

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

**APPLICATION OF AO II PERMIAN, LLC
FOR APPROVAL OF A NON-STANDARD
SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

AO II Permian, LLC (“AO II Permian” or “Applicant”) through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a non-standard spacing unit, and (2) pooling all uncommitted interests within a non-standard 1257.92-acre, more or less Cisco horizontal spacing unit comprised of Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 19 (the equivalent of all of irregular Section 19) and all of Section 20, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico. In support of this application, AO II Permian states as follows:

1. AO II Permian has an interest in the subject lands and has a right to drill and operate a well thereon.
2. AO II Permian seeks to designate Avant Operating II, LLC (OGRID 332947) as the operator of the proposed spacing unit.
3. AO II Permian seeks to dedicate Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 19 (the equivalent of all of irregular Section 19) and all of Section 20, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a 1257.92-acre, more or less, Cisco horizontal spacing unit (the “Unit”) in the WC-025 G-08 S173430M; Cisco Canyon pool (pool code 98414).

4. AO II Permian seeks approval of the 1257.92-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.

5. AO II Permian seeks to dedicate the Unit to the following wells:

- **The Jones 19 20 State Com #811H, The Jones 19 20 State Com #821H, and The Jones 19 20 State Com #831H** wells with proposed surface hole locations in the NW/4 SW/4 (Unit L) (Lot 3) of Section 19, and proposed bottom hole locations in the SE/4 SE/4 (Unit P) of Section 20;
- **The Jones 19 20 State Com #812H, The Jones 19 20 State Com #822H, and The Jones 19 20 State Com #832H** wells with proposed surface hole locations in the NW/4 SW/4 (Unit L) (Lot 3) of Section 19, and proposed bottom hole locations in the NE/4 SE/4 (Unit I) of Section 20;
- **The Jones 19 20 State Com #823H** well with a proposed surface hole location in the NW/4 SW/4 (Unit L) (Lot 3) of Section 19, and a proposed bottom hole location in the SE/4 NE/4 (Unit H) of Section 20;
- **The Jones 19 20 State Com #813H, The Jones 19 20 State Com #824H, and The Jones 19 20 State Com #833H** wells with proposed surface hole locations in the NW/4 NW/4 (Unit D) (Lot 1) of Section 19, and proposed bottom hole locations in the SE/4 NE/4 (Unit H) of Section 20; and
- **The Jones 19 20 State Com #814H, The Jones 19 20 State Com #825H, and The Jones 19 20 State Com #834H** wells with proposed surface hole locations in the NW/4 NW/4 (Unit D) (Lot 1) of Section 19, and proposed bottom hole locations in the NE/4 NE/4 (Unit A) of Section 20.

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

7. AO II Permian 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.

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

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

WHEREFORE, AO II Permian requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 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 Avant Operating II, LLC as operator of the Unit and the wells to be drilled thereon;
- D. Authorizing recovering of the 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 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 AO II Permian, LLC

CASE NO. _____: Application of AO II Permian, 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 1257.92-acre, more or less, Cisco horizontal spacing unit and pooling all uncommitted interests in Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 19 (the equivalent of all of irregular Section 19) and all of Section 20, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico, in the WC-025 G-08 S173430M; Cisco Canyon pool (pool code 98414). This spacing unit will be dedicated to the following wells: **The Jones 19 20 State Com #811H, The Jones 19 20 State Com #821H, and The Jones 19 20 State Com #831H** wells with proposed surface hole locations in the NW/4 SW/4 (Unit L) (Lot 3) of Section 19, and proposed bottom hole locations in the SE/4 SE/4 (Unit P) of Section 20; **The Jones 19 20 State Com #812H, The Jones 19 20 State Com #822H, and The Jones 19 20 State Com #832H** wells with proposed surface hole locations in the NW/4 SW/4 (Unit L) (Lot 3) of Section 19, and proposed bottom hole locations in the NE/4 SE/4 (Unit I) of Section 20; **The Jones 19 20 State Com #823H** well with a proposed surface hole location in the NW/4 SW/4 (Unit L) (Lot 3) of Section 19, and a proposed bottom hole location in the SE/4 NE/4 (Unit H) of Section 20; **The Jones 19 20 State Com #813H, The Jones 19 20 State Com #824H, and The Jones 19 20 State Com #833H** wells with proposed surface hole locations in the NW/4 NW/4 (Unit D) (Lot 1) of Section 19, and proposed bottom hole locations in the SE/4 NE/4 (Unit H) of Section 20; and **The Jones 19 20 State Com #814H, The Jones 19 20 State Com #825H, and The Jones 19 20 State Com #834H** wells with proposed surface hole locations in the NW/4 NW/4 (Unit D) (Lot 1) of Section 19, and proposed bottom hole locations in the NE/4 NE/4 (Unit A) of Section 20. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Avant Operating II, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 17 miles southwest from Lovington, New Mexico.