

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING OCTOBER 06, 2022**

CASE NOS. 23056-23060

*DAGGER LAKE SOUTH 8 FED COM #502H,
#504H, #506H, #508H, #552H, #560H, #562H,
#602H, AND #604H WELLS*

*DAGGER LAKE SOUTH 8 FED COM #510H,
#512H, #514H, #516H, #556H, #558H, #564H,
#566H, AND #606H WELLS*

DAGGER LAKE SOUTH 8 FED COM #702H WELL

DAGGER LAKE SOUTH 8 FED COM #706H WELL

DAGGER LAKE SOUTH 8 FED COM #708H WELL

LEA COUNTY, NEW MEXICO

Advance Energy Partners Hat Mesa, LLC

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

**APPLICATIONS OF ADVANCE ENERGY
PARTNERS HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23056, 23057, 23058, 23059 & 23060

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 - Advance Exhibit C-2: Land Tract Map and Ownership Breakdown
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- **Advance Exhibit E:** Notice Affidavit
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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23056	APPLICANT'S RESPONSE
Date	October 4, 2022
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372417
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF ADVANCE ENERGY PARTNERS HAT MESA, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Dagger Lake
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-10 S2133280; Wolfcamp (98033)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	480 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, 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	Yes
Proximity Defining Well: if yes, description	Dagger Lake South 8 Fed Com #702H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).
Applicant's Ownership in Each Tract	See Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status	

Well #1	Dagger Lake South 8 Fed Com 702H well SHL: SW/4 SW/4 (Unit M) of Section 8, T22S-R33E BHL: NW/4 SW/4 (Unit L) of Section 5, T22S-R33E Target: Wolfcamp Orientation: South-North Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,500
Production Supervision/Month \$	\$850
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-4
HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A


Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-3
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	4-Oct-22

COMPULSORY POOLING APPLICATION CHECKLIST

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Case: 23057	APPLICANT'S RESPONSE
Date	October 4, 2022
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372417
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF ADVANCE ENERGY PARTNERS HAT MESA, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Dagger Lake
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-10 S2133280; Wolfcamp (98033)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	240 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2 SE/4 of Section 5 and the W/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, 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	N/A
Applicant's Ownership in Each Tract	See Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	


Well #1	Dagger Lake South 8 Fed Com 706H well SHL: SW/4 SE/4 (Unit O) of Section 8, T22S-R33E BHL: NW/4 SE/4 (Unit J) of Section 5, T22S-R33E Target: Wolfcamp Orientation: South-North Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,500
Production Supervision/Month \$	\$850
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Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
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Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-4
HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A

Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-3
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	4-Oct-22

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

Case: 23058	APPLICANT'S RESPONSE
Date	October 4, 2022
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372417
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF ADVANCE ENERGY PARTNERS HAT MESA, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Dagger Lake
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Red Tank; Bone Spring East (51687)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	480 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, 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	Yes
Proximity Defining Well: if yes, description	Dagger Lake South 8 Fed Com #560H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).
Applicant's Ownership in Each Tract	See Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Dagger Lake South 8 Fed Com 502H well SHL: SW/4 SW/4 (Unit M) of Section 8, T22S-R33E BHL: NW/4 SW/4 (Unit L) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location

Well #2	Dagger Lake South 8 Fed Com 504H well SHL: SW/4 SW/4 (Unit M) of Section 8, T22S-R33E BHL: NW/4 SW/4 (Unit L) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #3	Dagger Lake South 8 Fed Com 552H well SHL: SW/4 SW/4 (Unit M) of Section 8, T22S-R33E BHL: NW/4 SW/4 (Unit L) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #4	Dagger Lake South 8 Fed Com 560H well SHL: SW/4 SW/4 (Unit M) of Section 8, T22S-R33E BHL: NW/4 SW/4 (Unit L) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #5	Dagger Lake South 8 Fed Com 602H well SHL: SW/4 SW/4 (Unit M) of Section 8, T22S-R33E BHL: NW/4 SW/4 (Unit L) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #6	Dagger Lake South 8 Fed Com 506H well SHL: SE/4 SW/4 (Unit N) of Section 8, T22S-R33E BHL: NE/4 SW/4 (Unit K) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #7	Dagger Lake South 8 Fed Com 508H well SHL: SE/4 SW/4 (Unit N) of Section 8, T22S-R33E BHL: NE/4 SW/4 (Unit K) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #8	Dagger Lake South 8 Fed Com 562H well SHL: SE/4 SW/4 (Unit N) of Section 8, T22S-R33E BHL: NE/4 SW/4 (Unit K) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #9	Dagger Lake South 8 Fed Com 604H well SHL: SE/4 SW/4 (Unit N) of Section 8, T22S-R33E BHL: NE/4 SW/4 (Unit K) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,500
Production Supervision/Month \$	\$850
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Released to Imaging: 10/5/2022 8:16:39 AM	Exhibit B


Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
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Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-4
HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	4-Oct-22

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23059	APPLICANT'S RESPONSE
Date	October 4, 2022
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372417
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF ADVANCE ENERGY PARTNERS HAT MESA, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Dagger Lake
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-10 S2133280; Wolfcamp (98033)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	240 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, 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	N/A
Applicant's Ownership in Each Tract	See Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	


Well #1	Dagger Lake South 8 Fed Com 708H well SHL: SE/4 SE/4 (Unit P) of Section 8, T22S-R33E BHL: NE/4 SE/4 (Unit I) of Section 5, T22S-R33E Target: Wolfcamp Orientation: South-North Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,500
Production Supervision/Month \$	\$850
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
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Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-4
HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A

Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-3
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin _____
Signed Name (Attorney or Party Representative):	 _____
Date:	4-Oct-22

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

Case: 23060	APPLICANT'S RESPONSE
Date	October 4, 2022
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372417
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF ADVANCE ENERGY PARTNERS HAT MESA, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Dagger Lake
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Red Tank; Bone Spring East (51687)
Well Location Setback Rules:	Statewide oil rules
Spacing Unit Size:	480 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	SE/4 of Section 5 and the E/2 of Section 8, Township 22 South, Range 33 East, NMPM, 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	Yes
Proximity Defining Well: if yes, description	Dagger Lake South 8 Fed Com #558H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).
Applicant's Ownership in Each Tract	See Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Dagger Lake South 8 Fed Com 510H well SHL: SW/4 SE/4 (Unit O) of Section 8, T22S-R33E BHL: NW/4 SE/4 (Unit J) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location

Well #2	Dagger Lake South 8 Fed Com 512H well SHL: SW/4 SE/4 (Unit O) of Section 8, T22S-R33E BHL: NW/4 SE/4 (Unit J) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #3	Dagger Lake South 8 Fed Com 556H well SHL: SW/4 SE/4 (Unit O) of Section 8, T22S-R33E BHL: NW/4 SE/4 (Unit J) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #4	Dagger Lake South 8 Fed Com 564H well SHL: SW/4 SE/4 (Unit O) of Section 8, T22S-R33E BHL: NW/4 SE/4 (Unit J) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #5	Dagger Lake South 8 Fed Com 606H well SHL: SW/4 SE/4 (Unit O) of Section 8, T22S-R33E BHL: NW/4 SE/4 (Unit J) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #6	Dagger Lake South 8 Fed Com 514H well SHL: SE/4 SE/4 (Unit P) of Section 8, T22S-R33E BHL: NE/4 SE/4 (Unit I) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #7	Dagger Lake South 8 Fed Com 516H well SHL: SE/4 SE/4 (Unit P) of Section 8, T22S-R33E BHL: NE/4 SE/4 (Unit I) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #8	Dagger Lake South 8 Fed Com 558H well SHL: SE/4 SE/4 (Unit P) of Section 8, T22S-R33E BHL: NE/4 SE/4 (Unit I) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
Well #9	Dagger Lake South 8 Fed Com 566H well SHL: SE/4 SE/4 (Unit P) of Section 8, T22S-R33E BHL: NE/4 SE/4 (Unit I) of Section 5, T22S-R33E Target: Bone Spring Orientation: South-North Completion: Standard Location
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Completion Target (Formation, TVD and MD)	Exhibit C-3
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Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D; D-4
HSU Cross Section	Exhibit D-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
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Tracts	Exhibit C-2
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Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-4
Cross Section (including Landing Zone)	Exhibit D-4
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	4-Oct-22

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

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

CASE NO. 23056

APPLICATION

Advance Energy Partners Hat Mesa, LLC (“Advance” or “Applicant”) (OGRID No. 372417), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Advance states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #702H**, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5.
3. The completed interval of the **Dagger Lake South 8 Fed Com #702H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Advance Energy Partners Hat Mesa, LLC
Hearing Date: October 06, 2022
Case Nos. 23056-23060

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial well in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

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**ATTORNEYS FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

CASE _____: **Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #702H**, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5. The completed interval of the **Dagger Lake South 8 Fed Com #702H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.

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

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

CASE NO. 23057

APPLICATION

Advance Energy Partners Hat Mesa, LLC (“Advance” or “Applicant”) (OGRID No. 372417), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 5 and the W/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Advance states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #706H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

4. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial well in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



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**ATTORNEYS FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

CASE _____: **Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 5 and the W/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #706H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.

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

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

CASE NO. 23058

APPLICATION

Advance Energy Partners Hat Mesa, LLC (“Advance” or “Applicant”) (OGRID No. 372417), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Advance states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - the **Dagger Lake South 8 Fed Com #502H, Dagger Lake South 8 Fed Com #504H, Dagger Lake South 8 Fed Com #552H, Dagger Lake South 8 Fed Com #560H, and Dagger Lake South 8 Fed Com #602H**, all to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5; and

- the **Dagger Lake South 8 Fed Com #506H**, **Dagger Lake South 8 Fed Com #508H**, **Dagger Lake South 8 Fed Com #562H**, and **Dagger Lake South 8 Fed Com #604H**, all to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 8, to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 5.

3. The completed interval of the **Dagger Lake South 8 Fed Com #560H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal 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, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge 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,

HOLLAND & HART LLP



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**ATTORNEYS FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

CASE _____: **Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the **Dagger Lake South 8 Fed Com #502H, Dagger Lake South 8 Fed Com #504H, Dagger Lake South 8 Fed Com #552H, Dagger Lake South 8 Fed Com #560H, and Dagger Lake South 8 Fed Com #602H**, all to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5; and
- the **Dagger Lake South 8 Fed Com #506H, Dagger Lake South 8 Fed Com #508H, Dagger Lake South 8 Fed Com #562H, and Dagger Lake South 8 Fed Com #604H**, all to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 8, to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 5.

The completed interval of the **Dagger Lake South 8 Fed Com #560H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 25 miles east of Eunice, New Mexico.

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

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

CASE NO. 23059

APPLICATION

Advance Energy Partners Hat Mesa, LLC (“Advance” or “Applicant”) (OGRID No. 372417), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Advance states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #708H**, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

4. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial well in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

CASE _____: **Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #708H**, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.

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

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

CASE NO. 23060

APPLICATION

Advance Energy Partners Hat Mesa, LLC (“Advance” or “Applicant”) (OGRID No. 372417), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Advance states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - the **Dagger Lake South 8 Fed Com #510H, Dagger Lake South 8 Fed Com #512H, Dagger Lake South 8 Fed Com #556H, Dagger Lake South 8 Fed Com #564H, and Dagger Lake South 8 Fed Com #606H**, all to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5; and

- the **Dagger Lake South 8 Fed Com #514H**, **Dagger Lake South 8 Fed Com #516H**, **Dagger Lake South 8 Fed Com #558H**, and **Dagger Lake South 8 Fed Com #566H**, all to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5.

3. The completed interval of the **Dagger Lake South 8 Fed Com #558H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal 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, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge 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,

HOLLAND & HART LLP



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**ATTORNEYS FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

CASE _____: **Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the **Dagger Lake South 8 Fed Com #510H, Dagger Lake South 8 Fed Com #512H, Dagger Lake South 8 Fed Com #556H, Dagger Lake South 8 Fed Com #564H, and Dagger Lake South 8 Fed Com #606H**, all to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5; and
- the **Dagger Lake South 8 Fed Com #514H, Dagger Lake South 8 Fed Com #516H, Dagger Lake South 8 Fed Com #558H, and Dagger Lake South 8 Fed Com #566H**, all to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5.

The completed interval of the **Dagger Lake South 8 Fed Com #558H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 25 miles east of Eunice, New Mexico.

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

APPLICATIONS OF ADVANCE ENERGY
PARTERNS HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NOS. 23056-23060

SELF-AFFIRMED STATEMENT OF LIZZY LAUFER

1. My name is Lizzy Laufer and I am employed by Advance Energy Partners Mesa Hat, LLC (“Advance”) as a landman.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

3. I am familiar with the applications filed by Advance in these consolidated cases and the status of the lands in the subject area.

4. The uncommitted parties have not indicated that they will oppose these pooling cases proceeding by affidavit and, therefore, I do not expect opposition at the hearing.

5. In **Case No. 23056**, Advance seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8 in Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

6. Advance seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #702H**, which will be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Advance Energy Partners Hat Mesa, LLC
Hearing Date: October 6, 2022
Case Nos. 23056, 23057, 23058, 23059, & 23060

7. The completed interval of the **Dagger Lake South 8 Fed Com #702H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

8. In **Case No. 23057**, Advance seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 5 and the W/2 E/2 of Section 8 in Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

9. Advance seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #706H**, which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5.

10. In **Case No. 23058**, Advance seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8 in Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

11. Advance seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Dagger Lake South 8 Fed Com #502H, Dagger Lake South 8 Fed Com #504H, Dagger Lake South 8 Fed Com #552H, Dagger Lake South 8 Fed Com #560H, and Dagger Lake South 8 Fed Com #602H**, all to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 5; and the

- **Dagger Lake South 8 Fed Com #506H, Dagger Lake South 8 Fed Com #508H, Dagger Lake South 8 Fed Com #562H, and Dagger Lake South 8 Fed Com #604H**, all to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 8, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 5.

12. The completed interval of the **Dagger Lake South 8 Fed Com #560H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

13. In **Case No. 23059**, Advance seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8 in Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

14. Advance seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #708H** to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5.

15. In **Case No. 23060**, Advance seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8 in Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

16. Advance seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the **Dagger Lake South 8 Fed Com #510H, Dagger Lake South 8 Fed Com #512H, Dagger Lake South 8 Fed Com #556H, Dagger Lake South 8 Fed Com #564H, and Dagger Lake South 8 Fed Com #606H**, all to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 5; and
- the **Dagger Lake South 8 Fed Com #514H, Dagger Lake South 8 Fed Com #516H, Dagger Lake South 8 Fed Com #558H, and Dagger Lake South 8 Fed Com #566H**, all to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 5.

17. The completed interval of the **Dagger Lake South 8 Fed Com #558H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

18. **Advance Exhibit C-1** contains Form C-102s for the proposed initial wells in each of these standard spacing units. These forms demonstrate that the completed interval for each well will meet the standard setback requirements for horizontal oil wells.

19. The forms also reflect that the wells targeting the Wolfcamp formation in **Case Nos. 23056-23057 and 23059** will be assigned to the WC-025 G-10 S2133280; Wolfcamp (Pool Code 98033) and the wells targeting the Bone Spring formation in **Case Nos. 23058 and 23060** will be assigned to the Red Tank; Bone Spring East (Pool Code 51687).

20. No ownership depth severances exist within the Bone Spring or Wolfcamp formations underlying this acreage.

21. Advance's drilling plans for these proposed spacing units will not strand acreage in the N/2 of Section 5. Advance operates existing horizontal wells in the NW/4 of Section 5 that extend into Section 32 in the adjoining Township and has plans to develop horizontal wells in the NE/4 of Section 5 that also will extend into Section 32.

22. **Advance Exhibit C-2** identifies the tracts of land comprising each of the proposed horizontal spacing units for each case, the working interest ownership in each tract, and the ownership interest across horizontal spacing units. There are no unleased mineral interest owners. The subject acreage is comprised of state and federal lands.

23. **Advance Exhibit C-2** also identifies the working interest owner that Advance is seeking to pool in each case highlighted in yellow. The only working interest that Advance seeks to pool in these cases is Tom M. Ragsdale. In addition to Tom M. Ragsdale, Advance is also seeking to pool owners of bare record title identified on the exhibit as having an "RT" interest type and are also highlighted in yellow.

24. **Advance Exhibit C-3** contains a sample of the well proposal letters and AFEs sent to owners of a working interest in each case. The costs reflected in these AFEs are consistent with what Advance and other operators have incurred for drilling similar horizontal wells in the area in these formations.

25. **Advance Exhibit C-4** contains a general summary of the contacts with Tom M. Ragsdale. In my opinion, Advance has undertaken good-faith, diligent efforts to reach an agreement the uncommitted owner.

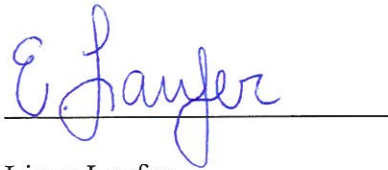
26. Advance requests that in any order that issues the overhead and administrative costs for drilling and producing the proposed wells be set at \$8,500 per month while drilling and

\$850 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.


27. Advance has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Advance seeks to pool and instructed that they be notified of this hearing.

28. **Advance Exhibits C-1 through C-4** were either prepared by me or compiled under my direction and supervision.

29. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



Lizzy Laufer



Date

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48827	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 502H
		⁹ Elevation 3575'

¹⁰Surface Location

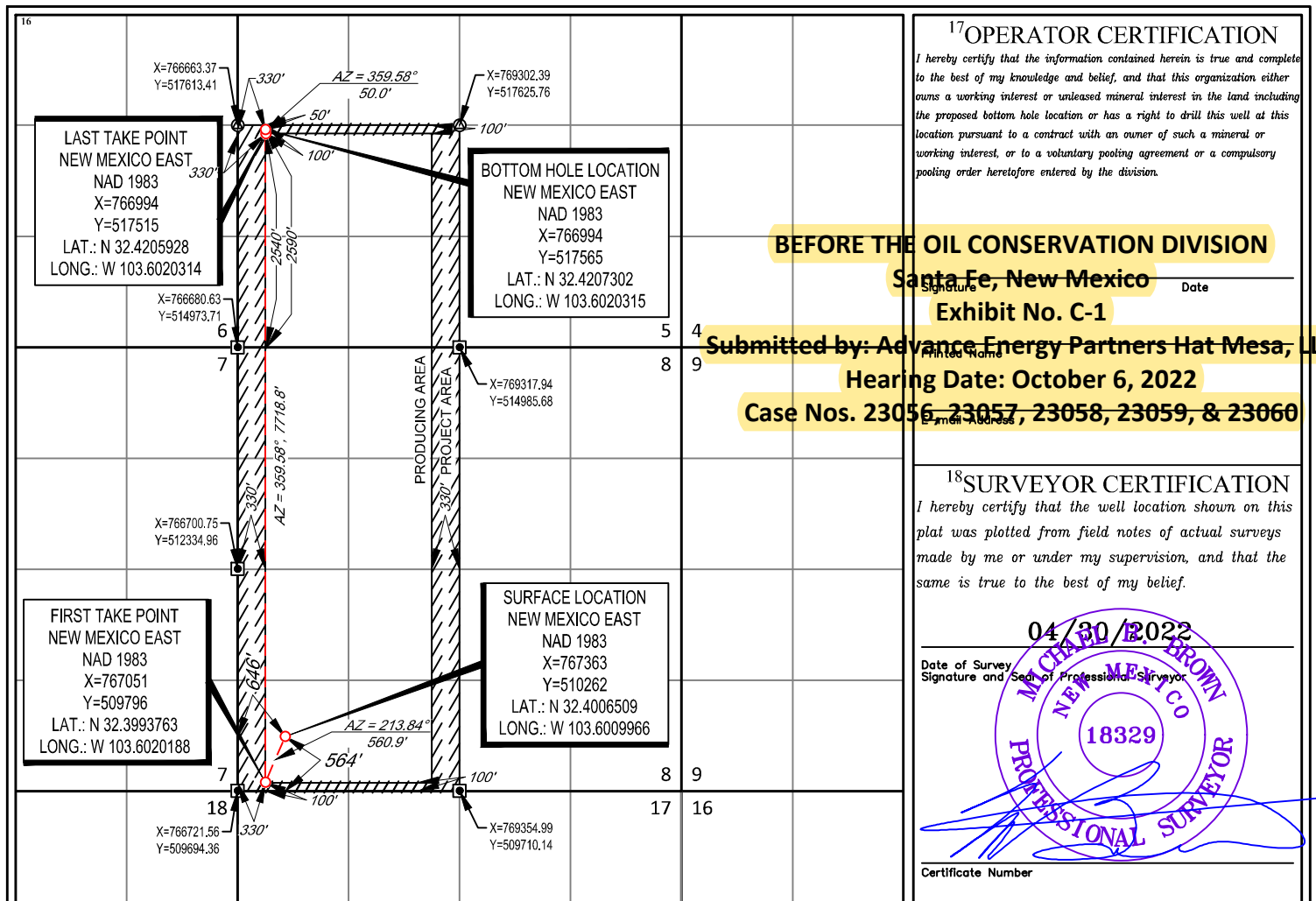
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	22-S	33-E	-	564'	SOUTH	646'	WEST	LEA

¹¹Bottom 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
L	5	22-S	33-E	-	2590'	SOUTH	330'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49270		² Pool Code 51687		³ Pool Name RED TANK; BONE SPRING, EAST	
⁴ Property Code		⁵ Property Name DAGGER LAKE SOUTH 8 FED COM			⁶ Well Number 504H
⁷ OGRID No. 372417		⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA			⁹ Elevation 3575'

¹⁰Surface Location

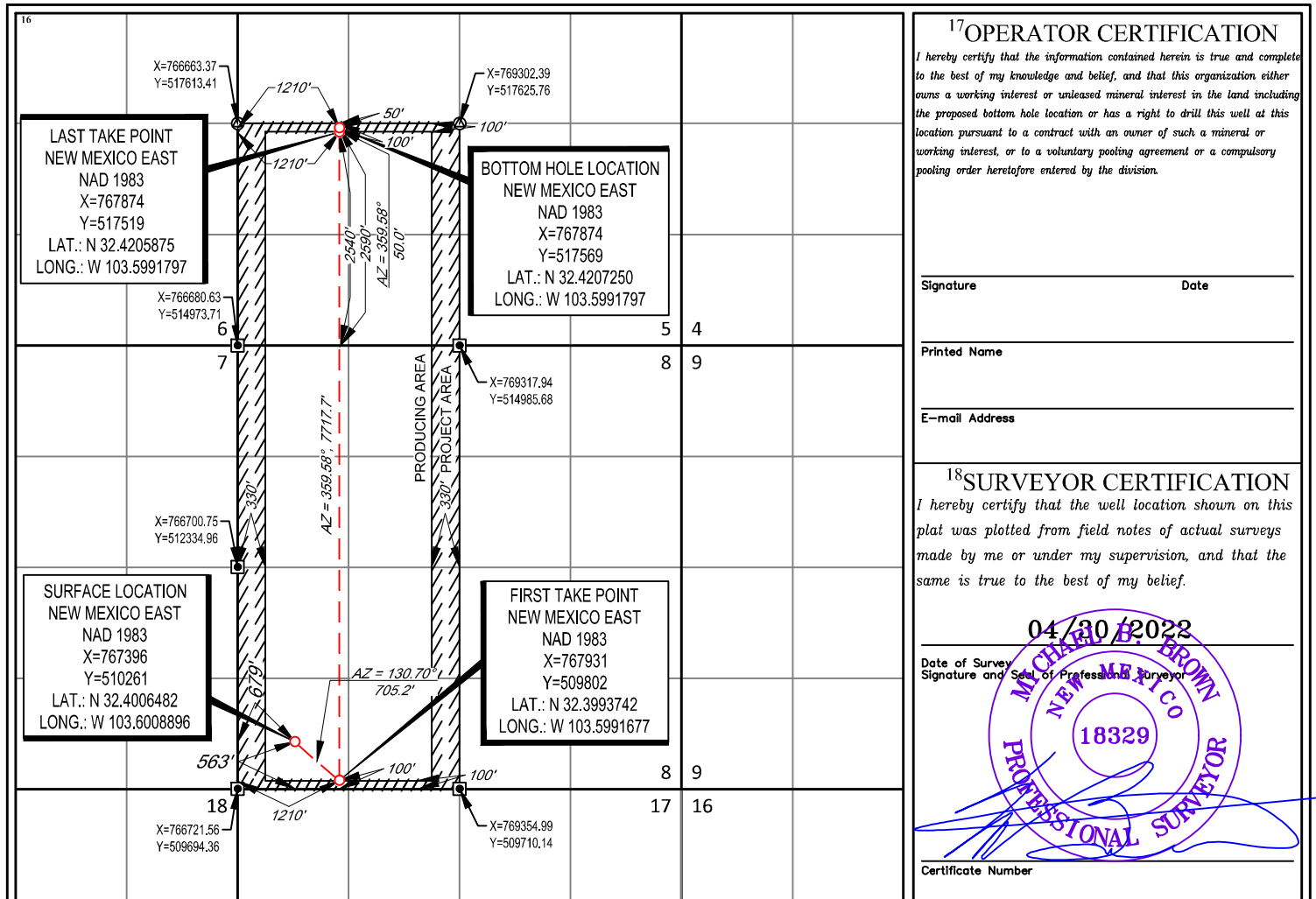
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	22-S	33-E	-	563'	SOUTH	679'	WEST	LEA

¹¹Bottom 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
L	5	22-S	33-E	-	2590'	SOUTH	1210'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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17 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 _____

E-mail Address _____

18 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 to the best of my belief.

