

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

**APPLICATION OF ADVANCE ENERGY
PARTNERS HAT MESA, LLC FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 22105

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Paul Burdick
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Plat of Tracts, Tract Ownership, Pooled Party, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit of Publication
Exhibit B	Self-Affirmed Statement of Edward Caamano
B-1	Location Map
B-2	Structure Map
B-3	Stratigraphic Cross Section

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case No.:	22105
Hearing Date:	9/9/2021
Applicant	Advance Energy Partners Hat Mesa, LLC
Designated Operator & OGRID	OGRID # 372417
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	ConocoPhillips Company
Well Family	Margarita
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	WC-025 G-08 S213304D; BONE SPRING pool (97895)
Well Location Setback Rules	Statewide
Spacing Unit Size	360 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	360 acres
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	SE/4 NE/4 and E/2 SE/4 of Section 13, E/2 E/2 of Section 24, and E/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	-
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
Well #1	Margarita Federal Com #7H (API # pending) SHL: S13-T21S-R32E 460 FNL, 774 FEL (Unit A) BHL: S25-T21S-R32E 2540 FNL, 990 FEL (Unit H) Completion Target: Bone Spring formation TVD: Approx. 11250'
Well #2	Margarita Federal Com #8H (API # pending) SHL: S13-T21S-R32E 460 FNL, 642 FEL (Unit A) BHL: S25-T21S-R32E 2540 FNL, 330 FEL (Unit H) Completion Target: Bone Spring formation TVD: Approx. 11400'
Well #3	Margarita Federal Com #12 (API # pending) SHL: S13-T21S-R32E 460 FNL, 708 FEL (Unit A) BHL: S25-T21S-R32E 2540 FNL, 660 FEL (Unit H) Completion Target: Bone Spring formation TVD: Approx. 10900'

Well #4	Margarita Federal Com #16 (API # pending) SHL: S13-T21S-R32E 460 FNL, 807 FEL (Unit A) BHL: S25-T21S-R32E 2540 FNL, 990 FEL (Unit H) Completion Target: Bone Spring formation TVD: Approx. 11700'
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	Exhibit A-4
Production Supervision/Month \$	Exhibit A-4
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	

CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.

Printed Name (Attorney or Party Representative):

Dana S. Hardy

Signed Name (Attorney or Party Representative):

Dana S. Hardy

Date:

9/7/2021

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

APPLICATION OF ADVANCE ENERGY
PARTNERS HAT MESA, LLC FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 22105

SELF-AFFIRMED STATEMENT
OF PAUL BURDICK

1. I am a Land Advisor at Advance Energy Partners Hat Mesa, LLC ("AEP") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the application in the above-referenced case and the land matters involved. Copies of the application and proposed hearing notice are attached hereto as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. AEP seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SE/4 NE/4 and E/2 SE/4 of Section 13, E/2 E/2 of Section 24, and E/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico ("Unit").

5. The Unit will be dedicated to the Margarita Federal Com #7H, #8H, #12H, and #16H wells, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A)

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105
Exhibit A

of Section 13 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E (“Wells”).

6. The completed intervals of the Wells are orthodox.
7. The Wells are located in the WC-025 G-08 S213304D; BONE SPRING pool (Pool Code 97895).
8. With respect to well setback requirements, this pool is subject to the statewide horizontal well rules set out in NMAC 19.15.16.15.
9. **Exhibit A-2** contains C-102s for the Wells.
10. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also contains any applicable lease numbers, unit recapitulation, and the interests AEP seeks to pool.
11. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the area.
12. AEP has conducted a diligent search of all public records in Lea County including phone directories and computer databases.
13. In my opinion, AEP made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact in **Exhibit A-5**.
14. AEP requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by AEP and by other operators in the vicinity.

15. Notice of AEP's application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as **Exhibit A-6**.

16. Notice of AEP's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

17. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

18. In my opinion, the granting of AEP's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

19. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 18 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.


Paul Burdick

9-2-2021
Date

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

**APPLICATION OF ADVANCE ENERGY
PARTNERS HAT MESA, LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

Case No. 22105

APPLICATION

Pursuant to NMSA § 70-2-17, Advance Energy Partners Hat Mesa, LLC ("Applicant") applies for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SE/4 NE/4 and E/2 SE/4 of Section 13, E/2 E/2 of Section 24, and E/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico ("Unit"). In support of its application, Applicant states the following:

1. Applicant (OGRID No. 372417) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to following wells:
 - **Margarita Federal Com #7H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
 - **Margarita Federal Com #8H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
 - **Margarita Federal Com #12H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a

**ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105
Exhibit A-1**

bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
and

- **Margarita Federal Com #16H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E; (“Wells”).

3. The completed intervals of the Wells will be orthodox.

4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all of the mineral interest owners.

5. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests this application be set for hearing on September 9, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;

- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Michael Rodriguez

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

mrodriguez@hinklelawfirm.com

Counsel for Advance Energy Partners Hat Mesa, LLC

Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks applies for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SE/4 NE/4 and E/2 SE/4 of Section 13, E/2 E/2 of Section 24, and E/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico ("Unit"). The Unit will be dedicated to following wells:

- Margarita Federal Com #7H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
- Margarita Federal Com #8H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
- Margarita Federal Com #12H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E; and
- Margarita Federal Com #16H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E; ("Wells").

The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately twenty-seven (27) miles west of Eunice, New Mexico.

DISTRICT I1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720**DISTRICT II**811 S. First St., Artesia, NM 88210
Phone (505) 748-1253 Fax: (505) 748-9720**DISTRICT III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised August 4, 2011

Submit one copy to appropriate
District Office**OIL CONSERVATION DIVISION**1220 South St. Francis Dr.
Santa Fe, New Mexico 87505**WELL LOCATION AND ACREAGE DEDICATION PLAT**☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MARGARITA FEDERAL COM	Well Number 7H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3907'

