

**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,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26253

NOTICE OF AMENDED EXHIBIT PACKET

Avant Operating II, LLC provides the attached amended exhibit packet, which includes the following amended exhibit:

- **Exhibit A.9: Non-Standard Unit Exhibit/Tract Map:** Revised to correct unit name to AO II Allgood Lounge Unit on page 36 of the pdf.

No parties have entered an appearance in this case.

Respectfully submitted,

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

By: 

Deana M. Bennett
Earl E. DeBrine, Jr.
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Deana.bennett@modrall.com
Earl.debrine@modrall.com



**Compulsory Pooling Hearing- Case No. 26253
E2 of Section 6, E2 of Section 7
T17S-R36E (640-acre Unit, Penn Formation)**

**Wells: Allgood Lounge 6 7 State Com #831H
 Allgood Lounge 6 7 State Com #832H**

**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,
LEA COUNTY, NEW MEXICO**

CASE NO. 26253

TABLE OF CONTENTS

Exhibit A: Compulsory Pooling Checklist

- Exhibit A.1: Application
- Exhibit A.2: Self-Affirmed Declaration of Tiffany Sarantinos, Land Professional
- Exhibit A.3: C-102s
- Exhibit A.4 Lease Tract Map/Summary of Interests/Working Interest Owners to Be Pooled
- Exhibit A.5: ORRI to Be Pooled
- Exhibit A.6: Sample well proposal letter and AFEs
- Exhibit A.7: Summary of Communications with Other Working Interest Owners
- Exhibit A.8: Committed/Uncommitted Notice Exhibit
- Exhibit A.9: Non-standard Unit Exhibits

Exhibit B: Self-Affirmed Declaration of Josh Payne, Geologist

- Exhibit B.1: Locator Map
- Exhibit B.2: Wellbore Schematic
- Exhibit B.3: Structure Map
- Exhibit B.4: Cross-reference Well Locator
- Exhibit B.5: Stratigraphic Cross Section

Exhibit C: Self-Affirmed Declaration of Deana Bennett Regarding Notice

- Exhibit C.1: Sample Notice Letter, dated June 12, 2026
- Exhibit C.2: Mailing List of Parties
- Exhibit C.3: Certified Mailing Tracking List
- Exhibit C.4: Affidavit of Publication for June 18, 2026

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 26253	APPLICANT'S RESPONSE
Hearing Date:	July 9, 2026
Applicant	Avant Operating II, LLC
Designated Operator & OGRID (affiliation if applicable)	Avant Operating II, LLC (332947)
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF AVANT OPERATING II, LLC FOR APPROVAL OF A NON-STANDARD SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Allgood Lounge 6 7 State Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Upper Pennsylvanian
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Upper Pennsylvanian
Pool Name and Pool Code:	Shoe Bar; Upper Penn, South pool (pool code 56285)
Well Location Setback Rules:	Statewide rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640
Building Blocks:	40 or 80
Orientation:	North-South
Description: TRS/County	Lots 1 and 2, the S/2 NE/4, and the SE/4 of Section 6 (the E/2 equivalent) and the E/2 of Section 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	N: AO II seeks approval of a 640-acre non-standard spacing unit to allow efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing, which is consistent with Division rules. See, e.g., Rule 19.15.167(P) NMAC; Rule 19.15.16.15(B)(8) NMAC; Rule 19.15.16.15(C)(7)(NMAC).
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N
Applicant's Ownership in Each Tract	See Exhibit A.4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

EXHIBIT

A

Well #1: Allgood Lounge 6 7 State Com #831H	API No. Pending SHL: 342' FNL & 524' FEL, (Unit A) (Lot 1), Section 6, T17S, R36E BHL: 100' FSL & 660' FEL, (Unit P), Section 7, T17S, R36E FTP: 100' FNL & 660' FEL, Section 6, T17S, R36E LTP: 100' FSL & 660' FEL, Section 7, T17S, R36E Completion Target: Upper Penn (Approx. 11,000' TVD) Orientation: North/South
Well #2:Allgood Lounge 6 7 State Com #832H	API No. Pending SHL: 342' FNL & 544' FEL, (Unit A) (Lot 1), Section 6, T17S, R36E BHL: 100' FSL & 2310' FEL, (Unit O), Section 7, T17S, R36E FTP: 100' FNL & 2310' FEL, Section 6, T17S, R36E LTP: 100' FSL & 2310' FEL, Section 7, T17S, R36E Completion Target: Upper Penn (Approx. 11,000' TVD) Orientation: North/South
Horizontal Well First and Last Take Points	Exhibit A.3
Completion Target (Formation, TVD and MD)	Exhibit A.6 (Proposal Letter)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000. See Exhibit A.6 (Proposal Letter)
Production Supervision/Month \$	\$1,000. See Exhibit A. 6 (Proposal Letter)
Justification for Supervision Costs	See Exhibit A.2, Paragraph 21
Requested Risk Charge	200%. See Exhibit A.6 (Proposal Letter)
Notice of Hearing	
Proposed Notice of Hearing	Exhibits A.1; C.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C.2 and D.3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C.4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A.4
Tract List (including lease numbers and owners)	Exhibit A.4
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	A.9
Pooled Parties (including ownership type)	Exhibit A.5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	

Sample Copy of Proposal Letter	Exhibit A.6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A.4/A.5
Chronology of Contact with Non-Joined Working Interests	Exhibit A.7
Overhead Rates In Proposal Letter	Exhibit A.6
Cost Estimate to Drill and Complete	Exhibit A.6
Cost Estimate to Equip Well	Exhibit A.6
Cost Estimate for Production Facilities	Exhibit A.6
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B.2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B.2
Well Orientation (with rationale)	Exhibit B, Para. 10
Target Formation	Exhibit B.3
HSU Cross Section	Exhibit B.5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A.3
Tracts	Exhibit A.4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A.4 & A.5
General Location Map (including basin)	Exhibit B.1
Well Bore Location Map	Exhibit B.1
Structure Contour Map - Subsea Depth	Exhibit B.3
Cross Section Location Map (including wells)	Exhibit B.4
Cross Section (including Landing Zone)	Exhibit B.5
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	Deana M. Bennett
Date:	7/1/2026

**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 UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26253

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 unit, and (2) pooling all uncommitted interests within a non-standard 640-acre, more or less Pennsylvanian horizontal spacing unit comprised of the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea 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 the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico to form a 640-acre, more or less, Pennsylvanian horizontal spacing unit in the Shoe Bar; Upper Penn, South pool (pool code 56285) (the "Unit").¹
3. AO II seeks approval of the 640-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:

¹ The Division's information for this pool indicates it is an oil pool but with 80-acre building blocks instead of 40-acre building blocks. Either way, the unit AO II is proposing is non-standard and, for that reason, AO II seeks non-standard unit approval.

**EXHIBIT
A.1**

- **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 7; and
- **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7.

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 July 9, 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.

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.
Deana M. Bennett
Jeff H. Goodwin
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
deana.bennett@modrall.com
jeff.goodwin@modrall.com
Attorneys for Avant Operating II, LLC

CASE NO. 26253: Application of Avant Operating II, LLC for approval of a non-standard spacing unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division approving a non-standard 640-acre, more or less, Pennsylvanian horizontal spacing unit and pooling all uncommitted interests in the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico in the Shoe Bar; Upper Penn, South pool (pool code 56285). This spacing unit will be dedicated to the following wells: the **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 7; and the **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. 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 6 miles southwest of Lovington, New Mexico.

**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 UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26253

SELF-AFFIRMED STATEMENT OF TIFFANY SARANTINOS

Tiffany Sarantinos hereby states and declares as follows:

1. I am over the age of 18, I am a senior landman for Avant Operating II, LLC (“AO II”) and have personal knowledge of the matters stated herein.
2. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum landman were accepted as a matter of record.
3. My area of responsibility at AO II includes the area Lea County in New Mexico.
4. I am familiar with the application filed by AO II in this case, which is attached as **Exhibit A-1.**
5. I am familiar with the status of the lands that are subject to this application.
6. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced application.
7. In this case, AO II seeks an order (1) approving a non-standard unit, and (2) pooling all uncommitted interests within a non-standard 640-acre, more or less, Pennsylvanian horizontal spacing unit comprised of the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico.
8. Upon further review, AO II realized that the N/2NE/4 of Section 6 is comprised of lots. As a result, the full description of the unit would be: Lots 1 and 2, the S/2 NE/4, and the SE/4 of Section 6 (the E/2 equivalent) and the E/2 of Section 7, Township 17 South, Range 36 East,

**EXHIBIT
A.2**

N.M.P.M., Lea County, New Mexico. This description of the unit is included in the compulsory pooling checklist provided with these exhibits.

9. AO II seeks approval of a 640-acre non-standard spacing unit to allow efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing, which is consistent with Division rules. *See, e.g.*, Rule 19.15.167(P) NMAC; Rule 19.15.16.15(B)(8) NMAC; Rule 19.15.16.15(C)(7)(NMAC).

10. AO II seeks to dedicate the unit to the following wells:

- **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NE/4 NE/4 (Lot 1) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7; and
- **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NE/4 NE/4 (Lot 1) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit P) of Section 7.

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

12. Attached as **Exhibit A-3** are the proposed C-102s for the wells.

13. The C-102s identify the proposed surface hole locations and the bottom hole locations, and the first take points.

14. The wells will be in the Shoe Bar; Upper Penn, South pool (pool code 56285).

15. The Division's information for this pool indicates it is an oil pool but with 80-acre building blocks instead of 40-acre building blocks. Either way, the unit AO II is proposing is non-standard and, for that reason, AO II seeks non-standard unit approval.

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

17. There are no depth severances within the proposed spacing unit.

18. **Exhibit A-4** includes lease tract maps outlining the unit being pooled. Exhibit A-4 is a unit recapitulation with the working interest owners to be pooled highlighted in yellow.

19. **Exhibit A-5** is a list of the overriding royalty owners to be pooled.

20. **Exhibit A-6** contains a sample well proposal letter and Authorizations for Expenditure (“AFE”) sent to all working interest owners. The estimated cost of the wells set forth in the AFEs are fair and reasonable and comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

21. AO II requests overhead and administrative rates of \$10,000.00/month for drilling a well and \$1,000.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. AO II requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

22. AO II requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

23. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

24. In my opinion, AO II has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells as demonstrated by the chronology of contact in **Exhibit A-7**.

25. AO II requests that it be designated operator of the wells.

26. AO II seeks to pool overriding royalty interest owners, and they were also provided notice of this hearing.

27. The parties AO II is seeking to pool were notified of this hearing. **Exhibit A-8** identifies the owners in the proposed unit, whether they are committed or uncommitted, and, if uncommitted, the date notice was provided.

28. **Exhibit A-9** includes a tract map showing the location of the wells within AO II's proposed non-standard unit along with the pool name and pool code for each well. Exhibit A-9 also includes a map comparing standard units to the proposed non-standard unit scenario.

29. AO II also provided notice to offset affected parties for purposes of the non-standard unit application.

30. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

31. The exhibits to my self-affirmed statement were prepared by me, or compiled from company business records, or were prepared at my direction or supervision.

32. I attest under penalty of perjury the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief and I will adopt this testimony at the hearing in this matter.

[Signature Page Follows]

June 29, 2026

Date

A handwritten signature in blue ink, reading "T Sarantinos".

Tiffany Sarantinos

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	☒ Initial Submittal
			☐ Amended Report
			☐ As Drilled

WELL LOCATION INFORMATION

API Number	Pool Code 56285	Pool Name SHOE BAR;UPPER PENN, SOUTH
Property Code	Property Name ALLGOOD LOUNGE 6 7 STATE COM	Well Number #831H
OGRID No. 332947	Operator Name AVANT OPERATING II, LLC	Ground Level Elevation 3924'
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL A	Section 6	Township 17S	Range 36E	Lot LOT 1	Ft. from N/S 342' FNL	Ft. from E/W 524' FEL	Latitude 32.870251°	Longitude -103.387148°	County LEA
---------	--------------	-----------------	--------------	--------------	--------------------------	--------------------------	------------------------	---------------------------	---------------

Bottom Hole Location

UL P	Section 7	Township 17S	Range 36E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 660' FEL	Latitude 32.842374°	Longitude -103.387625°	County LEA
---------	--------------	-----------------	--------------	-----	--------------------------	--------------------------	------------------------	---------------------------	---------------

Dedicated Acres 640.00	Infill or Defining Well Infill	Defining Well API 832H	Overlapping Spacing Unit (Y/N) N	Consolidation Code C,F
Order Numbers. Pending			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL A	Section 6	Township 17S	Range 36E	Lot LOT 1	Ft. from N/S 342' FNL	Ft. from E/W 524' FEL	Latitude 32.870251°	Longitude -103.387148°	County LEA
---------	--------------	-----------------	--------------	--------------	--------------------------	--------------------------	------------------------	---------------------------	---------------

First Take Point (FTP)

UL A	Section 6	Township 17S	Range 36E	Lot LOT 1	Ft. from N/S 100' FNL	Ft. from E/W 660' FEL	Latitude 32.870915°	Longitude -103.387587°	County LEA
---------	--------------	-----------------	--------------	--------------	--------------------------	--------------------------	------------------------	---------------------------	---------------

Last Take Point (LTP)

UL P	Section 7	Township 17S	Range 36E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 660' FEL	Latitude 32.842374°	Longitude -103.387625°	County LEA
---------	--------------	-----------------	--------------	-----	--------------------------	--------------------------	------------------------	---------------------------	---------------