Date of Survey: 04/30/2022
Signature and Seal of Professional Surveyor: *Michael B. Brown*
Professional Surveyor No. 18329

Certificate Number _____

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49559	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 552H
⁹ Elevation 3576'		

¹⁰Surface Location

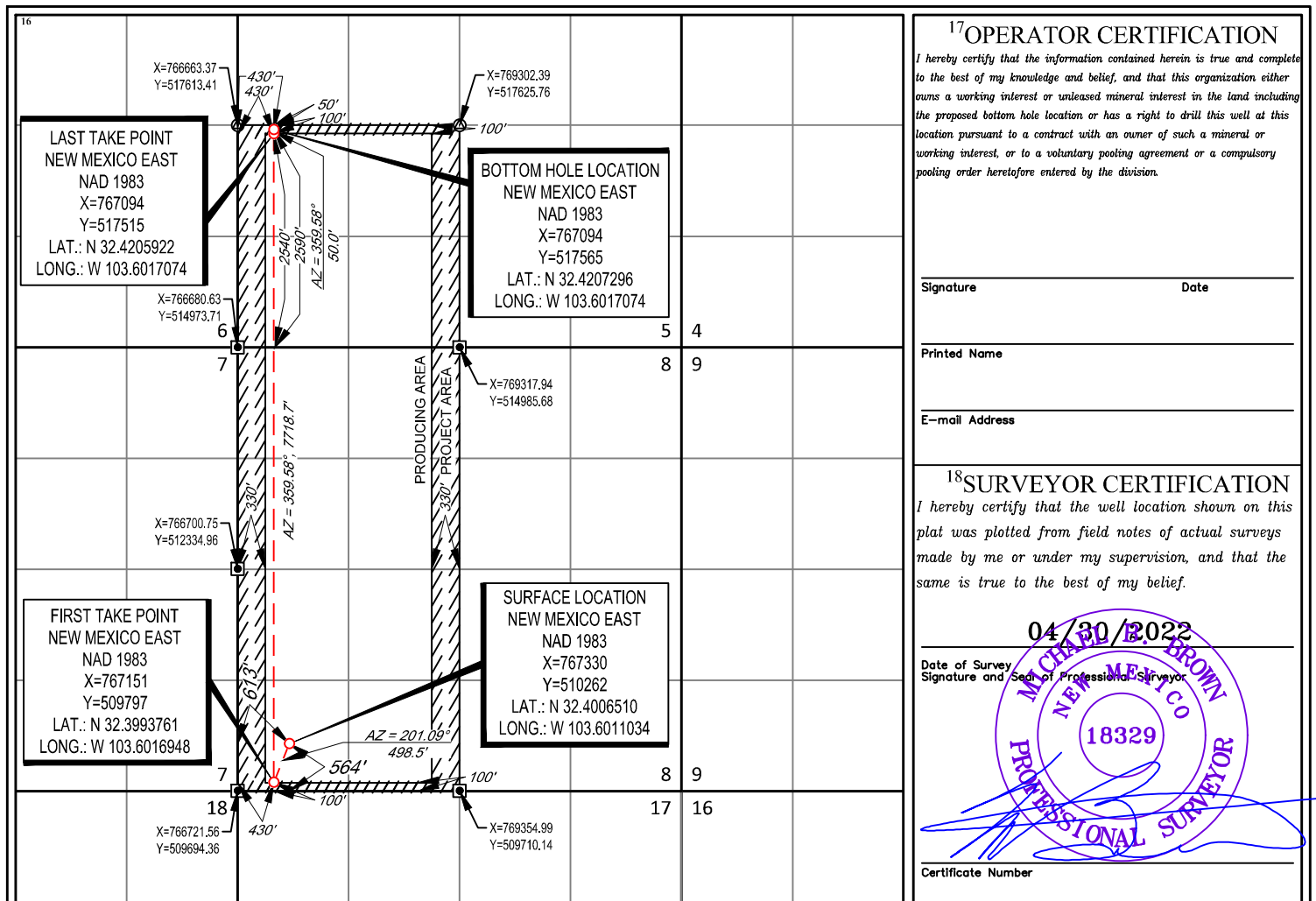
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	22-S	33-E	-	564'	SOUTH	613'	WEST	LEA

¹¹Bottom 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
L	5	22-S	33-E	-	2590'	SOUTH	430'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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17 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 _____

E-mail Address _____

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Date of Survey: 04/30/2022
Signature and Seal of Professional Surveyor: [Signature]
MICHAEL BROWN
NEW MEXICO
PROFESSIONAL SURVEYOR
18329

Certificate Number _____

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49609	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 560H
⁹ Elevation 3575'		

¹⁰Surface Location

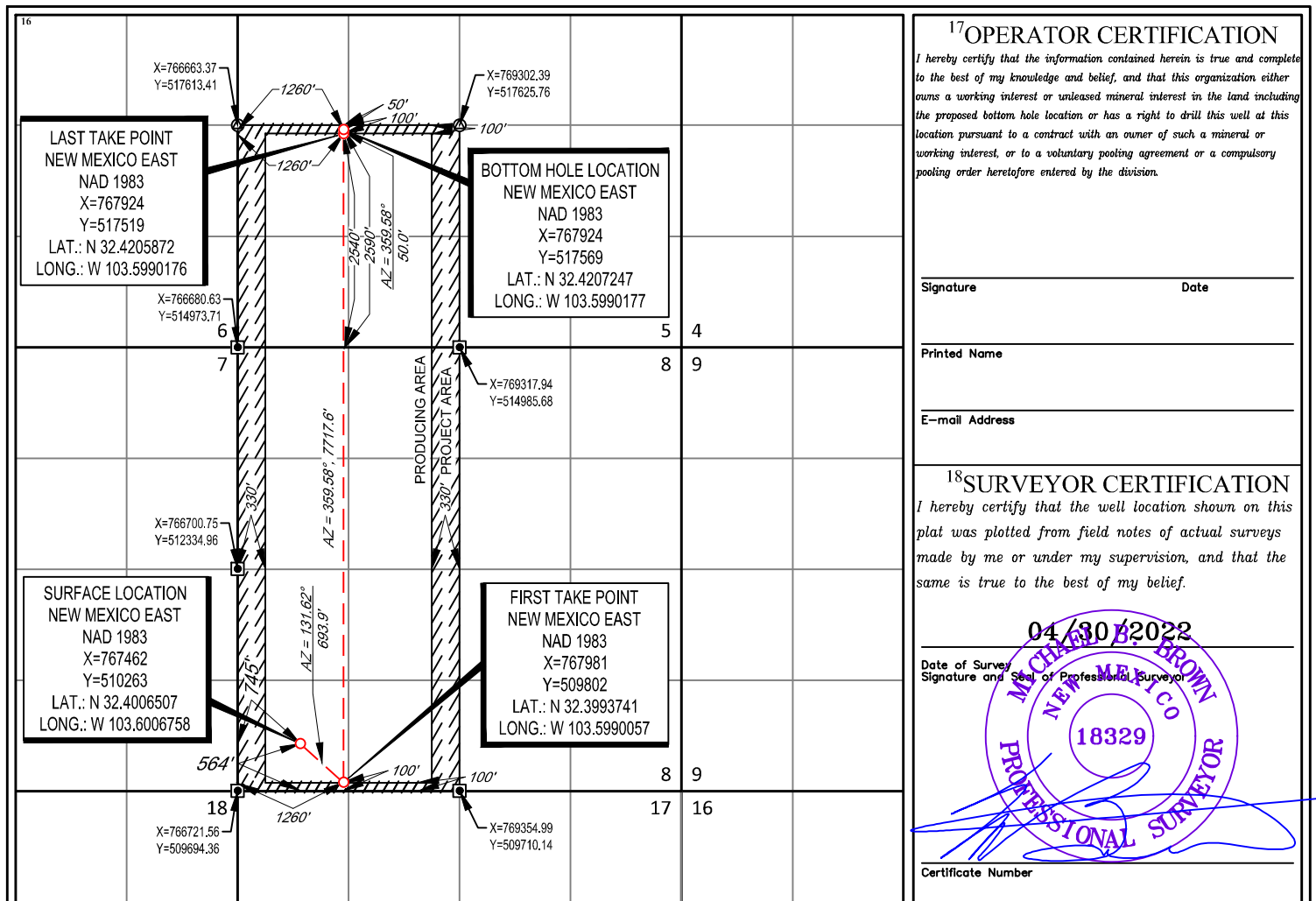
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	22-S	33-E	-	564'	SOUTH	745'	WEST	LEA

¹¹Bottom 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
L	5	22-S	33-E	-	2590'	SOUTH	1260'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48832	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 602H
⁹ Elevation 3575'		

¹⁰Surface Location

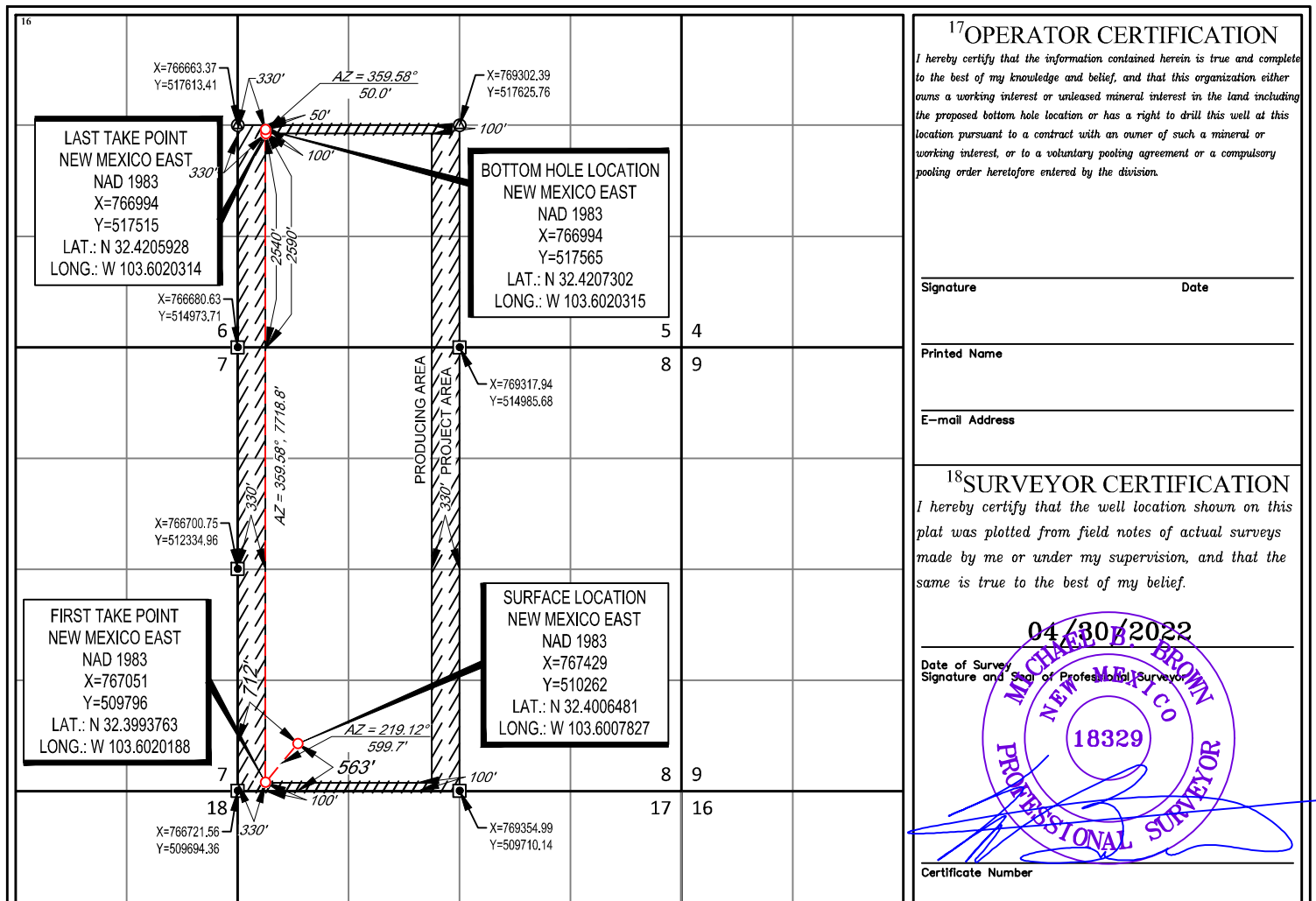
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	22-S	33-E	-	563'	SOUTH	712'	WEST	LEA

¹¹Bottom 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
L	5	22-S	33-E	-	2590'	SOUTH	330'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR 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 _____

E-mail Address _____

¹⁸SURVEYOR 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 to the best of my belief.

Date of Survey 04/30/2022
Signature and Seal of Professional Surveyor

MICHAEL B. BROWN
NEW MEXICO
PROFESSIONAL SURVEYOR
18329

Certificate Number _____

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48828	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 506H
⁹ Elevation 3569'		

¹⁰Surface Location

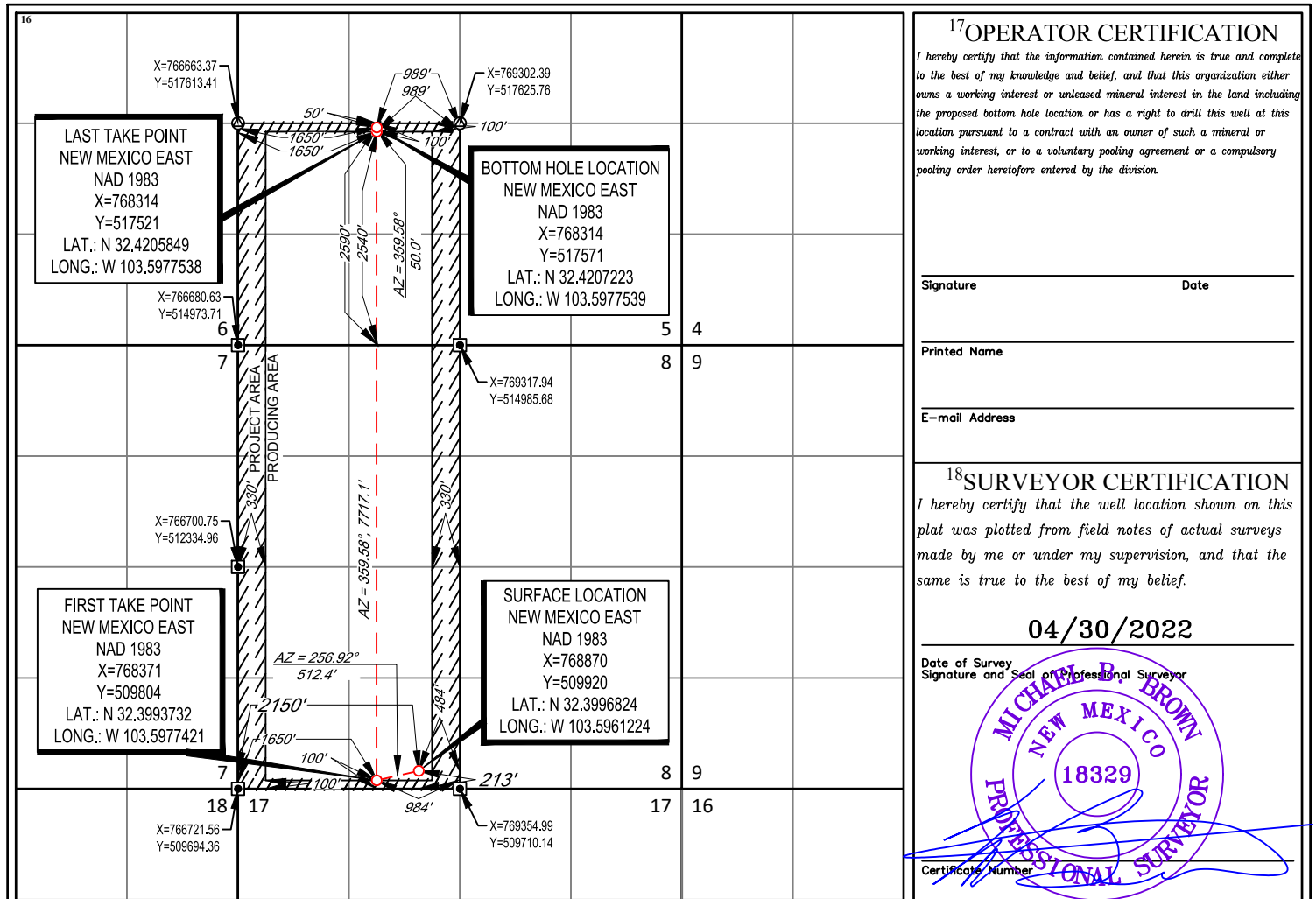
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	22-S	33-E	-	213'	SOUTH	2150'	WEST	LEA

¹¹Bottom 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
K	5	22-S	33-E	-	2590'	SOUTH	1650'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48829	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 508H
⁹ Elevation 3569'		

¹⁰Surface Location

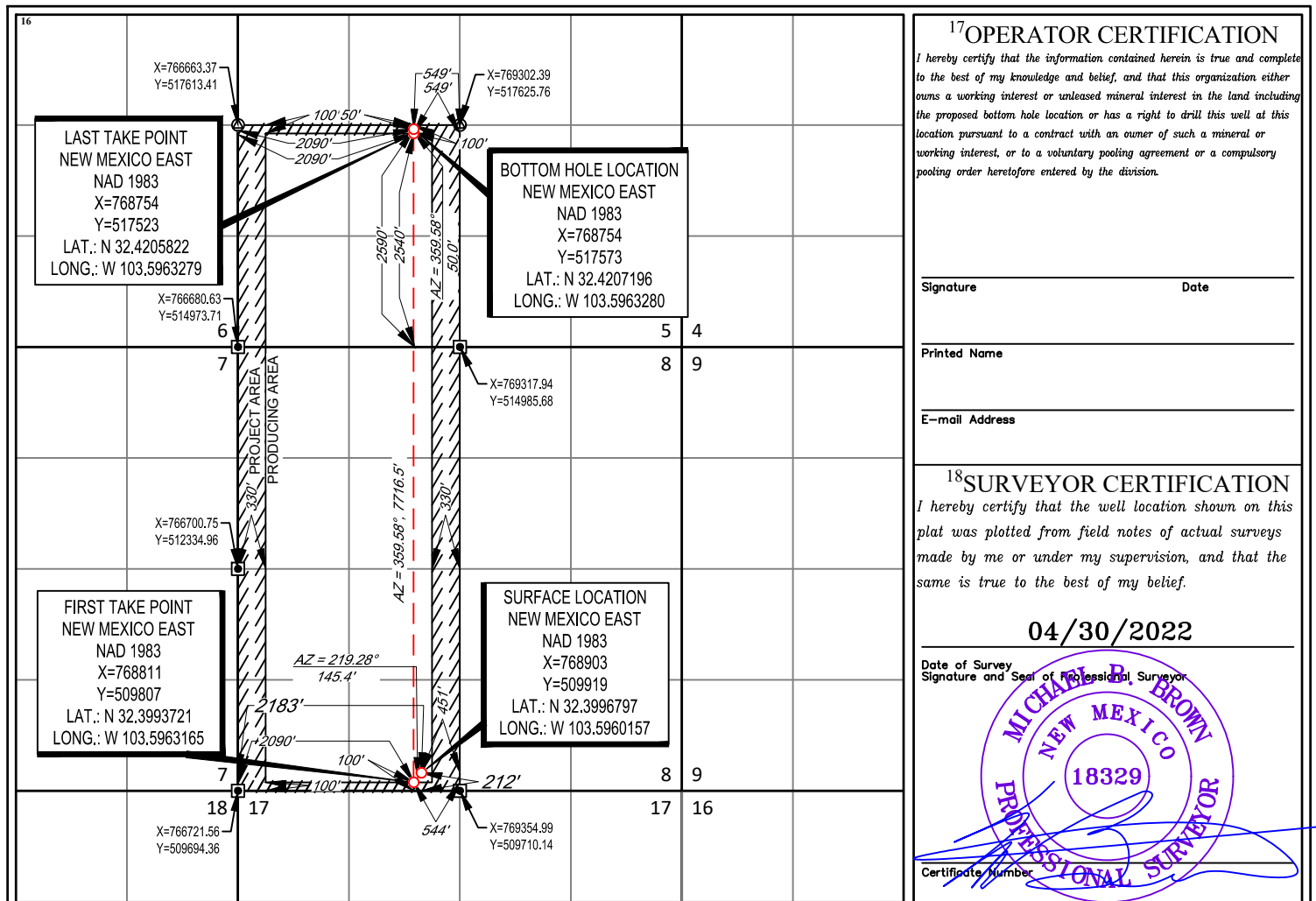
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	22-S	33-E	-	212'	SOUTH	2183'	WEST	LEA

¹¹Bottom 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
K	5	22-S	33-E	-	2590'	SOUTH	2090'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49682	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 562H
⁹ Elevation 3569'		

¹⁰Surface Location

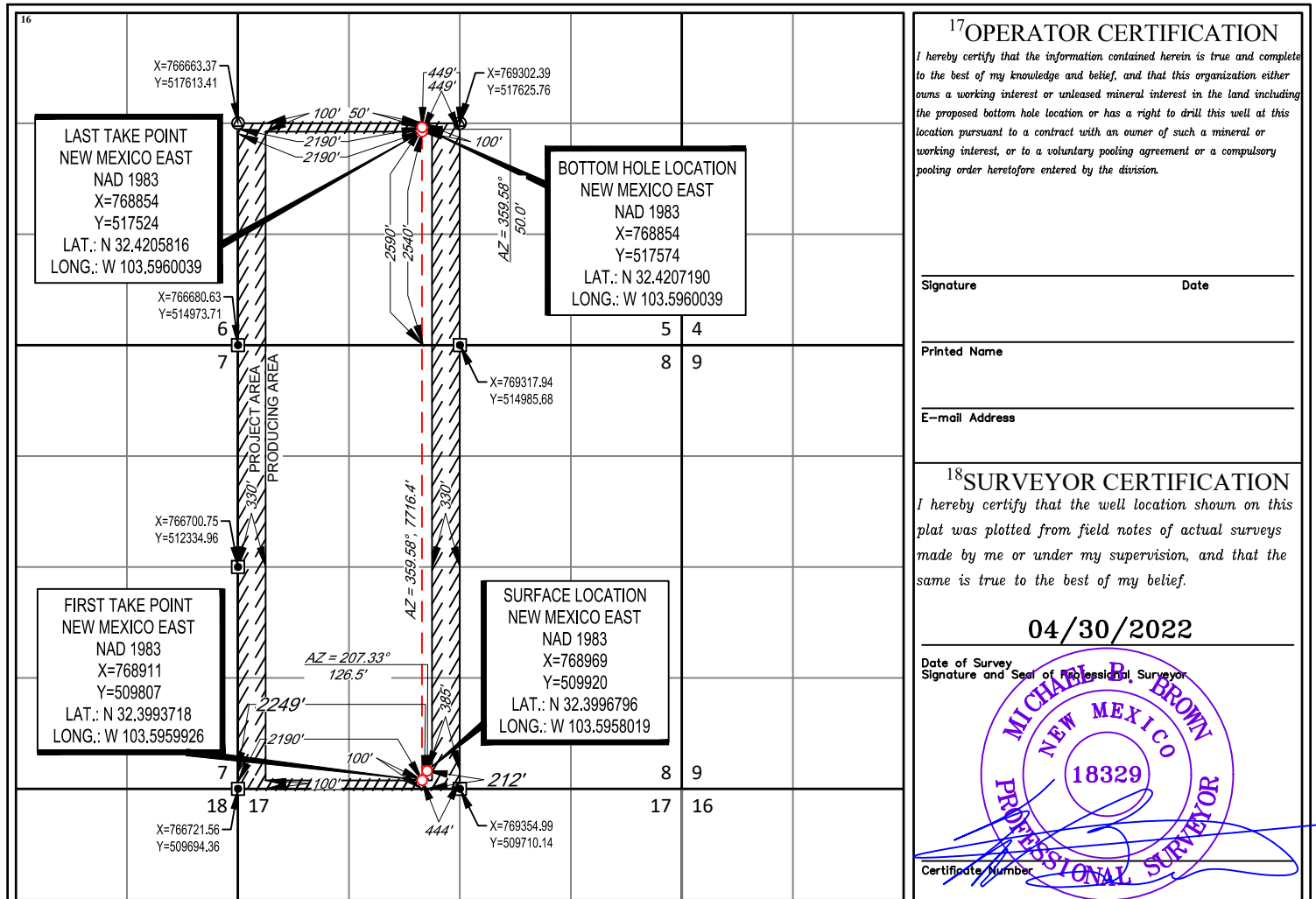
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	22-S	33-E	-	212'	SOUTH	2249'	WEST	LEA

¹¹Bottom 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
K	5	22-S	33-E	-	2590'	SOUTH	2190'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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¹⁷OPERATOR CERTIFICATION

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Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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 to the best of my belief.

04/30/2022

Date of Survey _____
Signature and Seal of Professional Surveyor

MICHAEL B. BROWN
NEW MEXICO
PROFESSIONAL SURVEYOR
18329

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¹ API Number 30-025-48833	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	⁶ Well Number 604H
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁹ Elevation 3569'

¹⁰Surface Location

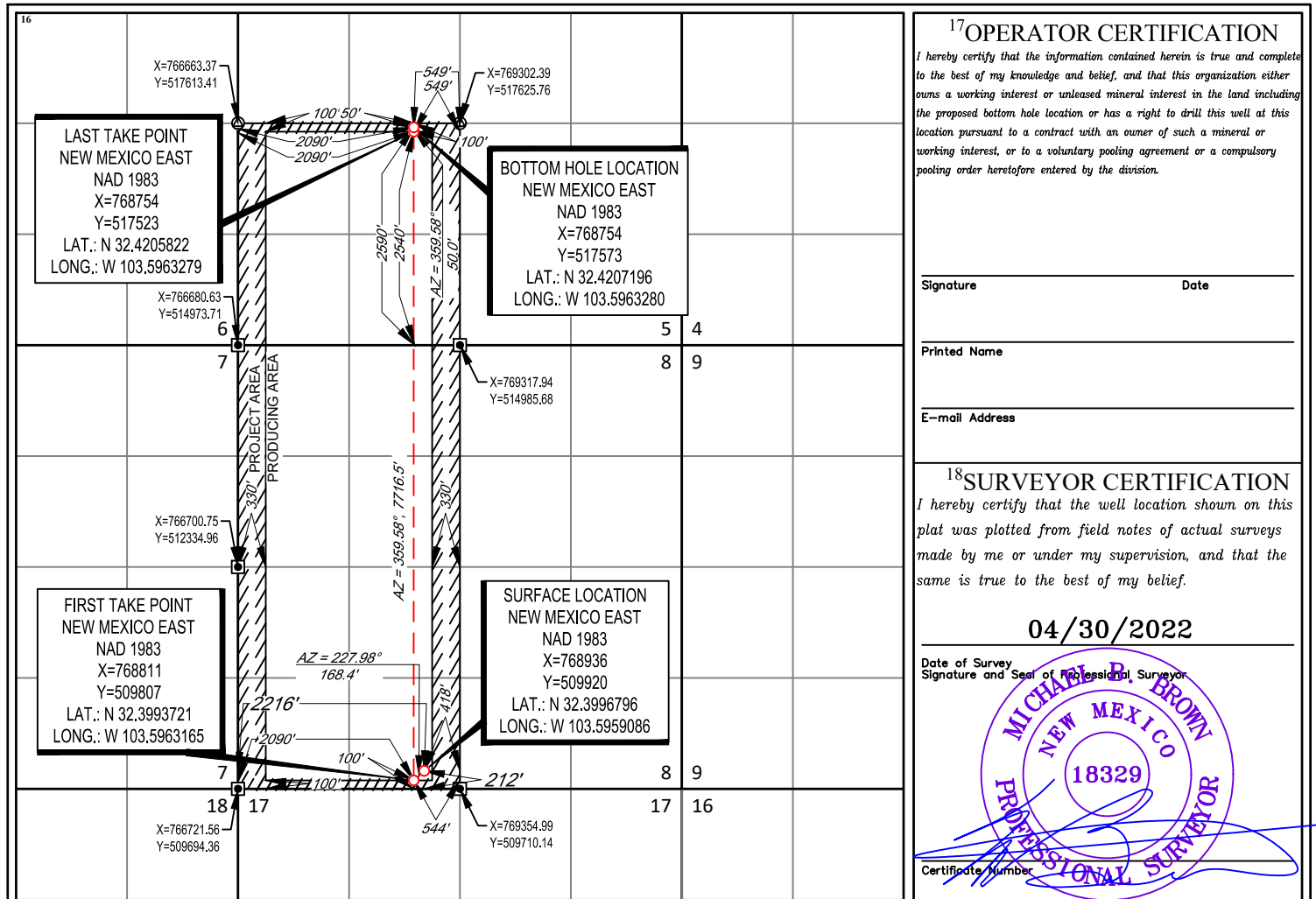
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	22-S	33-E	-	212'	SOUTH	2216'	WEST	LEA

¹¹Bottom 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
K	5	22-S	33-E	-	2590'	SOUTH	2090'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Signature _____ Date _____

Printed Name _____

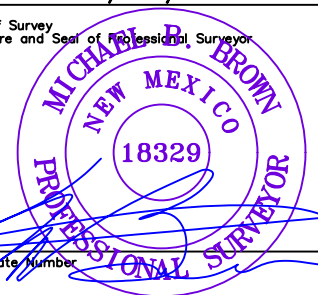
E-mail Address _____

¹⁸SURVEYOR CERTIFICATION

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04/30/2022

Date of Survey _____
Signature and Seal of Professional Surveyor



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Santa Fe, NM 87505

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Revised August 1, 2011

Submit one copy to appropriate

District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49271	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 510H
		⁹ Elevation 3575'

¹⁰Surface Location

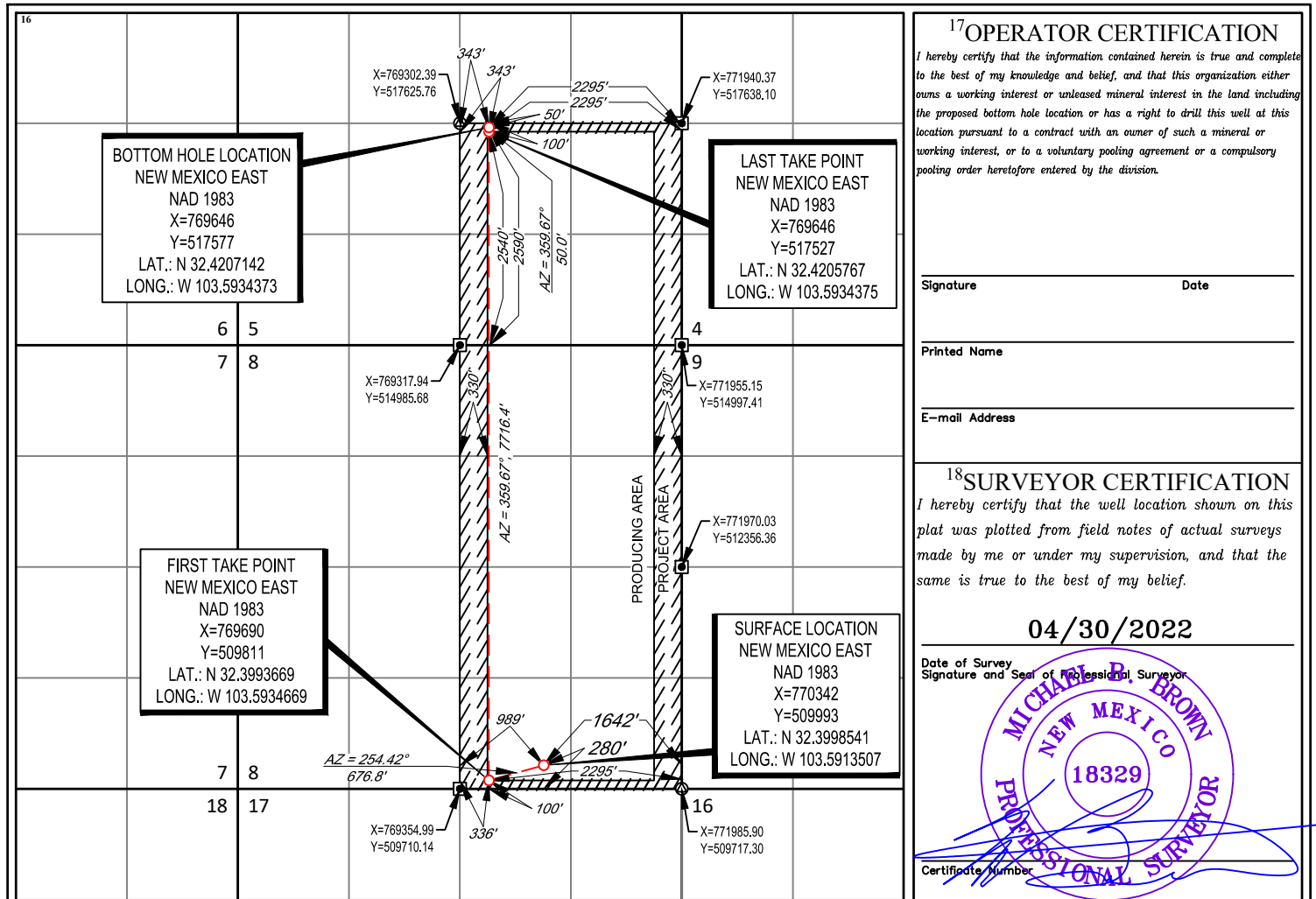
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	22-S	33-E	-	280'	SOUTH	1642'	EAST	LEA

¹¹Bottom 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
J	5	22-S	33-E	-	2590'	SOUTH	2295'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR 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 _____

E-mail Address _____

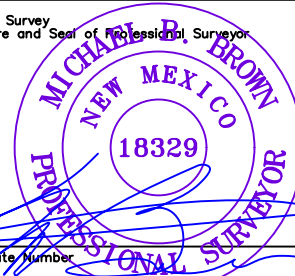
¹⁸SURVEYOR CERTIFICATION

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 to the best of my belief.