Surface Location

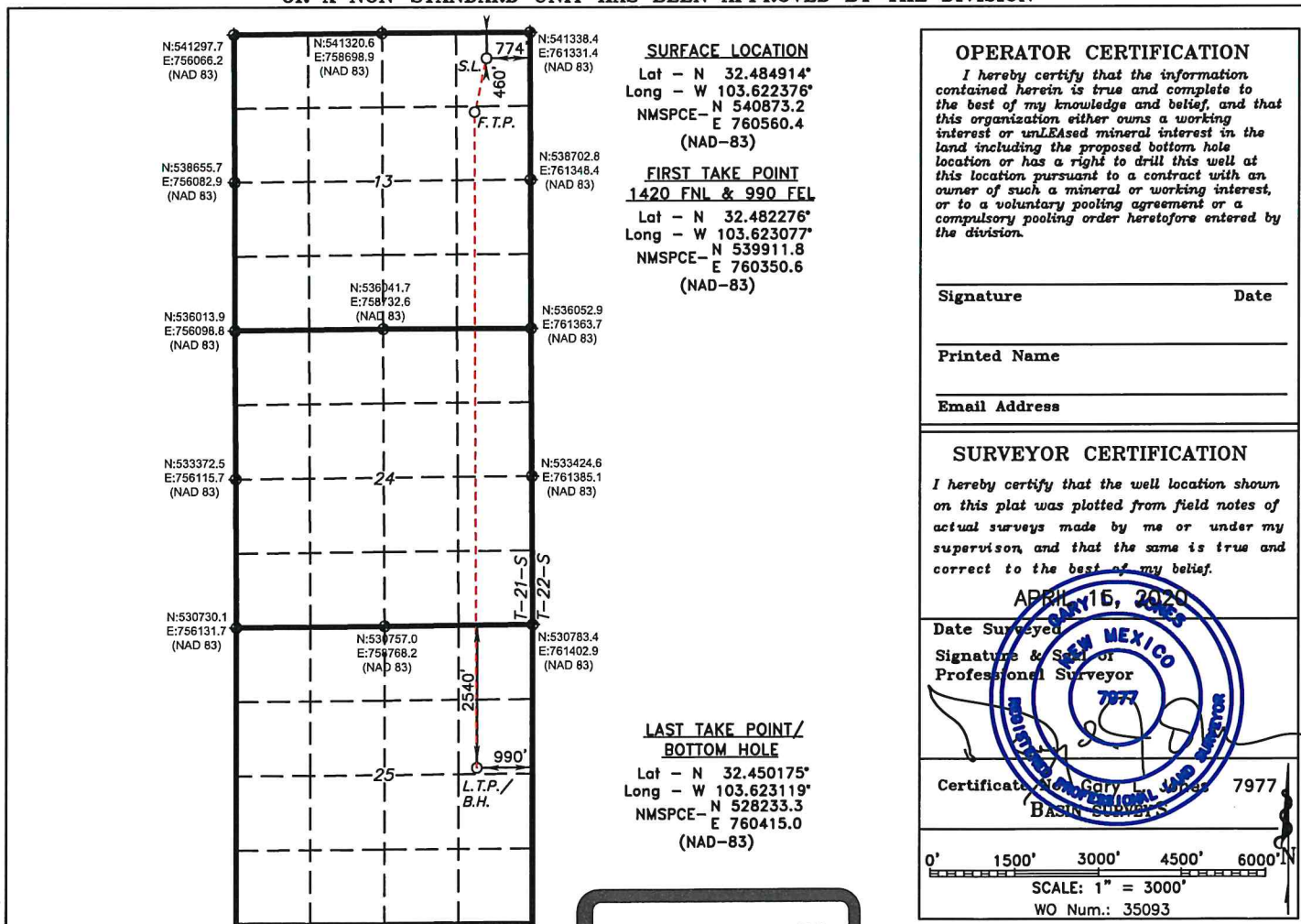
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
A	13	21 S	32 E		460	NORTH	774	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	25	21 S	32 E		2540	NORTH	990	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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



ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105

DISTRICT I1625 N. French Dr., Hobbs, NM 88240
Phone (505) 393-8161 Fax: (505) 393-0720**DISTRICT II**811 S. First St., Artesia, NM 88210
Phone (505) 748-1283 Fax: (505) 748-9720**DISTRICT III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised August 4, 2011

Submit one copy to appropriate
District Office**OIL CONSERVATION DIVISION**
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505**WELL LOCATION AND ACREAGE DEDICATION PLAT**☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MARGARITA FEDERAL COM 13	Well Number 8H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3906'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
A	13	21 S	32 E		460	NORTH	642	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	25	21 S	32 E		2540	NORTH	330	EAST	LEA
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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

	SURFACE LOCATION Lat - N 32.484914° Long - W 103.621948° NMSPCE- N 540873.9 E 760692.4 (NAD-83)	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and 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 such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ Email Address _____	
	FIRST TAKE POINT 1420 FNL & 330 FEL Lat - N 32.482276° Long - W 103.620937° NMSPCE- N 539916.2 E 761010.6 (NAD-83)		SURVEYOR CERTIFICATION 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. Date Surveyed APR 16, 2020 Signature & Seal of Professional Surveyor
	LAST TAKE POINT/ BOTTOM HOLE Lat - N 32.450181° Long - W 103.620981° NMSPCE- N 528239.9 E 761074.9 (NAD-83)		Certificate No. 7977 BASIN SURVEY
	Scale: 1" = 3000' WO Num.: 35093		

DISTRICT I
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Energy, Minerals and Natural Resources Department

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District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MARGARITA FEDERAL COM	Well Number 12H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3907'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
A	13	21 S	32 E		460	NORTH	708	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	25	21 S	32 E		2540	NORTH	660	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

**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**

SURFACE LOCATION
Lat - N 32.484914°
Long - W 103.622162°
NMSPC - N 540873.5
E 760626.3
(NAD-83)

FIRST TAKE POINT
1420 FNL & 660 FEL
Lat - N 32.482276°
Long - W 103.622007°
NMSPC - N 539914.0
E 760680.6
(NAD-83)

**LAST TAKE POINT/
BOTTOM HOLE**
Lat - N 32.450178°
Long - W 103.622050°
NMSPC - N 528236.6
E 760744.9
(NAD-83)

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unLAsed 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 such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

Email Address _____

SURVEYOR CERTIFICATION

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.