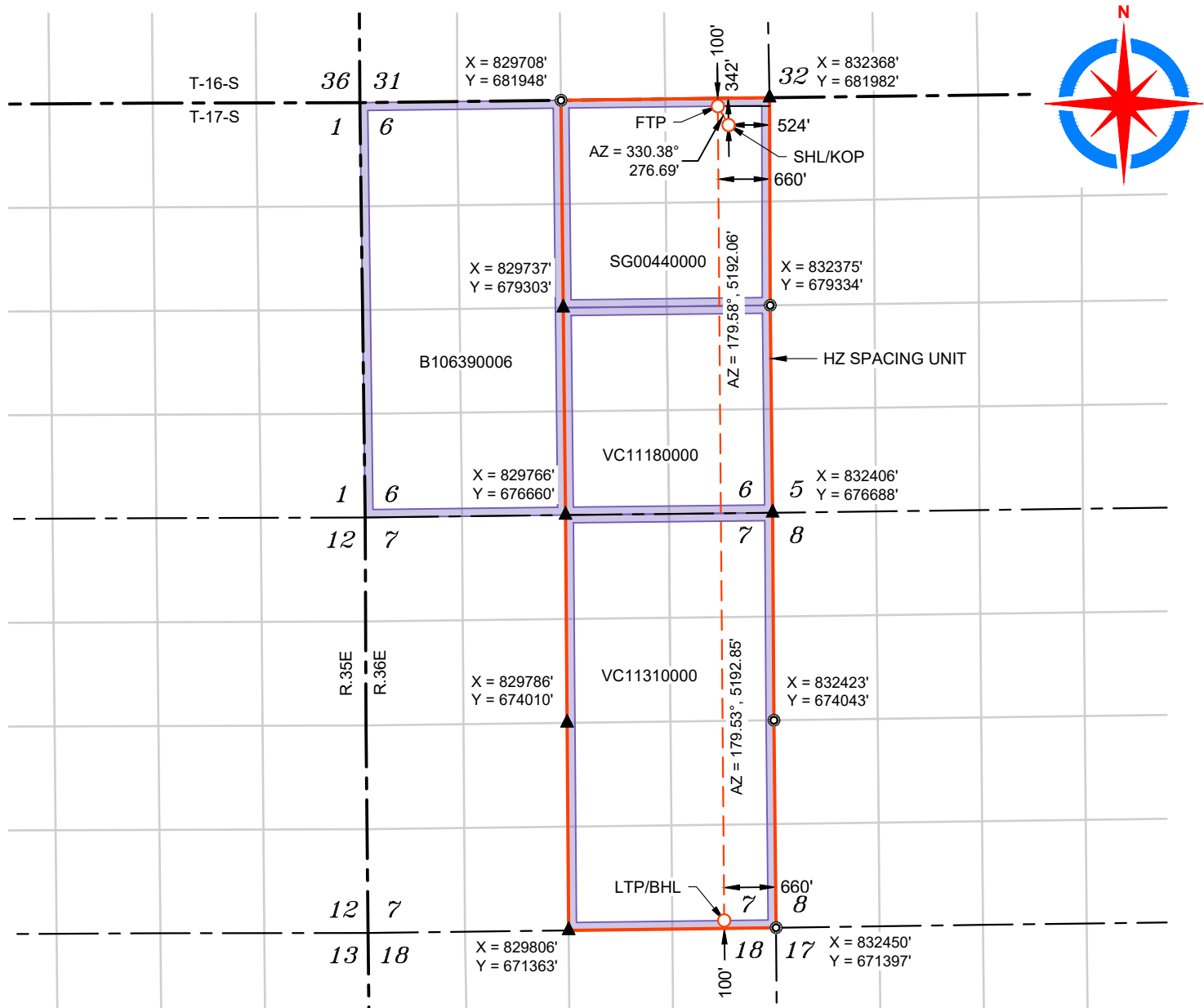
Unitized Area or Area of Uniform Interest Not Unitized/CA Pending	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: 3924'
--	--	----------------------------------

OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>		SURVEYOR CERTIFICATIONS <i>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 and correct to the best of my belief.</i>  <i>[Signature]</i> 9 June 2026	
Signature	Date	Signature and Seal of Professional Surveyor	
		21209 JUNE 5, 2026	
Printed Name		Certificate Number	Date of Survey
Email Address			

Note: 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.

EXHIBIT

A-3



(SHL/KOP) 342' FNL & 524' FEL
 NEW MEXICO EAST - NAD 83
 X=831844.95 LAT.= 32.870251°
 Y=681632.80 LONG.= -103.387148°
 NEW MEXICO EAST - NAD 27
 X=790666.66 LAT.= 32.870131°
 Y=681568.26 LONG.= -103.386652°

(FTP) 100' FNL & 660' FEL
 NEW MEXICO EAST - NAD 83
 X=831708.18 LAT.= 32.870915°
 Y=681873.33 LONG.= -103.387587°
 NEW MEXICO EAST - NAD 27
 X=790529.90 LAT.= 32.870795°
 Y=681808.77 LONG.= -103.387090°

(LTP/BHL) 100' FNL & 660' FEL
 NEW MEXICO EAST - NAD 83
 X=831789.52 LAT.= 32.842374°
 Y=671488.74 LONG.= -103.387625°
 NEW MEXICO EAST - NAD 27
 X=790610.94 LAT.= 32.842253°
 Y=671424.42 LONG.= -103.387129°

APPROXIMATE WELL BORE DISTANCE FROM FTP TO LTP	
SG00440000	2546.84'
VC11180000	2645.22'
VC11310000	5192.85'
TOTAL	10384.91'

WELL NAME: ALLGOOD LOUNGE 6 7 STATE COM #831H ELEVATION: 3924'

NOTES:

1. ALL COORDINATES, BEARINGS, AND DISTANCES CONTAINED HEREIN ARE GRID(U.S. SURVEY FEET), BASED UPON THE NEW MEXICO STATE PLANE COORDINATES SYSTEM, NORTH AMERICAN DATUM 83, NEW MEXICO EAST (3001).
2. THIS DOCUMENT IS BASED UPON AN ON THE GROUND SURVEY PERFORMED DURING JUNE, 2026. CERTIFICATION OF THIS DOCUMENT IS ONLY TO THE LOCATION OF THIS EASEMENT IN RELATION TO RECORDED MONUMENTATION OF DEEDS PROVIDED BY THE CLIENT.
3. ELEVATIONS MSL, DERIVED FROM G.N.S.S. OBSERVATION AND DERIVED FROM SAID ON-THE-GROUND-SURVEY.

LEGEND

- WELL BORE
- HORIZONTAL SPACING UNIT
- SECTION BOUNDARY
- TOWNSHIP BOUNDARY
- STATE OIL & GAS LEASE
- BLM OIL & GAS LEASE
- ▲ CALCULATED POINT
- FOUND MONUMENT
- SET MONUMENT
- FOUND FENCE POST
- SHL / KOP / FTP / PPP / LTP / BHL

DATAPoint
 ENGINEERING • LAND SURVEYING • GIS • UAS

12400 Network Blvd. - Suite 130
 San Antonio, TX 78249
 Phone: 726-777-4240

0 1000' 2000'
 SCALE: 1"=2000'

DRAWN BY: JW

DATE: 06/05/2026

REV.

CHECKED BY: JH

DATE: 06/05/2026

0

PROJECT # 26-03-6494

SHEET 2 OF 2

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION		Revised July 9, 2024	
	Submittal Type:	☒ Initial Submittal ☐ Amended Report ☐ As Drilled		

WELL LOCATION INFORMATION

API Number	Pool Code 56285	Pool Name SHOE BAR;UPPER PENN, SOUTH
Property Code	Property Name ALLGOOD LOUNGE 6 7 STATE COM	Well Number #832H
OGRID No. 332947	Operator Name AVANT OPERATING II, LLC	Ground Level Elevation 3924'
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☒ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL A	Section 6	Township 17S	Range 36E	Lot LOT 1	Ft. from N/S 342' FNL	Ft. from E/W 544' FEL	Latitude 32.870251°	Longitude -103.387213°	County LEA
----------------	---------------------	------------------------	---------------------	---------------------	---------------------------------	---------------------------------	-------------------------------	----------------------------------	----------------------

Bottom Hole Location

UL O	Section 7	Township 17S	Range 36E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 2310' FEL	Latitude 32.842356°	Longitude -103.392997°	County LEA
----------------	---------------------	------------------------	---------------------	-----	---------------------------------	----------------------------------	-------------------------------	----------------------------------	----------------------

Dedicated Acres 640.00	Infill or Defining Well Defining	Defining Well API 832H	Overlapping Spacing Unit (Y/N) N	Consolidation Code C,F
Order Numbers. Pending			Well setbacks are under Common Ownership: ☐ Yes ☒ No	

Kick Off Point (KOP)

UL A	Section 6	Township 17S	Range 36E	Lot LOT 1	Ft. from N/S 342' FNL	Ft. from E/W 544' FEL	Latitude 32.870251°	Longitude -103.387213°	County LEA
----------------	---------------------	------------------------	---------------------	---------------------	---------------------------------	---------------------------------	-------------------------------	----------------------------------	----------------------

First Take Point (FTP)

UL B	Section 6	Township 17S	Range 36E	Lot LOT 2	Ft. from N/S 100' FNL	Ft. from E/W 2310' FEL	Latitude 32.870899°	Longitude -103.392961°	County LEA
----------------	---------------------	------------------------	---------------------	---------------------	---------------------------------	----------------------------------	-------------------------------	----------------------------------	----------------------

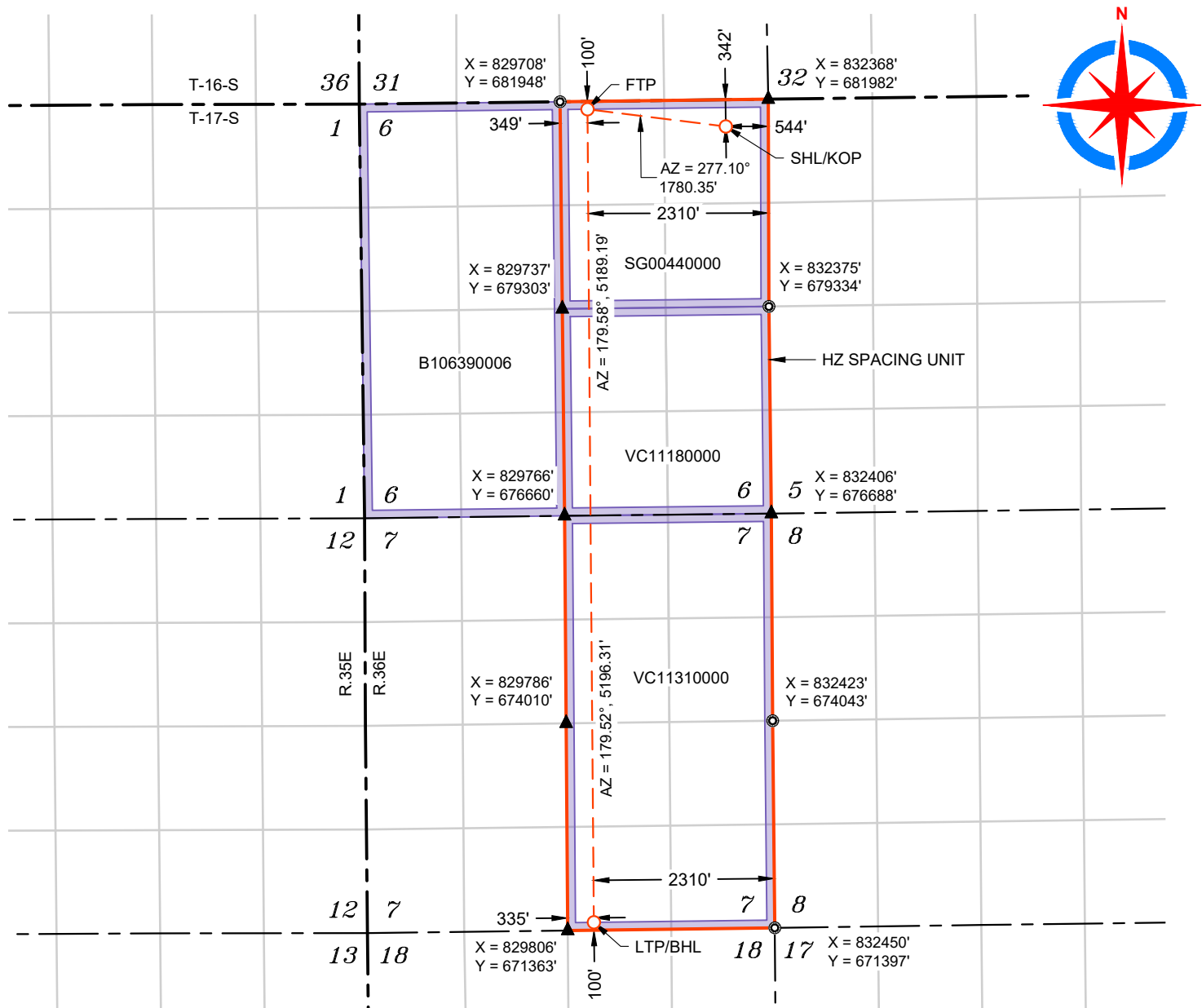
Last Take Point (LTP)

UL O	Section 7	Township 17S	Range 36E	Lot	Ft. from N/S 100' FSL	Ft. from E/W 2310' FEL	Latitude 32.842356°	Longitude -103.392997°	County LEA
----------------	---------------------	------------------------	---------------------	-----	---------------------------------	----------------------------------	-------------------------------	----------------------------------	----------------------

Unitized Area or Area of Uniform Interest Not Unitized/CA Pending	Spacing Unit Type ☒ Horizontal ☐ Vertical	Ground Floor Elevation: 3924'
---	--	---

OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>		SURVEYOR CERTIFICATIONS <i>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 and correct to the best of my belief.</i>	
Signature _____ Date _____		Signature and Seal of Professional Surveyor  <i>Tim C. Pappas</i> 9 June 2026	
Printed Name _____		Certificate Number _____ Date of Survey _____	
Email Address _____			

Note: 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.



