

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

**APPLICATION OF AVANT OPERATING II, LLC
FOR APPROVAL OF A NON-STANDARD
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Avant Operating II, LLC (“AO II”), OGRID Number 332947, 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 (1) approving a non-standard spacing unit, and (2) pooling all uncommitted interests within a non-standard 959.6-acre, more or less Bone Spring horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (the N/2N/2 equivalent), the S/2N/2, and the S/2 of irregular Section 2 (collectively the equivalent of all of irregular Section 2), and Lots 1 and 2 (the N/2NE/4 equivalent), the S/2NE/4, and the SE/4 of irregular Section 3, (collectively the E/2 equivalent of irregular Section 3), Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. In support of this application, AO II states as follows:

1. AO II has an interest in the subject lands and has a right to drill and operate a well thereon.
2. AO II seeks to dedicate all of Lots 1, 2, 3 and 4 (the N/2N/2 equivalent), the S/2N/2, and the S/2 of irregular Section 2 (collectively the equivalent of all of irregular Section 2), and Lots 1 and 2 (the N/2NE/4 equivalent), the S/2NE/4, and the SE/4 of irregular Section 3, (collectively the E/2 equivalent of irregular Section 3), Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico to form a 959.6-acre, more or less, Bone Spring horizontal spacing unit in the WC-015 G-04 S232628M, BONE SPRING pool (pool code 98056) (the “Unit”).

3. AO II seeks approval of the 959.6-acre non-standard spacing unit to allow AO II to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing.

4. AO II seeks to dedicate the Unit to the following wells:

- **Casino Queen 2 3 State Com #301H, Casino Queen 2 3 State Com #401H and Casino Queen 2 3 State Com #501H** wells with proposed surface hole locations in the SE/4SE/4 (Unit P) of Section 2, and proposed last take points in the SW/4 SE/4 (Unit O) of Section 3;
- **Casino Queen 2 3 State Com #302H and Casino Queen 2 3 State Com #502H** wells with proposed surface hole locations in the SE/4SE/4 (Unit P) of Section 2, and proposed last take points in the NW/4 SE/4 (Unit J) of Section 3;
- **Casino Queen 2 3 State Com #402H** with a proposed surface hole location in the SE/4NE/4 (Unit H) of Section 2, and a proposed last take point in the NW/4 SE/4 (Unit J) of Section 3;
- **Casino Queen 2 3 State Com #303H and Casino Queen 2 3 State Com #503H** wells with proposed surface hole locations in the SE/4NE/4 (Unit H) of Section 2, and proposed last take points in the SW/4NE/4 (Unit G) of Section 3; and
- **Casino Queen 2 3 State Com #304H, Casino Queen 2 3 State Com #403H, and Casino Queen 2 3 State Com #504H** wells with proposed surface hole locations in the SE/4NE/4 (Unit H) of Section 2, and proposed last take points in the NW/4NE/4 (Unit B/Lot 2) of Section 3.

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

6. AO II sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

7. The pooling of all interests in the Unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

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

WHEREFORE, AO II requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 6, 2026, and after notice and hearing as required by law, the Division enter its order:

- A. Approving the non-standard spacing Unit;
- B. Pooling all uncommitted interests in the Unit;
- C. Designating AO II as operator of the Unit and the wells to be drilled thereon;
- D. Authorizing AO II to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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.

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CASE NO. _____ : Application of Avant Operating II, LLC for approval of a non-standard spacing unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division approving a non-standard 959.6-acre, more or less, Bone Spring horizontal spacing unit and pooling all uncommitted interests in Lots 1, 2, 3 and 4 (the N/2N/2 equivalent), the S/2N/2, and the S/2 of irregular Section 2 (collectively the equivalent of all of irregular Section 2), and Lots 1 and 2 (the N/2NE/4 equivalent), the S/2NE/4, and the SE/4 of irregular Section 3, (collectively the E/2 equivalent of irregular Section 3), Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, in the WC-015 G-04 S232628M, BONE SPRING pool (pool code 98056). This spacing unit will be dedicated to the following wells: **Casino Queen 2 3 State Com #301H, Casino Queen 2 3 State Com #401H and Casino Queen 2 3 State Com #501H** wells with proposed surface hole locations in the SE/4SE/4 (Unit P) of Section 2, and proposed last take points in the SW/4 SE/4 (Unit O) of Section 3; **Casino Queen 2 3 State Com #302H and Casino Queen 2 3 State Com #502H** wells with proposed surface hole locations in the SE/4SE/4 (Unit P) of Section 2, and proposed last take points in the NW/4 SE/4 (Unit J) of Section 3; **Casino Queen 2 3 State Com #402H** with a proposed surface hole location in the SE/4NE/4 (Unit H) of Section 2, and a proposed last take point in the NW/4 SE/4 (Unit J) of Section 3; **Casino Queen 2 3 State Com #303H and Casino Queen 2 3 State Com #503H** wells with proposed surface hole locations in the SE/4NE/4 (Unit H) of Section 2, and proposed last take points in the SW/4NE/4 (Unit G) of Section 3; and **Casino Queen 2 3 State Com #304H, Casino Queen 2 3 State Com #403H, and Casino Queen 2 3 State Com #504H** wells with proposed surface hole locations in the SE/4NE/4 (Unit H) of Section 2, and proposed last take points in the NW/4NE/4 (Unit B/Lot 2) of Section 3. The wells will be drilled at orthodox locations. 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 II, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 15 miles southwest of Carlsbad, New Mexico.