APR 16, 2020
Date Surveyed _____
Signature of State or Professional Surveyor _____
Certificate No. 7977
BASIC SURVEYOR

0' 1500' 3000' 4500' 6000' IN
SCALE: 1" = 3000'
WO Num.: 35093

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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 4, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MARGARITA FEDERAL COM	Well Number 16H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3907'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
A	13	21 S	32 E		460	NORTH	807	EAST	LEA

Bottom Hole Location If Different From Surface

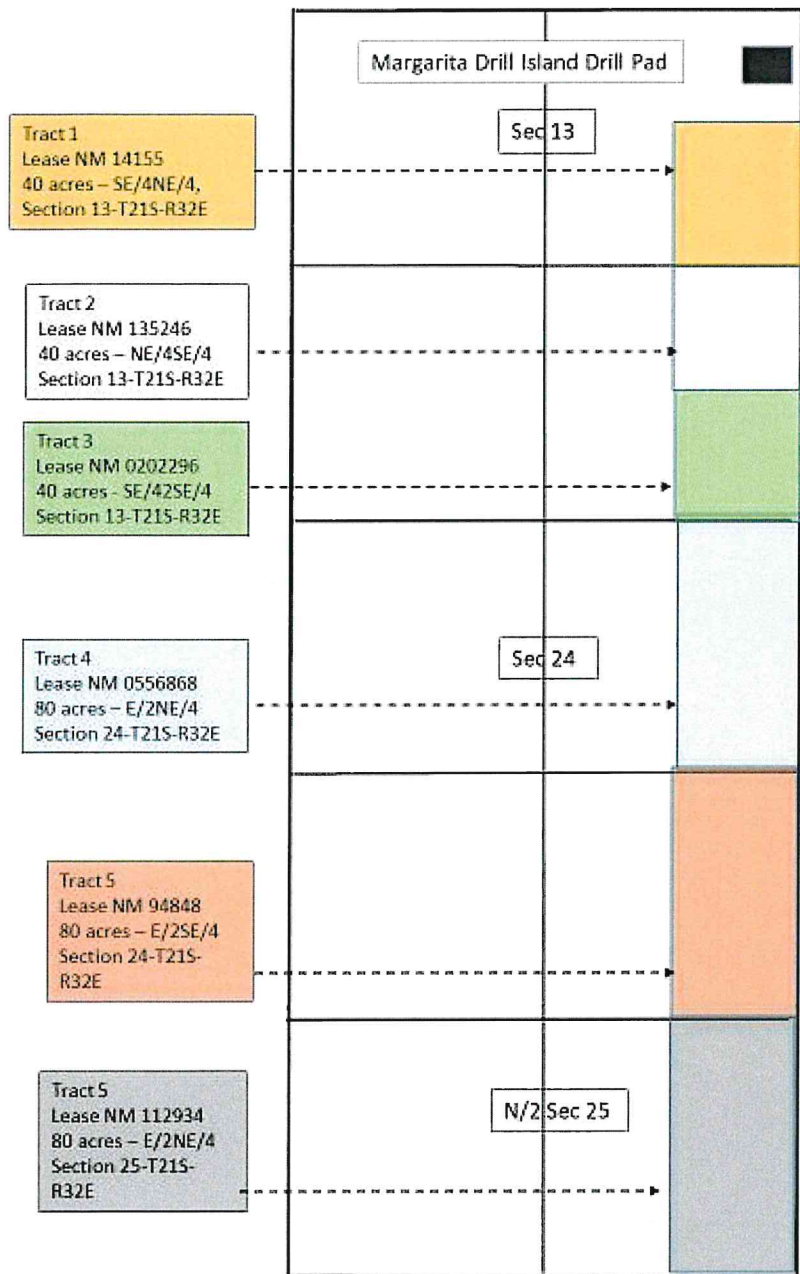
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	25	21 S	32 E		2540	NORTH	990	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

**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**

	<p>SURFACE LOCATION Lat - N 32.484914° Long - W 103.622483° NMSPCE- N 540873.0 E 760527.3 (NAD-83)</p> <p>FIRST TAKE POINT 1420 FNL & 990 FEL Lat - N 32.482276° Long - W 103.623077° NMSPCE- N 539911.8 E 760350.6 (NAD-83)</p> <p>LAST TAKE POINT/ BOTTOM HOLE Lat - N 32.450175° Long - W 103.623119° NMSPCE- N 528233.3 E 760415.0 (NAD-83)</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unLAsed 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 such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p> <p>SURVEYOR CERTIFICATION 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.</p> <p>APRIL 16, 2021 Date Surveyed _____ Signature of _____ Professional Surveyor 7977 Certificate No. _____ BASIN SURVEYORS</p> <p>0' 1500' 3000' 4500' 6000' IN SCALE: 1" = 3000' WO Num.: 35093</p>
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Exhibit A-3
SE/4NE/4, E/2SE/4 Section 13, E/2E/2 Section 24, E/2NE/4 Section 25, T21S-R32E, Lea County, N.M.



**ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105
Exhibit A-3**

Exhibit A-3

S/2E/2NE/4, E/2SE/4 Section 13, E/2E/2 Section 24, E/2NE/4 Section 25, T21S-
R32E, Lea County, N.M.

Tract 1: SE/4NE/4 Section 13-21S-32E (BLM Lease NM 14155)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

Tract 2: NE/4SE/4 Section 13-21S-32E (BLM Lease NM 135246)

Marathon Oil Permian, LLC 100% W.I.

Tract 3: SE/4SE/4 Section 13-21S-32E (BLM Lease NM 0202296)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

Tract 4: E/2NE/4 Section 24-21S-32E (BLM Lease NM 0556868)

Advance Energy Partners Hat Mesa, LLC 51.5625% W.I.

ConocoPhillips Company 48.4375% W.I.

Tract 5: E/2SE/4 Section 24-21S-32E (BLM Lease NM 94848)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

Tract 6: E/2NE/4 Section 25-21S-32E (BLM Lease NM 112934)

Advance Energy Partners Hat Mesa, LLC 100% W.I.

RECAPITULATION

Tract No.	Number Acres Committed	Percentage of Interest in Unit
1	40	11.111%
2	40	11.111%
3	40	11.111%
4	80	22.222%
5	80	22.222%
6	80	22.223%
Total	360	100%

Advance Energy Partners Hat Mesa, LLC 11490 Westheimer Road, Suite 950 Houston, Texas 77077	78.125% W.I
ConocoPhillips Company 600 W. Illinois Avenue Midland, Texas 79701	10.764% W.I.
Marathon Oil Permian, LLC 5555 San Felipe St. Houston, Texas 77056	11.111% W.I.
Total	100.000%

Leasehold Interest:

Advance Energy Partners Hat Mesa, LLC. .
11490 Westheimer Road, Suite 950
Houston, Texas 77077

ConocoPhillips Company
600 W. Illinois Avenue
Midland, Texas 79701

Marathon Oil Permian, LLC
5555 San Felipe St.
Houston, Texas 77056



11490 Westheimer Road, Suite 950, Houston, Texas 77077 • Phone 832-672-4700 • Fax 832-672-4609

Date: July 7, 2021

Federal Express Tracking No.