04/30/2022

Date of Survey _____

Signature and Seal of Professional Surveyor



Certificate Number _____

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 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 Road, 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 & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

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District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49557	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 512H
⁹ Elevation 3576'		

¹⁰Surface Location

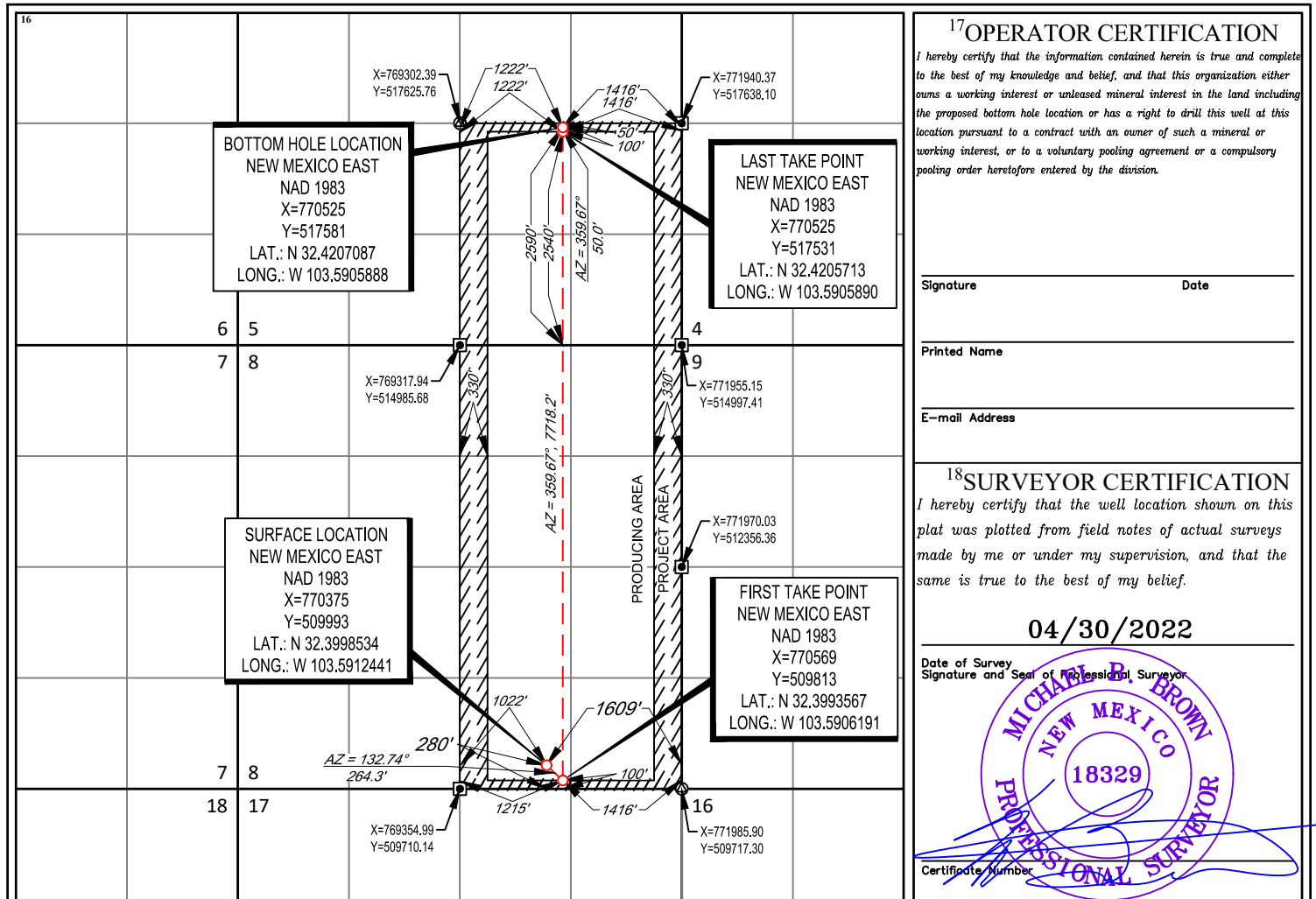
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	22-S	33-E	-	280'	SOUTH	1609'	EAST	LEA

¹¹Bottom 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
J	5	22-S	33-E	-	2590'	SOUTH	1416'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR CERTIFICATION

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Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR CERTIFICATION

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04/30/2022

Date of Survey _____
Signature and Seal of Professional Surveyor

MICHAEL B. BROWN
NEW MEXICO
18329
PROFESSIONAL SURVEYOR

Certificate Number _____

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49561	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 556H
⁹ Elevation 3575'		

¹⁰Surface Location

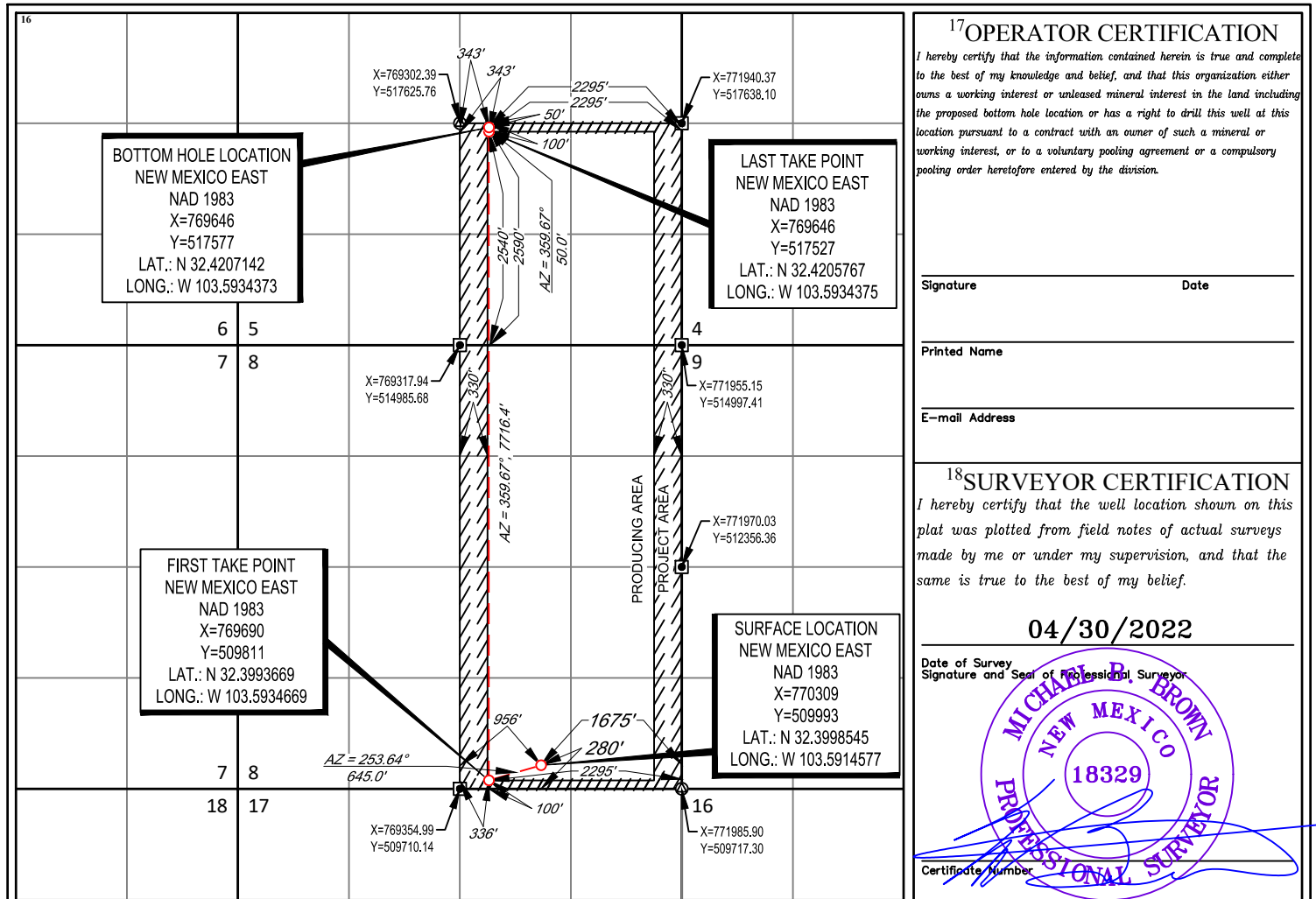
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	22-S	33-E	-	280'	SOUTH	1675'	EAST	LEA

¹¹Bottom 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
J	5	22-S	33-E	-	2590'	SOUTH	2295'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR CERTIFICATION

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04/30/2022

Date of Survey _____

Signature and Seal of Professional Surveyor

MICHAEL B. BROWN
NEW MEXICO
PROFESSIONAL SURVEYOR
18329
Certificate Number _____

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49610	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	⁶ Well Number 564H
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁹ Elevation 3576'

¹⁰Surface Location

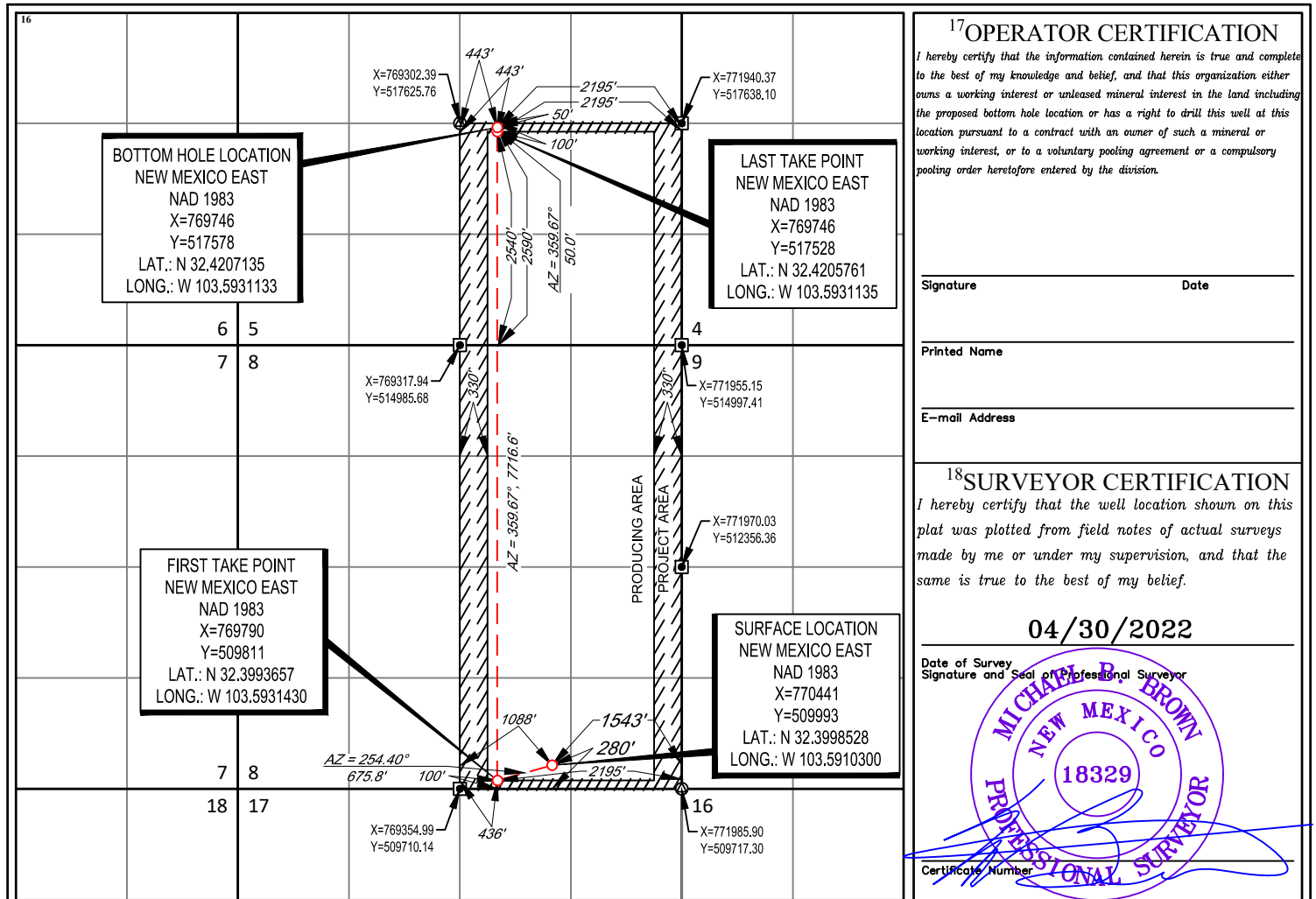
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	22-S	33-E	-	280'	SOUTH	1543'	EAST	LEA

¹¹Bottom 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
J	5	22-S	33-E	-	2590'	SOUTH	2195'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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¹⁷OPERATOR CERTIFICATION

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Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR CERTIFICATION

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04/30/2022

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Signature and Seal of Professional Surveyor



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Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48834		² Pool Code 51687		³ Pool Name RED TANK; BONE SPRING, EAST	
⁴ Property Code		⁵ Property Name DAGGER LAKE SOUTH 8 FED COM			⁶ Well Number 606H
⁷ OGRID No. 372417		⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA			⁹ Elevation 3576'

¹⁰Surface Location

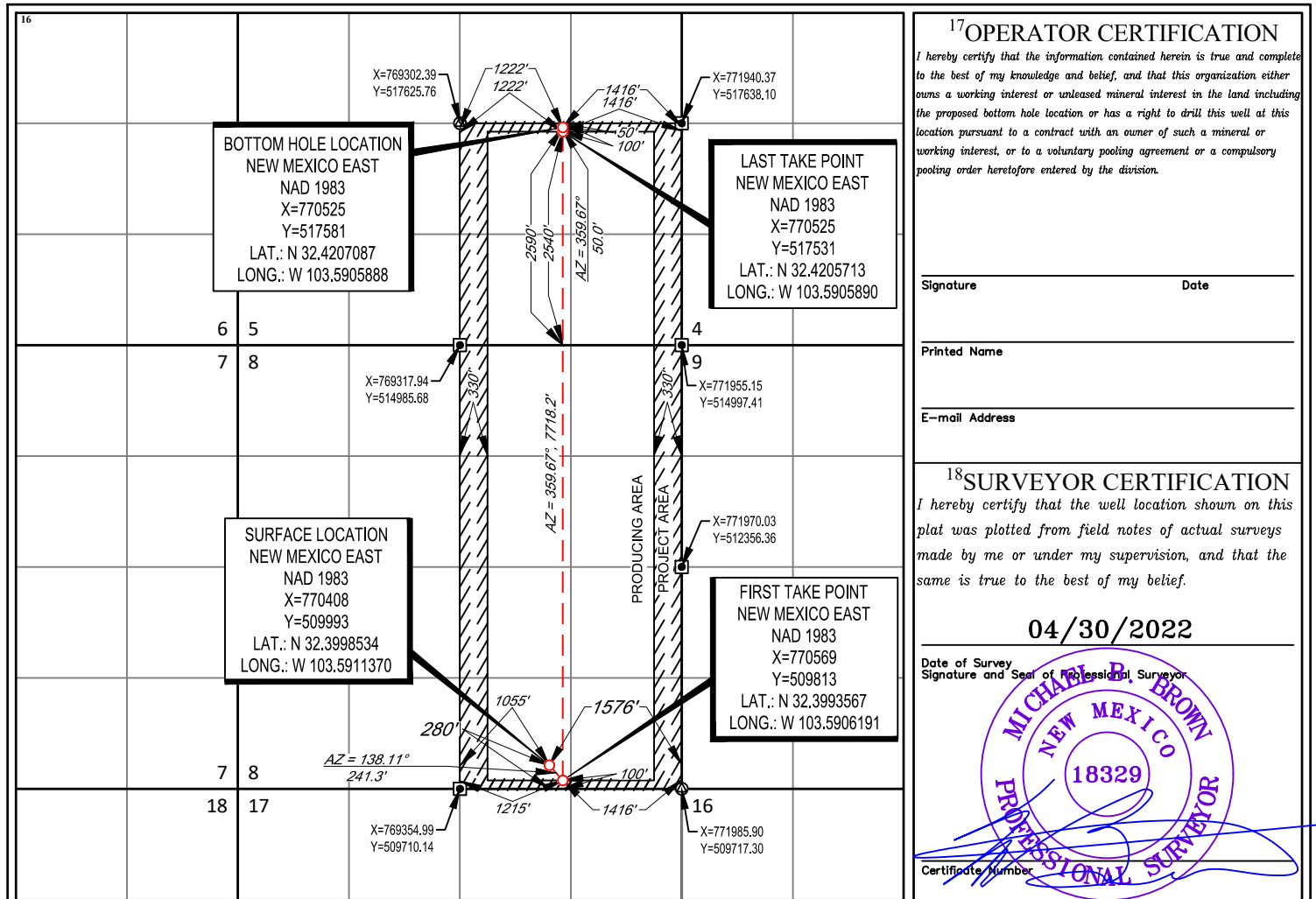
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	22-S	33-E	-	280'	SOUTH	1576'	EAST	LEA

¹¹Bottom 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
J	5	22-S	33-E	-	2590'	SOUTH	1416'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49558		² Pool Code 51687		³ Pool Name RED TANK; BONE SPRING, EAST	
⁴ Property Code		⁵ Property Name DAGGER LAKE SOUTH 8 FED COM			⁶ Well Number 514H
⁷ OGRID No. 372417		⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA			⁹ Elevation 3597'

¹⁰Surface Location

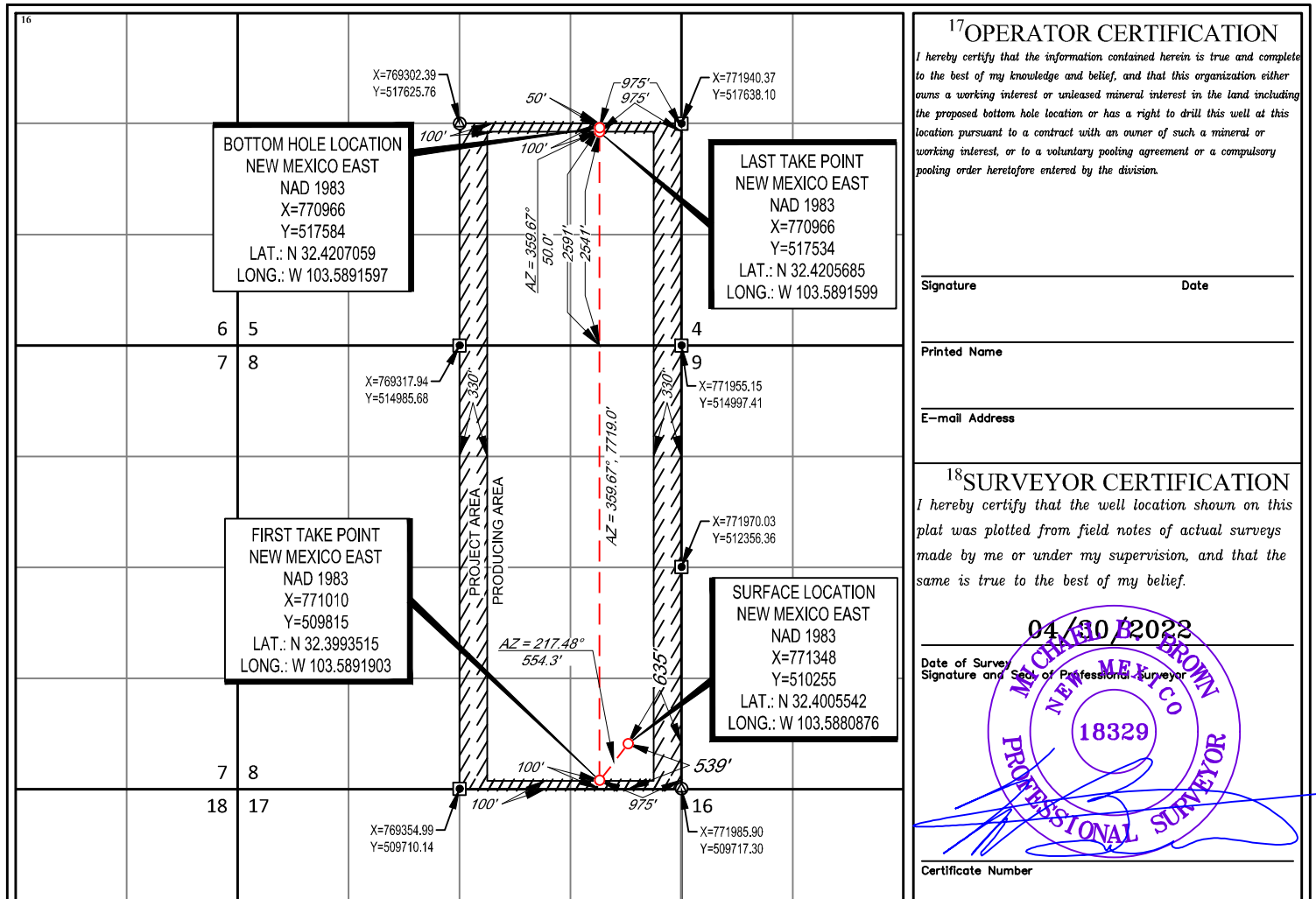
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22-S	33-E	-	539'	SOUTH	635'	EAST	LEA

¹¹Bottom 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
I	5	22-S	33-E	-	2591'	SOUTH	975'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR CERTIFICATION
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Date of Survey: 04/30/2022
Signature and Seal of Professional Surveyor: [Seal of M. CHAS. BROWN, NEW MEXICO, PROFESSIONAL SURVEYOR, 18329]

Certificate Number _____

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District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48830		² Pool Code 51687		³ Pool Name RED TANK; BONE SPRING, EAST	
⁴ Property Code		⁵ Property Name DAGGER LAKE SOUTH 8 FED COM			⁶ Well Number 516H
⁷ OGRID No. 372417		⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA			⁹ Elevation 3597'

¹⁰Surface Location

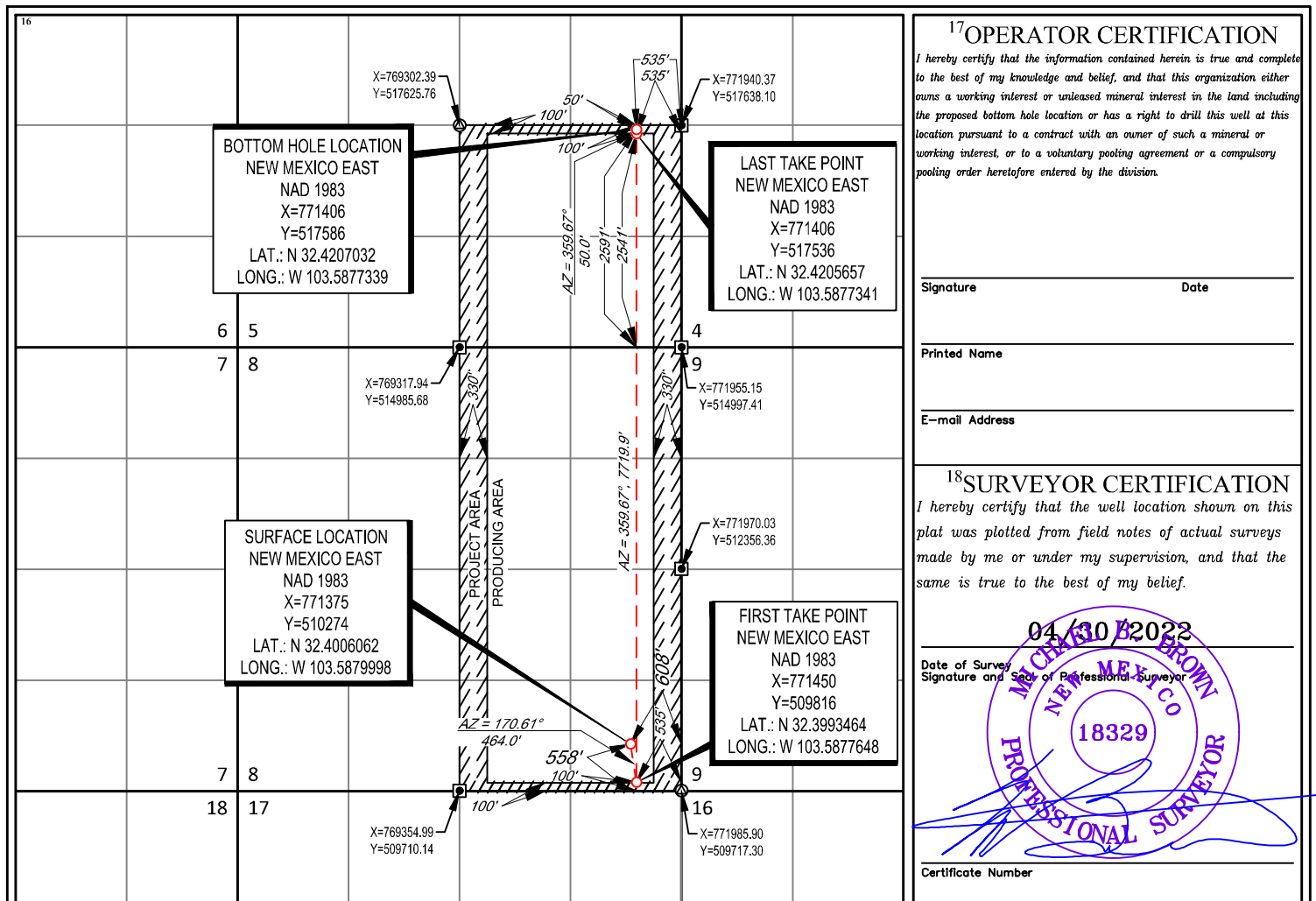
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22-S	33-E	-	558'	SOUTH	608'	EAST	LEA