(SHL/KOP) 342' FNL & 544' FEL
 NEW MEXICO EAST - NAD 83
 X=831824.95 LAT.= 32.870251°
 Y=681632.80 LONG.= -103.387213°
 NEW MEXICO EAST - NAD 27
 X=790646.66 LAT.= 32.870131°
 Y=681568.25 LONG.= -103.386717°

(FTP) 100' FNL & 2310' FEL
 NEW MEXICO EAST - NAD 83
 X=830058.23 LAT.= 32.870899°
 Y=681852.74 LONG.= -103.392961°
 NEW MEXICO EAST - NAD 27
 X=788879.95 LAT.= 32.870779°
 Y=681788.13 LONG.= -103.392464°

(LTP/BHL) 100' FSL & 2310' FEL
 NEW MEXICO EAST - NAD 83
 X=830139.65 LAT.= 32.842356°
 Y=671467.55 LONG.= -103.392997°
 NEW MEXICO EAST - NAD 27
 X=788961.07 LAT.= 32.842235°
 Y=671403.18 LONG.= -103.392501°

APPROXIMATE WELL BORE DISTANCE FROM FTP TO LTP	
SG00440000	2545.52'
VC11180000	2643.67'
VC11310000	5196.31'
TOTAL	10385.50'

WELL NAME: ALLGOOD LOUNGE 6 7 STATE COM #832H ELEVATION: 3924'

NOTES:

1. ALL COORDINATES, BEARINGS, AND DISTANCES CONTAINED HEREIN ARE GRID(U.S. SURVEY FEET), BASED UPON THE NEW MEXICO STATE PLANE COORDINATES SYSTEM, NORTH AMERICAN DATUM 83, NEW MEXICO EAST (3001).
2. THIS DOCUMENT IS BASED UPON AN ON THE GROUND SURVEY PERFORMED DURING JUNE, 2026. CERTIFICATION OF THIS DOCUMENT IS ONLY TO THE LOCATION OF THIS EASEMENT IN RELATION TO RECORDED MONUMENTATION OF DEEDS PROVIDED BY THE CLIENT.
3. ELEVATIONS MSL, DERIVED FROM G.N.S.S. OBSERVATION AND DERIVED FROM SAID ON-THE-GROUND-SURVEY.

LEGEND

- WELL BORE
- HORIZONTAL SPACING UNIT
- SECTION BOUNDARY
- TOWNSHIP BOUNDARY
- STATE OIL & GAS LEASE
- BLM OIL & GAS LEASE
- ▲ CALCULATED POINT
- FOUND MONUMENT
- SET MONUMENT
- FOUND FENCE POST
- SHL / KOP / FTP / PPP / LTP / BHL

DATAPoint
 ENGINEERING • LAND SURVEYING • GIS • UAS

12400 Network Blvd. - Suite 130
 San Antonio, TX 78249
 Phone: 726-777-4240

0 1000' 2000'
 SCALE: 1"=2000'

DRAWN BY: JW

DATE: 06/05/2026

REV.

CHECKED BY: JH

DATE: 06/05/2026

0

PROJECT # 26-03-6494

SHEET 2 OF 2

Lease Tract Map

Allgood Lounge State Com #831H - 832H

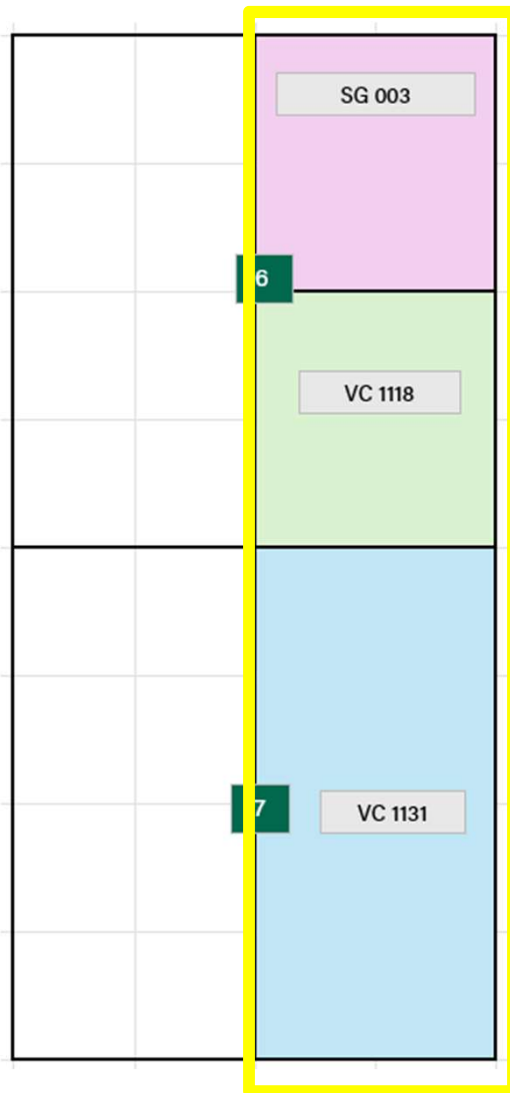
AO II

Case No. 26253

Exhibit A-4



E2 of Section 06 and E2 of Section 07, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico



Tract #	State/ Fed/ Fee	Lease	Acres
1	State	SG 003	160.00
2	State	VC 1118	160.00
3	State	VC 1131	320.00
Total State, Fed and Fee Acreage:			640.00



AO II ALLGOOD LOUNGE UNIT



Working Interest Owners to be Pooled
Allgood Lounge State Com #831H - 832H

AO II
Case No. 26253
Exhibit A-4



E2 of Section 06 and E2 of Section 07, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico

Summary of Working Interest Owners:

Unit Breakout by Owner	Owner Type	NMA	Unit WI	Tract No.	Tract WI	Status
AVANT OPERATING II, LLC	WI	464.0000	72.50%	1, 3	100.00%	OPERATOR
HCDD, LLC	WI	96.0000	15.00%	2	60.00%	Uncommitted - Compulsary Pool
David T Grace	WI	10.0000	1.56%	2	6.25%	Uncommitted - Compulsary Pool
Macarena Energy, LP	WI	10.0000	1.56%	2	6.25%	Uncommitted - Compulsary Pool
ML Mertz Investments	WI	10.0000	1.56%	2	6.25%	Uncommitted - Compulsary Pool
Rivefront Resources, LLC	WI	10.0000	1.56%	2	6.25%	Uncommitted - Compulsary Pool
JTL Consulting	WI	12.0000	1.88%	2	7.50%	Uncommitted - Compulsary Pool
Diehl Exploration	WI	12.0000	1.88%	2	7.50%	Uncommitted - Compulsary Pool
SCR Energy Capital, LLC	WI	16.0000	2.50%	3	5.00%	Committed - Letter Agreement
		640.00	100.00%			

75.00%	AO II Working Interest Control
---------------	---------------------------------------

Highlighted = Parties to be Pooled



ORRI Ownership
Allgood Lounge State Com #831H - 832H

AO II
Case No. 26253
Exhibit A-5

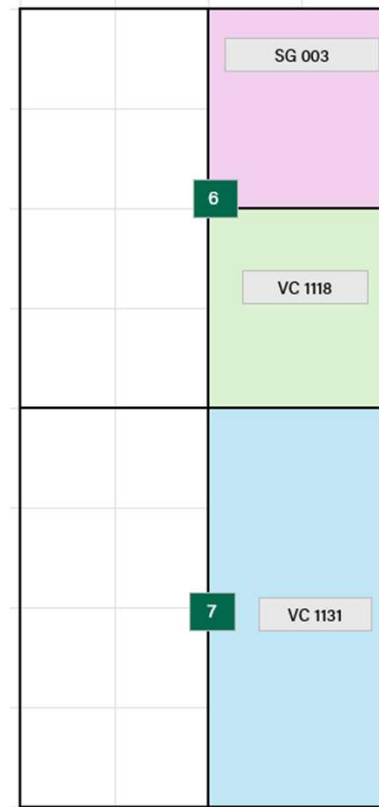


E2 of Section 06 and E2 of Section 07, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico

Summary of ORRI Owners to be Pooled:

Owner Name	Tract No.	Type
None	1	ORRI
None	2	ORRI
SCR Energy Capital, LLC	3	ORRI

Tract #	State/ Fed/ Fee	Lease	Acres
1	State	SG 003	160.00
2	State	VC 118	160.00
3	State	VC 1131	320.00
Total State, Fed and Fee Acreage:			640.00





March 20, 2026

SCR Energy, LLC

Attention: Land Department
5728 NM 123rd Street
Oklahoma City, OK 73142

RE: Allgood Lounge 6 7 State Com #831H and #832H
E2 of Sections 6 and Section 7, Township 17 South, Range 36 East
Lea County, New Mexico

Ladies and Gentlemen:

Avant Operating II, LLC ("Avant") hereby proposes to drill and complete the Allgood Lounge 6 7 State Com #831H and #832H wells in E2 of Section 6 and the E2 of Section 7, Township 17 South, Range 36 East, Lea County, New Mexico, to test the Penn Formation.

In connection with the above, please note the following:

- The estimated cost of drilling, testing, completing, and equipping of each well and CTB is itemized on the enclosed Authority for Expenditure ("AFE") dated March 17, 2026.
- **Allgood Lounge 6 7 State Com #831H:** to be drilled from a legal location with a proposed surface hole location of Section 6 of T17S-R36E at 200' FNL and 830' FEL and a proposed last take point and bottom hole location of Section 7 of T17S-R36E at 100' FSL and 660' FEL. The Well will have a targeted interval within the Penn formation at a depth of approximately 11,100' TVD and will be drilled horizontally to a Measured Depth of approximately 21,523'.
- **Allgood Lounge 6 7 State Com #832H:** to be drilled from a legal location with a proposed surface hole location of Section 6 of T17S-R36E at 200' FNL and 850' FEL and a proposed last take point and bottom hole location of Section 7 of T17S-R36E at 100' FSL and 2,310' FEL. The Well will have a targeted interval within the Penn formation at a depth of approximately 11,100' TVD and will be drilled horizontally to a Measured Depth of approximately 21,523'.

Avant reserves the right to modify the locations and drilling plans described above to address topography, cultural or environmental concerns, among other reasons.



Avant is proposing to drill the proposed wells under the terms of a modified 1989 AAPL form of Operating Agreement ("JOA") with the below general provisions, which will be provided at a later date.

- 100%/300%/300% non-consent penalty
- \$10,000/\$1000 drilling and producing monthly overhead rates
- Contract Area of E2 of Section 6 and the E2 of Section 7, Township 17 South, Range 36 East
- Avant Operating II, LLC named as Operator
- This proposed Operating Agreement will supersede any and all existing Operating Agreements as to all depths on all horizontal wells drilled after the effective date of the JOA.

If your election is to participate in the drilling and completion of the wells, please sign and return a copy of the enclosed AFEs within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

If you would like to discuss a farmout, an assignment of interest, an acreage trade or other form of agreement for your interests in the Subject Lands, please contact the undersigned. If we do not reach an agreement within thirty (30) days of receipt of these well proposals, Avant will file an application(s) with the New Mexico Oil Conservation Division to compulsory pool your interest into a spacing unit(s) for the proposed wells to promote the development of these lands.

Should you have any questions, please feel free to contact me at tiffany@avantnr.com or 720-746-5048.

Sincerely,

A handwritten signature in blue ink that reads "T Sarantinos".

Tiffany Sarantinos
Senior Landman
Enclosures



SCR Energy, LLC hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Avant Operating II, LLC's **Allgood Lounge 6 7 State Com #831H** well.

_____ Not to participate in **Allgood Lounge 6 7 State Com #831H** well.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Avant Operating II, LLC's **Allgood Lounge 6 7 State Com #832H** well.

_____ Not to participate in **Allgood Lounge 6 7 State Com #832H** well.

SCR Energy, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

**AUTHORIZATION FOR EXPENDITURE****AFE:** NM1677

Date: March 17, 2026

Well Name: Allgood Lounge 6 7 State Com #831H

Projected MD/TVD: 21523/11100

Target: Pennsylvanian

SHL: S6-T17S-R36E 200' FNL, 830' FEL

County: Lea

BHL: S7-T17S-R36E 100' FSL, 660' FEL

State: NM

PROJECT DESCRIPTION:

The proposed AFE is for the Allgood Lounge 6 7 State Com #831H, a 2 section Penn horizontal well to be drilled in Lea County, NM.