8158 1407 7600

8158 1407 7611

ConocoPhillips Company
600 W. Illinois Avenue
Midland, Texas 79701

Marathon Oil Permian, LLC
5555 San Felipe St.
Houston, Texas 77056

Attention: JIV Department

Attention: Jeff Broussard

Re: Corrected Margarita Federal Com Well Proposals
East Margarita Ridge Development Area
S/2NE/4, SE/4 Sec 13, E/2 Sec 24, NE/4 Sec 25, T21S-R32E
Lea County, New Mexico

Ladies and Gentlemen:

This letter is to revise and replace the letter sent June 29, 2021 proposing the wells stated below. In our initial proposals, the attached AFEs contained incorrect bottom-hole locations. This letter and attached AFEs include the corrected AFEs. We ask that you disregard the original proposal dated June 29, 2021.

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following wells, testing the Bone Spring and Wolfcamp formations within the referenced lands. The proposed wells shall be drilled from established and approved Drill Islands designated for the Margarita Ridge Development Area which are located within the N/2NE/4 Section 13, T22S-R32E. The bottom-hole locations shall be in the NE/4 of Section 25, T21S-R32E, Lea County, New Mexico.

Proposed Wells

Well Name	Target	Surface Location in	Measured	True Vertical	Lateral	Completed
		Section 13-21S-32E	Depth	Depth	Length	Well Cost Est.
Margarita Federal Com 13 #5H	Bone Spring	1399' FNL, 2014' FEL	22,677	11,250	11,427	\$9,430,906
Margarita Federal Com 13 #6H	Bone Spring	1399' FNL, 1882' FEL	22,840	11,400	11,440	\$9,440,392
Margarita Federal Com 13 #7H	Bone Spring	460' FNL, 774' FEL	23,269	11,250	12,019	\$9,668,352
Margarita Federal Com 13 #8H	Bone Spring	460' FNL, 642' FEL	23,611	11,400	12,211	\$9,735,469
Margarita Federal Com 13 #11H	Bone Spring	1399' FNL, 1948' FEL	22,320	10,900	11,420	\$9,410,062
Margarita Federal Com 13 #12H	Bone Spring	460' FNL, 708' FEL	22,932	10,900	12,032	\$9,648,629
Margarita Federal Com 13 #15H	Bone Spring	1399' FNL, 2047' FEL	23,141	11,700	11,441	\$9,457,974
Margarita Federal Com 13 #16H	Bone Spring	460' FNL, 807' FEL	23,662	11,700	11,962	\$9,645,664
Margarita Federal Com 13 #19H	Wolfcamp	1399' FNL, 1915' FEL	23,319	11,900	11,419	\$9,954,467
Margarita Federal Com 13 #20H	Wolfcamp	460' FNL, 675' FEL	24,071	11,900	12,171	\$10,200,836
Margarita Federal Com 13 #23H	Wolfcamp	1399' FNL, 1981' FEL	23,537	12,100	11,437	\$9,967,154
Margarita Federal Com 13 #24H	Wolfcamp	460' FNL, 741' FEL	24,131	12,100	12,031	\$10,204,751

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105

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East Margarita Fed Com Well Proposals - Corrected
July 7, 2021
Page 2

AEPHM proposes to drill the above wells in accordance to an AAPL 2015 form Joint Operating Agreement (JOA) covering the S/2NE/4, SE/4 of Section 13, E/2 Section 24 and NE/4 Section 25, all in T21S-R32E, Lea County, NM as to the depths lying from the surface to the base of the Wolfcamp formation. The proposed JOA form is attached for your review.

Attached are the AFEs pertaining to the above-described wells. The AFEs are only estimates and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations.

If you elect to participate in the drilling and completion of the proposed wells, please indicate your approval so by signing the AFEs in the space indicated and by returning 1 signed copy of each approved AFE. We also request the party(s) execute the JOA.

If you do not want to participate, as an alternative, Advance Energy Partners is open to acquire your interest under mutually acceptable terms.

Thank you for your consideration to our proposal. and request your timely evaluation and response within 30 days of receipt. If you have questions or require additional information, please contact me using telephone number or email address provided below.

Sincerely,
Advance Energy Partners Hat Mesa, LLC

Paul Burdick
Land Advisor
(832) 672-4623
Email: PBurdick@AdvanceEnergyPartners.com



Authorization For Expenditure

AFE#: NM0183

Date: Jul 7, 2021

Lease: Margarita Federal
 Well No: Margarita Federal Com 13 #7H
 County: Lea
 State: NM
 SHL: S13-T21S-R32E 460 FNL, 774 FEL
 BHL: S25-T21S-R32E 2540 FNL, 990 FEL

Target: Bone Springs
 Projected MD/TVD: 23269/11250
 Spud to TD: 20.3
 Lateral Length: 11700
 Stages: 75
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 7H, a 2.25 section Bone Spring to be drilled in Lea County, NM. This is a 4 string casing design consisting of the following: 24" surface hole drilled on Water to +/- 1700' and 20" 94# J-55 BTC casing set and cemented in place; 17.5" first intermediate hole drilled on Brine to +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-23269' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11700' of treatable lateral and completion design will consist of +/-75 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling - 01			\$ 990,613.00	\$ -	\$ -	\$ 990,613.00
	9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
	9402	Production Casing	\$ 450,592	\$ -	\$ -	\$ 450,592
	9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
	9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02			\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
	9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03			\$ -	\$ -	\$ 500,000.00	\$ 500,000.00
	9407	Tanks	\$ -	\$ -	\$ 25,000	\$ 25,000
	9408	Vessels	\$ -	\$ -	\$ 150,000	\$ 150,000
	9416	Valves & Fittings	\$ -	\$ -	\$ 145,000	\$ 145,000
	9417	Electrical	\$ -	\$ -	\$ 75,000	\$ 75,000
	9418	Gas Meter	\$ -	\$ -	\$ 6,000	\$ 6,000
	9419	Flare	\$ -	\$ -	\$ 6,000	\$ 6,000
	9420	Pumps-Surface	\$ -	\$ -	\$ 35,000	\$ 35,000
	9421	Production Battery	\$ -	\$ -	\$ 18,000	\$ 18,000
	9423	COMM- SCADA/Radio/Telecom	\$ -	\$ -	\$ 6,000	\$ 6,000
	9424	Vapor Recovery Unit	\$ -	\$ -	\$ 22,000	\$ 22,000
	9490	Miscellaneous	\$ -	\$ -	\$ 12,000	\$ 12,000
TOTAL TANGIBLE COSTS >>>			\$ 990,613.00	\$ 46,382.00	\$ 500,000.00	\$ 1,536,995.00

