

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

**APPLICATION OF AVANT OPERATING, LLC
FOR APPROVAL OF A NON-STANDARD UNIT,
COMPULSORY POOLING AND, TO THE
EXTENT NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Avant Operating, LLC (“Avant”), OGRID Number 330396, through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a non-standard spacing unit; (b) pooling all uncommitted mineral interests within a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 32 and 33, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico; and (c) to the extent necessary, approval of an overlapping spacing unit. In support of this application, Avant states as follows:

1. Avant has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Avant seeks to dedicate the N/2 of Sections 32 and 33, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico to form a 640-acre, more or less, Bone Spring horizontal spacing unit in the LUSK;BONE SPRING, NORTH (41450) pool.
3. Avant seeks approval of the 640-acre non-standard spacing unit to efficiently locate surface facilities, reduce surface disturbance, and promote effective well spacing.
4. Avant plans to drill the following wells:
 - a. **Lobo Loco 34 Fed Com 303H, Lobo Loco 34 Fed Com 503H, and Lobo Loco 34 Fed Com 603H** wells with proposed surface hole locations in the NE/4

NW/4 (Unit C) of Section 34 and proposed bottom hole locations in the SW/4 NW/4 (Unit E) of Section 32; and

- b. **Lobo Loco 34 Fed Com 301H, Lobo Loco 34 Fed Com 302H, Lobo Loco 34 Fed Com 501H, Lobo Loco 34 Fed Com 502H, Lobo Loco 34 Fed Com 601H, and Lobo Loco 34 Fed Com 602H** wells with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 34 and proposed bottom hole locations in the NW/4 NW/4 (Unit D) of Section 32.

5. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

6. This proposed spacing unit will overlap the following existing spacing units operated by Raybaw Operating, LLC:

- A 40-acre spacing unit comprised of the NE4NE4 of Section 32 dedicated to the Hulkster No. 4 (30-025-39571);
- A 40-acre spacing unit comprised of the NW4NE4 of Section 32 dedicated to the Hulkster No. 3 (30-025-39570);
- A 40-acre spacing unit comprised of the NE4NW4 of Section 32 dedicated to the N. Lusk 32 State No. 1 (30-025-35747);
- A 40-acre spacing unit comprised of the NW4NW4 of Section 32 dedicated to the Hulkster No. 1 (30-025-38446).
- A 40-acre spacing unit comprised of the SW4NW4 of Section 32 dedicated to the Hulkster No. 2 (30-025-38844);
- A 40-acre spacing unit comprised of the SE4NW4 of Section 32 dedicated to the Watkins 32 State No. 1 (30-025-31735);
- A 40-acre spacing unit comprised of the SW4NE4 of Section 32 dedicated to the Max State No. 1 (30-025-26754); and
- A 40-acre spacing unit comprised of the SE4NE4 of Section 32 dedicated to the Hulkster No. 5 (30-025-39572).

7. Avant sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Bone Spring formation underlying the proposed unit, and approving, to the extent necessary, the overlapping spacing unit, will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. Approval of a non-standard spacing unit will allow Avant to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands and reduce surface disturbance.

WHEREFORE, Avant requests this application be set for hearing before an Examiner of the Oil Conservation Division on December 5, 2024, and after notice and hearing as required by law, the Division enter its order:

A. Approving a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5);

B. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the N/2 of Sections 32 and 33, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico;

C. Approving, to the extent necessary, the overlapping spacing unit;

D. Designating Avant as operator of this unit and the 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 charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

G. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Deana M. Bennett

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CASE NO. _____: Application of Avant Operating, LLC for approval of a non-standard unit, compulsory pooling, and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico. Applicant seeks an order from the Division (a) approving a non-standard 640-acre spacing unit; (b) pooling all uncommitted interests within a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 32 and 33, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico in the LUSK;BONE SPRING, NORTH (41450) pool; and (c) to the extent necessary, approving an overlapping spacing unit. This spacing unit will be dedicated to the **Lobo Loco 34 Fed Com 303H, Lobo Loco 34 Fed Com 503H, and Lobo Loco 34 Fed Com 603H** wells with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 34 and proposed bottom hole locations in the SW/4 NW/4 (Unit E) of Section 32; and the **Lobo Loco 34 Fed Com 301H, Lobo Loco 34 Fed Com 302H, Lobo Loco 34 Fed Com 501H, Lobo Loco 34 Fed Com 502H, Lobo Loco 34 Fed Com 601H, and Lobo Loco 34 Fed Com 602H** wells with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 34 and proposed bottom hole locations in the NW/4 NW/4 (Unit D) of Section 32. The wells will be drilled at orthodox locations. This proposed spacing unit will overlap the following existing spacing units operated by Raybaw Operating, LLC:

- A 40-acre spacing unit comprised of the NE4NE4 of Section 32 dedicated to the Hulkster No. 4 (30-025-39571);
- A 40-acre spacing unit comprised of the NW4NE4 of Section 32 dedicated to the Hulkster No. 3 (30-025-39570);
- A 40-acre spacing unit comprised of the NE4NW4 of Section 32 dedicated to the N. Lusk 32 State No. 1 (30-025-35747);
- A 40-acre spacing unit comprised of the NW4NW4 of Section 32 dedicated to the Hulkster No. 1 (30-025-38446);
- A 40-acre spacing unit comprised of the SW4NW4 of Section 32 dedicated to the Hulkster No. 2 (30-025-38844);
- A 40-acre spacing unit comprised of the SE4NW4 of Section 32 dedicated to the Watkins 32 State No. 1 (30-025-31735);
- A 40-acre spacing unit comprised of the SW4NE4 of Section 32 dedicated to the Max State No. 1 (30-025-26754); and
- A 40-acre spacing unit comprised of the SE4NE4 of Section 32 dedicated to the Hulkster No. 5 (30-025-39572).

Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Avant Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 10 miles south of Maljamar, New Mexico.