	<u>TOTAL</u>
DRILLING:	\$3,376,280
COMPLETIONS:	\$4,876,660
FACILITIES:	\$1,722,700
COMPLETED WELL COST:	\$9,975,640

OPERATOR APPROVAL:



AUTHORIZATION FOR EXPENDITURE

AFE: NM1677

Date: March 17, 2026

Well Name: Allgood Lounge 6 7 State Com #831H

Projected MD/TVD: 21523/11100

Target: Pennsylvanian

SHL: S6-T17S-R36E 200' FNL, 830' FEL

County: Lea

BHL: S7-T17S-R36E 100' FSL, 660' FEL

State: NM

TANGIBLE COSTS			Drilling	Completion	Facility	Total
Tangible Drilling			\$ 917,552	\$ -	\$ -	\$ 917,552
	8400.301	Surface Casing	\$ 65,887	\$ -	\$ -	\$ 65,887
	8400.302	Intermediate 1 Casing	\$ 326,486	\$ -	\$ -	\$ 326,486
	8400.303	Production Casing	\$ 478,870	\$ -	\$ -	\$ 478,870
	8400.340	Wellhead	\$ 46,310	\$ -	\$ -	\$ 46,310
Tangible Completion			\$ -	\$ 15,788	\$ -	\$ 15,788
	8400.352	Wellhead & Equipment	\$ -	\$ 15,788	\$ -	\$ 15,788
Tangible Workover			\$ -	\$ 543,508	\$ -	\$ 543,508
	8325.702	Tubing	\$ -	\$ 90,000	\$ -	\$ 90,000
	8325.704	Downhole Artificial Lift Eqpt	\$ -	\$ 350,000	\$ -	\$ 350,000
	8325.705	ESP Equipment/Install	\$ -	\$ 40,000	\$ -	\$ 40,000
	8325.711	Wellhead Equipment	\$ -	\$ 63,508	\$ -	\$ 63,508
Tangible Facility			\$ -	\$ -	\$ 980,900	\$ 980,900
	8355.500	Vessels	\$ -	\$ -	\$ 201,750	\$ 201,750
	8355.510	Tanks	\$ -	\$ -	\$ 175,100	\$ 175,100
	8355.515	Flare	\$ -	\$ -	\$ 27,600	\$ 27,600
	8355.520	PVF	\$ -	\$ -	\$ 170,700	\$ 170,700
	8355.525	Containment	\$ -	\$ -	\$ 38,600	\$ 38,600
	8355.530	Compressors	\$ -	\$ -	\$ 15,350	\$ 15,350
	8355.535	Instrumentation / Meters	\$ -	\$ -	\$ 77,000	\$ 77,000
	8355.540	Electrical Supplies	\$ -	\$ -	\$ 113,050	\$ 113,050
	8355.550	Overhead Power Material	\$ -	\$ -	\$ 47,650	\$ 47,650
	8355.555	Pump / Supplies	\$ -	\$ -	\$ 62,550	\$ 62,550
	8355.560	Pipeline	\$ -	\$ -	\$ 11,050	\$ 11,050
	8355.565	Flowline	\$ -	\$ -	\$ 40,500	\$ 40,500
TOTAL TANGIBLE COSTS >>>			\$ 917,552	\$ 559,296	\$ 980,900	\$ 2,457,747

INTANGIBLE COSTS			Drilling	Completion	Facility	Total
Intangible Drilling			\$ 2,458,728	\$ -	\$ -	\$ 2,458,728
	8200.102	Drilling - Daywork	\$ 448,457	\$ -	\$ -	\$ 448,457
	8200.103	Drilling - Rig Move	\$ 104,899	\$ -	\$ -	\$ 104,899
	8200.104	Fuel - Rig	\$ 86,089	\$ -	\$ -	\$ 86,089
	8200.106	Transportation	\$ 75,027	\$ -	\$ -	\$ 75,027
	8200.111	Survey, Stake/Permit	\$ 5,263	\$ -	\$ -	\$ 5,263
	8200.112	Location & Roads, Conductor	\$ 141,956	\$ -	\$ -	\$ 141,956
	8200.113	Damages/Row	\$ 7,894	\$ -	\$ -	\$ 7,894
	8200.114	Disposal	\$ 161,623	\$ -	\$ -	\$ 161,623
	8200.115	Mud-Drill Water	\$ 4,462	\$ -	\$ -	\$ 4,462
	8200.116	Drill Bits & BHA	\$ 82,879	\$ -	\$ -	\$ 82,879
	8200.117	Mud & Chemicals	\$ 94,192	\$ -	\$ -	\$ 94,192
	8200.119	Mud-Auxiliary	\$ 25,275	\$ -	\$ -	\$ 25,275
	8200.124	Equipment Rental	\$ 130,099	\$ -	\$ -	\$ 130,099
	8200.125	Inspection	\$ 45,258	\$ -	\$ -	\$ 45,258
	8200.127	Contract Labor	\$ 17,783	\$ -	\$ -	\$ 17,783
	8200.128	Drilling - Directional	\$ 285,391	\$ -	\$ -	\$ 285,391
	8200.136	Mudlogging	\$ 12,881	\$ -	\$ -	\$ 12,881
	8200.137	Casing Services	\$ 97,377	\$ -	\$ -	\$ 97,377
	8200.138	Cementing Services	\$ 232,953	\$ -	\$ -	\$ 232,953
	8200.143	Geological Services	\$ 17,918	\$ -	\$ -	\$ 17,918
	8200.144	Company Supervision	\$ 2,400	\$ -	\$ -	\$ 2,400
	8200.147	Drilling Overhead	\$ 3,283	\$ -	\$ -	\$ 3,283
	8200.149	Legal, Title, Etc	\$ 10,525	\$ -	\$ -	\$ 10,525
	8200.152	Well Control Ins.	\$ 7,894	\$ -	\$ -	\$ 7,894
	8200.162	Mancamp	\$ 34,177	\$ -	\$ -	\$ 34,177
	8200.164	Solids Control & Closed Loop	\$ 69,870	\$ -	\$ -	\$ 69,870



AUTHORIZATION FOR EXPENDITURE

	8200.165	Safety/Environmental	\$ 1,546	\$ -	\$ -	\$ 1,546
	8200.167	Consulting Services	\$ 137,875	\$ -	\$ -	\$ 137,875
	8200.168	Roustabout Services	\$ 2,237	\$ -	\$ -	\$ 2,237
	8200.169	Mud-Brine	\$ 21,197	\$ -	\$ -	\$ 21,197
	8200.170	Mud-Diesel	\$ 90,048	\$ -	\$ -	\$ 90,048
Intangible Completion			\$ -	\$ 3,754,628	\$ -	\$ 3,754,628
	8300.203	Fuel	\$ -	\$ 400,345	\$ -	\$ 400,345
	8300.205	Location & Roads	\$ -	\$ 5,288	\$ -	\$ 5,288
	8300.207	Fresh Water	\$ -	\$ 396,015	\$ -	\$ 396,015
	8300.209	Chemicals	\$ -	\$ 247,952	\$ -	\$ 247,952
	8300.210	Surface Rental Equip	\$ -	\$ 240,673	\$ -	\$ 240,673
	8300.212	Contract Labor	\$ -	\$ 12,783	\$ -	\$ 12,783
	8300.214	Perforating & Plugs	\$ -	\$ 302,120	\$ -	\$ 302,120
	8300.220	Engineering & Supervision	\$ -	\$ 5,052	\$ -	\$ 5,052
	8300.229	Transportation	\$ -	\$ 2,631	\$ -	\$ 2,631
	8300.232	Disposal	\$ -	\$ 14,162	\$ -	\$ 14,162
	8300.240	Pump Down Services	\$ -	\$ 59,203	\$ -	\$ 59,203
	8300.248	Mancamp	\$ -	\$ 30,049	\$ -	\$ 30,049
	8300.250	Downhole Rental Equip	\$ -	\$ 40,812	\$ -	\$ 40,812
	8300.270	Frac - Equipment	\$ -	\$ 955,939	\$ -	\$ 955,939
	8300.271	Coil Tubing	\$ -	\$ 92,990	\$ -	\$ 92,990
	8300.273	Flowback	\$ -	\$ 20,155	\$ -	\$ 20,155
	8300.274	Water Transfer	\$ -	\$ 53,745	\$ -	\$ 53,745
	8300.275	Frac - Sand	\$ -	\$ 792,030	\$ -	\$ 792,030
	8300.276	Safety & Environmental	\$ -	\$ 3,355	\$ -	\$ 3,355
	8300.277	Consulting Services	\$ -	\$ 75,780	\$ -	\$ 75,780
	8300.278	Roustabouts	\$ -	\$ 1,579	\$ -	\$ 1,579
	8300.279	Completions Overhead	\$ -	\$ 1,970	\$ -	\$ 1,970
Intangible Workover			\$ -	\$ 110,150	\$ -	\$ 110,150
	8320.602	Workover Rig	\$ -	\$ 30,000	\$ -	\$ 30,000
	8320.605	Fuel / Power	\$ -	\$ 5,263	\$ -	\$ 5,263
	8320.610	Inspection & Testing	\$ -	\$ 4,000	\$ -	\$ 4,000
	8320.611	Trucking/Vacuum/Transportation	\$ -	\$ 10,000	\$ -	\$ 10,000
	8320.612	Kill Truck	\$ -	\$ 5,000	\$ -	\$ 5,000
	8320.617	Contract Labor/Roustabout	\$ -	\$ 30,887	\$ -	\$ 30,887
	8320.621	Rental Equipment	\$ -	\$ 15,000	\$ -	\$ 15,000
	8320.625	Wellsite Supervision	\$ -	\$ 5,000	\$ -	\$ 5,000
	8320.628	Chemicals	\$ -	\$ 5,000	\$ -	\$ 5,000
Intangible Flowback			\$ -	\$ 452,587	\$ -	\$ 452,587
	8360.805	Trucked Water Disposal	\$ -	\$ 21,464	\$ -	\$ 21,464
	8360.810	Frac Water Recovery	\$ -	\$ 111,243	\$ -	\$ 111,243
	8360.815	Trucking/Vacuum/Transp	\$ -	\$ 14,334	\$ -	\$ 14,334
	8360.820	Well Testing / Flowback	\$ -	\$ 60,746	\$ -	\$ 60,746
	8360.825	Rental Equipment	\$ -	\$ 190,000	\$ -	\$ 190,000
	8360.845	Wellsite Supervision	\$ -	\$ 50,400	\$ -	\$ 50,400
	8360.850	Safety / Environmental	\$ -	\$ 4,400	\$ -	\$ 4,400
Intangible Facility			\$ -	\$ -	\$ 741,800	\$ 741,800
	8350.403	Roads/Location	\$ -	\$ -	\$ 110,250	\$ 110,250
	8350.404	Equipment Rental	\$ -	\$ -	\$ 46,350	\$ 46,350
	8350.410	Transportation/Trucking	\$ -	\$ -	\$ 22,050	\$ 22,050
	8350.411	Safety & Environmental	\$ -	\$ -	\$ 24,850	\$ 24,850
	8350.415	Engineering / Technical	\$ -	\$ -	\$ 52,950	\$ 52,950
	8350.416	Supervision	\$ -	\$ -	\$ 40,150	\$ 40,150
	8350.417	Overhead Power Labor	\$ -	\$ -	\$ 41,350	\$ 41,350
	8350.418	Mechanical Labor	\$ -	\$ -	\$ 219,700	\$ 219,700
	8350.419	Automation Labor	\$ -	\$ -	\$ 39,700	\$ 39,700
	8350.420	Electrical Labor	\$ -	\$ -	\$ 111,650	\$ 111,650
	8350.421	Commissioning	\$ -	\$ -	\$ 4,700	\$ 4,700
	8350.422	Flowline Labor	\$ -	\$ -	\$ 28,100	\$ 28,100
TOTAL INTANGIBLE COSTS >>>			\$ 2,458,728	\$ 4,317,365	\$ 741,800	\$ 7,517,893
TOTAL PROJECT COSTS >>>			\$ 3,376,280	\$ 4,876,660	\$ 1,722,700	\$ 9,975,640
			Drilling	Completion	Facility	Total

This Authority for Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.



AUTHORIZATION FOR EXPENDITURE

JOINT INTEREST APPROVAL:

Company: _____

Working Interest: _____

Signature: _____

Date: _____

By: _____

**AUTHORIZATION FOR EXPENDITURE****AFE:** NM1678

Date: March 17, 2026

Well Name: Allgood Lounge 6 7 State Com #832H

Projected MD/TVD: 21523/11100

Target: Pennsylvanian

SHL: S6-T17S-R36E 200' FNL, 850' FEL

County: Lea

BHL: S7-T17S-R36E 100' FSL, 2310' FEL

State: NM

PROJECT DESCRIPTION:

The proposed AFE is for the Allgood Lounge 6 7 State Com #832H, a 2 section Penn horizontal well to be drilled in Lea County, NM.