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling - 01			\$ 2,807,573.00	\$ -	\$ -	\$ 2,807,573.00
	9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
	9211	Location & Roads	\$ 46,703	\$ -	\$ -	\$ 46,703
	9202	Drilling - Daywork	\$ 519,460	\$ -	\$ -	\$ 519,460
	9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
	9224	Fuel	\$ 179,936	\$ -	\$ -	\$ 179,936
	9219	Bits & BHA	\$ 126,135	\$ -	\$ -	\$ 126,135
	9204	Directional	\$ 382,868	\$ -	\$ -	\$ 382,868
	9209	Mud - Chemicals & Engineering	\$ 142,150	\$ -	\$ -	\$ 142,150
	9230	Mud - Drill Water	\$ 32,021	\$ -	\$ -	\$ 32,021
	9231	Mud - Brine	\$ 17,073	\$ -	\$ -	\$ 17,073
	9233	Mud - Diesel	\$ 91,746	\$ -	\$ -	\$ 91,746
	9232	Mud - Auxillary	\$ 22,227	\$ -	\$ -	\$ 22,227
	9234	Solids Control / Closed Loop	\$ 88,881	\$ -	\$ -	\$ 88,881
	9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
	9212	Equipment Rental	\$ 144,428	\$ -	\$ -	\$ 144,428

9237	Mancamp	\$	46,403	\$	-	\$	-	\$	46,403
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,882	\$	-	\$	-	\$	2,882
9222	Consulting Services	\$	129,241	\$	-	\$	-	\$	129,241
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	18,175	\$	-	\$	-	\$	18,175
9229	Geosteering Services	\$	5,099	\$	-	\$	-	\$	5,099
9236	Safety & Environmental	\$	5,352	\$	-	\$	-	\$	5,352
9205	Drilling Overhead	\$	5,579	\$	-	\$	-	\$	5,579
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	133,314	\$	-	\$	-	\$	133,314
Intangible Completion - 02		\$	-	\$	4,923,784.00	\$	-	\$	4,923,784.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	791,250	\$	-	\$	791,250
9337	Sand	\$	-	\$	570,340	\$	-	\$	570,340
9332	Chemicals	\$	-	\$	356,063	\$	-	\$	356,063
9331	Pump Down Services	\$	-	\$	70,685	\$	-	\$	70,685
9325	Wireline/Perforating	\$	-	\$	494,858	\$	-	\$	494,858
9335	Packers, Frac Plugs & Accessories	\$	-	\$	70,369	\$	-	\$	70,369
9312	Rental Equipment - Surface	\$	-	\$	448,450	\$	-	\$	448,450
9330	Mancamp	\$	-	\$	32,480	\$	-	\$	32,480
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	714,472	\$	-	\$	714,472
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	124,563	\$	-	\$	124,563
9328	Company Supervision	\$	-	\$	6,317	\$	-	\$	6,317
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	51,926	\$	-	\$	51,926
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	11,195	\$	-	\$	11,195
9336	Contingency (10%)	\$	-	\$	248,579	\$	-	\$	248,579
9339	WTR - Brackish Water	\$	-	\$	465,367	\$	-	\$	465,367
9340	WTR - Fresh Water	\$	-	\$	6,469	\$	-	\$	6,469
9343	WTR - AEP Water Recycle	\$	-	\$	24,533	\$	-	\$	24,533
9346	WTR - Water Transfers	\$	-	\$	123,450	\$	-	\$	123,450
Intangible Facility - 03		\$	-	\$	-	\$	400,000.00	\$	400,000.00
9351	Installation Costs - Supervision	\$	-	\$	-	\$	15,000	\$	15,000
9352	Instal-Labor Mechanical	\$	-	\$	-	\$	140,000	\$	140,000
9353	Instal Labor: Inst,Elec,Autom	\$	-	\$	-	\$	144,000	\$	144,000
9354	Instal-Labor: Welding	\$	-	\$	-	\$	15,000	\$	15,000
9356	Fluids,Chemicals	\$	-	\$	-	\$	10,000	\$	10,000
9357	Location,Permit,Damages,Survey	\$	-	\$	-	\$	15,000	\$	15,000
9359	Disposal	\$	-	\$	-	\$	12,000	\$	12,000
9360	Surface Rental	\$	-	\$	-	\$	13,000	\$	13,000
9362	Consulting - Engineering	\$	-	\$	-	\$	12,000	\$	12,000
9363	Trucking Costs	\$	-	\$	-	\$	12,000	\$	12,000
9370	Miscellaneous	\$	-	\$	-	\$	12,000	\$	12,000



Authorization For Expenditure

AFE#: NM0183

Date: Jul 7, 2021

TOTAL INTANGIBLE COSTS >>>	\$ 2,807,573.00	\$ 4,923,784.00	\$ 400,000.00	\$ 8,131,357.00
TOTAL PROJECT COSTS >>>	\$ 3,798,186.00	\$ 4,970,166.00	\$ 900,000.00	\$ 9,668,352.00
	Dry Hole	Completion	Facility	Total

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


Operator: ADVANCE ENERGY PARTNERS HAT MESA

Signature: 

Name: Braden Harris

Date: Jun 23, 2021

Title: V.P. of Drilling & Completions

Signature: 

Name: Kevin Hayes

Date: Jun 23, 2021

Title: C.F.O.

Signature: 

Name: Peter Lellis

Date: Jun 23, 2021

Title: President & C.E.O.