¹¹Bottom 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
I	5	22-S	33-E	-	2591'	SOUTH	535'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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Signature _____ Date _____

Printed Name _____

E-mail Address _____

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Date of Survey _____
Signature and Seal of Professional Surveyor

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48831	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 558H
⁹ Elevation 3596'		

¹⁰Surface Location

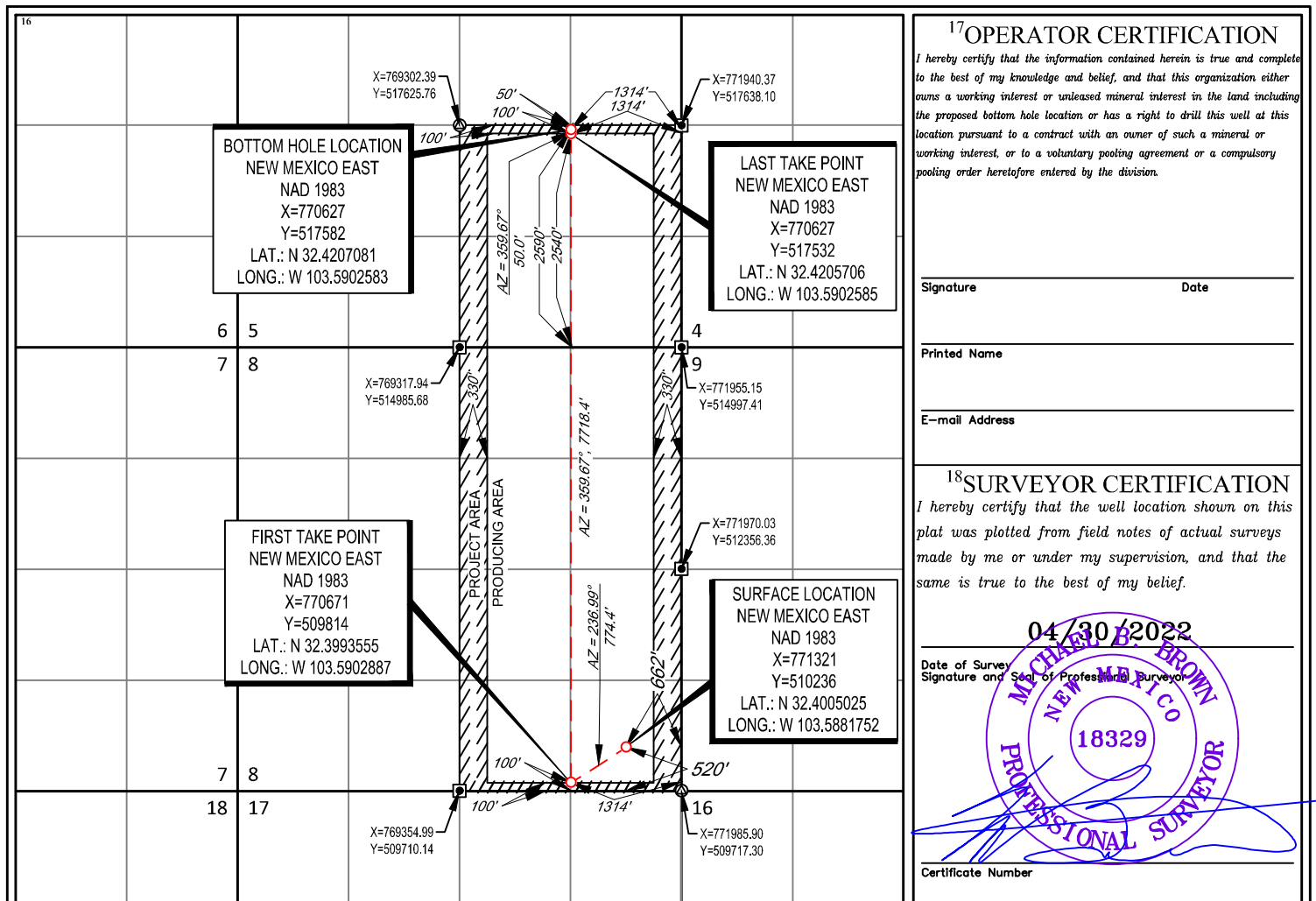
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22-S	33-E	-	520'	SOUTH	662'	EAST	LEA

¹¹Bottom 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
I	5	22-S	33-E	-	2590'	SOUTH	1314'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Printed Name _____

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Date of Survey: 04/30/2022
Signature and Seal of Professional Surveyor:

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-49603	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DAGGER LAKE SOUTH 8 FED COM	
⁷ OGRID No. 372417	⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA	⁶ Well Number 566H
⁹ Elevation 3598'		

¹⁰Surface Location

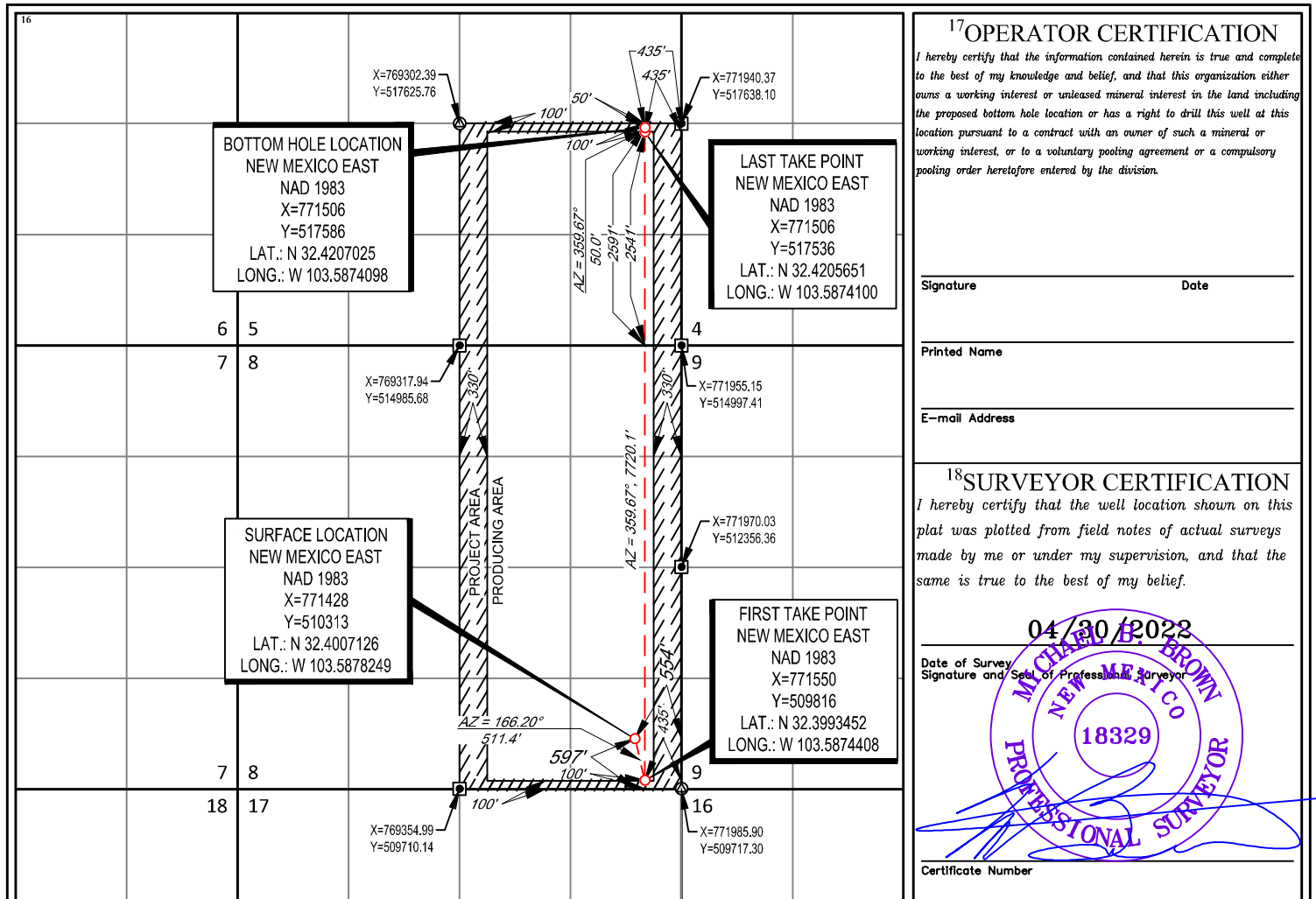
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22-S	33-E	-	597'	SOUTH	554'	EAST	LEA

¹¹Bottom 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
I	5	22-S	33-E	-	2591'	SOUTH	435'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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04/20/2022



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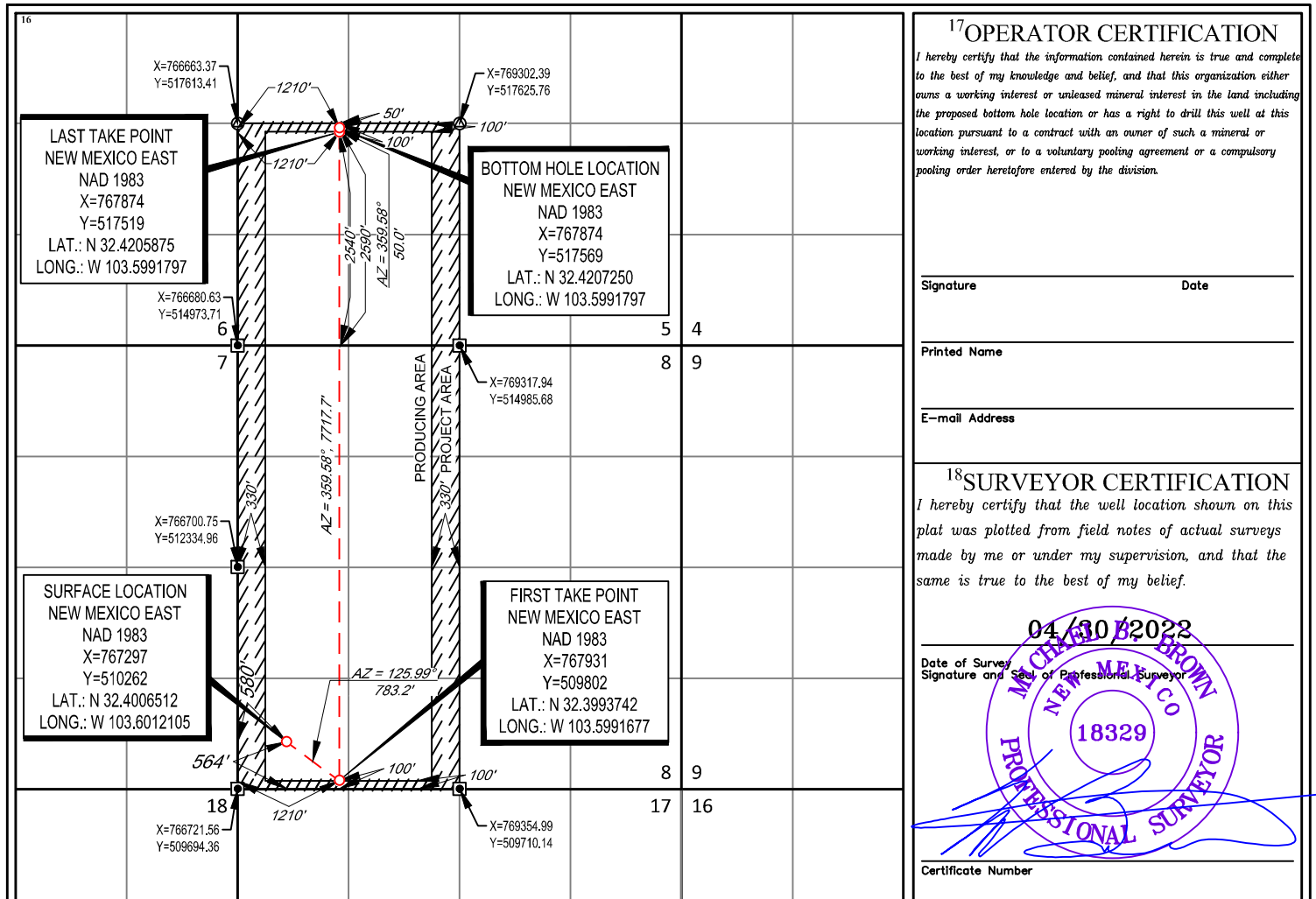
¹ API Number 30-025-49622		² Pool Code 98033		³ Pool Name WC-025 G-10 S2133280; WOLFCAMP	
⁴ Property Code		⁵ Property Name DAGGER LAKE SOUTH 8 FED COM			⁶ Well Number 702H
⁷ OGRID No. 372417		⁸ Operator Name ADVANCE ENERGY PARTNERS HAT MESA			⁹ Elevation 3576'

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
M	8	22-S	33-E	-	564'	SOUTH	580'	WEST	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
L	5	22-S	33-E	-	2590'	SOUTH	1210'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



DISTRICT I
 1625 N. French Dr., Hobbs, NM 88240
 Phone (575) 393-6161 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) 478-3480 Fax: (505) 478-3482

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-49684	Pool Code 98033	Pool Name WC-025 G-10 S2133280; Wolfcamp
Property Code 330795	Property Name DAGGER LAKE SOUTH 8 FED COM	Well Number 706H
OGRID No. 372417	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3575'

Surface Location

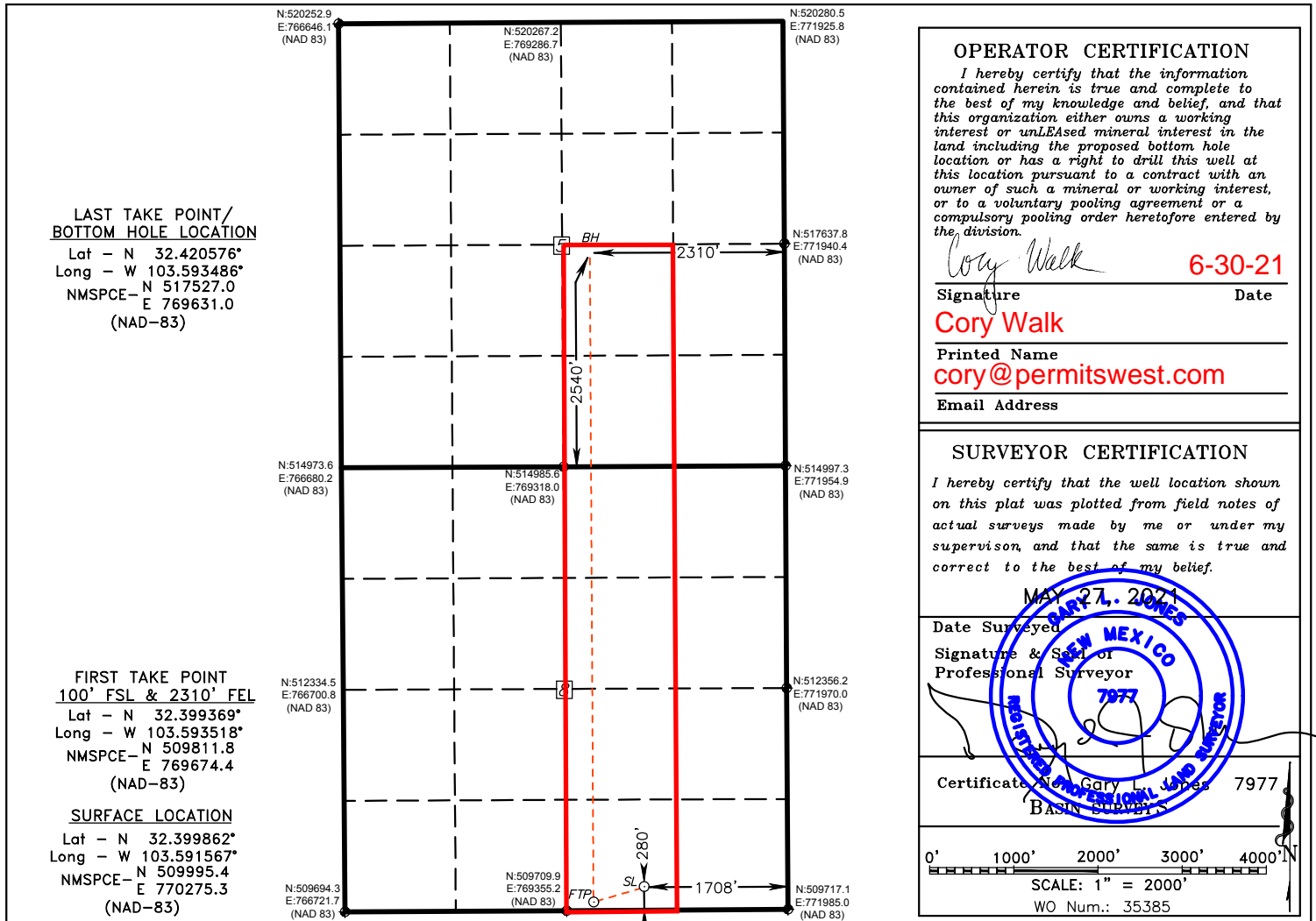
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
0	8	22 S	33 E		280	SOUTH	1708	EAST	LEA

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
J	5	22 S	33 E		2540	SOUTH	2310	EAST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	Order No.
----------------------------------	-----------------	--------------------------------	-----------

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



DISTRICT I
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 4, 2011

Submit one copy to appropriate
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-49685	Pool Code 98033	Pool Name WC-025 G-10 S213328O; Wolfcamp
Property Code 330795	Property Name DAGGER LAKE SOUTH 8 FED COM	Well Number 708H
OGRID No. 372417	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3596'

Surface Location

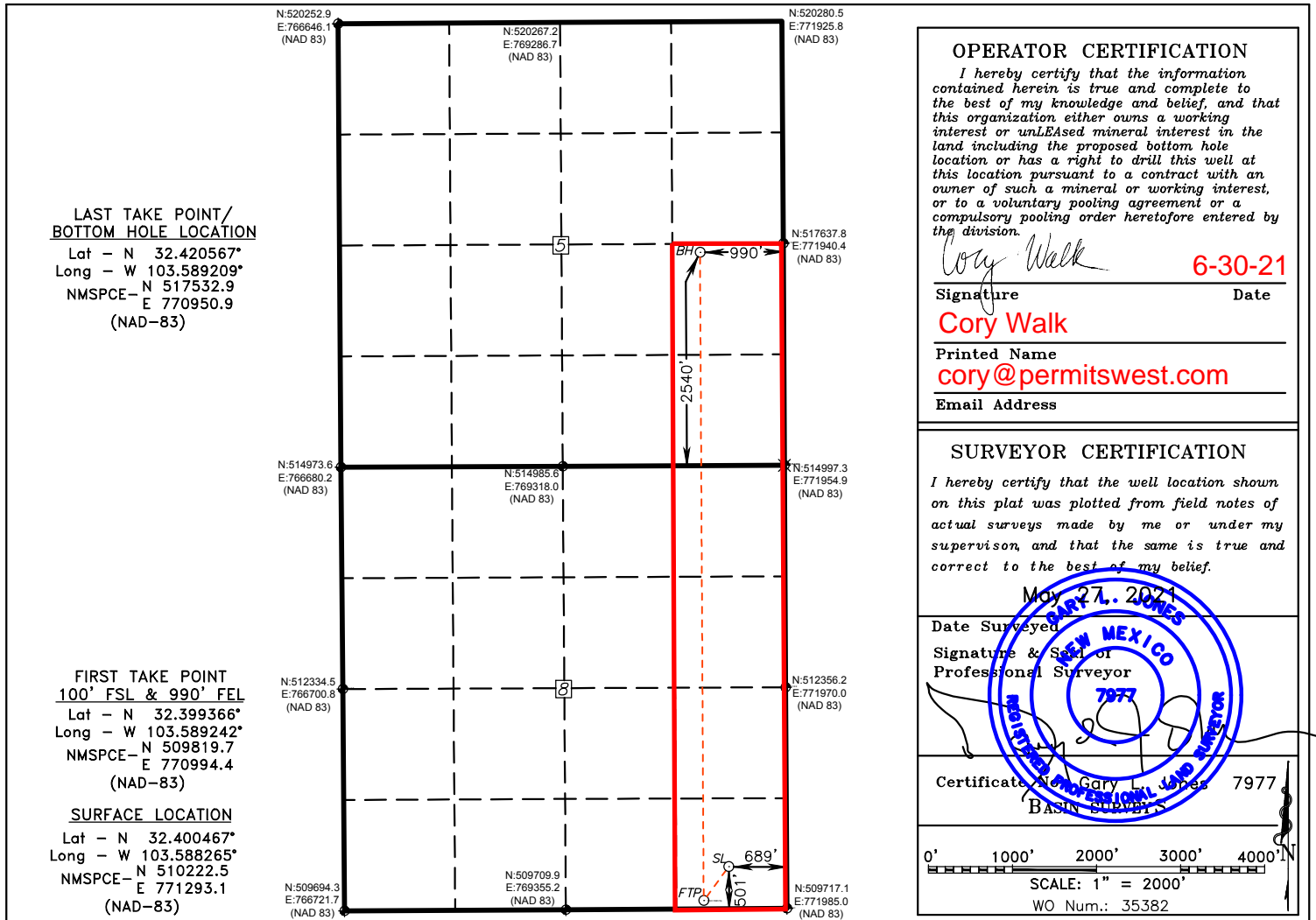
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
P	8	22 S	33 E		501	SOUTH	689	EAST	LEA

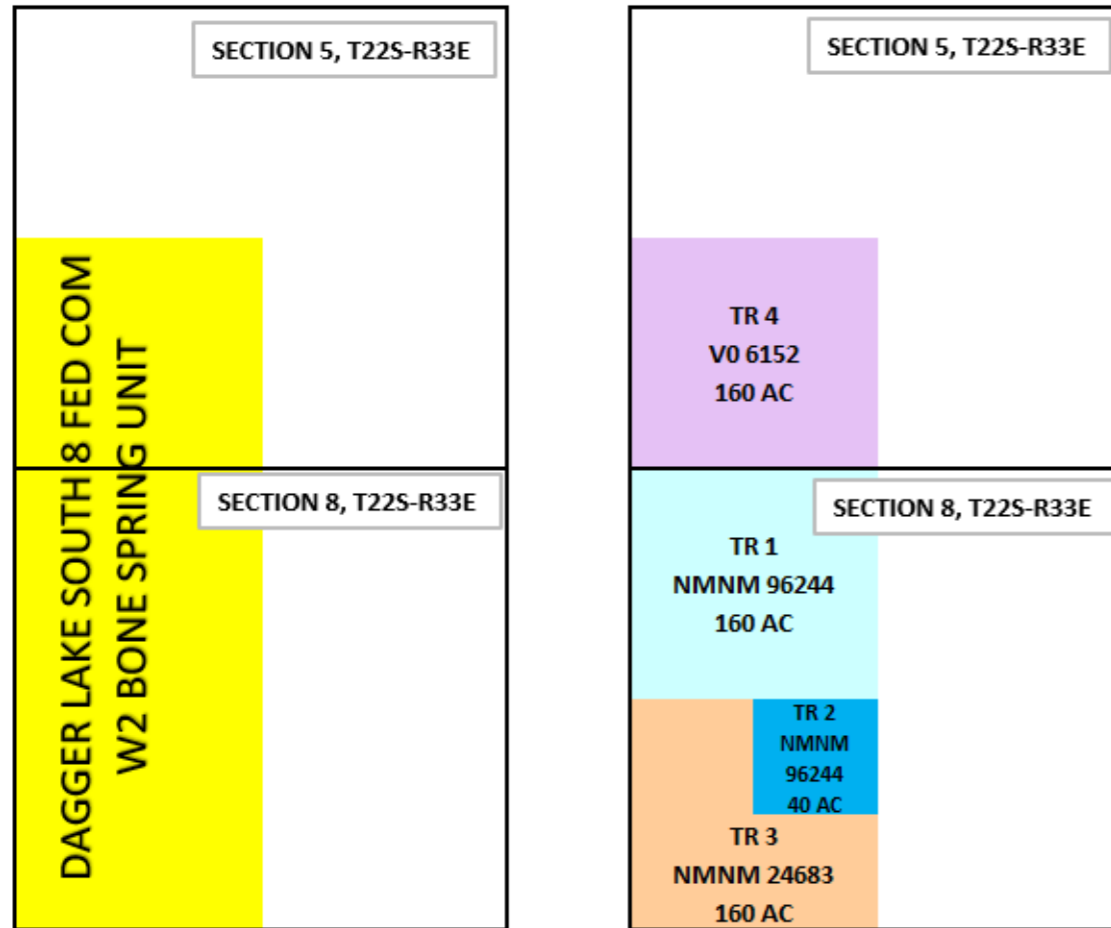
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
I	5	22 S	33 E		2540	SOUTH	990	EAST	LEA

Dedicated Acres 240.00	Joint or Infill	Consolidation Code C	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





