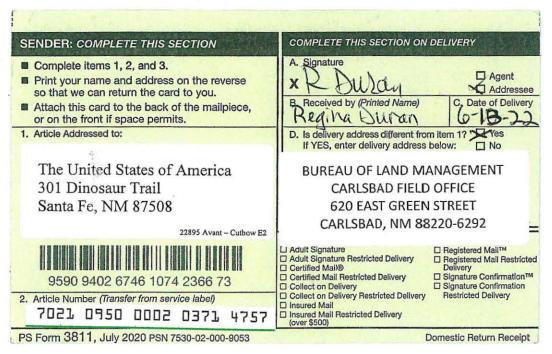












Affidavit of Publication

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 June 19, 2022 and ending with the issue dated June 19, 2022.

Publisher

Sworn and subscribed to before me this 19th day of June 2022.

Business Manager

My commission expires January 29, 2023 (Seal)

> GUSSIE BLACK Notary Public - State of New Mexico Commission # 1087526 My Comm. Expires Jan 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 June 19, 2022

LEGAL NOTICE
June 19, 2022

This is to notify all interested parties, including Oxy Y-1 Company; Sharbro Energy, LLC; Calvary Resources, LLC; EOG Resources, Inc; Larry C. Squires, Trustee of the Larry C. Squires Revocable Trust dated 10/6/2004; State of New Mexico; United States of America; Penasco Petroleum, LLC; Mark McCleillan; Rolla R. Hinkle III; Magnum Hunter; Marathno Oil Permian, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Avant Operating, LLC (Case No. 22895). 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 July 7, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: http://www.emnrd.state.nm.us/OCD/hearings.html. Applicant applies for an order (1) approving a 640-acre, more or less, standard overlapping spacing unit in the Bone Spring formation underlying the E/2 of Section 36, Township 19 South, Range 32 East, and the E/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico ("Unit"); and (2) pooling all uncommitted interests in the Unit. The Unit will be dedicated to the following wells: Cutbow 36 1 Fed Com #604H, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SW/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East; cutbow 36 1 Fed Com #605H, to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East; and Cutbow 36 1 Fed Com #606H, to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, R

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

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