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____



Authorization For Expenditure

AFE#: NM0184

Date: Jul 7, 2021

Lease: Margarita Federal
Well No: Margarita Federal Com 13 #8H

County: Lea

State: NM

SHL: S13-T21S-R32E 460 FNL, 642 FEL

BHL: S25-T21S-R32E 2540 FNL, 330 FEL

Target: Bone Springs

Projected MD/TVD: 23611/11400

Spud to TD: 20.5

Lateral Length: 11900

Stages: 76

Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 8H, a 2.25 section Bone Spring to be drilled in Lea County, NM. This is a 4 string casing design consisting of the following: 24" surface hole drilled on Water to +/- 1700' and 20" 94# J-55 BTC casing set and cemented in place; 17.5" first intermediate hole drilled on Brine to +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-23611' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11900' of treatable lateral and completion design will consist of +/-76 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Tangible Drilling - 01		\$ 997,147.00	\$ -	\$ -	\$ 997,147.00
	9401	Surface Casing \$ 118,394	\$ -	\$ -	\$ 118,394
	9402	Production Casing \$ 457,126	\$ -	\$ -	\$ 457,126
	9404-1	Wellhead & Equipment \$ 43,977	\$ -	\$ -	\$ 43,977
	9412	Intermediate 1 Casing \$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02		\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
	9404-2	Wellhead & Equipment \$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03		\$ -	\$ -	\$ 500,000.00	\$ 500,000.00
	9407	Tanks \$ -	\$ -	\$ 25,000	\$ 25,000
	9408	Vessels \$ -	\$ -	\$ 150,000	\$ 150,000
	9416	Valves & Fittings \$ -	\$ -	\$ 145,000	\$ 145,000
	9417	Electrical \$ -	\$ -	\$ 75,000	\$ 75,000
	9418	Gas Meter \$ -	\$ -	\$ 6,000	\$ 6,000
	9419	Flare \$ -	\$ -	\$ 6,000	\$ 6,000
	9420	Pumps-Surface \$ -	\$ -	\$ 35,000	\$ 35,000
	9421	Production Battery \$ -	\$ -	\$ 18,000	\$ 18,000
	9423	COMM- SCADA/Radio/Telecom \$ -	\$ -	\$ 6,000	\$ 6,000
	9424	Vapor Recovery Unit \$ -	\$ -	\$ 22,000	\$ 22,000
	9490	Miscellaneous \$ -	\$ -	\$ 12,000	\$ 12,000
TOTAL TANGIBLE COSTS >>>		\$ 997,147.00	\$ 46,382.00	\$ 500,000.00	\$ 1,543,529.00

INTANGIBLE COSTS		Dry Hole	Completion	Facility	Total
Intangible Drilling - 01		\$ 2,821,397.00	\$ -	\$ -	\$ 2,821,397.00
	9207	Permits, surveys, land & legal \$ 43,255	\$ -	\$ -	\$ 43,255
	9211	Location & Roads \$ 46,695	\$ -	\$ -	\$ 46,695
	9202	Drilling - Daywork \$ 523,840	\$ -	\$ -	\$ 523,840
	9203	Drilling - Rig Move \$ 97,588	\$ -	\$ -	\$ 97,588
	9224	Fuel \$ 181,348	\$ -	\$ -	\$ 181,348
	9219	Bits & BHA \$ 126,257	\$ -	\$ -	\$ 126,257
	9204	Directional \$ 385,840	\$ -	\$ -	\$ 385,840
	9209	Mud - Chemicals & Engineering \$ 142,385	\$ -	\$ -	\$ 142,385
	9230	Mud - Drill Water \$ 32,021	\$ -	\$ -	\$ 32,021
	9231	Mud - Brine \$ 17,073	\$ -	\$ -	\$ 17,073
	9233	Mud - Diesel \$ 91,746	\$ -	\$ -	\$ 91,746
	9232	Mud - Auxillary \$ 22,270	\$ -	\$ -	\$ 22,270
	9234	Solids Control / Closed Loop \$ 89,352	\$ -	\$ -	\$ 89,352
	9235	Disposal \$ 150,245	\$ -	\$ -	\$ 150,245
	9212	Equipment Rental \$ 145,770	\$ -	\$ -	\$ 145,770

9237	Mancamp	\$	47,275	\$	-	\$	-	\$	47,275
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,893	\$	-	\$	-	\$	2,893
9222	Consulting Services	\$	130,183	\$	-	\$	-	\$	130,183
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	18,418	\$	-	\$	-	\$	18,418
9229	Geosteering Services	\$	5,166	\$	-	\$	-	\$	5,166
9236	Safety & Environmental	\$	5,371	\$	-	\$	-	\$	5,371
9205	Drilling Overhead	\$	5,626	\$	-	\$	-	\$	5,626
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	133,968	\$	-	\$	-	\$	133,968
Intangible Completion - 02		\$	-	\$	4,970,543.00	\$	-	\$	4,970,543.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	801,800	\$	-	\$	801,800
9337	Sand	\$	-	\$	577,944	\$	-	\$	577,944
9332	Chemicals	\$	-	\$	360,810	\$	-	\$	360,810
9331	Pump Down Services	\$	-	\$	70,685	\$	-	\$	70,685
9325	Wireline/Perforating	\$	-	\$	501,452	\$	-	\$	501,452
9335	Packers, Frac Plugs & Accessories	\$	-	\$	71,160	\$	-	\$	71,160
9312	Rental Equipment - Surface	\$	-	\$	453,242	\$	-	\$	453,242
9330	Mancamp	\$	-	\$	32,491	\$	-	\$	32,491
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	722,781	\$	-	\$	722,781
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	124,675	\$	-	\$	124,675
9328	Company Supervision	\$	-	\$	6,318	\$	-	\$	6,318
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	52,618	\$	-	\$	52,618
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	11,203	\$	-	\$	11,203
9336	Contingency (10%)	\$	-	\$	251,127	\$	-	\$	251,127
9339	WTR - Brackish Water	\$	-	\$	465,367	\$	-	\$	465,367
9340	WTR - Fresh Water	\$	-	\$	6,469	\$	-	\$	6,469
9343	WTR - AEP Water Recycle	\$	-	\$	24,533	\$	-	\$	24,533
9346	WTR - Water Transfers	\$	-	\$	123,450	\$	-	\$	123,450
Intangible Facility - 03		\$	-	\$	-	\$	400,000.00	\$	400,000.00
9351	Installation Costs - Supervision	\$	-	\$	-	\$	15,000	\$	15,000
9352	Instal-Labor Mechanical	\$	-	\$	-	\$	140,000	\$	140,000
9353	Instal Labor: Inst,Elec,Autom	\$	-	\$	-	\$	144,000	\$	144,000
9354	Instal-Labor: Welding	\$	-	\$	-	\$	15,000	\$	15,000
9356	Fluids,Chemicals	\$	-	\$	-	\$	10,000	\$	10,000
9357	Location,Permit,Damages,Survey	\$	-	\$	-	\$	15,000	\$	15,000
9359	Disposal	\$	-	\$	-	\$	12,000	\$	12,000
9360	Surface Rental	\$	-	\$	-	\$	13,000	\$	13,000
9362	Consulting - Engineering	\$	-	\$	-	\$	12,000	\$	12,000
9363	Trucking Costs	\$	-	\$	-	\$	12,000	\$	12,000
9370	Miscellaneous	\$	-	\$	-	\$	12,000	\$	12,000