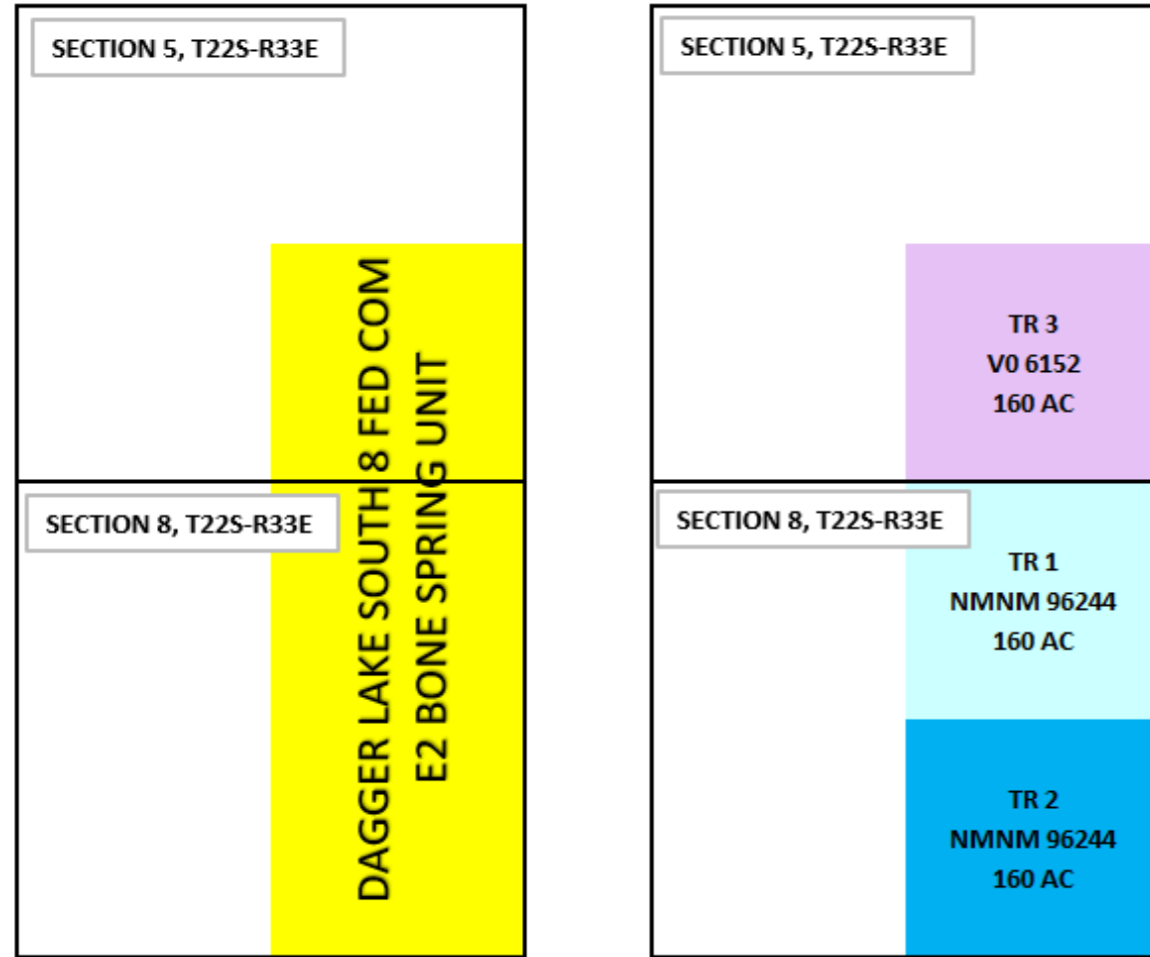
W2 Dagger Lake South 8 Fed Com Bone Spring Unit
 SW of Section 5 and W2 of Section 8, T22S-R33E, Lea County, NM
 Wells included in W2 Bone Spring Unit- Dagger Lake South 8 Fed Com 502H, 504H, 552H, 560H, 602H, 506H, 508H, 562H, & 604H

LEASEHOLD OWNERSHIP IN W2 DAGGER LAKE SOUTH 8 FED COM					
BONE SPRING UNIT					
LEASEHOLD OWNER	TR 1	TR 2	TR 3	TR 4	UNIT RECAP
Advance Energy Partners Hat Mesa, LLC	0.33333333	0.08333333	0.25000000	0.23115464	0.89782130
Blanco Holdings I, Ltd.	0.00000000	0.00000000	0.00000000	0.00713840	0.00713840
Tom M. Ragsdale	0.00000000	0.00000000	0.00000000	0.00414027	0.00414027
Royal Oak Oil & Gas, LLC	0.00000000	0.00000000	0.00000000	0.00214152	0.00214152
R. Miller Houghton	0.00000000	0.00000000	0.00000000	0.00285536	0.00285536
Vonnie Khuu Wenck	0.00000000	0.00000000	0.00000000	0.00092799	0.00092799
Brett D. Taylor	0.00000000	0.00000000	0.00000000	0.00021415	0.00021415
Wellington Hotwells I, LP	0.00000000	0.00000000	0.00000000	0.00142768	0.00142768
The Allar Company	0.00000000	0.00000000	0.00000000	0.08333333	0.08333333

PARTIES TO POOL	INTEREST TYPE
Tom M. Ragsdale 8500 Cypress Wood Drive, Suite 104 Spring, Texas 77379	WI
Devon Energy Production Company, LP Devon Towner, 333 W Sheridan Ave Oklahoma City, OK 73102	RT
Chevron USA, Inc. 1400 Smith Street Houston, Texas 77002	RT

Well proposal sent	Yes
Communitization Agreement sent	Yes
Joint Operating Agreement sent	Yes

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-2
 Submitted by: Advance Energy Partners Hat Mesa, LLC
 Hearing Date: October 6, 2022
 Case Nos. 23056, 23057, 23058, 23059, & 23060

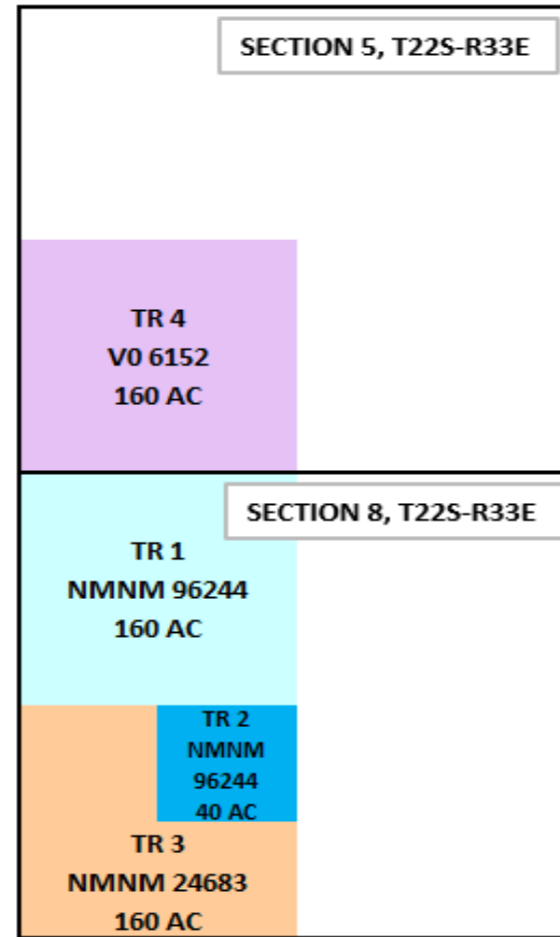
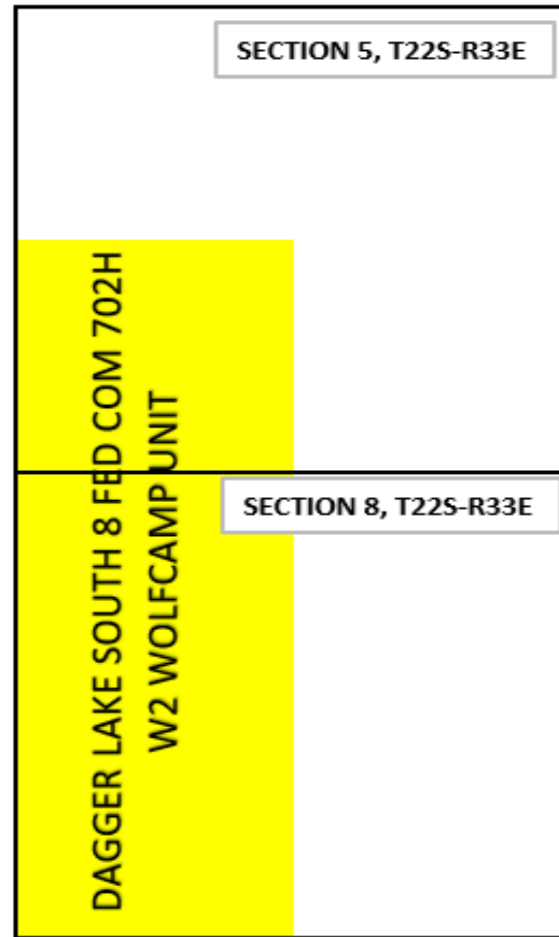


E2 Dagger Lake South 8 Fed Com Bone Spring Unit
 SE of Section 5 and E2 of Section 8, T22S-R33E, Lea County, NM
 Wells included in W2 Bone Spring Unit- Dagger Lake South 8 Fed Com 510H, 512H, 556H, 564H, 606H, 514H, 516H, 558H, & 566H

LEASEHOLD OWNERSHIP IN E2 DAGGER LAKE SOUTH 8 FED COM BONE SPRING UNIT				
LEASEHOLD OWNER	TR 1	TR 2	TR 3	UNIT RECAP
Advance Energy Partners Hat Mesa, LLC	0.33333333	0.33333333	0.23115464	0.89782130
Blanco Holdings I, Ltd.	0.00000000	0.00000000	0.00713840	0.00713840
Tom M. Ragsdale	0.00000000	0.00000000	0.00414027	0.00414027
Royal Oak Oil & Gas, LLC	0.00000000	0.00000000	0.00214152	0.00214152
R. Miller Houghton	0.00000000	0.00000000	0.00285536	0.00285536
Vonnie Khuu Wenck	0.00000000	0.00000000	0.00092799	0.00092799
Brett D. Taylor	0.00000000	0.00000000	0.00021415	0.00021415
Wellington Hotwells I, LP	0.00000000	0.00000000	0.00142768	0.00142768
The Allar Company	0.00000000	0.00000000	0.08333333	0.08333333

PARTIES TO POOL	INTEREST TYPE
Tom M. Ragsdale 8500 Cypress Wood Drive, Suite 104 Spring, Texas 77379	WI
Devon Energy Production Company, LP Devon Towner, 333 W Sheridan Ave Oklahoma City, OK 73102	RT

Well proposal sent	Yes
Communitization Agreement sent	Yes
Joint Operating Agreement sent	Yes

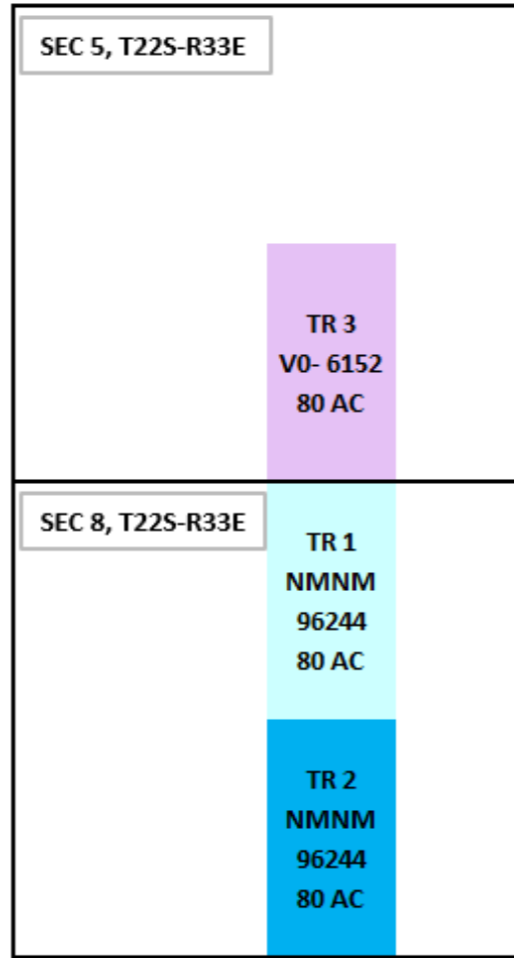
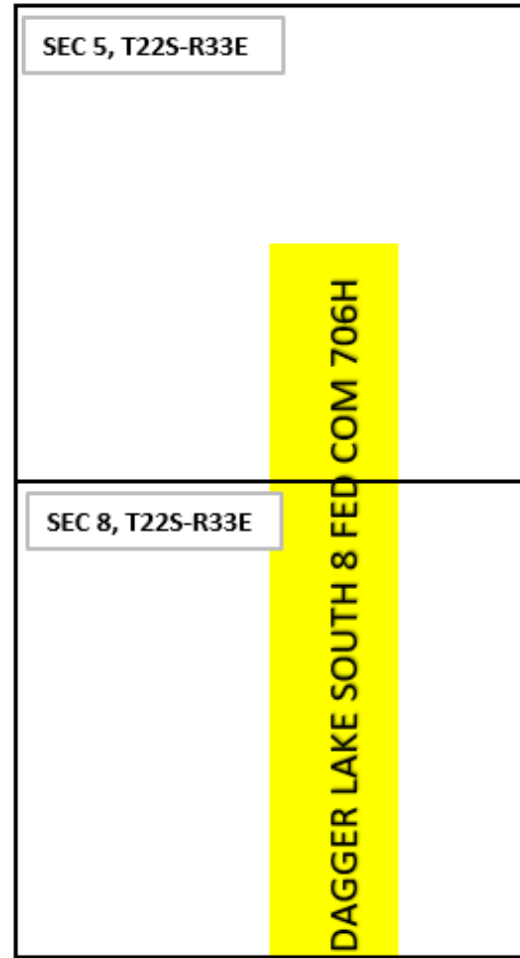


LEASEHOLD OWNERSHIP IN DAGGER LAKE SOUTH 8 FED COM 702H WOLFCAMP UNIT					
LEASEHOLD OWNER	TR 1	TR 2	TR 3	TR 4	UNIT RECAP
Advance Energy Partners Hat Mesa, LLC	0.33333333	0.08333333	0.25000000	0.23115464	0.89782130
Blanco Holdings I, Ltd.	0.00000000	0.00000000	0.00000000	0.00713840	0.00713840
Tom M. Ragsdale	0.00000000	0.00000000	0.00000000	0.00414027	0.00414027
Royal Oak Oil & Gas, LLC	0.00000000	0.00000000	0.00000000	0.00214152	0.00214152
R. Miller Houghton	0.00000000	0.00000000	0.00000000	0.00285536	0.00285536
Vonnie Khuu Wenck	0.00000000	0.00000000	0.00000000	0.00092799	0.00092799
Brett D. Taylor	0.00000000	0.00000000	0.00000000	0.00021415	0.00021415
Wellington Hotwells I, LP	0.00000000	0.00000000	0.00000000	0.00142768	0.00142768
The Allar Company	0.00000000	0.00000000	0.00000000	0.08333333	0.08333333

PARTIES TO POOL	INTEREST TYPE
Tom M. Ragsdale 8500 Cypress Wood Drive, Suite 104 Spring, Texas 77379	WI
Devon Energy Production Company, LP Devon Towner, 333 W Sheridan Ave Oklahoma City, OK 73102	RT
Chevron USA, Inc. 1400 Smith Street Houston, Texas 77002	RT

Well proposal sent	Yes
Communitization Agreement sent	Yes
Joint Operating Agreement sent	Yes

Dagger Lake South 8 Fed Com 702H -Wolfcamp Unit
SW of Section 5 and W2 of Section 8, T22S-R33E, Lea County, NM

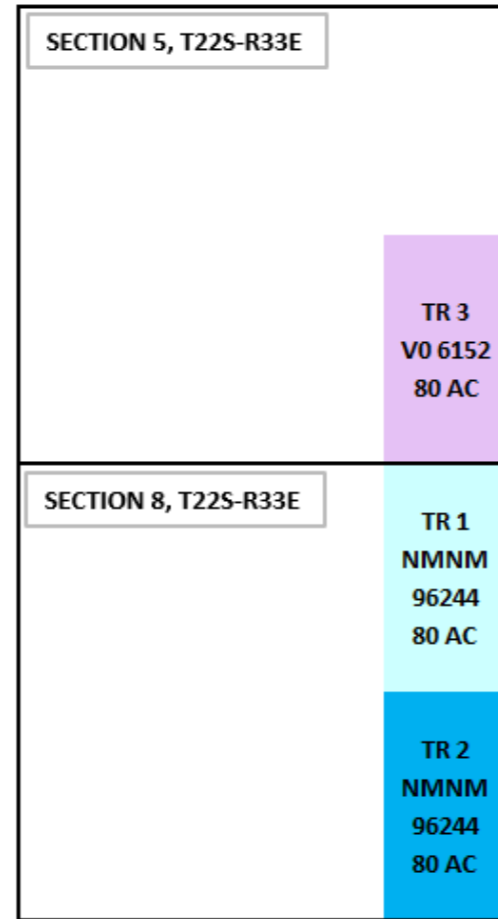
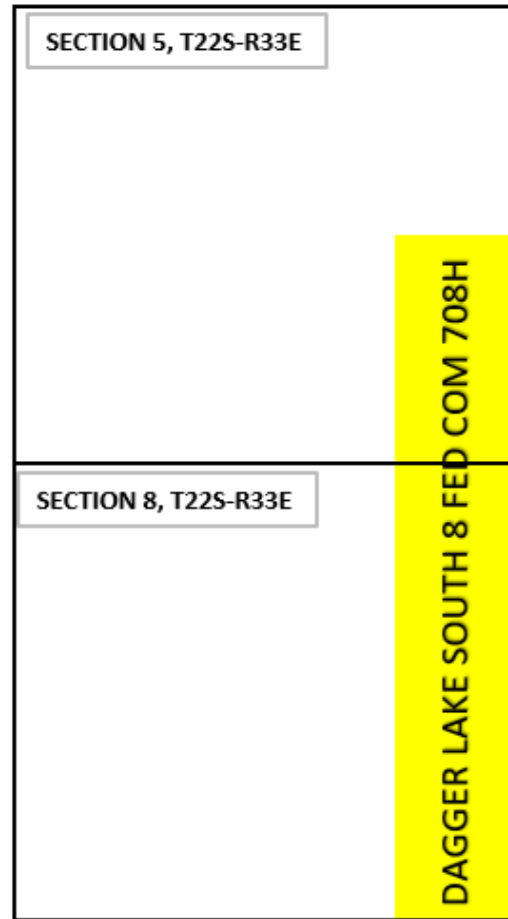


Dagger Lake South 8 Fed Com 706H -Wolfcamp Unit
W2SE of Section 5 and W2E2 of Section 8, T22S-R33E, Lea County, NM

LEASEHOLD OWNERSHIP IN DAGGER LAKE SOUTH 8 FED COM 706H				
WOLFCAMP UNIT				
LEASEHOLD OWNER	TR 1	TR 2	TR 3	UNIT RECAP
Advance Energy Partners Hat Mesa, LLC	0.33333333	0.33333333	0.23115464	0.89782130
Blanco Holdings I, Ltd.	0.00000000	0.00000000	0.00713840	0.00713840
Tom M. Ragsdale	0.00000000	0.00000000	0.00414027	0.00414027
Royal Oak Oil & Gas, LLC	0.00000000	0.00000000	0.00214152	0.00214152
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Vonnie Khuu Wenck	0.00000000	0.00000000	0.00092799	0.00092799
Brett D. Taylor	0.00000000	0.00000000	0.00021415	0.00021415
Wellington Hotwells I, LP	0.00000000	0.00000000	0.00142768	0.00142768
The Allar Company	0.00000000	0.00000000	0.08333333	0.08333333

PARTIES TO POOL	INTEREST TYPE
Tom M. Ragsdale 8500 Cypress Wood Drive, Suite 104 Spring, Texas 77379	WI
Devon Energy Production Company, LP Devon Towner, 333 W Sheridan Ave Oklahoma City, OK 73102	RT

Well proposal sent	Yes
Communitization Agreement sent	Yes
Joint Operating Agreement sent	Yes



Dagger Lake South 8 Fed Com 708H - Wolfcamp Unit
E2SE of Section 5 and E2E2 of Section 8, T22S-R33E, Lea County, NM

LEASEHOLD OWNERSHIP IN DAGGER LAKE SOUTH 8 FED COM 708H				
WOLFCAMP UNIT				
LEASEHOLD OWNER	TR 1	TR 2	TR 3	UNIT RECAP
Advance Energy Partners Hat Mesa, LLC	0.33333333	0.33333333	0.23115464	0.89782130
Blanco Holdings I, Ltd.	0.00000000	0.00000000	0.00713840	0.00713840
Tom M. Ragsdale	0.00000000	0.00000000	0.00414027	0.00414027
Royal Oak Oil & Gas, LLC	0.00000000	0.00000000	0.00214152	0.00214152
R. Miller Houghton	0.00000000	0.00000000	0.00285536	0.00285536
Vonnie Khuu Wenck	0.00000000	0.00000000	0.00092799	0.00092799
Brett D. Taylor	0.00000000	0.00000000	0.00021415	0.00021415
Wellington Hotwells I, LP	0.00000000	0.00000000	0.00142768	0.00142768
The Allar Company	0.00000000	0.00000000	0.08333333	0.08333333

PARTIES TO POOL	INTEREST TYPE
Tom M. Ragsdale 8500 Cypress Wood Drive, Suite 104 Spring, Texas 77379	WI
Devon Energy Production Company, LP Devon Towner, 333 W Sheridan Ave Oklahoma City, OK 73102	RT

Well proposal sent	Yes
Communitization Agreement sent	Yes
Joint Operating Agreement sent	Yes



2901 Via Fortuna, Suite 600, Austin, Texas 78746 • Phone 737-444-2997

Date: June 2, 2022

Certified Return Receipt Mail Tracking No.
7021 2720 0003 1366 0086

Tom Ragsdale
c/o Siana Oil and Gas Co., LLC
400 N. Sam Houston Parkway East, Suite 601
Conroe, Texas 77305

Re: **Dagger Lake South 8 Federal Com W2 Bone Spring Well Proposals**
SW/4 of Section 5 and W/2 of Section 8, T22S-R33E
Lea County, New Mexico

Ladies and Gentlemen:

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following horizontal wells, testing the 1st Bone Spring, 2nd Bone Spring, and 3rd Bone Spring formations, at applicable surface locations in Section 8, with bottom-hole locations in the SW/4 of Section 5, T22S-R33E, Lea County, New Mexico (collectively, the "Operation"). The proposed wells will fall within a 480-acre spacing unit limited to the SW/4 of Section 5 and W/2 of Section 8, T22S-R33E, Lea County, New Mexico.

Proposed Wells

- 1) **Dagger Lake South 8 Federal Com #502H** to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate total vertical depth of 10,500 feet. The surface location for this well is proposed at a legal location in Unit M of Section 8 and a bottom hole location at a legal location in Unit L of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure ("AFE").
- 2) **Dagger Lake South 8 Federal Com #504H** to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate total vertical depth of 10,900 feet. The surface location for this well is proposed at a legal location in Unit M of Section 8 and a bottom hole location at a legal location in Unit L of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure ("AFE").
- 3) **Dagger Lake South 8 Federal Com #506H** to be drilled to a depth sufficient to test the 1st Bone Spring formation at an approximate total vertical depth of 9,900 feet. The surface location for this well is proposed at a legal location in Unit N of Section 8 and a bottom hole location at a legal location in Unit K of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure ("AFE").
- 4) **Dagger Lake South 8 Federal Com #508H** to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate total vertical depth of 11,000 feet. The

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-3

Submitted by: Advance Energy Partners Hat Mesa, LLC

Hearing Date: October 6, 2022

Case Nos. 23056, 23057, 23058, 23059, & 23060

*Dagger Lake South 8 Fed Com- W2 Bone Spring Proposals**June 2, 2022*

Page 2

surface location for this well is proposed at a legal location in Unit N of Section 8 and a bottom hole location at a legal location in Unit K of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).

- 5) **Dagger Lake South 8 Federal Com #552H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,200 feet. The surface location for this well is proposed at a legal location in Unit M of Section 8 and a bottom hole location at a legal location in Unit L of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 6) **Dagger Lake South 8 Federal Com #560H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,600 feet. The surface location for this well is proposed at a legal location in Unit M of Section 8 and a bottom hole location at a legal location in Unit L of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 7) **Dagger Lake South 8 Federal Com #562H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 10,500 feet. The surface location for this well is proposed at a legal location in Unit N of Section 8 and a bottom hole location at a legal location in Unit K of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 8) **Dagger Lake South 8 Federal Com #602H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,900 feet. The surface location for this well is proposed at a legal location in Unit M of Section 8 and a bottom hole location at a legal location in Unit L of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 9) **Dagger Lake South 8 Federal Com #604H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,900 feet. The surface location for this well is proposed at a legal location in Unit N of Section 8 and a bottom hole location at a legal location in Unit K of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).

AEPHM is proposing the above wells under the terms of a new Joint Operating Agreement dated June 1, 2022 covering the referenced lands, from the surface to the base of the Wolfcamp formation. This JOA is enclosed for your review and execution.

The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expense.

Dagger Lake South 8 Fed Com- W2 Bone Spring Proposals

June 2, 2022

Page 3

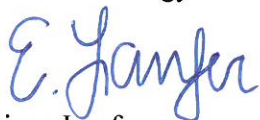
In the interest of time, if we do not reach an agreement within thirty (30) days of the date of this letter, AEPHM will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you elect to participate in the drilling and completion of the proposed wells, please indicate in the space below and return a sign copy of this letter, along with signed copies of the enclosed AFE's, to my attention at the letterhead address.

If you do not wish to participate in the Operation, AEPHM would be interested in acquiring your leasehold interest for a mutually acceptable offer.

Thank you for your consideration to our proposal. If you have questions or are interested in selling your interest, please contact me at 737-444-2997 or LLaufer@amerev.com.