	<u>TOTAL</u>
DRILLING:	\$3,376,280
COMPLETIONS:	\$4,876,660
FACILITIES:	\$1,722,700
COMPLETED WELL COST:	\$9,975,640

OPERATOR APPROVAL:



AUTHORIZATION FOR EXPENDITURE

AFE: NM1678

Date: March 17, 2026

Well Name: Allgood Lounge 6 7 State Com #832H

Projected MD/TVD: 21523/11100

Target: Pennsylvanian

SHL: S6-T17S-R36E 200' FNL, 850' FEL

County: Lea

BHL: S7-T17S-R36E 100' FSL, 2310' FEL

State: NM

TANGIBLE COSTS			Drilling	Completion	Facility	Total
Tangible Drilling			\$ 917,552	\$ -	\$ -	\$ 917,552
	8400.301	Surface Casing	\$ 65,887	\$ -	\$ -	\$ 65,887
	8400.302	Intermediate 1 Casing	\$ 326,486	\$ -	\$ -	\$ 326,486
	8400.303	Production Casing	\$ 478,870	\$ -	\$ -	\$ 478,870
	8400.340	Wellhead	\$ 46,310	\$ -	\$ -	\$ 46,310
Tangible Completion			\$ -	\$ 15,788	\$ -	\$ 15,788
	8400.352	Wellhead & Equipment	\$ -	\$ 15,788	\$ -	\$ 15,788
Tangible Workover			\$ -	\$ 543,508	\$ -	\$ 543,508
	8325.702	Tubing	\$ -	\$ 90,000	\$ -	\$ 90,000
	8325.704	Downhole Artificial Lift Eqpt	\$ -	\$ 350,000	\$ -	\$ 350,000
	8325.705	ESP Equipment/Install	\$ -	\$ 40,000	\$ -	\$ 40,000
	8325.711	Wellhead Equipment	\$ -	\$ 63,508	\$ -	\$ 63,508
Tangible Facility			\$ -	\$ -	\$ 980,900	\$ 980,900
	8355.500	Vessels	\$ -	\$ -	\$ 201,750	\$ 201,750
	8355.510	Tanks	\$ -	\$ -	\$ 175,100	\$ 175,100
	8355.515	Flare	\$ -	\$ -	\$ 27,600	\$ 27,600
	8355.520	PVF	\$ -	\$ -	\$ 170,700	\$ 170,700
	8355.525	Containment	\$ -	\$ -	\$ 38,600	\$ 38,600
	8355.530	Compressors	\$ -	\$ -	\$ 15,350	\$ 15,350
	8355.535	Instrumentation / Meters	\$ -	\$ -	\$ 77,000	\$ 77,000
	8355.540	Electrical Supplies	\$ -	\$ -	\$ 113,050	\$ 113,050
	8355.550	Overhead Power Material	\$ -	\$ -	\$ 47,650	\$ 47,650
	8355.555	Pump / Supplies	\$ -	\$ -	\$ 62,550	\$ 62,550
	8355.560	Pipeline	\$ -	\$ -	\$ 11,050	\$ 11,050
	8355.565	Flowline	\$ -	\$ -	\$ 40,500	\$ 40,500
TOTAL TANGIBLE COSTS >>>			\$ 917,552	\$ 559,296	\$ 980,900	\$ 2,457,747

INTANGIBLE COSTS			Drilling	Completion	Facility	Total
Intangible Drilling			\$ 2,458,728	\$ -	\$ -	\$ 2,458,728
	8200.102	Drilling - Daywork	\$ 448,457	\$ -	\$ -	\$ 448,457
	8200.103	Drilling - Rig Move	\$ 104,899	\$ -	\$ -	\$ 104,899
	8200.104	Fuel - Rig	\$ 86,089	\$ -	\$ -	\$ 86,089
	8200.106	Transportation	\$ 75,027	\$ -	\$ -	\$ 75,027
	8200.111	Survey, Stake/Permit	\$ 5,263	\$ -	\$ -	\$ 5,263
	8200.112	Location & Roads, Conductor	\$ 141,956	\$ -	\$ -	\$ 141,956
	8200.113	Damages/Row	\$ 7,894	\$ -	\$ -	\$ 7,894
	8200.114	Disposal	\$ 161,623	\$ -	\$ -	\$ 161,623
	8200.115	Mud-Drill Water	\$ 4,462	\$ -	\$ -	\$ 4,462
	8200.116	Drill Bits & BHA	\$ 82,879	\$ -	\$ -	\$ 82,879
	8200.117	Mud & Chemicals	\$ 94,192	\$ -	\$ -	\$ 94,192
	8200.119	Mud-Auxiliary	\$ 25,275	\$ -	\$ -	\$ 25,275
	8200.124	Equipment Rental	\$ 130,099	\$ -	\$ -	\$ 130,099
	8200.125	Inspection	\$ 45,258	\$ -	\$ -	\$ 45,258
	8200.127	Contract Labor	\$ 17,783	\$ -	\$ -	\$ 17,783
	8200.128	Drilling - Directional	\$ 285,391	\$ -	\$ -	\$ 285,391
	8200.136	Mudlogging	\$ 12,881	\$ -	\$ -	\$ 12,881
	8200.137	Casing Services	\$ 97,377	\$ -	\$ -	\$ 97,377
	8200.138	Cementing Services	\$ 232,953	\$ -	\$ -	\$ 232,953
	8200.143	Geological Services	\$ 17,918	\$ -	\$ -	\$ 17,918
	8200.144	Company Supervision	\$ 2,400	\$ -	\$ -	\$ 2,400
	8200.147	Drilling Overhead	\$ 3,283	\$ -	\$ -	\$ 3,283
	8200.149	Legal, Title, Etc	\$ 10,525	\$ -	\$ -	\$ 10,525
	8200.152	Well Control Ins.	\$ 7,894	\$ -	\$ -	\$ 7,894
	8200.162	Mancamp	\$ 34,177	\$ -	\$ -	\$ 34,177
	8200.164	Solids Control & Closed Loop	\$ 69,870	\$ -	\$ -	\$ 69,870



AUTHORIZATION FOR EXPENDITURE

	8200.165	Safety/Environmental	\$ 1,546	\$ -	\$ -	\$ 1,546
	8200.167	Consulting Services	\$ 137,875	\$ -	\$ -	\$ 137,875
	8200.168	Roustabout Services	\$ 2,237	\$ -	\$ -	\$ 2,237
	8200.169	Mud-Brine	\$ 21,197	\$ -	\$ -	\$ 21,197
	8200.170	Mud-Diesel	\$ 90,048	\$ -	\$ -	\$ 90,048
Intangible Completion			\$ -	\$ 3,754,628	\$ -	\$ 3,754,628
	8300.203	Fuel	\$ -	\$ 400,345	\$ -	\$ 400,345
	8300.205	Location & Roads	\$ -	\$ 5,288	\$ -	\$ 5,288
	8300.207	Fresh Water	\$ -	\$ 396,015	\$ -	\$ 396,015
	8300.209	Chemicals	\$ -	\$ 247,952	\$ -	\$ 247,952
	8300.210	Surface Rental Equip	\$ -	\$ 240,673	\$ -	\$ 240,673
	8300.212	Contract Labor	\$ -	\$ 12,783	\$ -	\$ 12,783
	8300.214	Perforating & Plugs	\$ -	\$ 302,120	\$ -	\$ 302,120
	8300.220	Engineering & Supervision	\$ -	\$ 5,052	\$ -	\$ 5,052
	8300.229	Transportation	\$ -	\$ 2,631	\$ -	\$ 2,631
	8300.232	Disposal	\$ -	\$ 14,162	\$ -	\$ 14,162
	8300.240	Pump Down Services	\$ -	\$ 59,203	\$ -	\$ 59,203
	8300.248	Mancamp	\$ -	\$ 30,049	\$ -	\$ 30,049
	8300.250	Downhole Rental Equip	\$ -	\$ 40,812	\$ -	\$ 40,812
	8300.270	Frac - Equipment	\$ -	\$ 955,939	\$ -	\$ 955,939
	8300.271	Coil Tubing	\$ -	\$ 92,990	\$ -	\$ 92,990
	8300.273	Flowback	\$ -	\$ 20,155	\$ -	\$ 20,155
	8300.274	Water Transfer	\$ -	\$ 53,745	\$ -	\$ 53,745
	8300.275	Frac - Sand	\$ -	\$ 792,030	\$ -	\$ 792,030
	8300.276	Safety & Environmental	\$ -	\$ 3,355	\$ -	\$ 3,355
	8300.277	Consulting Services	\$ -	\$ 75,780	\$ -	\$ 75,780
	8300.278	Roustabouts	\$ -	\$ 1,579	\$ -	\$ 1,579
	8300.279	Completions Overhead	\$ -	\$ 1,970	\$ -	\$ 1,970
Intangible Workover			\$ -	\$ 110,150	\$ -	\$ 110,150
	8320.602	Workover Rig	\$ -	\$ 30,000	\$ -	\$ 30,000
	8320.605	Fuel / Power	\$ -	\$ 5,263	\$ -	\$ 5,263
	8320.610	Inspection & Testing	\$ -	\$ 4,000	\$ -	\$ 4,000
	8320.611	Trucking/Vacuum/Transportation	\$ -	\$ 10,000	\$ -	\$ 10,000
	8320.612	Kill Truck	\$ -	\$ 5,000	\$ -	\$ 5,000
	8320.617	Contract Labor/Roustabout	\$ -	\$ 30,887	\$ -	\$ 30,887
	8320.621	Rental Equipment	\$ -	\$ 15,000	\$ -	\$ 15,000
	8320.625	Wellsite Supervision	\$ -	\$ 5,000	\$ -	\$ 5,000
	8320.628	Chemicals	\$ -	\$ 5,000	\$ -	\$ 5,000
Intangible Flowback			\$ -	\$ 452,587	\$ -	\$ 452,587
	8360.805	Trucked Water Disposal	\$ -	\$ 21,464	\$ -	\$ 21,464
	8360.810	Frac Water Recovery	\$ -	\$ 111,243	\$ -	\$ 111,243
	8360.815	Trucking/Vacuum/Transp	\$ -	\$ 14,334	\$ -	\$ 14,334
	8360.820	Well Testing / Flowback	\$ -	\$ 60,746	\$ -	\$ 60,746
	8360.825	Rental Equipment	\$ -	\$ 190,000	\$ -	\$ 190,000
	8360.845	Wellsite Supervision	\$ -	\$ 50,400	\$ -	\$ 50,400
	8360.850	Safety / Environmental	\$ -	\$ 4,400	\$ -	\$ 4,400
Intangible Facility			\$ -	\$ -	\$ 741,800	\$ 741,800
	8350.403	Roads/Location	\$ -	\$ -	\$ 110,250	\$ 110,250
	8350.404	Equipment Rental	\$ -	\$ -	\$ 46,350	\$ 46,350
	8350.410	Transportation/Trucking	\$ -	\$ -	\$ 22,050	\$ 22,050
	8350.411	Safety & Environmental	\$ -	\$ -	\$ 24,850	\$ 24,850
	8350.415	Engineering / Technical	\$ -	\$ -	\$ 52,950	\$ 52,950
	8350.416	Supervision	\$ -	\$ -	\$ 40,150	\$ 40,150
	8350.417	Overhead Power Labor	\$ -	\$ -	\$ 41,350	\$ 41,350
	8350.418	Mechanical Labor	\$ -	\$ -	\$ 219,700	\$ 219,700
	8350.419	Automation Labor	\$ -	\$ -	\$ 39,700	\$ 39,700
	8350.420	Electrical Labor	\$ -	\$ -	\$ 111,650	\$ 111,650
	8350.421	Commissioning	\$ -	\$ -	\$ 4,700	\$ 4,700
	8350.422	Flowline Labor	\$ -	\$ -	\$ 28,100	\$ 28,100
TOTAL INTANGIBLE COSTS >>>			\$ 2,458,728	\$ 4,317,365	\$ 741,800	\$ 7,517,893
TOTAL PROJECT COSTS >>>			\$ 3,376,280	\$ 4,876,660	\$ 1,722,700	\$ 9,975,640
			Drilling	Completion	Facility	Total

This Authority for Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.



AUTHORIZATION FOR EXPENDITURE

JOINT INTEREST APPROVAL:

Company: _____

Working Interest: _____

Signature: _____

Date: _____

By: _____

Summary of Contacts

Allgood Lounge State Com #831H - 832H

AO II

Case No. 26253

Exhibit A.7



Summary of Contacts

- AO II searched public records, phone directory, LexisNexis subscription and conducted various internet searches.
- AOII sent original well proposals on or around May 1, 2026.
- AO II proposed general terms of a Joint Operating Agreement (JOA) within the well proposal letters sent to all working interest owners.
- AO II sent working interest owners a JOA upon request.
- AOII had multiple communications with uncommitted working interest owners, outlined in the following slides.
- AO II counsel sent notices of force pooling applications to the address of record for uncommitted interest owners and overriding royalty owners.
- AO II counsel published notice in a newspaper of general circulation in the County where the wells will be located.



Summary of Contacts with uncommitted owners
Spicy Chicken 23 26 Fed Com #801H - 804H

AO II
Case No. 26253
Exhibit A-7



AO II has been proactive and consistently engaged with all working interest owners.