Authorization For Expenditure

AFE#: NM0184

Date: Jul 7, 2021

TOTAL INTANGIBLE COSTS >>>	\$ 2,821,397.00	\$ 4,970,543.00	\$ 400,000.00	\$ 8,191,940.00
TOTAL PROJECT COSTS >>>	\$ 3,818,544.00	\$ 5,016,925.00	\$ 900,000.00	\$ 9,735,469.00
	Dry Hole	Completion	Facility	Total

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

Operator: ADVANCE ENERGY PARTNERS HAT MESA

Signature: 

Name: Braden Harris

Date: Jun 23, 2021

Title: V.P. of Drilling & Completions

Signature: 

Name: Kevin Hayes

Date: Jun 23, 2021

Title: C.F.O.

Signature: 

Name: Peter Lellis

Date: Jun 23, 2021

Title: President & C.E.O.

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____



Authorization For Expenditure

AFE#: NM0185

Date: Jul 7, 2021

Lease: Margarita Federal
 Well No: Margarita Federal Com 13 #12H
 County: Lea
 State: NM
 SHL: S13-T21S-R32E 460 FNL, 708 FEL
 BHL: S25-T21S-R32E 2540 FNL, 660 FEL

Target: Bone Springs
 Projected MD/TVD: 22932/10900
 Spud to TD: 20.1
 Lateral Length: 11700
 Stages: 75
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 12H, a 2.25 section Bone Spring to be drilled in Lea County, NM. This is a 4 string casing design consisting of the following: 24" surface hole drilled on Water to +/- 1700' and 20" 94# J-55 BTC casing set and cemented in place; 17.5" first intermediate hole drilled on Brine to +/- 3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/- 5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/- 22932' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11700' of treatable lateral and completion design will consist of +/- 75 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling - 01			\$ 984,174.00	\$ -	\$ -	\$ 984,174.00
	9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
	9402	Production Casing	\$ 444,153	\$ -	\$ -	\$ 444,153
	9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
	9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02			\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
	9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03			\$ -	\$ -	\$ 500,000.00	\$ 500,000.00
	9407	Tanks	\$ -	\$ -	\$ 25,000	\$ 25,000
	9408	Vessels	\$ -	\$ -	\$ 150,000	\$ 150,000
	9416	Valves & Fittings	\$ -	\$ -	\$ 145,000	\$ 145,000
	9417	Electrical	\$ -	\$ -	\$ 75,000	\$ 75,000
	9418	Gas Meter	\$ -	\$ -	\$ 6,000	\$ 6,000
	9419	Flare	\$ -	\$ -	\$ 6,000	\$ 6,000
	9420	Pumps-Surface	\$ -	\$ -	\$ 35,000	\$ 35,000
	9421	Production Battery	\$ -	\$ -	\$ 18,000	\$ 18,000
	9423	COMM- SCADA/Radio/Telecom	\$ -	\$ -	\$ 6,000	\$ 6,000
	9424	Vapor Recovery Unit	\$ -	\$ -	\$ 22,000	\$ 22,000
	9490	Miscellaneous	\$ -	\$ -	\$ 12,000	\$ 12,000
TOTAL TANGIBLE COSTS >>>			\$ 984,174.00	\$ 46,382.00	\$ 500,000.00	\$ 1,530,556.00

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling - 01			\$ 2,794,289.00	\$ -	\$ -	\$ 2,794,289.00
	9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
	9211	Location & Roads	\$ 46,698	\$ -	\$ -	\$ 46,698
	9202	Drilling - Daywork	\$ 514,799	\$ -	\$ -	\$ 514,799
	9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
	9224	Fuel	\$ 178,406	\$ -	\$ -	\$ 178,406
	9219	Bits & BHA	\$ 126,003	\$ -	\$ -	\$ 126,003
	9204	Directional	\$ 380,715	\$ -	\$ -	\$ 380,715
	9209	Mud - Chemicals & Engineering	\$ 141,864	\$ -	\$ -	\$ 141,864
	9230	Mud - Drill Water	\$ 32,021	\$ -	\$ -	\$ 32,021
	9231	Mud - Brine	\$ 17,073	\$ -	\$ -	\$ 17,073
	9233	Mud - Diesel	\$ 91,746	\$ -	\$ -	\$ 91,746
	9232	Mud - Auxillary	\$ 22,181	\$ -	\$ -	\$ 22,181
	9234	Solids Control / Closed Loop	\$ 87,874	\$ -	\$ -	\$ 87,874
	9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
	9212	Equipment Rental	\$ 143,239	\$ -	\$ -	\$ 143,239



