

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

CASE NOS. 25996, 26129, 26130

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the Avant Operating II, LLC (“Avant”) (OGRID No. 332947), the applicant in Case Nos. **25996, 26129, 26130**, as required by Division rules.

APPEARANCES

APPLICANT

Avant Operating II, LLC

ATTORNEY

Kaitlyn A. Luck
P.O. Box 483
Taos, NM 87571
kaitlyn.luck@outlook.com

OPPONENT

Coterra Energy Operating Co.

ATTORNEY

Benjamin B. Holiday
107 Katherine Court, Suite 100
San Antonio, TX 78209
ben@helg.law

STATEMENT OF THE CASE

At hearing on July 28, 2026, Avant seeks the following orders from the Division:

At hearing July 28, 2026, Avant requests the Division find that it is the appropriate operator for the proposed spacing units in Case Nos. 25996, 26129, 26130, as provided in the applications described below.

In Case No. 25996, Avant seeks an order pooling all uncommitted interests in the Bone Spring formation, from the top of the Bone Spring formation to the base of the Second Bone Spring formation at an approximate depth of 9,338', within a non-standard 960-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 8, and all of Section 17, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Avant proposes and dedicates to the HSU the following:

- the Moonwatch 17 8 State Com #501H well with a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 17, and a proposed last take point in the NW/4 SW/4 (Unit L) of Section 8;
- the Moonwatch 17 8 State Com #502H well with a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 17, and a proposed last take point in the NE/4 SW/4 (Unit K) of Section 8;
- the Moonwatch 17 8 State Com #503H well with a proposed surface hole location in the SW/4 SE/4 (Unit O) of Section 17, and a proposed last take point in the NW/4 SE/4 (Unit J) of Section 8; and
- the Moonwatch 17 8 State Com #504H well with a proposed surface hole location in the SW/4 SE/4 (Unit O) of Section 17, and a proposed last take point in the NE/4 SE/4 (Unit I) of Section 8.
-

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

In Case No. **26129**, for an order pooling all uncommitted interests in the Bone Spring formation, from the base of the Second Bone Spring formation at an approximate depth of 9,338' to the base of the Bone Spring formation, within a non-standard 960-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 8, and all of Section 17, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Avant seeks to dedicate the Unit to the following Wells:

- the Moonwatch 17 8 State Com #601H well with a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 17, and a proposed last take point in the NW/4 SW/4 (Unit L) of Section 8;
- the Moonwatch 17 8 State Com #602H well with a proposed surface hole location in the SW/4 SE/4 (Unit O) of Section 17, and a proposed last take point in the NW/4 SE/4 (Unit J) of Section 8;
- the Moonwatch 17 8 State Com #603H well with a proposed surface hole location in the SW/4 SE/4 (Unit O) of Section 17, and a proposed last take point in the NW/4 SE/4 (Unit J) of Section 8; and
- the Moonwatch 17 8 State Com #604H well with a proposed surface hole location in the SE/4 SE/4 (Unit P) of Section 17, and a proposed last take point in the NE/4 SE/4 (Unit I) of Section 8.

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

This proposed horizontal spacing unit will overlap the following existing spacing units in the Bone Spring formation:

- a. A 40-acre spacing unit in the NW/4 SW/4 of Section 17, and dedicated to the Deep Jack 1 well (API 30-025-41499) [Pool code 97930];
- b. A 40-acre spacing unit in the SWSE of Section 17, and dedicated to the Barbara State 2 well (API 30-025-41757) [Pool code 97930]; and
- c. A 40-acre spacing unit in the SESW of Section 17, and dedicated to the Hustle State 1 well (API 30-025-53096) [Pool code 97930].

In Case No. **26130**, Avant seeks an order pooling all uncommitted interests in the Cisco formation, within a non-standard 960-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 8, and all of Section 17, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

- the Moonwatch 17 8 State Com #801H well with a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 17, and a proposed last take point in the NE/4 SW/4 (Unit K) of Section 8;

- the Moonwatch 17 8 State Com #802H well with a proposed surface hole location in the SW/4 SE/4 (Unit O) of Section 17, and a proposed last take point in the NE/4 SE/4 (Unit I) of Section 8;
- the Moonwatch 17 8 State Com #831H well with a proposed surface hole location in the SE/4 SE/4 (Unit P) of Section 17, and a proposed last take point in the NE/4 SE/4 (Unit I) of Section 8; and
- the Moonwatch 17 8 State Com #832H well with a proposed surface hole location in the SE/4 SW/4 (Unit N) of Section 17, and a proposed last take point in the NE/4 SW/4 (Unit K) of Section 8.