Owner	Follow-up / Comments
HCDD, LLC	Received Original Package; Notified AOII of unrecorded Stipulation of Interest 6/8 Shared emails re: geologic concerns. AOII offered technical call 6/8 Sent offer
David T Grace	6/8 After receiving Stip, emailed copies as precaution, eventhough title not yet of record. 6/8 Sent offer
Macarena Energy, LP	6/8 After receiving Stip, emailed copies as precaution, eventhough title not yet of record. 6/8 Sent offer
ML Mertz Investments	6/8 After receiving Stip, emailed copies as precaution, eventhough title not yet of record. 6/8 Sent offer 6/22 Offer accepted and working PSA
Rivefront Resources, LLC	6/8 After receiving Stip, emailed copies as precaution, eventhough title not yet of record. 6/8 Sent offer 6/22 Offer accepted and working PSA
JTL Consulting	6/8 After receiving Stip, emailed copies as precaution, eventhough title not yet of record. 6/8 Sent offer 6/23 Offer accepted and working PSA
Diehl Exploration	6/8 After receiving Stip, emailed copies as precaution, eventhough title not yet of record. 6/8 Sent offer
SCR Energy Capital, LLC	Received Original Package; 6/1 Sent JOA 6/26 Letter Agreement



Committed/Uncommitted
Allgood Lounge State Com #831H - 832H

AO II
Case No. 26253
Exhibit A-8



Committed/Uncomitted

Owner Name	Owner Type (WIO/UMI/ORRI)	Ownership Status (Committed/Uncommitted)	Commitment Type (JOA, Letter of Support, Etc.)	Date of Hearing Notice Letter	Date of Publication	Exhibit
AVANT OPERATING II, LLC	WIO	OPERATOR	OPERATOR	N/A	N/A	N/A
HCDD, LLC	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
David T Grace	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
Macarena Energy, LP	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
ML Mertz Investments	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
Riverfront Resources, LLC	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
JTL Consulting	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
Diehl Exploration	WIO	Uncommitted	N/A	June 12, 2026	June 18, 2026	C, C.1 to C.4
SCR Energy Capital, LLC	WIO/ORI	Committed	Letter Agreement	June 12, 2026	June 18, 2026	C, C.1 to C.4



Lease Tract Map

Allgood Lounge State Com #831H - 832H

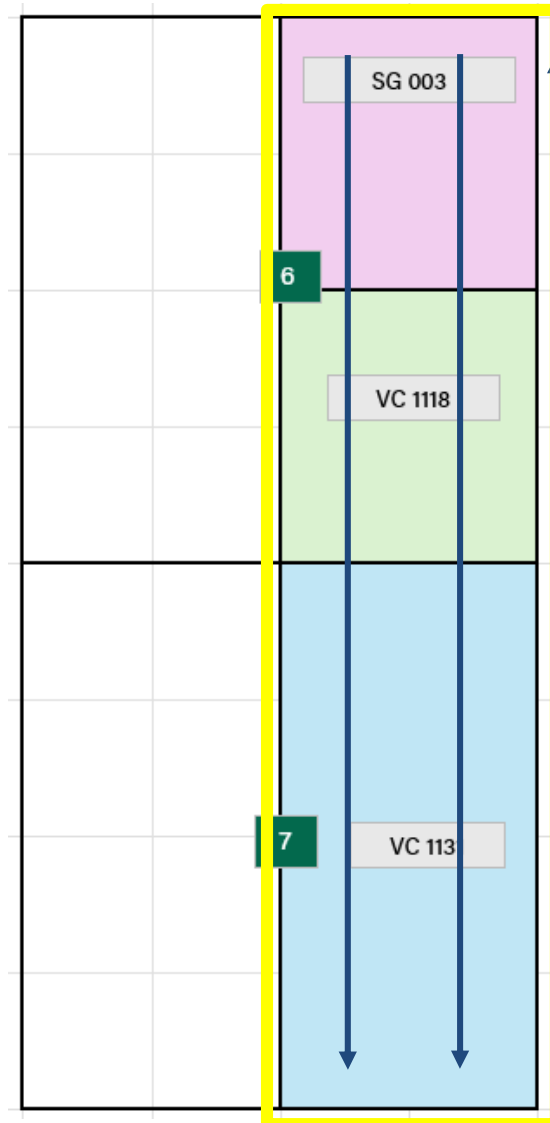
AO II

Case No. 26253

Exhibit A-9



Tract Map with approx. well locations



Pennsylvanian

Well Name	Pool Code / Pool Name
Allgood Lounge 6 7 State Com #831H	56285 /Shoe Bar; Upper Penn, South Pool
Allgood Lounge 6 7 State Com #832H	56285 /Shoe Bar; Upper Penn, South Pool



AO II ALLGOOD LOUNGE UNIT

AVANT OPERATING II, |
LLC

Standard vs. Non-Standard Unit Comparison

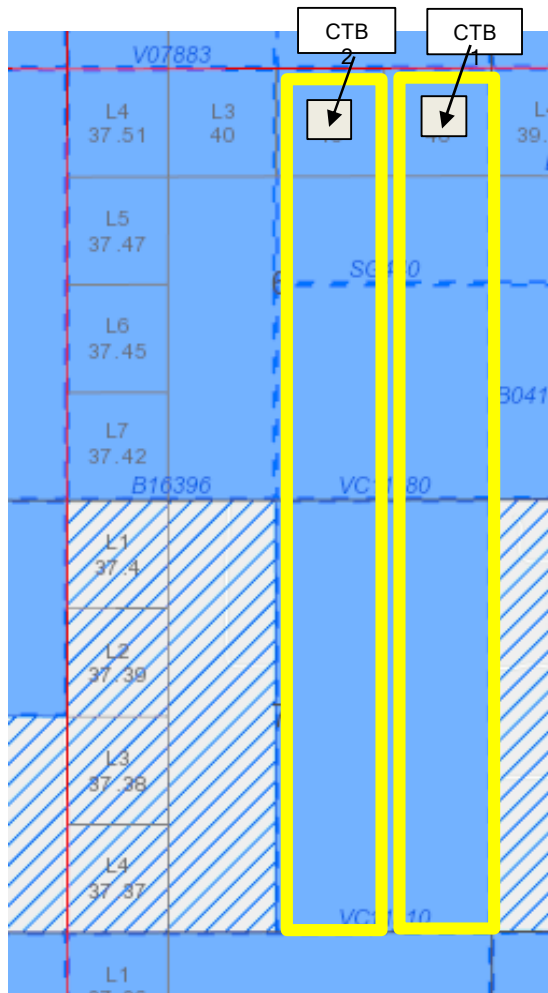
Allgood Lounge State Com #831H - 832H

AO II
Case No. 26253
Exhibit A-9

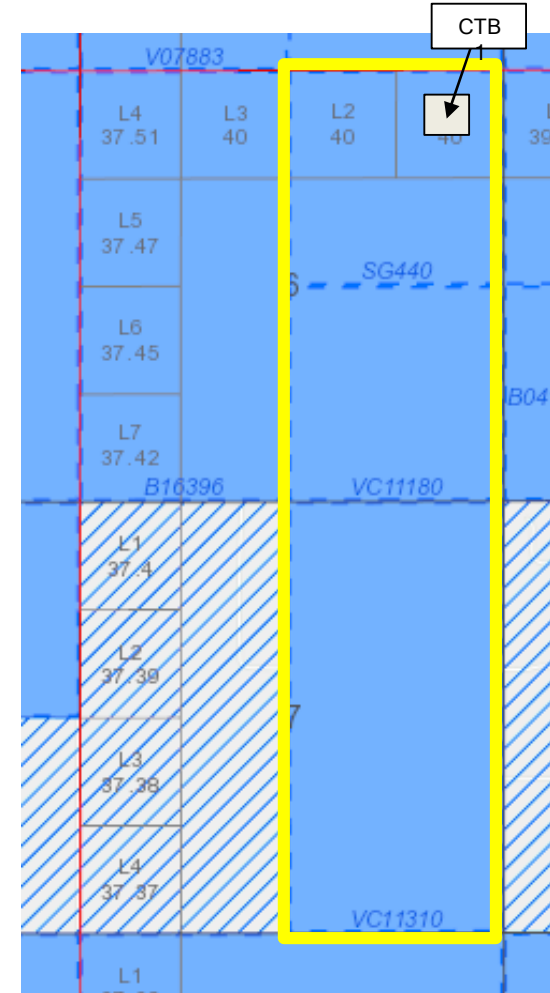


NSSU reduces surface facilities and surface impacts

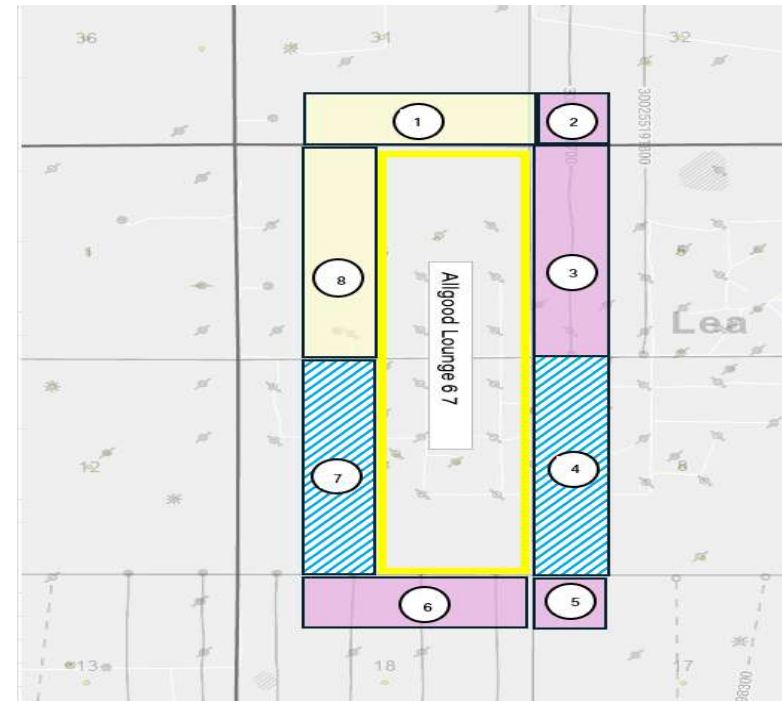
Standard Unit Development



Non-Standard Unit Development



Legal	Tract	Owner	Type
		State of New Mexico	
S2S2 31-16S-36E Operator	1	TXO Partners LP 400 W. 7th Street Fort Worth, TX 76102	Offset NSP
SWSW 32-16S-36E Operator	2	BTA Oil Producers 104 S. Pecos Street Midland, TX 79701	Offset NSP
W2W2 5-17S-36E	3	BTA Oil Producers	Offset NSP
W2W2 -17S-36E	4	Unleased SLO	Offset NSP
NWNW 17-17S-36E RT Owner, No PRD	5	BTA Oil Producers 104 S. Pecos Street Midland, TX 79701	Offset NSP
N2N2 18-17S-36E Operator	6	BTA Oil Producers 104 S. Pecos Street Midland, TX 79701	Offset NSP
E2W2 7-17S-36E	7	Unleased SLO	Offset NSP
E2SW 6-16S-36E Operator	8	TXO Partners LP 400 W. 7th Street Fort Worth, TX 76102	Offset NSP



**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 UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26253

SELF-AFFIRMED STATEMENT OF JOSH PAYNE

Josh Payne hereby states and declares as follows:

1. I am over the age of 18, I am a geologist for Avant Operating II, LLC ("AO II"), and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert petroleum geologist were accepted by the Division as a matter of record.

2. My area of responsibility at AO II includes the area of Lea County in New Mexico.

3. I am familiar with the application filed by AO II in this case.

4. **Exhibit B-1** is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef.

5. **Exhibit B-2** is a wellbore schematic showing AO II's development plan.

6. **Exhibit B-3** is a structure map of the Pennsylvanian Strawn formation. The proposed spacing unit is identified by a red box. The proposed Allgood Lounge Penn wells are identified by the black-dashed lines. The contour interval used in this exhibit is 100 feet. This exhibit shows that the structure dips to the south.

7. **Exhibit B-4** includes a cross-section reference map that identifies three wells in the vicinity of the proposed wells, shown by a line of cross-section running from A to A'.

**Avant Operating II, LLC
Exhibit B**

8. **Exhibit B-5** is a stratigraphic cross-section, and the well logs shown on the cross-section give a representative sample of the Pennsylvanian formation in the area. The target zone for the Allgood Lounge Penn wells is identified by a red-dashed line and a box identifying the wells. In my opinion, the target formation is relatively consistent.

9. I conclude from the geology studies referenced above that:

- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter quarter section in the proposed unit will contribute more or less equally to production.

10. In my opinion, the preferred well orientation in this area is North South due to the S_{Hmax} direction.

11. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

12. The exhibits to my self-affirmed statement were prepared by me, or compiled from company business records, or were prepared at my direction or supervision.

13. I attest under penalty of perjury the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief and I will adopt this testimony at the hearing in this matter.

