

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

**APPLICATION OF AVANT OPERATING,  
LLC FOR COMPULSORY POOLING AND  
APPROVAL OF AN OVERLAPPING NON-  
STANDARD HORIZONTAL SPACING  
UNIT, LEA COUNTY, NEW MEXICO**

Case No. \_\_\_\_\_

**APPLICATION**

Avant Operating, LLC, OGRID No. 330396 (“Avant” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17 and 19.15.16.15(B)(5) NMAC, for an order (1) approving an overlapping 1,280-acre, more or less, non-standard horizontal spacing unit (“HSU”) composed of all of Sections 29 and 32, Township 18 South, Range 34 East, N.M.P.M. (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Bone Spring Formation, but excluding the BS2 Bench (as defined and more specifically described below), designated as an oil pool, underlying said HSU, which uncommitted interests are more specifically described herein.

In support of its Application, Avant states the following:

1. Avant is a working interest owner in the subject lands and has a right to drill wells thereon.
2. Avant seeks to dedicate all of the Application Lands to form a 1,280-acre, more or less, HSU.
3. Avant seeks to dedicate the above-referenced HSU to the following proposed wells:

A. **Daytona 29 Fed Com #301H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SW/4SW/4 (Unit M) of Section 32;

B. **Daytona 29 Fed Com #601H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SW/4SW/4 (Unit M) of Section 32;

C. **Daytona 29 Fed Com #302H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SE/4SW/4 (Unit N) of Section 32;

D. **Daytona 29 Fed Com #602H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SE/4SW/4 (Unit N) of Section 32;

E. **Daytona 29 Fed Com #303H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4(Unit A) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SW/4SE/4 (Unit O) of Section 32;

F. **Daytona 29 Fed Com #603H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4(Unit A) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SW/4SE/4 (Unit O) of Section 32;

G. **Daytona 29 Fed Com #304H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4(Unit A) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SE/4SE/4(Unit P) of Section 32; and

H. **Daytona 29 Fed Com #604H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4(Unit A) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SE/4SE/4(Unit P) of Section 32.

4. The wells are orthodox in their location as defined by 19.15.16.15.(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15.(C) NMAC.

5. Depth Severances and Ownership.

A. Within the proposed HSU, ownership is common within the first bench of the Bone Spring formation (“BS1 Bench”), defined as the interval from: (1) the stratigraphic equivalent of the top of the first bench of the Bone Spring Formation, as seen at 9,018 feet true vertical depth beneath the surface; to (2) the stratigraphic equivalent of the top of the second bench of the Bone Spring Formation, as seen at 9,579 feet true vertical depth beneath the surface; with all such depths as shown in that certain Gamma Ray well log in the **Zafiro State 32 Com #1 (API # 30-025-34508)**, located in Section 32, Township 18 South, Range 34 East, Lea County, New Mexico (“Defining Log”).

B. Within the proposed HSU, an ownership depth severance exists in the second bench of the Bone Spring formation (“BS2 Bench”), defined as the interval from: (1) the stratigraphic equivalent of the top of the second bench of the Bone Spring Formation, as seen at 9,579 feet true vertical depth beneath the surface; to (2) the stratigraphic equivalent of the base of the second bench of the Bone Spring Formation, as seen at 10,271 feet true vertical depth beneath the surface; with all such depths as shown in the Defining Log.

C. Within the proposed HSU, ownership is common within the third bench of the Bone Spring formation (“BS3 Bench”), defined as the interval from: (1) the stratigraphic equivalent of the base of the second bench of the Bone Spring Formation, as seen at 10,271 feet true vertical depth beneath the surface; to (2) the stratigraphic equivalent of the base of the Bone Spring Formation, as seen at 10,636 feet true vertical depth beneath the surface; with all such depths as shown in the Defining Log.

6. Asymmetrical Development.

A. The proposed HSU is a “standup” 1,280-acre unit, comprising two contiguous sections in a north-south orientation.

B. The northern 640-acre section of the proposed HSU has been fully developed in the BS2 Bench, with four approximate one-mile lateral horizontal wells that have been producing for seven to eight years, the EK 29 BS2 Federal Com #004H (API # 30-025-42700), EK 29 BS2 Federal Com #003H (API # 30-025-42699); EK 29 BS2 Federal Com #002H (API # 30-025-43676); and EK 29 BS2 Federal Com #001H (API # 30-025-43687) (collectively, the “BS2 Wells”). The southern 640-acre section of the proposed HSU has no horizontal wells in the BS2 Bench.

C. The proposed HSU has no horizontal wells within the BS1 Bench or the BS3 Bench.

7. Exclusion of BS2 Bench from Application.

A. In light of the depth severance and asymmetrical development described above, to protect correlative rights, and to prevent waste, Applicant proposes, and hereby requests, that the BS2 Bench be excluded from this Application.

B. Approval of this Application and pooling of the proposed HSU (excluding the BS2 Bench) will facilitate a full-unit development plan for the BS1 Bench and BS3 Bench, which will allow for more efficient drilling and completion of the wells, thus preventing waste. It will also reduce surface facilities, air quality impacts, and other environmental impacts.

C. Exclusion of the BS2 Bench in the southern 640-acre section will allow such section to be developed independently of the wells proposed by this Application, thus ensuring that each owner in such southern section will have the opportunity to produce without waste

such owner's just and equitable share of the oil and gas in such southern section, thus protecting correlative rights.