Sincerely,
Advance Energy Partners Hat Mesa, LLC



Lizzy Laufer

Landman

737-444-2997

Email: LLaufer@amerev.com

Dagger Lake South 8 Fed Com- W2 Bone Spring Proposals
 June 2, 2022
 Page 4

Please indicate your election below:

<u>WELL NAME</u>	<u>PARTICIPATE</u> Elect to participate in the drilling & completion of well	<u>DO NOT PARTICIPATE</u> Elect NOT to participate in the drilling & completion of well
DAGGER LAKE SOUTH 8 FEDERAL COM #502H		
DAGGER LAKE SOUTH 8 FEDERAL COM #504H		
DAGGER LAKE SOUTH 8 FEDERAL COM #506H		
DAGGER LAKE SOUTH 8 FEDERAL COM #508H		
DAGGER LAKE SOUTH 8 FEDERAL COM #552H		
DAGGER LAKE SOUTH 8 FEDERAL COM #560H		
DAGGER LAKE SOUTH 8 FEDERAL COM #562H		
DAGGER LAKE SOUTH 8 FEDERAL COM #602H		
DAGGER LAKE SOUTH 8 FEDERAL COM #604H		

By: _____

Printed Name: _____

Title: _____

Date: _____

Dagger Lake South 8 Fed Com- W2 Bone Spring Proposals
June 2, 2022
Page 5

OWNER CONTACT INFORMATION REQUEST

OWNER NAME:

ADDRESS:

PHONE NUMBER:

E-MAIL ADDRESS:



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #502H	Delaware		NM0240

Location	County	State	Well Type	
SHL: Sec. 8 - 564' FSL, 646' FWL BHL: Sec. 5 - 1925' FSL, 330' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	May 4, 2023	June 17, 2023	Second Bone Spring	17,500'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,500'

Project Description
Drill 7,250 ft Second Bone Spring Lateral. Complete with 2500 PPF and +/-48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #502H
 County: Lea
 State: NM
 SHL: Sec. 8 - 564' FSL, 646' FWL
 BHL: Sec. 5 - 1925' FSL, 330' FWL

Target: Second Bone Spring
 Projected MD/TVD: 17500 / 10500
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362 Consulting - Engineering:		\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #504H	Delaware		NM0241

Location	County	State	Well Type	
SHL: Sec. 8 - 563' FSL, 679' FWL BHL: Sec. 5 - 1930' FSL, 1210' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	April 19, 2023	June 2, 2023	Second Bone Spring	17,800'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,900'

Project Description
Drill 7,250 ft Second Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
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Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #504H
 County: Lea
 State: NM
 SHL: Sec. 8 - 563' FSL, 679' FWL
 BHL: Sec. 5 - 1930' FSL, 1210' FWL

Target: Second Bone Spring
 Projected MD/TVD: 17800 / 10900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362 Consulting - Engineering:		\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #506H	Delaware		NM0242

Location	County	State	Well Type	
SHL: Sec. 8 - 213' FSL, 2150' FWL BHL: Sec. 5 - 2540' FSL, 1650' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	January 10, 2023	February 23, 2023	First Bone Spring	18,200'
<i>Revised</i>				TVD
<i>Supplemental</i>				9,900'

Project Description
Drill 7,250 ft First Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #506H
 County: Lea
 State: NM
 SHL: Sec. 8 - 213' FSL, 2150' FWL
 BHL: Sec. 5 - 2540' FSL, 1650' FWL

Target: First Bone Spring
 Projected MD/TVD: 18200 / 9900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9363	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9351	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9353	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9356	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9360	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9354	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9352	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #508H	Delaware		NM0243

Location	County	State	Well Type	
SHL: Sec. 8 - 212' FSL, 2183' FWL BHL: Sec. 5 - 2085' FSL, 2090' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	December 17, 2022	January 30, 2023	Second Bone Spring	18,000'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,000'

Project Description
Drill 7,250 ft Second Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #508H
 County: Lea
 State: NM
 SHL: Sec. 8 - 212' FSL, 2183' FWL
 BHL: Sec. 5 - 2085' FSL, 2090' FWL

Target: Second Bone Spring
 Projected MD/TVD: 18000 / 11000
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9363	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9351	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9353	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9356	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9360	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9354	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9352	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #552H	Delaware		NM0248

Location	County	State	Well Type	
SHL: Sec. 8 - 564' FSL, 613' FWL BHL: Sec. 5 - 1930' FSL, 430' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	May 27, 2023	July 10, 2023	Thrid Bone Spring	18,100'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,200'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #552H
 County: Lea
 State: NM
 SHL: Sec. 8 - 564' FSL, 613' FWL
 BHL: Sec. 5 - 1930' FSL, 430' FWL

Target: Thrid Bone Spring
 Projected MD/TVD: 18100 / 11200
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #560H	Delaware		NM0252

Location	County	State	Well Type	
SHL: Sec. 8 - 564' FSL, 745' FWL BHL: Sec. 5 - 1955' FSL, 1260' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	March 2, 2023	April 15, 2023	Thrid Bone Spring	18,300'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,600'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #560H
 County: Lea
 State: NM
 SHL: Sec. 8 - 564' FSL, 745' FWL
 BHL: Sec. 5 - 1955' FSL, 1260' FWL

Target: Thrid Bone Spring
 Projected MD/TVD: 18300 / 11600
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362			\$	-	\$	-	\$	425,000	\$	-	\$	425,000
		Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363		Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370		Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357		Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351		Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359		Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353		Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356		Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360		Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354		Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352		Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>			\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>			\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
				Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #562H	Delaware		NM0253

Location	County	State	Well Type	
SHL: Sec. 8 - 212' FSL, 2249' FWL BHL: Sec. 5 - 2085' FSL, 2190' FWL	Lea	NM	<i>Oil</i> <i>Gas</i>	<i>Expl</i> <i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	November 3, 2022	December 17, 2022	Thrid Bone Spring	17,500'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,500'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #562H
 County: Lea
 State: NM
 SHL: Sec. 8 - 212' FSL, 2249' FWL
 BHL: Sec. 5 - 2085' FSL, 2190' FWL

Target: Thrid Bone Spring
 Projected MD/TVD: 17500 / 10500
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #602H	Delaware		NM0256

Location	County	State	Well Type	
SHL: Sec. 8 - 563' FNL, 712' FWL BHL: Sec. 5 - 2135' FSL, 330' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	March 21, 2023	May 4, 2023	Thrid Bone Spring	19,100'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,900'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #602H
 County: Lea
 State: NM
 SHL: Sec. 8 - 563' FNL, 712' FWL
 BHL: Sec. 5 - 2135' FSL, 330' FWL

Target: Thrid Bone Spring
 Projected MD/TVD: 19100 / 11900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Enviornmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Enviornmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362 Consulting - Engineering:		\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #604H	Delaware		NM0257

Location	County	State	Well Type	
SHL: Sec. 8 - 212' FSL, 2216' FWL BHL: Sec. 5 - 2540' FSL, 2090' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	November 22, 2022	January 5, 2023	Thrid Bone Spring	19,600'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,900'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
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Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #604H
 County: Lea
 State: NM
 SHL: Sec. 8 - 212' FSL, 2216' FWL
 BHL: Sec. 5 - 2540' FSL, 2090' FWL

Target: Thrid Bone Spring
 Projected MD/TVD: 19600 / 11900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



2901 Via Fortuna, Suite 600, Austin, Texas 78746 • Phone 737-444-2997

Date: June 2, 2022

Certified Return Receipt Mail Tracking No.
7021 2720 0003 1366 0086

Tom Ragsdale
c/o Siana Oil and Gas Co., LLC
400 N. Sam Houston Parkway East, Suite 601
Conroe, Texas 77305

Re: Dagger Lake South 8 Federal Com E2 Bone Spring Well Proposals
SE/4 of Section 5 and E/2 of Section 8, T22S-R33E
Lea County, New Mexico

Ladies and Gentlemen:

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following horizontal wells, testing the 1st Bone Spring, 2nd Bone Spring, and 3rd Bone Spring formations, at applicable surface locations in Section 8, with bottom-hole locations in the SE/4 of Section 5, T22S-R33E, Lea County, New Mexico (collectively, the "Operation"). The proposed wells will fall within a 480-acre spacing unit limited to the SE/4 of Section 5 and E/2 of Section 8, T22S-R33E, Lea County, New Mexico.

Proposed Wells:

- 1) **Dagger Lake South 8 Federal Com #510H** to be drilled to a depth sufficient to test the 1st Bone Spring formation at an approximate total vertical depth of 9,900 feet. The surface location for this well is proposed at a legal location in Unit O of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure ("AFE").
- 2) **Dagger Lake South 8 Federal Com #512H** to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate total vertical depth of 10,600 feet. The surface location for this well is proposed at a legal location in Unit O of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure ("AFE").
- 3) **Dagger Lake South 8 Federal Com #514H** to be drilled to a depth sufficient to test the 1st Bone Spring formation at an approximate total vertical depth of 10,000 feet. The surface location for this well is proposed at a legal location in Unit P of Section 8 and a bottom hole location at a legal location in Unit I of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure ("AFE").
- 4) **Dagger Lake South 8 Federal Com #516H** to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate total vertical depth of 10,900 feet. The

*Dagger Lake South 8 Fed Com- E2 Bone Spring Proposals**June 2, 2022*

Page 2

surface location for this well is proposed at a legal location in Unit P of Section 8 and a bottom hole location at a legal location in Unit I of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).

- 5) **Dagger Lake South 8 Federal Com #556H** to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate total vertical depth of 10,900 feet. The surface location for this well is proposed at a legal location in Unit O of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 6) **Dagger Lake South 8 Federal Com #558H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,200’ feet. The surface location for this well is proposed at a legal location in Unit P of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 7) **Dagger Lake South 8 Federal Com #564H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,600 feet. The surface location for this well is proposed at a legal location in Unit O of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 8) **Dagger Lake South 8 Federal Com #566H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,600 feet. The surface location for this well is proposed at a legal location in Unit P of Section 8 and a bottom hole location at a legal location in Unit I of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).
- 9) **Dagger Lake South 8 Federal Com #606H** to be drilled to a depth sufficient to test the 3rd Bone Spring formation at an approximate total vertical depth of 11,900 feet. The surface location for this well is proposed at a legal location in Unit O of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The estimated cost to drill and complete said well is \$10,880,850.00, as shown on the attached Authority for Expenditure (“AFE”).

AEPHM is proposing the above wells under the terms of a new Joint Operating Agreement dated June 1, 2022 covering the referenced lands, from the surface to the base of the Wolfcamp formation. This JOA is attached for your review and execution.

The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expense.

Dagger Lake South 8 Fed Com- E2 Bone Spring Proposals

June 2, 2022

Page 3

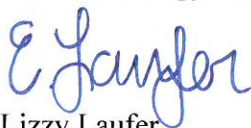
In the interest of time, if we do not reach an agreement within thirty (30) days of the date of this letter, AEPHM will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you elect to participate in the drilling and completion of the proposed wells, please indicate in the space below and return a sign copy of this letter, along with signed copies of the enclosed AFE's, to my attention at the letterhead address.

If you do not wish to participate in the Operation, AEPHM would be interested in acquiring your leasehold interest for a mutually acceptable offer.

Thank you for your consideration to our proposal. If you have questions or are interested in selling your interest, please contact me at 737-444-2997 or LLaufer@amerev.com.

Sincerely,
Advance Energy Partners Hat Mesa, LLC



Lizzy Laufer

Landman

737-444-2997

Email: LLaufer@amerev.com

Dagger Lake South 8 Fed Com- E2 Bone Spring Proposals
 June 2, 2022
 Page 4

Please indicate your election below:

<u>WELL NAME</u>	<u>PARTICIPATE</u> Elect to participate in the drilling & completion of well	<u>DO NOT PARTICIPATE</u> Elect NOT to participate in the drilling & completion of well
DAGGER LAKE SOUTH 8 FEDERAL COM #510H		
DAGGER LAKE SOUTH 8 FEDERAL COM #512H		
DAGGER LAKE SOUTH 8 FEDERAL COM #514H		
DAGGER LAKE SOUTH 8 FEDERAL COM #516H		
DAGGER LAKE SOUTH 8 FEDERAL COM #556H		
DAGGER LAKE SOUTH 8 FEDERAL COM #558H		
DAGGER LAKE SOUTH 8 FEDERAL COM #564H		
DAGGER LAKE SOUTH 8 FEDERAL COM #566H		
DAGGER LAKE SOUTH 8 FEDERAL COM #606H		

By: _____

Printed Name: _____

Title: _____

Date: _____

Dagger Lake South 8 Fed Com- E2 Bone Spring Proposals
June 2, 2022
Page 5

OWNER CONTACT INFORMATION REQUEST

OWNER NAME:

ADDRESS:

PHONE NUMBER:

E-MAIL ADDRESS:



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #510H	Delaware		NM0244

Location	County	State	Well Type	
SHL: Sec. 8 - 280' FSL, 1642' FEL BHL: Sec. 5 - 2540' FSL, 2310' FEL	Lea	NM	<i>Oil</i> <i>Gas</i>	<i>Expl</i> <i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	December 20, 2022	February 2, 2023	First Bone Spring	18,000'
<i>Revised</i>				TVD
<i>Supplemental</i>				9,900'

Project Description
Drill 7,250 ft First Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #510H
 County: Lea
 State: NM
 SHL: Sec. 8 - 280' FSL, 1642' FEL
 BHL: Sec. 5 - 2540' FSL, 2310' FEL

Target: First Bone Spring
 Projected MD/TVD: 18000 / 9900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Enviornmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Enviornmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #512H	Delaware		NM0245

Location	County	State	Well Type	
SHL: Sec. 8 - 280' FSL, 1609' FEL BHL: Sec. 5 - 2541' FSL, 1430' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	November 29, 2022	January 12, 2023	Second Bone Spring	18,400'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,600'

Project Description
Drill 7,250 ft Second Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #512H
 County: Lea
 State: NM
 SHL: Sec. 8 - 280' FSL, 1609' FEL
 BHL: Sec. 5 - 2541' FSL, 1430' FEL

Target: Second Bone Spring
 Projected MD/TVD: 18400 / 10600
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #514H	Delaware		NM0246

Location	County	State	Well Type	
SHL: Sec. 8 - 539' FSL, 635' FEL BHL: Sec. 5 - 2541' FSL, 990' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	March 19, 2022	May 2, 2022	First Bone Spring	18,200'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,000'

Project Description
Drill 7,250 ft First Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
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Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #514H
 County: Lea
 State: NM
 SHL: Sec. 8 - 539' FSL, 635' FEL
 BHL: Sec. 5 - 2541' FSL, 990' FEL

Target: First Bone Spring
 Projected MD/TVD: 18200 / 10000
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Enviornmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Enviornmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362 Consulting - Engineering:		\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #516H	Delaware		NM0247

Location	County	State	Well Type	
SHL: Sec. 8 - 558' FSL, 608' FEL BHL: Sec. 5 - 2540' FSL, 550' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	February 21, 2023	April 6, 2023	Second Bone Spring	18,500'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,900'

Project Description
Drill 7,250 ft Second Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #516H
 County: Lea
 State: NM
 SHL: Sec. 8 - 558' FSL, 608' FEL
 BHL: Sec. 5 - 2540' FSL, 550' FEL

Target: Second Bone Spring
 Projected MD/TVD: 18500 / 10900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 28, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #556H	Delaware		NM0250

Location	County	State	Well Type	
SHL: Sec. 8 - 280' FSL, 1675' FEL BHL: Sec. 5 - 2541' FSL, 2310' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	January 12, 2023	February 25, 2023	Second Bone Spring	18,600'
<i>Revised</i>				TVD
<i>Supplemental</i>				10,900'

Project Description
Drill 7,250 ft Second Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 28, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #556H
 County: Lea
 State: NM
 SHL: Sec. 8 - 280' FSL, 1675' FEL
 BHL: Sec. 5 - 2541' FSL, 2310' FEL

Target: Second Bone Spring
 Projected MD/TVD: 18600 / 10900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #558H	Delaware		NM0251

Location	County	State	Well Type	
SHL: Sec. 8 - 520' FSL, 662' FEL BHL: Sec. 5 - 2540' FSL, 1330' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	April 8, 2023	May 22, 2023	Thrid Bone Spring	18,800'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,200'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #558H
 County: Lea
 State: NM
 SHL: Sec. 8 - 520' FSL, 662' FEL
 BHL: Sec. 5 - 2540' FSL, 1330' FEL

Target: Thrid Bone Spring
 Projected MD/TVD: 18800 / 11200
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362			\$	-	\$	-	\$	425,000	\$	-	\$	425,000
		Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363		Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370		Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357		Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351		Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359		Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353		Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356		Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360		Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354		Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352		Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>			\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>			\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
				Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #564H	Delaware		NM0254

Location	County	State	Well Type	
SHL: Sec. 8 - 280' FSL, 1543' FEL BHL: Sec. 5 - 2542' FSL, 2210' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	October 10, 2022	November 23, 2022	Thrid Bone Spring	18,900'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,600'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #564H
 County: Lea
 State: NM
 SHL: Sec. 8 - 280' FSL, 1543' FEL
 BHL: Sec. 5 - 2542' FSL, 2210' FEL

Target: Thrid Bone Spring
 Projected MD/TVD: 18900 / 11600
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Enviornmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Enviornmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362 Consulting - Engineering:		\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #566H	Delaware		NM0255

Location	County	State	Well Type	
SHL: Sec. 8 - 597' FSL, 554' FEL BHL: Sec. 5 - 2539' FSL, 450' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	January 28, 2023	March 13, 2023	Thrid Bone Spring	18,900'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,600'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #566H
 County: Lea
 State: NM
 SHL: Sec. 8 - 597' FSL, 554' FEL
 BHL: Sec. 5 - 2539' FSL, 450' FEL

Target: Thrid Bone Spring
 Projected MD/TVD: 18900 / 11600
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #606H	Delaware		NM0258

Location	County	State	Well Type	
SHL: Sec. 8 - 280' FSL, 1576' FEL BHL: Sec. 5 - 2540' FSL, 1430' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	November 6, 2022	December 20, 2022	Thrid Bone Spring	19,600'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,900'

Project Description
Drill 7,250 ft Thrid Bone Spring Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$10,880,850.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #606H
 County: Lea
 State: NM
 SHL: Sec. 8 - 280' FSL, 1576' FEL
 BHL: Sec. 5 - 2540' FSL, 1430' FEL

Target: Thrid Bone Spring
 Projected MD/TVD: 19600 / 11900
 Spud to TD: 14
 Lateral Length: 7,250
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 602H, a Bone Spring to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 17.5" surface hole drilled on Water to +/- 1200' and 13.375" 68# J-55 BTC casing set and cemented in place; 12.25" first intermediate hole drilled on Brine to +/-4900' and 9.625" 40# HCL-80 BTC casing set and cemented in place; 8.75" production hole drilled on OBM to TD at +/-18200' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7250' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,283,377	\$ -	\$ -	\$ -	\$ 1,283,377
9401	Surface Casing:	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
9412	Intermediate Casing I :	\$ 294,000	\$ -	\$ -	\$ -	\$ 294,000
9402	Production String:	\$ 855,400	\$ -	\$ -	\$ -	\$ 855,400
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 108,900	\$ 155,282
9403	Tubing:	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,283,377	\$ 46,382	\$ 610,000	\$ 658,900	\$ 2,598,659

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,567,070	\$ -	\$ -	\$ -	\$ 2,567,070
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 137,011	\$ -	\$ -	\$ -	\$ 137,011
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 279,735	\$ -	\$ -	\$ -	\$ 279,735
9209	Mud - Chemicals & Engineering:	\$ 109,768	\$ -	\$ -	\$ -	\$ 109,768
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 110,171	\$ -	\$ -	\$ -	\$ 110,171
9237	Mancamp:	\$ 37,600	\$ -	\$ -	\$ -	\$ 37,600
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,114	\$ -	\$ -	\$ -	\$ 2,114
9222	Consulting Services:	\$ 97,839	\$ -	\$ -	\$ -	\$ 97,839
9206	Contract Labor:	\$ 25,687	\$ -	\$ -	\$ -	\$ 25,687
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 10,856	\$ -	\$ -	\$ -	\$ 10,856
9229	Geosteering Services:	\$ 3,472	\$ -	\$ -	\$ -	\$ 3,472
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Enviornmental:	\$ 3,872	\$ -	\$ -	\$ -	\$ 3,872
9205	Drilling Overhead:	\$ 4,277	\$ -	\$ -	\$ -	\$ 4,277
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Enviornmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362 Consulting - Engineering:		\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,567,070	\$	5,290,121	\$	425,000	\$	-	\$	8,282,191
TOTAL PROJECT COSTS >>>		\$	3,850,447	\$	5,336,503	\$	1,035,000	\$	658,900	\$	10,880,850
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



2901 Via Fortuna, Suite 600, Austin, Texas 78746 • Phone 737-444-2997

Date: June 2, 2022

Certified Return Receipt Mail Tracking No.
7021 2720 0003 1366 0086

Tom Ragsdale
c/o Siana Oil and Gas Co., LLC
400 N. Sam Houston Parkway East, Suite 601
Conroe, Texas 77305

Re: Dagger Lake South 8 Federal Com #702H, #706H & #708H Well Proposals
S/2 of Section 5 and All of Section 8, T22S-R33E
Lea County, New Mexico

Ladies and Gentlemen:

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following horizontal wells, testing the Wolfcamp A formation, at applicable surface locations in Section 8, with bottom-hole locations in the S/2 of Section 5, T22S-R33E, Lea County, New Mexico (collectively, the "Operation").

Proposed Wells

- 1) **Dagger Lake South 8 Federal Com #702H** to be drilled to a depth sufficient to test the Wolfcamp A formation at an approximate total vertical depth of 12,100 feet. The surface location for this well is proposed at a legal location in Unit M of Section 8 and a bottom hole location at a legal location in Unit L of Section 5. The dedicated horizontal spacing unit will be SW/4 of Section 5 and W2 of Section 8, T22S-R33E, Lea County, New Mexico. The estimated cost to drill and complete said well is \$11,333,893.00, as shown on the attached Authority for Expenditure ("AFE").
- 2) **Dagger Lake South 8 Federal Com #706H** to be drilled to a depth sufficient to test the Wolfcamp A formation at an approximate total vertical depth of 12,100 feet. The surface location for this well is proposed at a legal location in Unit O of Section 8 and a bottom hole location at a legal location in Unit J of Section 5. The dedicated horizontal spacing unit will be W2SE of Section 5 and W2E2 of Section 8, T22S-R33E, Lea County, New Mexico. The estimated cost to drill and complete said well is \$11,333,893.00, as shown on the attached Authority for Expenditure ("AFE").
- 3) **Dagger Lake South 8 Federal Com #708H** to be drilled to a depth sufficient to test the Wolfcamp A formation at an approximate total vertical depth of 12,200 feet. The surface location for this well is proposed at a legal location in Unit P of Section 8 and a bottom hole location at a legal location in Unit I of Section 5. The dedicated horizontal spacing unit will be the E2SE of Section 5 and the E2E2 of Section 8, T22S- R33E, Lea County,

Dagger Lake South 8 Federal Com #702H, #706H & #708H Proposals

June 2, 2022

Page 2

New Mexico. The estimated cost to drill and complete said well is \$11,333,893.00, as shown on the attached Authority for Expenditure (“AFE”).

AEPHM is proposing the above wells under the terms of a new Joint Operating Agreement dated in June 1, 2022 covering the referenced lands, from the surface to the base of the Wolfcamp formation. This JOA is enclosed for your review and execution.

The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expense.

In the interest of time, if we do not reach an agreement within thirty (30) days of the date of this letter, AEPHM will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed wells.

If you elect to participate in the drilling and completion of the proposed wells, please indicate in the space below and return a sign copy of this letter, along with signed copies of the enclosed AFE’s, to my attention at the letterhead address.

If you do not wish to participate in the Operation, AEPHM would be interested in acquiring your leasehold interest under mutually acceptable conditions.

Thank you for your consideration to our proposal. If you have questions or are interested in selling your interest, please contact me at 737-444-2997 or LLaufer@ameredev.com.

Sincerely,
Advance Energy Partners Hat Mesa, LLC



Lizzy Laufer
Landman
737-444-2997
Email: LLaufer@ameredev.com

Dagger Lake South 8 Federal Com #702H, #706H & #708H Proposals
June 2, 2022
Page 3

Please indicate your election below:

<u>WELL NAME</u>	<u>PARTICIPATE</u> Elect to participate in the drilling & completion of well	<u>DO NOT PARTICIPATE</u> Elect NOT to participate in the drilling & completion of well
DAGGER LAKE SOUTH 8 FEDERAL COM #702H		
DAGGER LAKE SOUTH 8 FEDERAL COM #706H		
DAGGER LAKE SOUTH 8 FEDERAL COM #708H		

By: _____

Printed Name: _____

Title: _____

Date: _____

Dagger Lake South 8 Federal Com #702H, #706H & #708H Proposals
June 2, 2022
Page 4

OWNER CONTACT INFORMATION REQUEST

OWNER NAME:

ADDRESS:

PHONE NUMBER:

E-MAIL ADDRESS:



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #702H	Delaware		NM0260

Location	County	State	Well Type	
SHL: Sec. 8 - 564' FSL, 580' FWL BHL: Sec. 5 - 2540' FSL, 1210' FWL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
Original	June 18, 2023	August 1, 2023	Wolfcamp A	19,600'
<i>Revised</i>				TVD
<i>Supplemental</i>				12,100'

Project Description
Drill 7,500 ft Wolfcamp A Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$11,333,893.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #702H
 County: Lea
 State: NM
 SHL: Sec. 8 - 564' FSL, 580' FWL
 BHL: Sec. 5 - 2540' FSL, 1210' FWL

Target: Wolfcamp A
 Projected MD/TVD: 19600 / 12100
 Spud to TD: 15
 Lateral Length: 7,319
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 702H, Wolfcamp A to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 14.75" surface hole drilled on Water to +/- 1200' and 10.75" 40.5# J-55 BTC casing set and cemented in place; 9.875" first intermediate hole drilled on Brine to +/-10600' and 7.625" 29.7# HCL-80 BTC casing set and cemented in place; 6.75" production hole drilled on OBM to TD at +/-19700' and 5.5" 20# HCP-110 GBDC production casing set and cemented in place. There will be ~7319' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,634,527	\$ -	\$ -	\$ -	\$ 1,634,527
9401	Surface Casing:	\$ 84,000	\$ -	\$ -	\$ -	\$ 84,000
9412	Intermediate Casing I :	\$ 583,000	\$ -	\$ -	\$ -	\$ 583,000
9402	Production String:	\$ 923,550	\$ -	\$ -	\$ -	\$ 923,550
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 127,050	\$ 173,432
9403	Tubing:	\$ -	\$ -	\$ -	\$ 127,050	\$ 127,050
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,634,527	\$ 46,382	\$ 610,000	\$ 677,050	\$ 2,967,959

INTANGIBLE COSTS

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,650,813	\$ -	\$ -	\$ -	\$ 2,650,813
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 146,798	\$ -	\$ -	\$ -	\$ 146,798
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 299,717	\$ -	\$ -	\$ -	\$ 299,717
9209	Mud - Chemicals & Engineering:	\$ 117,608	\$ -	\$ -	\$ -	\$ 117,608
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 118,040	\$ -	\$ -	\$ -	\$ 118,040
9237	Mancamp:	\$ 40,286	\$ -	\$ -	\$ -	\$ 40,286
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,265	\$ -	\$ -	\$ -	\$ 2,265
9222	Consulting Services:	\$ 104,828	\$ -	\$ -	\$ -	\$ 104,828
9206	Contract Labor:	\$ 27,521	\$ -	\$ -	\$ -	\$ 27,521
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 11,632	\$ -	\$ -	\$ -	\$ 11,632
9229	Geosteering Services:	\$ 3,720	\$ -	\$ -	\$ -	\$ 3,720
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 4,148	\$ -	\$ -	\$ -	\$ 4,148
9205	Drilling Overhead:	\$ 4,583	\$ -	\$ -	\$ -	\$ 4,583
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,650,813	\$	5,290,121	\$	425,000	\$	-	\$	8,365,934
TOTAL PROJECT COSTS >>>		\$	4,285,340	\$	5,336,503	\$	1,035,000	\$	677,050	\$	11,333,893
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #706H	Delaware		NM0262

Location	County	State	Well Type	
SHL: Sec. 8 - 280' FSL, 1708' FEL BHL: Sec. 5 - 2540' FSL, 2310' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	February 7, 2023	March 23, 2023	Wolfcamp A	19,500'
<i>Revised</i>				TVD
<i>Supplemental</i>				12,100'

Project Description
Drill 7,500 ft Wolfcamp A Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$11,333,893.00
-------------------	------------------------

Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #706H
 County: Lea
 State: NM
 SHL: Sec. 8 - 280' FSL, 1708' FEL
 BHL: Sec. 5 - 2540' FSL, 2310' FEL

Target: Wolfcamp A
 Projected MD/TVD: 19500 / 12100
 Spud to TD: 15
 Lateral Length: 7,319
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 702H, a Wolfcamp A to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 14.75" surface hole drilled on Water to +/- 1200' and 10.75" 40.5# J-55 BTC casing set and cemented in place; 9.875" first intermediate hole drilled on Brine to +/-10600' and 7.625" 29.7# HCL-80 BTC casing set and cemented in place; 6.75" production hole drilled on OBM to TD at +/-19700' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7319' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,634,527	\$ -	\$ -	\$ -	\$ 1,634,527
9401	Surface Casing:	\$ 84,000	\$ -	\$ -	\$ -	\$ 84,000
9412	Intermediate Casing I :	\$ 583,000	\$ -	\$ -	\$ -	\$ 583,000
9402	Production String:	\$ 923,550	\$ -	\$ -	\$ -	\$ 923,550
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 127,050	\$ 173,432
9403	Tubing:	\$ -	\$ -	\$ -	\$ 127,050	\$ 127,050
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,634,527	\$ 46,382	\$ 610,000	\$ 677,050	\$ 2,967,959

Intangible Facility 03 9362		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,650,813	\$	5,290,121	\$	425,000	\$	-	\$	8,365,934
TOTAL PROJECT COSTS >>>		\$	4,285,340	\$	5,336,503	\$	1,035,000	\$	677,050	\$	11,333,893
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

Signature: _____
Name: _____

Date: _____
Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



Company Entity
Advance Energy Partners

Date Prepared
April 27, 2022

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	DAGGER LAKE SOUTH 8 FED COM #708H	Delaware		NM0263

Location	County	State	Well Type	
SHL: Sec. 8 - 501' FSL, 689' FEL BHL: Sec. 5 - 2540' FSL, 550' FEL	Lea	NM	<i>Oil</i>	<i>Expl</i>
			<i>Gas</i>	<i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	May 1, 2023	June 14, 2023	Wolfcamp A	19,600'
<i>Revised</i>				TVD
<i>Supplemental</i>				12,200'

Project Description
Drill 7,500 ft Wolfcamp A Lateral. Complete with 2500 PPF and +/- 48 stage Frac. Drill Out Plugs and Run ESP, following up with 2.875" Tubing with Gas Lift in later life. Tie in to new Central Tank Battery.