[Signature Page Follows]

6/28/2026

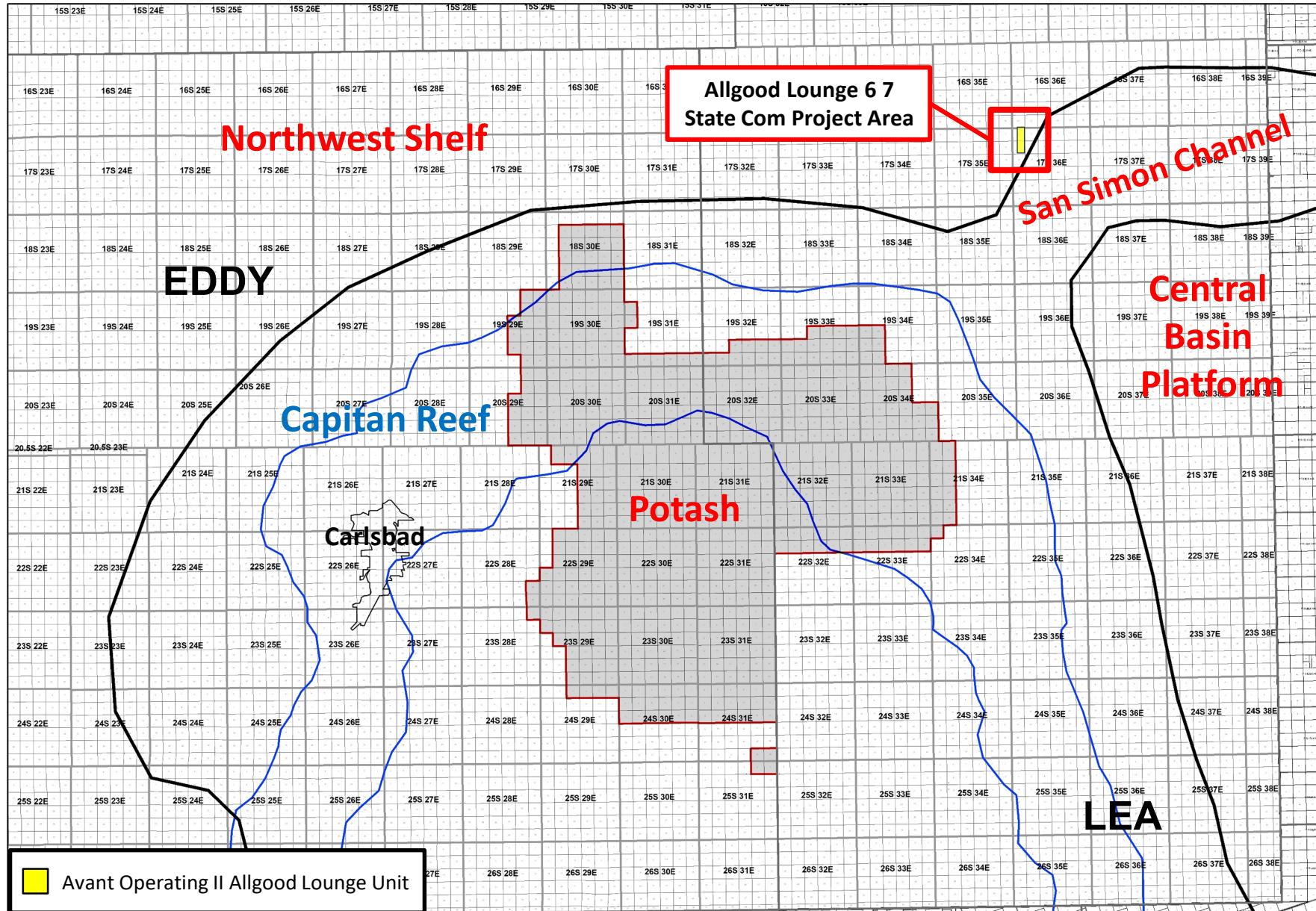
Date



Josh Payne

Regional Locator Map
Allgood Lounge 6 7 State Com
#831-832H

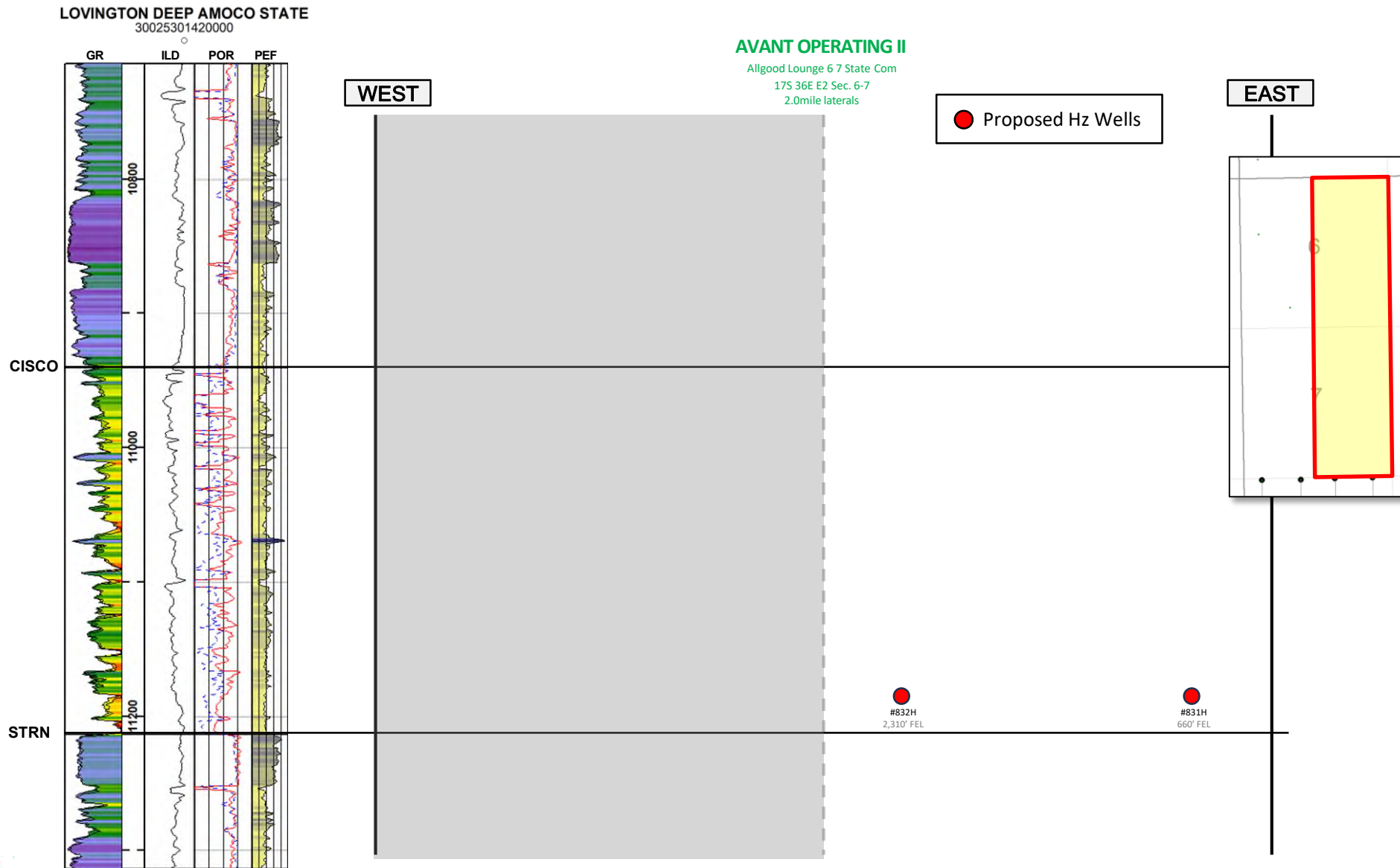
Avant Operating II, LLC
Case Nos. 26253
Exhibit B-1