8. Although ownership is common within the BS1 Bench, and within the BS3 Bench, ownership is not common as between the BS1 Bench and the BS2 Bench. To account for such diverse ownership, Applicant proposes to allocate production according to the net pay or thickness of each bench relative to the total net pay of all the benches being pooled.

9. In the interests of full disclosure, Avant will provide notice of this Application to all parties within the proposed HSU who would be entitled to notice if this Application covered all depths within the Bone Spring Formation, including the BS2 Bench, such that owners of interests solely within the BS2 Bench will receive notice of this Application even though such interests are not subject to this Application.

10. This 1,280 non-standard HSU will overlap the following existing communitization agreements (the "CAs"): (1) NMNM 136645, comprising the W/2W/2 of Section 29 and dedicated to the EK 29 BS2 Federal Com #004H (API # 30-025-42700), (2) NMNM 136644, comprising the E/2W/2 of Section 29 and dedicated to the EK 29 BS2 Federal Com #003H (API # 30-025-42699); (3) NMNM 137191, comprising the W/2E/2 of Section 29 and dedicated to the EK 29 BS2 Federal Com #002H (API # 30-025-43676; and (4) NMNM 137190, comprising the E/2E/2 of Section 29 and dedicated to the EK 29 BS2 Federal Com #001H (API # 30-025-43687). The CAs are operated by Prima Exploration, Inc. and wells are located within the BS2 Bench.

11. Avant has sought in good faith but has been unable to obtain voluntary agreement from all owners of interests to be pooled by this Application to participate in the drilling of the wells or to otherwise commit their interests to the wells.

12. The pooling of interests as proposed by this Application will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

13. Approval of an overlapping non-standard horizontal spacing unit is necessary to prevent waste, protect correlative rights, and preclude the stranding resources. Approval of this Application will additionally allow Avant to efficiently locate surface facilities, reduce surface disturbances, and facilitate effective well spacing.

14. To provide for its just and fair share of the oil and gas underlying the subject lands, Avant requests that all uncommitted interests in this HSU be pooled, excluding interests in the BS2 Bench, and that Avant be designated as the operator of the proposed horizontal wells and HSU.

WHEREFORE, Avant requests this Application be set for hearing on July 11, 2024, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of an approximately 1,280-acre non-standard HSU, covering the Bone Spring Formation underlying the Application Lands, but excluding the BS2 Bench, pursuant to 19.15.16.15(B)(5) NMAC;

B. Pooling all uncommitted interests in the proposed HSU;

C. Approving the **Daytona 29 Fed Com #301H, Daytona 29 Fed Com #302H, Daytona 29 Fed Com #303H, Daytona 29 Fed Com #304H, Daytona 29 Fed Com #601H, Daytona 29 Fed Com #602H, Daytona 29 Fed Com #603H, and Daytona 29 Fed Com #604H** as the wells for the HSU.

D. Designating Avant as operator of the HSU and the horizontal wells to be drilled thereon;

E. Authorizing Avant to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Avant in drilling and completing the wells in the event a working interest owner elects not to participate in the wells, as authorized by NMSA 1978, § 70-2-17.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

James P. Parrot  
Miguel A. Suazo  
Sophia A. Graham  
Kaitlyn A. Luck  
500 Don Gaspar Ave.,  
Santa Fe, NM 87505  
(505) 946-2090  
[msuazo@bwenergylaw.com](mailto:msuazo@bwenergylaw.com)  
[jparrot@bwenergylaw.com](mailto:jparrot@bwenergylaw.com)  
[sgraham@bwenergylaw.com](mailto:sgraham@bwenergylaw.com)  
[kluck@bwenergylaw.com](mailto:kluck@bwenergylaw.com)

*Attorneys for Avant Operating, LLC*

***Application of Avant Natural Resources, LLC for Compulsory Pooling and Approval of an Overlapping Non-Standard Horizontal Spacing Unit, Lea County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) approving an overlapping 1,280-acre, more or less, non-standard horizontal spacing and proration unit composed of all of Sections 29 and 32, Township 18 South, Range 34 East, N.M.P.M.; and (2) pooling all uncommitted mineral interests in the Bone Spring Formation, but excluding the second bench of the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the **Daytona 29 Fed Com #301H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SW/4SW/4 (Unit M) of Section 32; **Daytona 29 Fed Com #601H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SW/4SW/4 (Unit M) of Section 32; **Daytona 29 Fed Com #302H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SE/4SW/4 (Unit N) of Section 32; **Daytona 29 Fed Com #602H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SE/4SW/4 (Unit N) of Section 32; **Daytona 29 Fed Com #303H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SW/4SE/4 (Unit O) of Section 32; **Daytona 29 Fed Com #603H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SW/4SE/4 (Unit O) of Section 32; **Daytona 29 Fed Com #304H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 29 to a bottom hole location in the 1st bench of the Bone Spring Formation in the SE/4SE/4 (Unit P) of Section 32; and **Daytona 29 Fed Com #604H**, which is an oil well that will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 29 to a bottom hole location in the 3rd bench of the Bone Spring Formation in the SE/4SE/4 (Unit P) of Section 32. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 22 miles west from Hobbs, New Mexico.