Total Cost	\$11,333,893.00
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Comments on Associated Costs

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

Advanced Energy Partners Approval					
Prepared by	Supervisor	VP Land	VP Geology	COO	CEO
Farid Jaouhari	J.T. Wilkerson	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Date: April 27, 2022

Authority for Expenditure

Lease: Dagger Lake South 8
 Well No: Dagger Lake South 8 Federal Com #708H
 County: Lea
 State: NM
 SHL: Sec. 8 - 501' FSL, 689' FEL
 BHL: Sec. 5 - 2540' FSL, 550' FEL

Target: Wolfcamp A
 Projected MD/TVD: 19600 / 12200
 Spud to TD: 15
 Lateral Length: 7,319
 Stages: 48
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Dagger Lake South 8 Fed Com 702H, a Wolfcamp A to be drilled in Lea County, NM. This is a 3 string casing design consisting of the following: 14.75" surface hole drilled on Water to +/- 1200' and 10.75" 40.5# J-55 BTC casing set and cemented in place; 9.875" first intermediate hole drilled on Brine to +/-10600' and 7.625" 29.7# HCL-80 BTC casing set and cemented in place; 6.75" production hole drilled on OBM to TD at +/-19700' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~7319' of treatable lateral and completion design will consist of +/-48 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with a Merchant style battery. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facilities	Production	Total
Tangible Drilling - 01		\$ 1,634,527	\$ -	\$ -	\$ -	\$ 1,634,527
9401	Surface Casing:	\$ 84,000	\$ -	\$ -	\$ -	\$ 84,000
9412	Intermediate Casing I :	\$ 583,000	\$ -	\$ -	\$ -	\$ 583,000
9402	Production String:	\$ 923,550	\$ -	\$ -	\$ -	\$ 923,550
9404-1	Wellhead & Equipment:	\$ 43,977	\$ -	\$ -	\$ -	\$ 43,977
Tangible Completion - 02		\$ -	\$ 46,382	\$ -	\$ 127,050	\$ 173,432
9403	Tubing:	\$ -	\$ -	\$ -	\$ 127,050	\$ 127,050
9414	Gas Lift:	\$ -	\$ -	\$ -	\$ -	\$ -
9415	Packers & Accessories:	\$ -	\$ -	\$ -	\$ -	\$ -
9404-2	Wellhead & Equipment:	\$ -	\$ 46,382	\$ -	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 610,000	\$ -	\$ 610,000
9407	Tanks:	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
9408	Vessels:	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
9416	Valves & Fittings:	\$ -	\$ -	\$ 145,000	\$ -	\$ 145,000
9417	Electrical:	\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
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:	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
9424	Vapor Recovery Unit:	\$ -	\$ -	\$ 22,000	\$ -	\$ 22,000
9490	Miscellaneous:	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Tangible Capital Well Work - 5		\$ -	\$ -	\$ -	\$ 168,235	\$ 168,235
9390	Rentals:	\$ -	\$ -	\$ -	\$ 16,530	\$ 16,530
9383	Supervision:	\$ -	\$ -	\$ -	\$ 8,186	\$ 8,186
9388	Testing:	\$ -	\$ -	\$ -	\$ 3,172	\$ 3,172
9387	Contract Labor:	\$ -	\$ -	\$ -	\$ 39,544	\$ 39,544
9385	Transportation/Trucking:	\$ -	\$ -	\$ -	\$ 6,123	\$ 6,123
9381	Workover Rig:	\$ -	\$ -	\$ -	\$ 22,497	\$ 22,497
9399	Miscellaneous:	\$ -	\$ -	\$ -	\$ 23,822	\$ 23,822
9389	Materials & Supplies:	\$ -	\$ -	\$ -	\$ 1,913	\$ 1,913
9384	Workover Fluids:	\$ -	\$ -	\$ -	\$ 11,448	\$ 11,448
9417-5	Electrical:	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
9353-5	Instal Labor: Inst,Elec,Autom:	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Tangible Well Work Equipment - 5		\$ -	\$ -	\$ -	\$ 381,765	\$ 381,765
9492	WW - Tubing	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
9494	WW - ESP	\$ -	\$ -	\$ -	\$ 266,036	\$ 266,036
9495	WW - Subsurface Equipment	\$ -	\$ -	\$ -	\$ 28,233	\$ 28,233
9499	WW - Prod Tree & Flowline	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,496
TOTAL TANGIBLE COSTS >>>		\$ 1,634,527	\$ 46,382	\$ 610,000	\$ 677,050	\$ 2,967,959

		Dry Hole	Completion	Facilities	Production	Total
Intangible Drilling - 01		\$ 2,650,813	\$ -	\$ -	\$ -	\$ 2,650,813
9207	Permits, surveys, land & legal:	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
9211	Location & Roads:	\$ 46,818	\$ -	\$ -	\$ -	\$ 46,818
9201	Drilling - Footage:	\$ -	\$ -	\$ -	\$ -	\$ -
9210	Reserve Pit:	\$ -	\$ -	\$ -	\$ -	\$ -
9202	Drilling - Daywork:	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000
9203	Spudder Rig:	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
9203	Drilling - Rig Move:	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
9224	Fuel:	\$ 146,798	\$ -	\$ -	\$ -	\$ 146,798
9219	Bits & BHA:	\$ 127,496	\$ -	\$ -	\$ -	\$ 127,496
9204	Directional:	\$ 299,717	\$ -	\$ -	\$ -	\$ 299,717
9209	Mud - Chemicals & Engineering:	\$ 117,608	\$ -	\$ -	\$ -	\$ 117,608
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:	\$ 22,706	\$ -	\$ -	\$ -	\$ 22,706
9234	Solids Control / Closed Loop:	\$ 98,948	\$ -	\$ -	\$ -	\$ 98,948
9235	Disposal:	\$ 162,766	\$ -	\$ -	\$ -	\$ 162,766
9212	Equipment Rental:	\$ 118,040	\$ -	\$ -	\$ -	\$ 118,040
9237	Mancamp:	\$ 40,286	\$ -	\$ -	\$ -	\$ 40,286
9218	Casing Services:	\$ 101,426	\$ -	\$ -	\$ -	\$ 101,426
9208	Cementing & Services:	\$ 217,005	\$ -	\$ -	\$ -	\$ 217,005
9215	Transportation:	\$ 10,550	\$ -	\$ -	\$ -	\$ 10,550
9217	Inspection & Testing:	\$ 25,848	\$ -	\$ -	\$ -	\$ 25,848
9239	Company Supervision:	\$ 2,265	\$ -	\$ -	\$ -	\$ 2,265
9222	Consulting Services:	\$ 104,828	\$ -	\$ -	\$ -	\$ 104,828
9206	Contract Labor:	\$ 27,521	\$ -	\$ -	\$ -	\$ 27,521
9221	Roustabout Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9226	Wireline Services:	\$ -	\$ -	\$ -	\$ -	\$ -
9228	Mudlogging & Services:	\$ 11,632	\$ -	\$ -	\$ -	\$ 11,632
9229	Geosteering Services:	\$ 3,720	\$ -	\$ -	\$ -	\$ 3,720
9213	Open Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9216	Coring & Analysis:	\$ -	\$ -	\$ -	\$ -	\$ -
9236	Safety & Environmental:	\$ 4,148	\$ -	\$ -	\$ -	\$ 4,148
9205	Drilling Overhead:	\$ 4,583	\$ -	\$ -	\$ -	\$ 4,583
9220	Insurance:	\$ 5,275	\$ -	\$ -	\$ -	\$ 5,275
9290	Contingency (5%)	\$ 141,737	\$ -	\$ -	\$ -	\$ 141,737
Intangible Completion - 02		\$ -	\$ 5,290,121	\$ -	\$ -	\$ 5,290,121
9311	Location, Permit & Damages:	\$ -	\$ 17,353	\$ -	\$ -	\$ 17,353
9314	Stimulation:	\$ -	\$ 1,440,000	\$ -	\$ -	\$ 1,440,000
9337	Sand:	\$ -	\$ 960,000	\$ -	\$ -	\$ 960,000
9324	Water:	\$ -	\$ -	\$ -	\$ -	\$ -
9303	Water Transfer:	\$ -	\$ -	\$ -	\$ -	\$ -
9332	Chemicals:	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
9331	Pump Down Services:	\$ -	\$ 57,600	\$ -	\$ -	\$ 57,600
9325	Wireline/Perforating:	\$ -	\$ 299,832	\$ -	\$ -	\$ 299,832
9335	Packers, Frac Plugs & Accessories:	\$ -	\$ 52,032	\$ -	\$ -	\$ 52,032
9312	Rental Equipment - Surface:	\$ -	\$ 272,064	\$ -	\$ -	\$ 272,064
9330	Mancamp:	\$ -	\$ 32,077	\$ -	\$ -	\$ 32,077
9313	Rental Equipment - Downhole:	\$ -	\$ 13,968	\$ -	\$ -	\$ 13,968
9307	Water Disposal:	\$ -	\$ -	\$ -	\$ -	\$ -
9309	Fuel:	\$ -	\$ 720,000	\$ -	\$ -	\$ 720,000
9329	Cased Hole Logging:	\$ -	\$ -	\$ -	\$ -	\$ -
9306	Contract Labor:	\$ -	\$ 49,200	\$ -	\$ -	\$ 49,200
9321	Roustabout Services:	\$ -	\$ 3,165	\$ -	\$ -	\$ 3,165
9322	Consulting Services:	\$ -	\$ 120,527	\$ -	\$ -	\$ 120,527
9328	Company Supervision:	\$ -	\$ 6,277	\$ -	\$ -	\$ 6,277
9326	Workover Unit:	\$ -	\$ 76,368	\$ -	\$ -	\$ 76,368
9327	Flowback/Testing:	\$ -	\$ 99,698	\$ -	\$ -	\$ 99,698
9315	Transportation:	\$ -	\$ 18,348	\$ -	\$ -	\$ 18,348
9305	Completions Overhead:	\$ -	\$ 10,932	\$ -	\$ -	\$ 10,932
9304	Safety & Environmental:	\$ -	\$ 10,545	\$ -	\$ -	\$ 10,545
9340	WTR - Fresh Water	\$ -	\$ 26,469	\$ -	\$ -	\$ 26,469
9342	WTR - Produced Water Purchases	\$ -	\$ 246,600	\$ -	\$ -	\$ 246,600
9343	WTR - AEP Water Recycle	\$ -	\$ 94,505	\$ -	\$ -	\$ 94,505
9346	WTR - Water Transfers	\$ -	\$ 185,450	\$ -	\$ -	\$ 185,450
9336	Contingency (10%)	\$ -	\$ 237,112	\$ -	\$ -	\$ 237,112

Intangible Facility 03
 Received by OGD: 10/4/2022 10:11:54 PM

		\$	-	\$	-	\$	425,000	\$	-	\$	425,000
9362	Consulting - Engineering:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9363	Trucking Costs:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9370	Miscellaneous:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9357	Location, Permit, Damages, Survey:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9351	Installation Costs - Supervision:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9359	Disposal:	\$	-	\$	-	\$	12,000	\$	-	\$	12,000
9353	Instal Labor: Inst, Elec, Autom:	\$	-	\$	-	\$	169,000	\$	-	\$	169,000
9356	Fluids, Chemicals:	\$	-	\$	-	\$	10,000	\$	-	\$	10,000
9360	Surface Rental:	\$	-	\$	-	\$	13,000	\$	-	\$	13,000
9354	Instal-Labor: Welding:	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
9352	Instal-Labor: Mechanical:	\$	-	\$	-	\$	140,000	\$	-	\$	140,000
TOTAL INTANGIBLE COSTS >>>		\$	2,650,813	\$	5,290,121	\$	425,000	\$	-	\$	8,365,934
TOTAL PROJECT COSTS >>>		\$	4,285,340	\$	5,336,503	\$	1,035,000	\$	677,050	\$	11,333,893
			Dry Hole		Completion		Facilities		Production		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, LLC

Signature: _____
 Name: _____

Date: _____
 Title: _____

Signature: _____
 Name: _____

Date: _____
 Title: _____

Signature: _____
 Name: _____

Date: _____
 Title: _____

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)

Chronology Efforts:

6/2/2022 – Well proposals, AFE's and proposed JOA sent via certified mail and email to Tom Ragsdale. (Email address: kstanford@sianoil.com)

6/6/2022 – Well proposals, AFE's and proposed JOA sent via email to additional email address for Tom M. Ragsdale (Emails: tmragsdale@sianoil.com & dbiddy@sianoil.com).

6/16/2022 – Sent leasehold offer to Tom M. Ragsdale to acquire working interest in the Dagger Lake South project (S2 of Section 5, T22S-R33E, Lea County, NM).

7/18/2022 – Extended Tom M. Ragsdale leasehold offer to August 5, 2022.

8/10/2022- Email correspondence with Tom M. Ragsdale regarding JOA execution.

9/14/2022- Phone conversation with Tom M. Ragsdale regarding interest in Dagger Lake South.

9/19/2022- Sent State and Federal Communitization Agreements for execution via mail.

9/23/2022 – Email correspondence with Tom M. Ragsdale regarding technical questions in Dagger Lake South project.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C-4

Submitted by: Advance Energy Partners Hat Mesa, LLC

Hearing Date: October 6, 2022

Case Nos. 23056, 23057, 23058, 23059, & 23060

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

APPLICATIONS OF ADVANCE ENERGY
PARTERNS HAT MESA, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NOS. 23056-23060

SELF-AFFIRMED STATEMENT OF ERIC RHODEN

1. My name is Eric Rhoden and I am employed by Advance Energy Partners Mesa Hat, LLC (“Advance”) as a geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by Advance in these consolidated cases and have conducted a geologic study of lands in the subject area.
4. In **Case Nos. 23056-23057 and 23059**, Advance is targeting the Wolfcamp formation. In **Case Nos. 23058 and 23060**, Advance is targeting the Bone Spring Formation.
5. **Advance Exhibit D-1** is a locator map depicting Advance’s proposed spacing units in each case. Existing producing wells in the Bone Spring and Wolfcamp formations are also depicted. The approximate wellbore paths for the proposed initial wells in each case are shown with dashed lines. The approximate location of the Capitan Reef Complex is also depicted in blue shading.
6. **Advance Exhibit D-2** shows a subsea structure map for the top of the Bone Spring formation. The contour intervals are at 50-foot intervals. The approximate wellbore paths for the proposed initial wells are depicted with dashed lines. This map shows that the Bone Spring

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D

Submitted by: Advance Energy Partners Hat Mesa, LLC

Hearing Date: October 6, 2022

Case No. 23056, 23057, 23058, 23059, & 23060

formation gently dips to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing the targeted intervals with horizontal wells in the area of the proposed spacing units.

7. **Advance Exhibit D-3** shows subsea structure maps for the top of the Wolfcamp formation. The contour intervals are at 50-foot intervals. The approximate wellbore paths for the proposed initial wells are depicted with dashed lines. This map shows that the Wolfcamp formation dips to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing the targeted intervals with horizontal wells in the area of the proposed spacing units.

8. **Advance Exhibit D-4** shows the location of three wells from A to A' that penetrate the Bone Spring and Wolfcamp formations that I used to create cross sections shown in the next exhibit. I chose the logs from these wells to create the cross sections because they penetrate the targeted intervals, are of good quality, and are representative of the geology in the subject area.

9. **Advance Exhibit D-4** contain stratigraphic cross-sections using the representative wells depicted in the previous exhibit for the Bone Spring and Wolfcamp formations. Each well in the cross-sections contains gamma ray, resistivity, and porosity logs. The proposed target intervals within the Bone Spring and Wolfcamp formations are labeled on the exhibits. The cross-sections demonstrate that the targeted intervals are continuous and consistent in thickness across the proposed spacing units.

10. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells in the area of the proposed spacing units. Horizontal drilling will be the most efficient method to develop this acreage to prevent the drilling of unnecessary wells and will result in the greatest ultimate recovery.

11. In my opinion, the orientation of the proposed wells is the preferred orientation for horizontal well development in the area and is appropriate to efficiently and effectively develop the subject acreage.

12. Based on my geologic study, the targeted intervals underlying the subject area is suitable for development by horizontal wells, and the acreage comprising the proposed spacing units will contribute more-or-less equally to production from the wellbores.

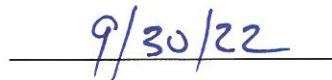
13. Approving Advance's applications will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. **Advances Exhibits D-1 through D-4** were either prepared by me or compiled under my direction and supervision.

15. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

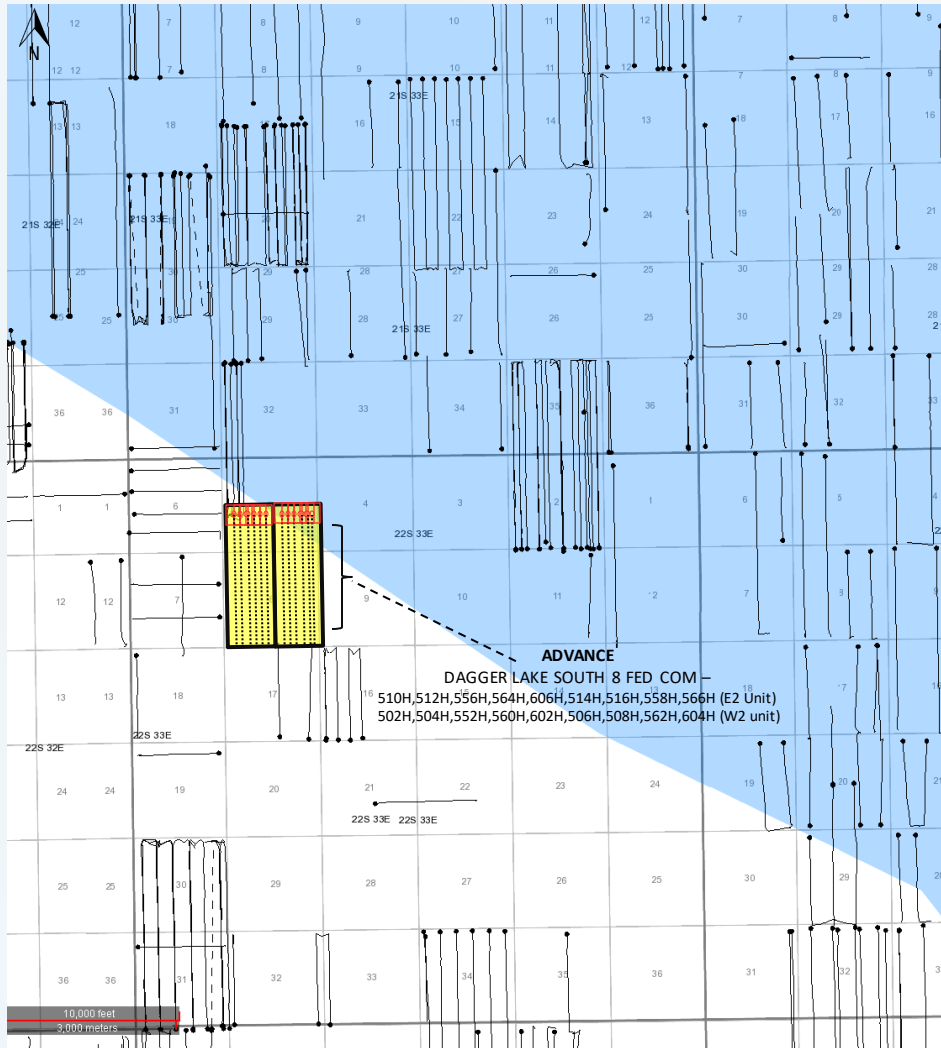


Eric Rhoden



Date

BONE SPRING POOL — CAPITAN REEF COMPLEX



Map Legend

BHL	SHL	
		Advance BSPG Horizontal Locations
		Producing BSPG Wells
		Advance Acreage
		Capitan Reef Complex

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

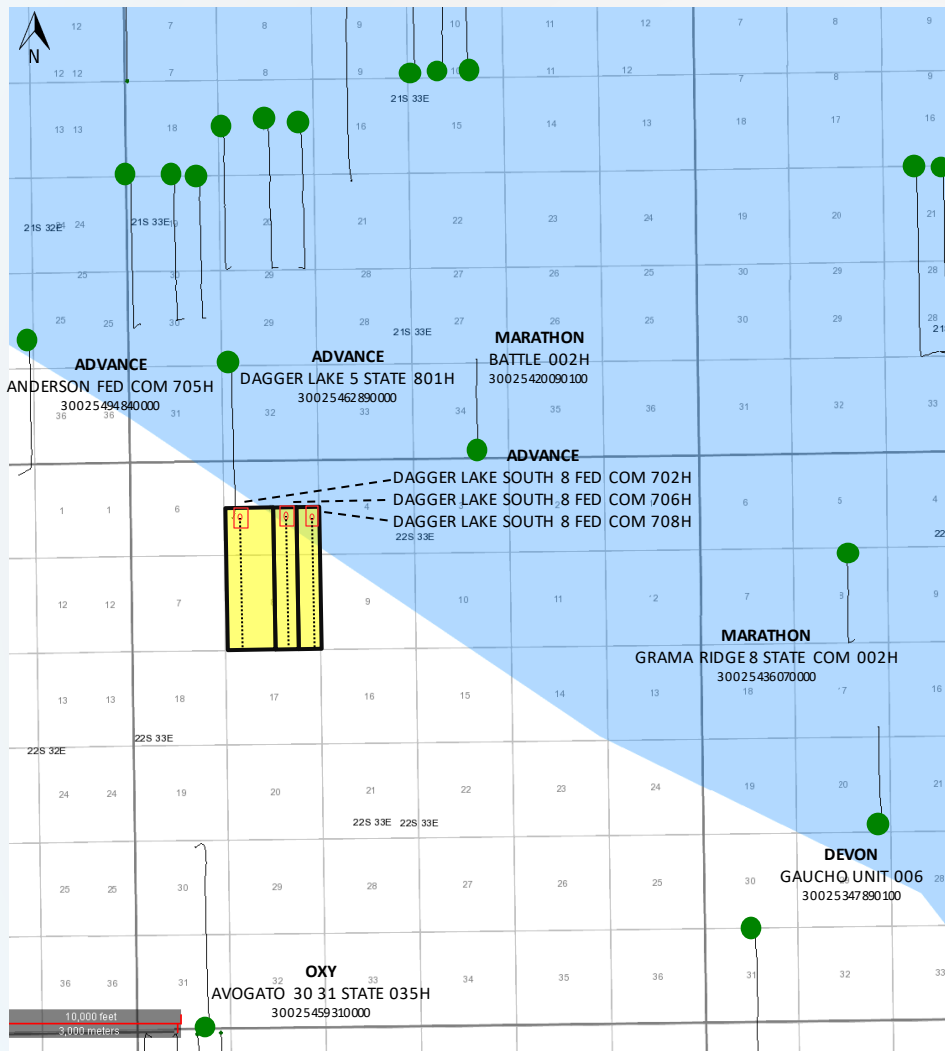
Exhibit No. D-1

Submitted by: Advance Energy Partners Hat Mesa, LLC

Hearing Date: October 6, 2022

Case Nos. 23056, 23057, 23058, 23059, & 23060

WOLFCAMP POOL – CAPITAN REEF COMPLEX






Map Legend

BHL	SHL	
		Advance WFMP Horizontal Locations
		Producing WFMP Wells
		Advance Acreage
		Capitan Reef Complex

BONE SPRING POOL — BSPG STRUCTURE MAP (SUBSEA DEPTH)



Map Legend

- BHL SHL**
-  Advance BSPG Horizontal Locations
-  Producing BSPG Wells
-  Advance Acreage

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

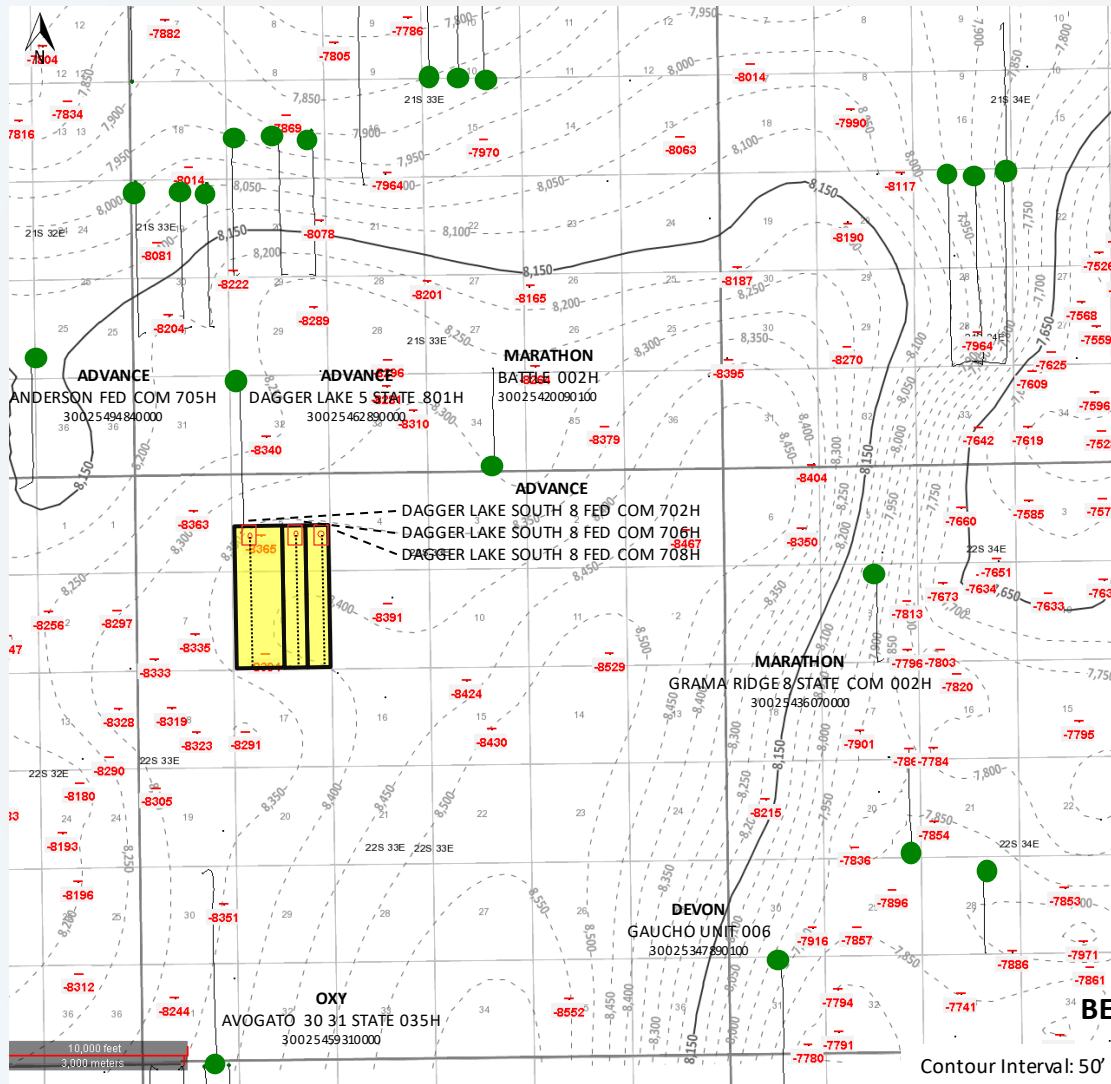
Exhibit No. D-2

Submitted by: Advance Energy Partners Hat Mesa,




LLC Hearing Date: October 6, 2022

Case Nos. 23056, 23057, 23058, 23059, & 23060

WOLFCAMP POOL – WFMP STRUCTURE MAP (SUBSEA DEPTH)