Wellbore Schematic

Allgood Lounge 6 7 State Com
#831-832H

Avant Operating II, LLC
Case Nos. 26253
Exhibit B-2

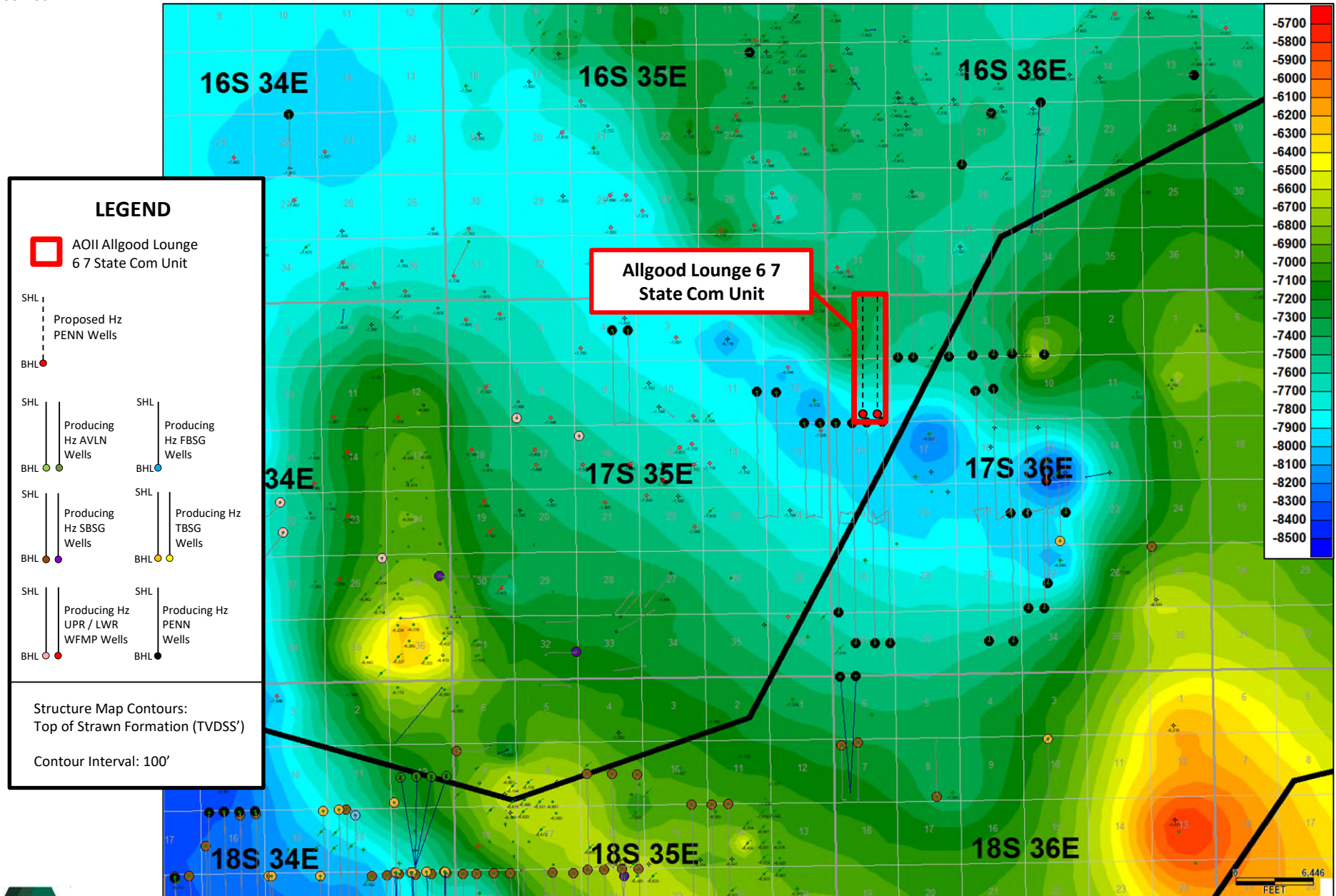


Proposed Allgood Lounge 6 7 State Com
#831-832H

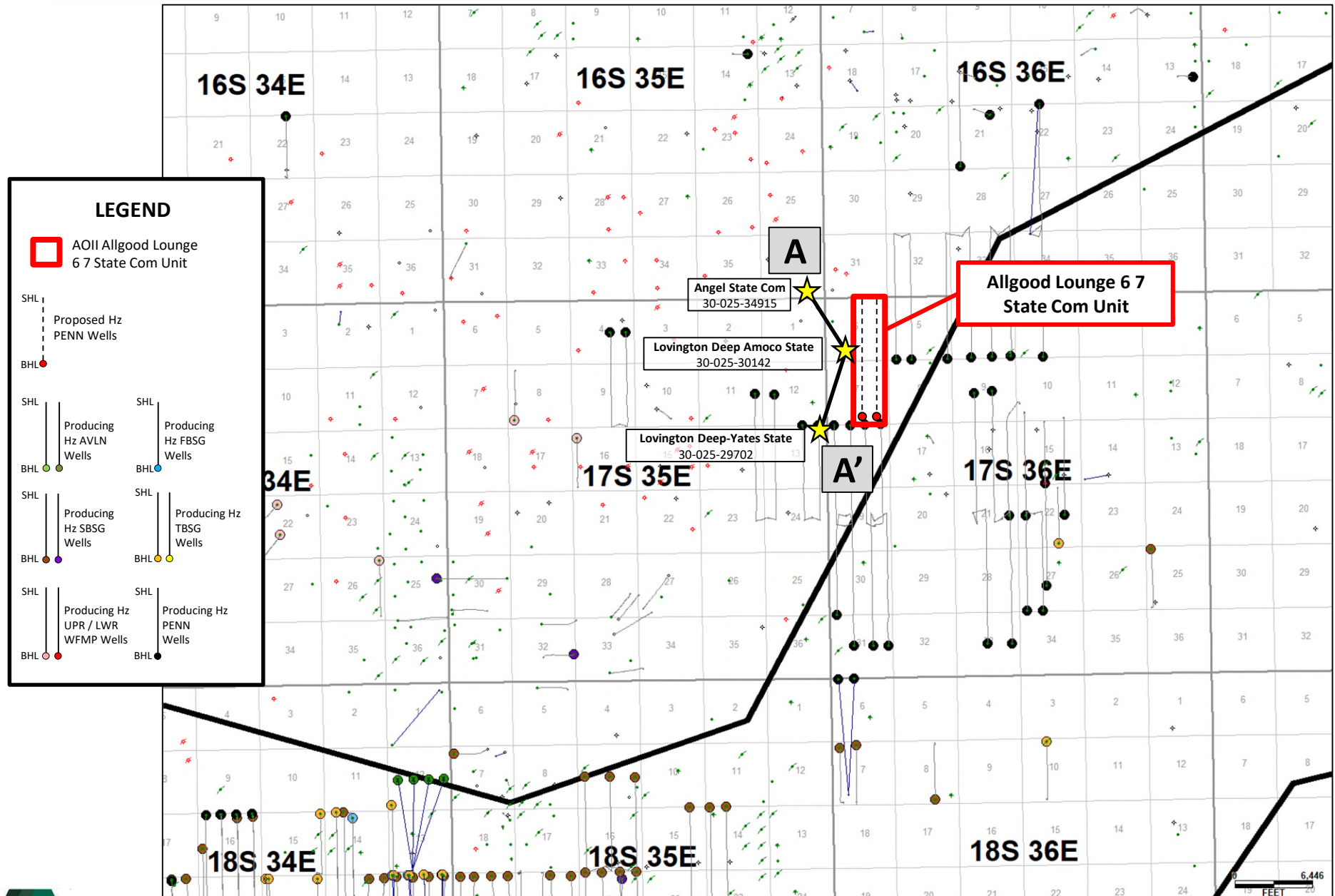
AVANT OPERATING II, LLC | 2

**Structure Map - Top Strawn
(TVDSS')**
Allgood Lounge 6 7 State Com
#831-832H

Avant Operating II, LLC
Case Nos. 26253
Exhibit B-3



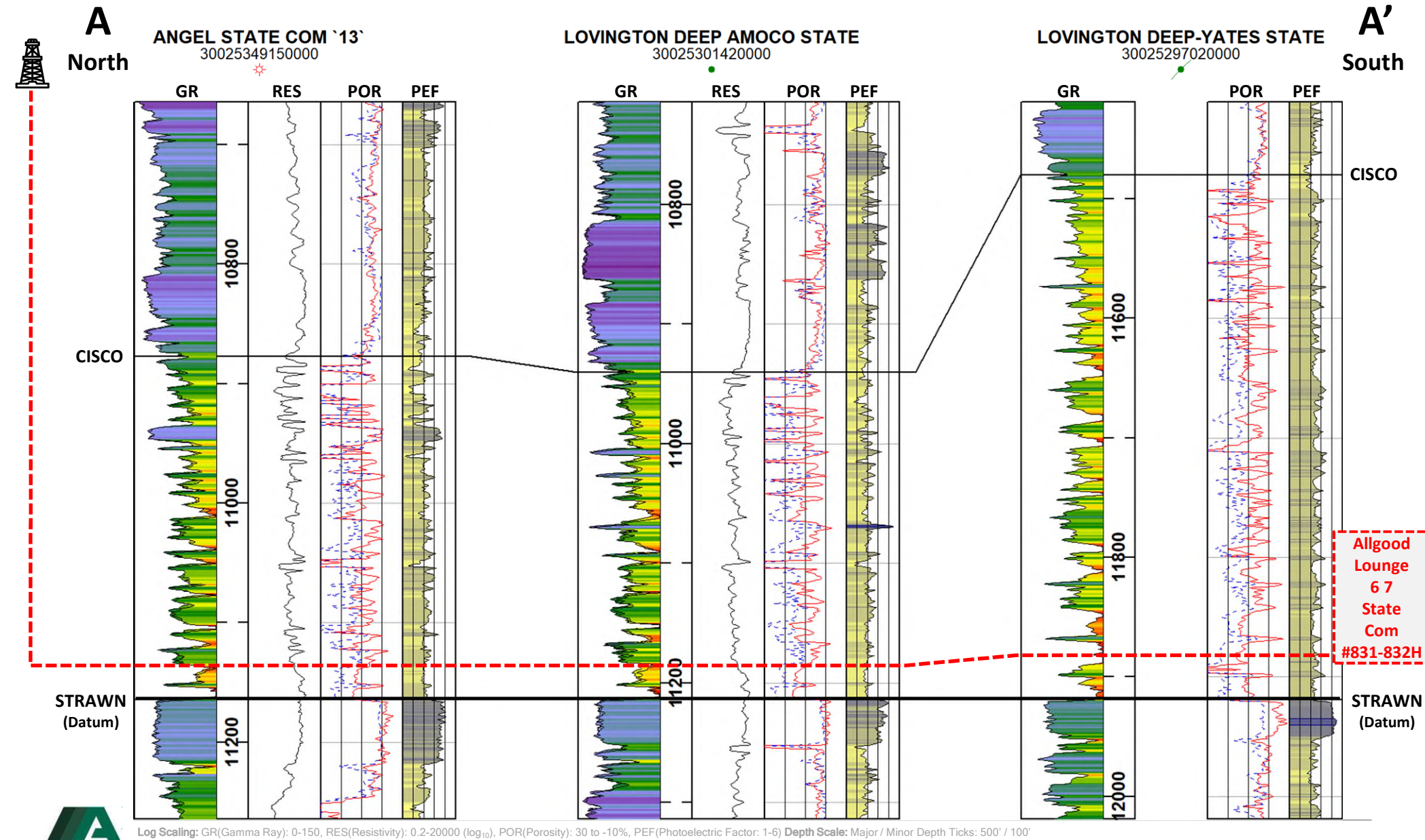
Cross-Section Locator Map (A-A')

Allgood Lounge 6 7 State Com
#831-832HAvant Operating II, LLC
Case Nos. 26253
Exhibit B-4

Stratigraphic Cross-Section A-A'

Allgood Lounge 6 7 State Com
#831-832H

Avant Operating II, LLC
Case Nos. 26253
Exhibit B-5



**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 UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 26253

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

Deana M. Bennett, attorney in fact and authorized representative of Avant Operating II, LLC, and the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided to affected parties under notice letter, dated June 12, 2026, attached hereto, and labeled Exhibit C.1.
- 2) Exhibit C.2 is the certified mailing list, which show the notice letters were delivered to the USPS for mailing on June 12, 2026.
- 3) Exhibit C.3 is the certified mailing tracking information, which is automatically compiled by CertifiedPro, the software Modrall uses to track the mailings. The spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 4) Exhibit C.4 is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the July 9, 2026 hearing was published on June 18, 2026.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

EXHIBIT C

Dated: July 1, 2026

By: Deana M. Bennett
Deana M. Bennett



MODRALL SPERLING

L A W Y E R S

June 12, 2026

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

CASE NO. 26253

TO: AFFECTED PARTIES

This letter is to advise you that Avant Operating II, LLC ("AO II") has filed the enclosed application.

In Case No. 26253, AO II seeks an order from the Division approving a non-standard 640-acre, more or less, Pennsylvanian horizontal spacing unit and pooling all uncommitted interests in the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico in the Shoe Bar; Upper Penn, South pool (pool code 56285). This spacing unit will be dedicated to the following wells: the **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 7; and the **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. 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 6 miles southwest of Lovington, New Mexico.

The hearing is set for July 9, 2026 beginning at 8:30 a.m. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino

EXHIBIT C.1

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

Page 2

Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



Deana M. Bennett

Attorney for Applicant

**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 UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26253

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 unit, and (2) pooling all uncommitted interests within a non-standard 640-acre, more or less Pennsylvanian horizontal spacing unit comprised of the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea 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 the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico to form a 640-acre, more or less, Pennsylvanian horizontal spacing unit in the Shoe Bar; Upper Penn, South pool (pool code 56285) (the "Unit").¹
3. AO II seeks approval of the 640-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:

¹ The Division's information for this pool indicates it is an oil pool but with 80-acre building blocks instead of 40-acre building blocks. Either way, the unit AO II is proposing is non-standard and, for that reason, AO II seeks non-standard unit approval.

- **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 7; and
- **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7.

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 July 9, 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.

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Jeff H. Goodwin

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

edebrine@modrall.com

deana.bennett@modrall.com

jeff.goodwin@modrall.com

Attorneys for Avant Operating II, LLC

CASE NO. 26253 : Application of Avant Operating II, LLC for approval of a non-standard spacing unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division approving a non-standard 640-acre, more or less, Pennsylvanian horizontal spacing unit and pooling all uncommitted interests in the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico in the Shoe Bar; Upper Penn, South pool (pool code 56285). This spacing unit will be dedicated to the following wells: the **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 7; and the **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. 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 6 miles southwest of Lovington, New Mexico.

10375.0015

Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
06/12/2026



Firm Mailing Book ID: 312963

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0151 2531 44	State of New Mexico 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
2	9314 8699 0430 0151 2531 51	SCR Energy Capital, LLC 5728 NM 123rd Street Oklahoma City OK 73142	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
3	9314 8699 0430 0151 2531 68	HDCC, LLC 600 E. Las Colinas Blvd. #1900 Irving TX 75039	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
4	9314 8699 0430 0151 2531 75	HDCC, LLC 2320 Deana Way, Suite 160 Southlake TX 76092	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
5	9314 8699 0430 0151 2531 82	David T Grace 23 Lakes Drive Midland TX 79705	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
6	9314 8699 0430 0151 2531 99	Macarena Energy, LP 4916 Island Drive Midland TX 79707	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
7	9314 8699 0430 0151 2532 05	ML Mertz Investments, LLC 2002 Stanolin Ave. Midland TX 79705	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
8	9314 8699 0430 0151 2532 12	Riverfront Resources, LLC 203 W. Wall Street, Suite #300 Midland TX 79701	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
9	9314 8699 0430 0151 2532 29	JTL Consulting, LLC 67381 Elbert S. Road Street Clairsville OH 43950	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
10	9314 8699 0430 0151 2532 36	Diehl Exploration, LLC 1301 Brand Land Midland TX 79705	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
11	9314 8699 0430 0151 2532 43	TXO Partners LP 400 W. 7th Street Fort Worth TX 76102	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
12	9314 8699 0430 0151 2532 50	BTA Oil Producers 104 S. Pecos Street Midland TX 79701	\$1.90	\$5.30	\$2.82	\$0.00	10374.0015allgood Notice
Totals:			\$22.80	\$63.60	\$33.84	\$0.00	
			Grand Total:		\$120.24		

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:

12

EXHIBIT C.2

Transaction Report Details - CertifiedPro.net									
Firm Mail Book ID= 312963									
Generated: 6/30/2026 10:11:24 AM									
USPS Article Number	Date Created	Reference Number	Name 1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300151253250	2026-06-12 1:47 PM	10374.0015allgood	BTA Oil Producers	Midland	TX	79701	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300151253243	2026-06-12 1:47 PM	10374.0015allgood	TXO Partners LP	Fort Worth	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300151253236	2026-06-12 1:47 PM	10374.0015allgood	Diehl Exploration, LLC	Midland	TX	79705	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300151253229	2026-06-12 1:47 PM	10374.0015allgood	JTL Consulting, LLC	Clairsville	OH	43950	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-16 11:37 AM
9314869904300151253212	2026-06-12 1:47 PM	10374.0015allgood	Riverfront Resources, LLC	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-16 11:04 AM
9314869904300151253205	2026-06-12 1:47 PM	10374.0015allgood	ML Mertz Investments, LLC	Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-15 1:29 PM
9314869904300151253199	2026-06-12 1:47 PM	10374.0015allgood	Macarena Energy, LP	Midland	TX	79707	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-15 2:07 PM
9314869904300151253182	2026-06-12 1:47 PM	10374.0015allgood	David T Grace	Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-18 8:53 AM
9314869904300151253175	2026-06-12 1:47 PM	10374.0015allgood	HDCC, LLC	Southlake	TX	76092	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-15 11:50 AM
9314869904300151253168	2026-06-12 1:47 PM	10374.0015allgood	HDCC, LLC	Irving	TX	75039	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300151253151	2026-06-12 1:47 PM	10374.0015allgood	SCR Energy Capital, LLC	Oklahoma City	OK	73142	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-24 12:51 PM
9314869904300151253144	2026-06-12 1:47 PM	10374.0015allgood	State of New Mexico	Santa Fe	NM	87501	Delivered	Return Receipt - Electronic, Certified Mail	2026-06-16 3:08 AM

EXHIBIT C.3

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 18, 2026
and ending with the issue dated
June 18, 2026.



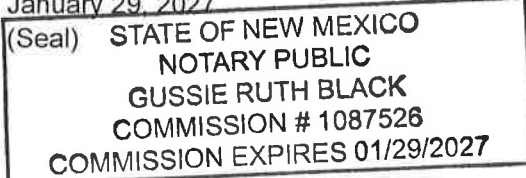
Publisher

Sworn and subscribed to before me this
18th day of June 2026.



Business Manager

My commission expires
January 29, 2027



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 publication has been made.

LEGAL NOTICE June 18, 2026

CASE NO. 26253: Notice to all affected parties, as well as heirs and devisees of: State of New Mexico; SCR Energy Capital, LLC; HDCC, LLC; David T. Grace; Macarena Energy, LP; ML Mertz Investments, LLC; Riverfront Resources, LLC; JTL Consulting, LLC; Diehl Exploration, LLC; TXO Partners LP; BTA Oil Producers of the Application of Avant Operating II, LLC for approval of a non-standard spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:30 a.m. on July 9, 2026 to consider this application. The conference will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via a virtual meeting platform. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant seeks an order from the Division approving a non-standard 640-acre, more or less, Pennsylvanian horizontal spacing unit and pooling all uncommitted interests in the E/2 of Sections 6 and 7, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico in the Shoe Bar; Upper Penn, South pool (pool code 56285). This spacing unit will be dedicated to the following wells: the **Allgood Lounge 6 7 State Com #831H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 7; and the **Allgood Lounge 6 7 State Com #832H** well with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 6, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 7. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. 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 6 miles southwest of Lovington, New Mexico.
#00312188

01104570

00312188

DOLORES SERNA
MODRALL, SPERLING, ROEHL, HARRIS &
P. O. BOX 2168
ALBUQUERQUE, NM 87103-2168

EXHIBIT C.4