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

This proposed horizontal spacing unit will overlap the following existing spacing units in the Cisco formation:

- a. A 40-acre spacing unit in the SESE of Section 8, and dedicated to the Mid Vac 8 State 1 well (API 30-025-42457) [Pool code 61780]; and
- b. A 40-acre spacing unit in the SWSE of Section 8, and dedicated to the State AF 2 well (API 30-025-20979) [Pool code 61780].

Each of the Division's competing pooling factors support a determination that Avant should be awarded pooling orders in Case Nos. 25996, 26129, and 26130, and Coterra's applications in Case Nos. 26062-26065 should be denied.

First, Avant owns the majority working interest in the proposed units. Avant also owns a working interest in each tract of the proposed 960-acre spacing unit. Coterra does not own a working interest in the South-Half of Section 8, which is included in each of their four 560-acre spacing units. Although Coterra was the first to propose development, Coterra has changed its plans and filed several sets of applications, which caused delay and cost to the Division due to the dismissals of prior applications and the expiration of pooling orders for the subject acreage without development by Franklin Mountain. Throughout the course of its ownership in the subject acreage, Avant has had a straightforward development, with clear, and appropriate plans

for the development of the subject acreage, which has been unduly delayed by Coterra's competing development plans that have changed. Coterra's delay in developing this acreage, the expiration of the pooling order for the original Ball State wells, and the dismissal and re-filing of several pooling applications, should all weigh against any subsequent pooling order being issue to Coterra in its pending cases. Coterra has caused unnecessary delay in the development of their acreage and prevented their working interest owners the benefits of oil and gas production.

Alternatively, Avant has proposed wells across tracts in which they own an interest and been consistent in their development plans. Avant's development plan is more appropriate to efficiently recover hydrocarbons and with lower risks than Coterra's development plans. Avant has conducted appropriate, good faith negotiations prior to filing its applications for force pooling.

The geology in the area also favors Avant's proposed development plans for several reasons. Avant's planned 1.5 development does not have any depletion concerns, and will therefore deliver stronger production performance. Coterra's planned development implicates correlative rights and may result in depletion to offsetting wells from Coterra's planned extended laterals.

For these reasons, Avant's applications should be granted following the July 28, 2026 hearing.

<u>PROPOSED EVIDENCE</u>		
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Sophia Guerra, Land	Affidavit	5
Josh Payne, Geology	Affidavit	11
Shane Kelly, Engineer	Affidavit	8

PROCEDURAL MATTERS

Avant requests that the Division issue orders granting the pooling applications to Avant in Case Nos. 25996, 26129, 26130, and deny all requested pooling for Coterra in these contested hearings.

Respectfully submitted,

By: /s/ Kaitlyn A. Luck

Kaitlyn A. Luck

P.O. Box 483

Taos, NM 87571

(505) 542-2241

(361) 648-1973

kaitlyn@jbakerlawgrouptx.com

Attorney for Avant Operating II, LLC

CERTIFICATE OF SERVICE

I certify that on July 22, 2026, the foregoing pleading was electronically filed by email with the New Mexico Oil Conservation Division Clerk and served on all parties of record through counsel as follows:

Freya Tschantz
Freya.Tschantz@emnrd.nm.gov
OCD.Hearings@emnrd.nm.gov

EMNRD-Oil Conservation Division, Law Clerk

Benjamin B. Holiday
107 Katherine Court, Suite 100
San Antonio, TX 78209
ben@helg.law

Coterra Energy Operating Co.

/s/ Kaitlyn A. Luck

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 606839

QUESTIONS

Operator: Avant Operating II, LLC 1515 Wynkoop Street Denver, CO 80202	OGRID: 332947
	Action Number: 606839
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.