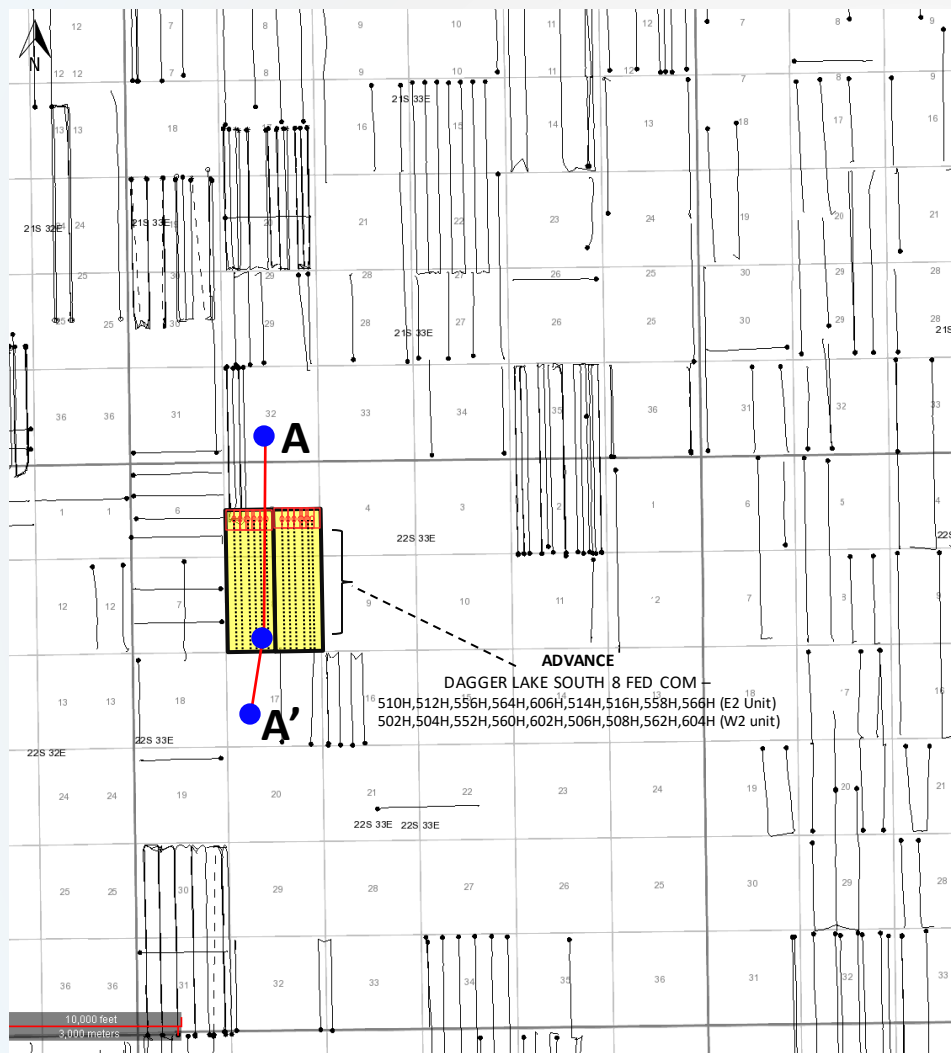
Map Legend

- BHL SHL**
-  Advance WFMP Horizontal Locations
-  Producing WFMP Wells
-  Advance Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-3

Submitted by: Advance Energy Partners Hat
Mesa, LLC Hearing Date: October 6, 2022
Case Nos. 23056, 23057, 23058, 23059, & 23060

BONE SPRING POOL — CROSS SECTION MAP



Map Legend

BHL	SHL	
		Advance BSPG Horizontal Locations
		Producing BSPG Wells
		Cross Section Wells & Transect
		Advance Acreage

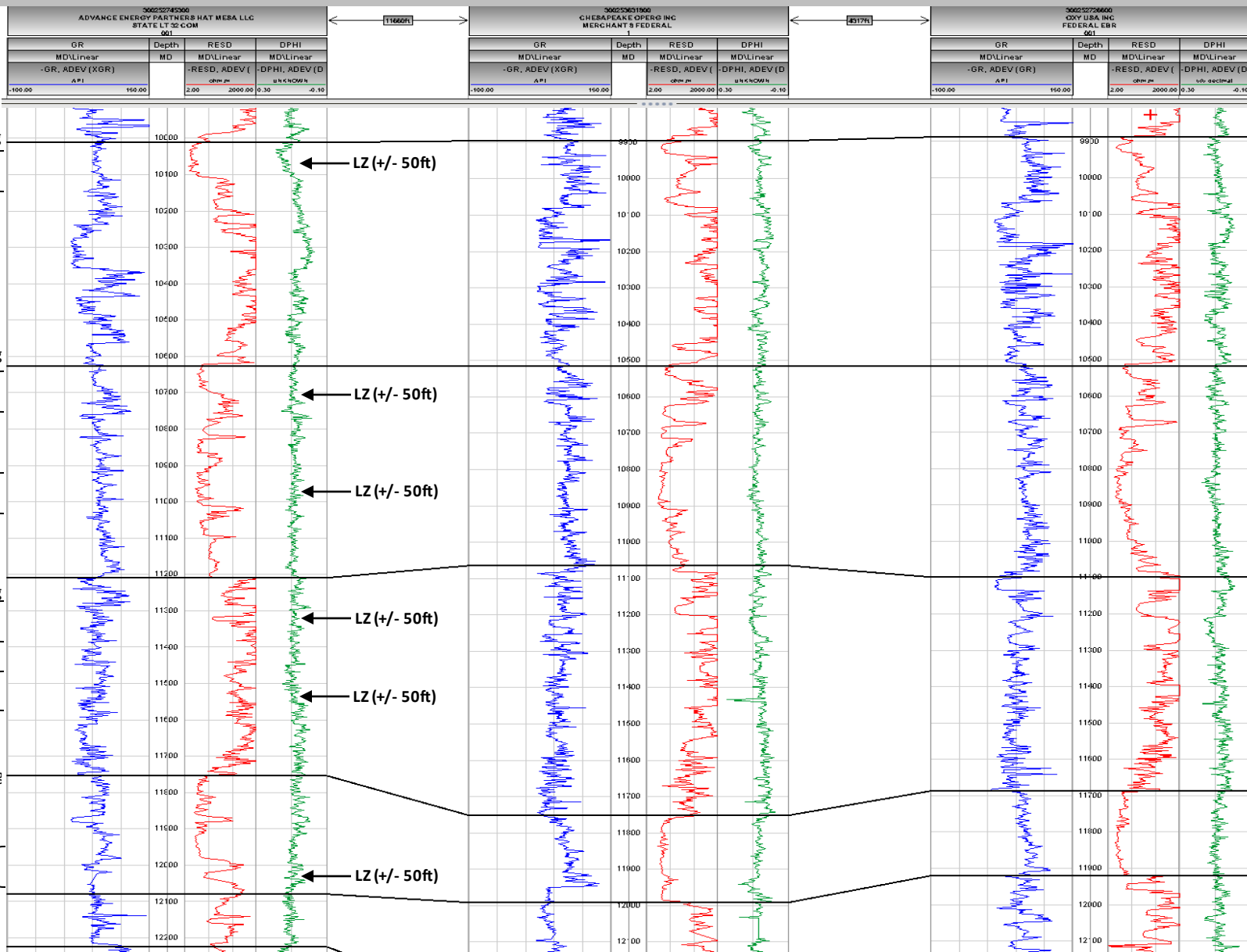
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D-4

Submitted by: Advance Energy Partners Hat Mesa, LLC
Hearing Date: October 6, 2022
Case Nos. 23056, 23057, 23058, 23059, & 23060

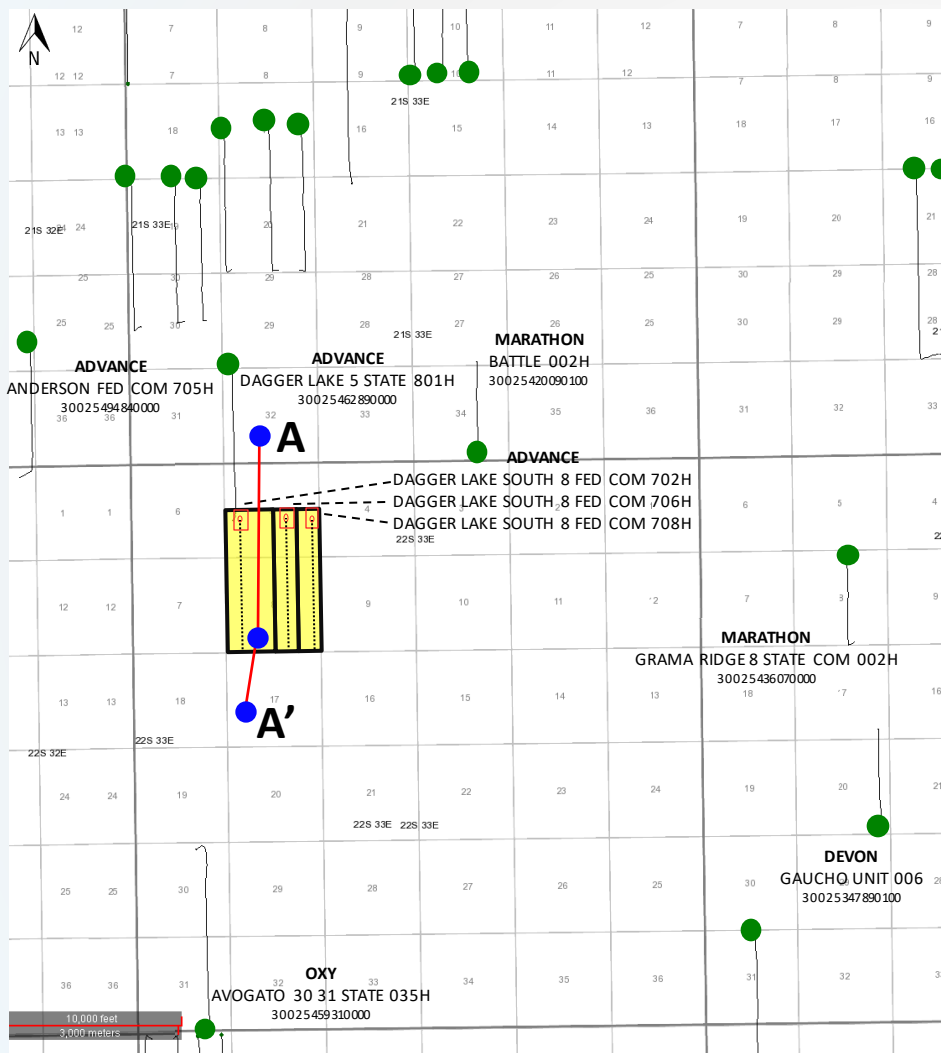
BONE SPRING POOL – STRATIGRAPHIC CROSS SECTION

A

A'



WOLFCAMP POOL – CROSS SECTION MAP



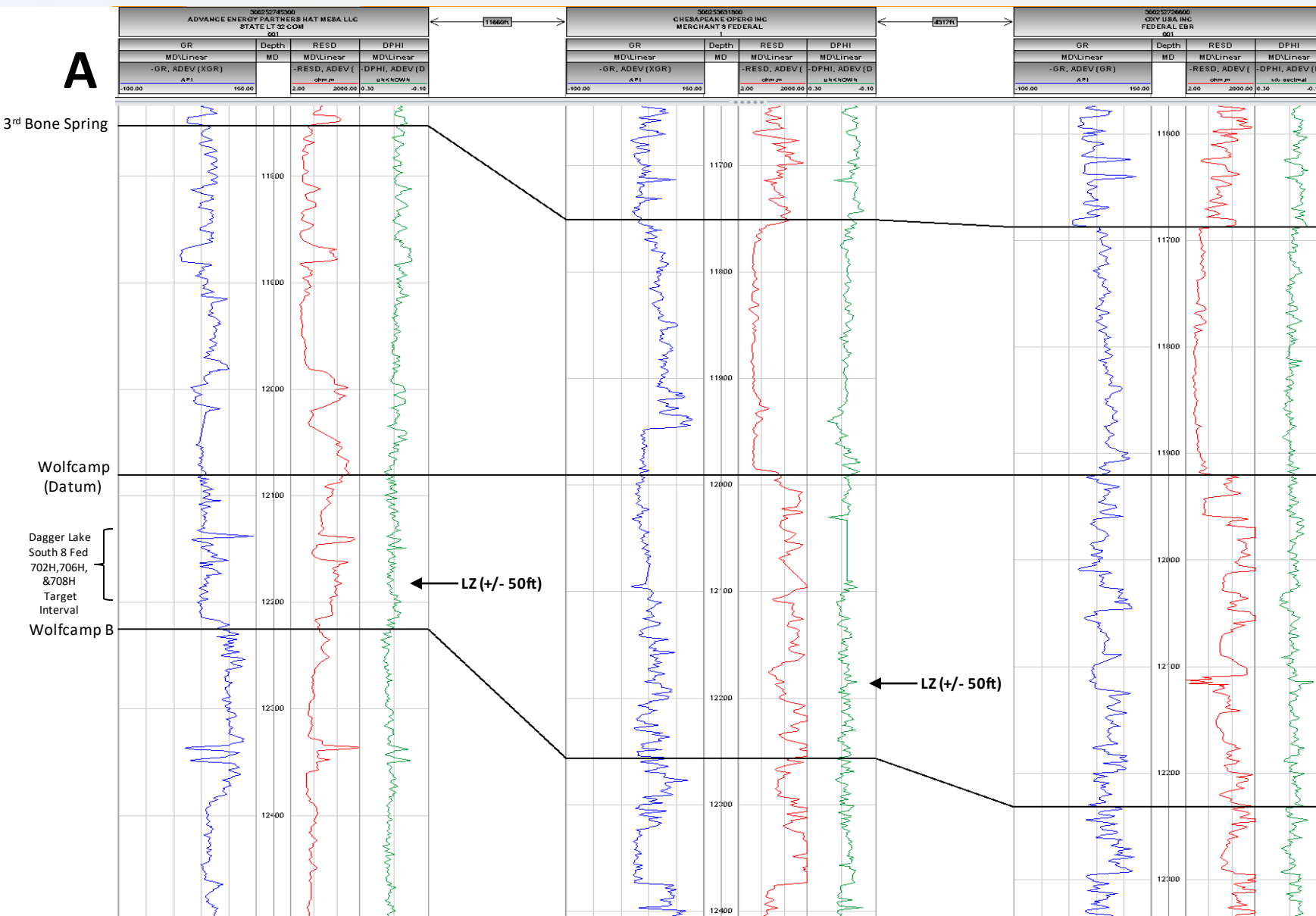
Map Legend

BHL	SHL	
		Advance WFMP Horizontal Locations
		Producing WFMP Wells
		Cross Section Wells & Transect
		Advance Acreage

WOLFCAMP POOL – STRATIGRAPHIC CROSS SECTION


A

A'



SUBSCRIBED AND SWORN to before me this 3rd day of October, 2022 by Adam G.

Rankin.



Notary Public

My Commission Expires:

Nov. 12, 2023

STATE OF NEW MEXICO
NOTARY PUBLIC
CARLA GARCIA
COMMISSION # 1127528
COMMISSION EXPIRES 11/12/2023



Paula M. Vance
Phone (505) 988-4421
pmvance@hollandhart.com

September 16, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico: Dagger Lake South 8 Fed Com #702H well

Ladies & Gentlemen:

This letter is to advise you that Advance Energy Partners Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on October 6, 2022, and the status of the hearing can be monitored through the Division’s website at <http://www.emnrd.state.nm.us/ocd/>.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely beginning at 8:15 a.m. 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. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Lizzy Laufer, at (737) 444-2997 or LLaufer@ameredev.com.

Sincerely,

Paula M. Vance
**ATTORNEY FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming



Paula M. Vance
Phone (505) 988-4421
pmvance@hollandhart.com

September 16, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico: Dagger Lake South 8 Fed Com #706H well

Ladies & Gentlemen:

This letter is to advise you that Advance Energy Partners Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on October 6, 2022, and the status of the hearing can be monitored through the Division’s website at <http://www.emnrd.state.nm.us/ocd/>.

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Sincerely,

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HAT MESA, LLC**

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Paula M. Vance
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pmvance@hollandhart.com

September 16, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico: Dagger Lake South 8 Fed Com #502H, #504H, #506H, #508H, #552H, #560H, #562H, #602H, and #604H wells

Ladies & Gentlemen:

This letter is to advise you that Advance Energy Partners Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on October 6, 2022, and the status of the hearing can be monitored through the Division’s website at <http://www.emnrd.state.nm.us/ocd/>.

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Sincerely,

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Idaho	New Mexico	Wyoming



Paula M. Vance
Phone (505) 988-4421
pmvance@hollandhart.com

September 16, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico: Dagger Lake South 8 Fed Com #708H well

Ladies & Gentlemen:

This letter is to advise you that Advance Energy Partners Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on October 6, 2022, and the status of the hearing can be monitored through the Division’s website at <http://www.emnrd.state.nm.us/ocd/>.

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Sincerely,

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HAT MESA, LLC**

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September 16, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico: Dagger Lake South 8 Fed Com #510H, #512H, #514H, #516H, #556H, #558H, #564H, #566H, and #606H wells

Ladies & Gentlemen:

This letter is to advise you that Advance Energy Partners Hat Mesa, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on October 6, 2022, and the status of the hearing can be monitored through the Division’s website at <http://www.emnrd.state.nm.us/ocd/>.

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www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Advance - Dagger Lake 702H, 502H, etc
Case Nos. 23056 23058 Postal Delivery Report

Tracking Number	Recipient	Status
9214890194038389818342	Tom M Ragsdale PO BOX 2246 Conroe TX 77305	Delivered Signature Received
9214890194038389818359	Devon Energy Production Company LP 333 W Sheridan Ave Oklahoma City OK 73102	Delivered Signature Received
9214890194038389818366	Chevron USA Inc 1400 Smith Street Houston TX 77002	Delivered Signature Received
9214890194038389818373	Chevron USA Inc Attn: Land Department 6301 Deauville Blvd Midland TX 79706	Delivered Signature Received



Mailer: Holland & Hart LLP (1)

Date Produced: 10/03/2022

ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8389 8183 42. Our records indicate that this item was delivered on 09/26/2022 at 10:54 a.m. in CONROE, TX 77301. The scanned image of the recipient information is provided below.

Signature of Recipient :

Address of Recipient :

PO BOX 2246

CONROE, TX 77305-2246

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

TOM M RAGSDALE
PO BOX 2246
CONROE TX 77305

Customer Reference Number: C3685855.21885250

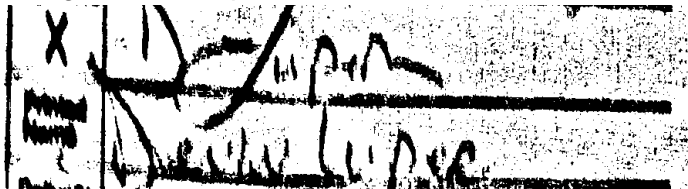
Mailer: Holland & Hart LLP (1)

Date Produced: 09/26/2022

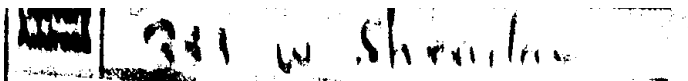
ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8389 8183 59. Our records indicate that this item was delivered on 09/19/2022 at 08:13 a.m. in OKLAHOMA CITY, OK 73102. The scanned image of the recipient information is provided below.

Signature of Recipient :



Address of Recipient :



Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

DEVON ENERGY PRODUCTION COMPANY LP
333 W SHERIDAN AVE
OKLAHOMA CITY OK 73102

Customer Reference Number: C3685855.21885251


Mailer: Holland & Hart LLP (1)

Date Produced: 09/26/2022

ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8389 8183 66. Our records indicate that this item was delivered on 09/22/2022 at 12:37 p.m. in HOUSTON, TX 77002. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature	
Printed Name	

Address of Recipient :

Delivery Address	
------------------	--

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

CHEVRON USA INC
1400 SMITH STREET
HOUSTON TX 77002

Customer Reference Number: C3685855.21885252



Mailer: Holland & Hart LLP (1)

Date Produced: 09/26/2022

ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8389 8183 73. Our records indicate that this item was delivered on 09/21/2022 at 02:38 p.m. in MIDLAND, TX 79701. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature X	<i>Christy Meekins</i>
Printed Name	Christy Meekins

Address of Recipient :

	9/21/22 6301 Deauville Blvd
--	-----------------------------

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

CHEVRON USA INC ATTN: LAND DEPARTMENT
6301 DEAUVILLE BLVD
MIDLAND TX 79706

Customer Reference Number: C3685855.21885253

Advance - Dagger Lake Case Nos. 23057, 23059-23060
Postal Delivery Reports

Tracking Number	Recipient	Status
9214890194038389818915	Tom M Ragsdale PO BOX 2246 Conroe TX 77305	Delivered Signature Received
9214890194038389818922	Devon Energy Production Company LP 333 W Sheridan Ave Oklahoma City OK 73102	Delivered Signature Received



Mailer: Holland & Hart LLP (1)

Date Produced: 10/03/2022

ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8389 8189 15. Our records indicate that this item was delivered on 09/26/2022 at 10:55 a.m. in CONROE, TX 77301. The scanned image of the recipient information is provided below.

Signature of Recipient :

Address of Recipient :

PO BOX 2246
CONROE, TX 77305-2246

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

TOM M RAGSDALE
PO BOX 2246
CONROE TX 77305

Customer Reference Number: C3685873.21885365

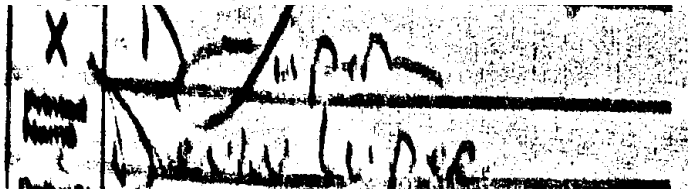
Mailer: Holland & Hart LLP (1)

Date Produced: 09/26/2022

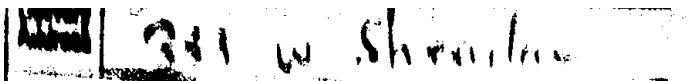
ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8389 8189 22. Our records indicate that this item was delivered on 09/19/2022 at 08:13 a.m. in OKLAHOMA CITY, OK 73102. The scanned image of the recipient information is provided below.

Signature of Recipient :



Address of Recipient :



Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:

DEVON ENERGY PRODUCTION COMPANY LP
333 W SHERIDAN AVE
OKLAHOMA CITY OK 73102

Customer Reference Number: C3685873.21885366

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
September 20, 2022
and ending with the issue dated
September 20, 2022.



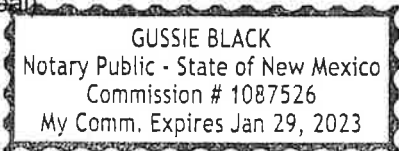
Publisher

Sworn and subscribed to before me this
20th day of September 2022.



Business Manager

My commission expires
January 29, 2023

(Seal)


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 September 20, 2022

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, October 6, 2022, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/lmaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **September 26, 2022**.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1447be00925affa6fcca5f41319e396>

Event number: 2482 759 5959
Event password: A3ZeCT474dF

Join by video: 24827595959@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number
Numeric Password: 130956

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 2482 759 5959

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: Tom M. Ragsdale, his heirs and devisees; Devon Energy Production Company, LP; and Chevron U.S.A., Inc.

Case No. 23056: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #702H**, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5. The completed interval of the Dagger Lake South 8 Fed Com #702H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.
#38037

67100754

00271056

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F**

**Submitted by: Advance Energy Partners Hat Mesa, LLC
Hearing Date: October 06, 2022
Case Nos. 23056-23060**

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
September 21, 2022
and ending with the issue dated
September 21, 2022.



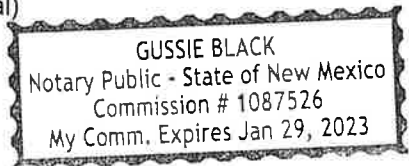
Publisher

Sworn and subscribed to before me this
21st day of September 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



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
September 21, 2022

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, October 6, 2022, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **September 26, 2022**.

Persons may view and participate in the hearings through the following link: <https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1447be00925a6fa6f6cca5f41319e396>

Event number: 2482 759 5959
Event password: A3ZeCT474dF

Join by video: 24827595959@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number
Numeric Password: 130956

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 2482 759 5959

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: Tom M. Ragsdale, his heirs and devisees; and Devon Energy Production Company, LP.

Case No. 23057: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the W/2 SE/4 of Section 5 and the W/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #706H**, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.
#38042

67100754

00271107

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

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
September 18, 2022
and ending with the issue dated
September 18, 2022.



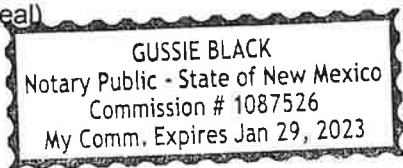
Publisher

Sworn and subscribed to before me this
18th day of September 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



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
September 18, 2022

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on **Thursday, October 6, 2022, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **September 26, 2022.**

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1447be00925affa6f6cca5f41319e396>

Event number: 2482 759 5959
Event password: A3ZeCT474dF

Join by video: 24827595959@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number
Numeric Password: 130956

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 2482 759 5959.

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: Tom M. Ragsdale, his heirs and devisees; Devon Energy Production Company, LP; and Chevron U.S.A., Inc.

Case No. 23058: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the W/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the **Dagger Lake South 8 Fed Com #502H, Dagger Lake South 8 Fed Com #504H, Dagger Lake South 8 Fed Com #552H, Dagger Lake South 8 Fed Com #560H, and Dagger Lake South 8 Fed Com #602H**, all to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 8, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5; and
 - the **Dagger Lake South 8 Fed Com #506H, Dagger Lake South 8 Fed Com #508H, Dagger Lake South 8 Fed Com #562H, and Dagger Lake South 8 Fed Com #604H**, all to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 8, to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 5.
- The completed interval of the **Dagger Lake South 8 Fed Com #560H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 25 miles east of Eunice, New Mexico.

#38035

67100754

00271021

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

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
September 21, 2022
and ending with the issue dated
September 21, 2022.



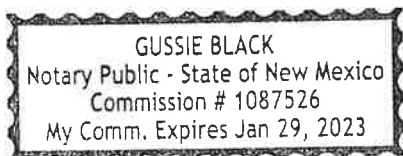
Publisher

Sworn and subscribed to before me this
21st day of September 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



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
September 21, 2022

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

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Persons may view and participate in the hearings through the following link:
<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e1447be00925af6f6cca5f41319e396>

Event number: 2482 759 5959
Event password: A3ZcT474dF

Join by video: 24827595959@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number
Numeric Password: 130956

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 2482 759 5959

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: Tom M. Ragsdale, his heirs and devisees; and Devon Energy Production Company, LP.

Case No. 23059: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Dagger Lake South 8 Fed Com #708H**, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles east of Eunice, New Mexico.
#38041

67100754

00271106

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

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).

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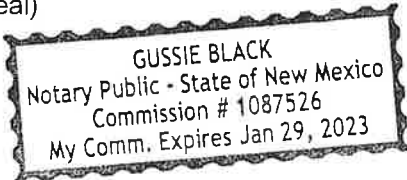
Publisher

Sworn and subscribed to before me this
18th day of September 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



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LEGAL NOTICE September 18, 2022

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

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Join by video: 24827595959@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number
Numeric Password: 130956

Join by audio: 1-844-992-4726 United States Toll Free
Access code: 2482 759 5959

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All interest owners subject to pooling proceedings, including: Tom M. Ragsdale, his heirs and devisees; and Devon Energy Production Company, LP.

Case No. 23060: Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
• the Dagger Lake South 8 Fed Com #510H, Dagger Lake South 8 Fed Com #512H, Dagger Lake South 8 Fed Com #556H, Dagger Lake South 8 Fed Com #564H, and Dagger Lake South 8 Fed Com #606H, all to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5; and
• the Dagger Lake South 8 Fed Com #514H, Dagger Lake South 8 Fed Com #516H, Dagger Lake South 8 Fed Com #558H, and Dagger Lake South 8 Fed Com #566H, all to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5. The completed interval of the **Dagger Lake South 8 Fed Com #558H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 25 miles east of Eunice, New Mexico.
#38036

67100754

00271027

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208