Authorization For Expenditure

AFE#: NM0185

Date: Jul 7, 2021

9237	Mancamp	\$	46,145	\$	-	\$	-	\$	46,145
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,869	\$	-	\$	-	\$	2,869
9222	Consulting Services	\$	128,221	\$	-	\$	-	\$	128,221
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	17,910	\$	-	\$	-	\$	17,910
9229	Geosteering Services	\$	5,082	\$	-	\$	-	\$	5,082
9236	Safety & Environmental	\$	5,332	\$	-	\$	-	\$	5,332
9205	Drilling Overhead	\$	5,528	\$	-	\$	-	\$	5,528
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	132,683	\$	-	\$	-	\$	132,683
Intangible Completion - 02		\$	-	\$	4,923,784.00	\$	-	\$	4,923,784.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	791,250	\$	-	\$	791,250
9337	Sand	\$	-	\$	570,340	\$	-	\$	570,340
9332	Chemicals	\$	-	\$	356,063	\$	-	\$	356,063
9331	Pump Down Services	\$	-	\$	70,685	\$	-	\$	70,685
9325	Wireline/Perforating	\$	-	\$	494,858	\$	-	\$	494,858
9335	Packers, Frac Plugs & Accessories	\$	-	\$	70,369	\$	-	\$	70,369
9312	Rental Equipment - Surface	\$	-	\$	448,450	\$	-	\$	448,450
9330	Mancamp	\$	-	\$	32,480	\$	-	\$	32,480
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	714,472	\$	-	\$	714,472
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	124,563	\$	-	\$	124,563
9328	Company Supervision	\$	-	\$	6,317	\$	-	\$	6,317
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	51,926	\$	-	\$	51,926
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	11,195	\$	-	\$	11,195
9336	Contingency (10%)	\$	-	\$	248,579	\$	-	\$	248,579
9339	WTR - Brackish Water	\$	-	\$	465,367	\$	-	\$	465,367
9340	WTR - Fresh Water	\$	-	\$	6,469	\$	-	\$	6,469
9343	WTR - AEP Water Recycle	\$	-	\$	24,533	\$	-	\$	24,533
9346	WTR - Water Transfers	\$	-	\$	123,450	\$	-	\$	123,450
Intangible Facility - 03		\$	-	\$	-	\$	400,000.00	\$	400,000.00
9351	Installation Costs - Supervision	\$	-	\$	-	\$	15,000	\$	15,000
9352	Instal-Labor Mechanical	\$	-	\$	-	\$	140,000	\$	140,000
9353	Instal Labor: Inst,Elec,Autom	\$	-	\$	-	\$	144,000	\$	144,000
9354	Instal-Labor: Welding	\$	-	\$	-	\$	15,000	\$	15,000
9356	Fluids,Chemicals	\$	-	\$	-	\$	10,000	\$	10,000
9357	Location,Permit,Damages,Survey	\$	-	\$	-	\$	15,000	\$	15,000
9359	Disposal	\$	-	\$	-	\$	12,000	\$	12,000
9360	Surface Rental	\$	-	\$	-	\$	13,000	\$	13,000
9362	Consulting - Engineering	\$	-	\$	-	\$	12,000	\$	12,000
9363	Trucking Costs	\$	-	\$	-	\$	12,000	\$	12,000
9370	Miscellaneous	\$	-	\$	-	\$	12,000	\$	12,000



Authorization For Expenditure

AFE#: NM0185

Date: Jul 7, 2021

TOTAL INTANGIBLE COSTS >>>	\$ 2,794,289.00	\$ 4,923,784.00	\$ 400,000.00	\$ 8,118,073.00
TOTAL PROJECT COSTS >>>	\$ 3,778,463.00	\$ 4,970,166.00	\$ 900,000.00	\$ 9,648,629.00
	Dry Hole	Completion	Facility	Total

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

Operator: ADVANCE ENERGY PARTNERS HAT MESA

Signature: 

Name: Braden Harris

Date: Jun 23, 2021

Title: V.P. of Drilling & Completions

Signature: 

Name: Kevin Hayes

Date: Jun 23, 2021

Title: C.F.O.

Signature: 

Name: Peter Lellis

Date: Jun 23, 2021

Title: President & C.E.O.

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____



Authorization For Expenditure

AFE#: NM0186

Date: Jul 7, 2021

Lease: Margarita Federal
 Well No: Margarita Federal Com 13 #16H
 County: Lea
 State: NM
 SHL: S13-T21S-R32E 460 FNL, 807 FEL
 BHL: S25-T21S-R32E 2540 FNL, 990 FEL

Target: Bone Springs
 Projected MD/TVD: 23662/11700
 Spud to TD: 20.5
 Lateral Length: 11600
 Stages: 74
 Proppant/ft: 2500

Project Description:

The proposed AFE is for the Margarita Fed Com 16H, a 2.25 section Bone Spring to be drilled in Lea County, NM. This is a 4 string casing design consisting of the following: 24" surface hole drilled on Water to +/- 1700' and 20" 94# J-55 BTC casing set and cemented in place; 17.5" first intermediate hole drilled on Brine to +/-3615' and 13" 68# HCL-80 BTC casing set and cemented in place; 12.25" second intermediate drilled on Water to +/-5600' and a split string of 9.625" 40# J-55 LTC and 9.625" 40# HCL-80 LTC set and cemented in place; 8.5" production hole drilled on OBM to TD at +/-23662' and 5.5" 20# HCP-110 GBCD production casing set and cemented in place. There will be ~11600' of treatable lateral and completion design will consist of +/-74 stages and 2500 lbs/ft of proppant. Pad Facility design consistent with Wool Head Pad A and B. Cost associated with off pad Power Lines or Pipelines is not included in this AFE.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling - 01			\$ 998,122.00	\$ -	\$ -	\$ 998,122.00
	9401	Surface Casing	\$ 118,394	\$ -	\$ -	\$ 118,394
	9402	Production Casing	\$ 458,101	\$ -	\$ -	\$ 458,101
	9404-1	Wellhead & Equipment	\$ 43,977	\$ -	\$ -	\$ 43,977
	9412	Intermediate 1 Casing	\$ 377,650	\$ -	\$ -	\$ 377,650
Tangible Completion - 02			\$ -	\$ 46,382.00	\$ -	\$ 46,382.00
	9404-2	Wellhead & Equipment	\$ -	\$ 46,382	\$ -	\$ 46,382
Tangible Facility - 03			\$ -	\$ -	\$ 500,000.00	\$ 500,000.00
	9407	Tanks	\$ -	\$ -	\$ 25,000	\$ 25,000
	9408	Vessels	\$ -	\$ -	\$ 150,000	\$ 150,000
	9416	Valves & Fittings	\$ -	\$ -	\$ 145,000	\$ 145,000
	9417	Electrical	\$ -	\$ -	\$ 75,000	\$ 75,000
	9418	Gas Meter	\$ -	\$ -	\$ 6,000	\$ 6,000
	9419	Flare	\$ -	\$ -	\$ 6,000	\$ 6,000
	9420	Pumps-Surface	\$ -	\$ -	\$ 35,000	\$ 35,000
	9421	Production Battery	\$ -	\$ -	\$ 18,000	\$ 18,000
	9423	COMM- SCADA/Radio/Telecom	\$ -	\$ -	\$ 6,000	\$ 6,000
	9424	Vapor Recovery Unit	\$ -	\$ -	\$ 22,000	\$ 22,000
	9490	Miscellaneous	\$ -	\$ -	\$ 12,000	\$ 12,000
TOTAL TANGIBLE COSTS >>>			\$ 998,122.00	\$ 46,382.00	\$ 500,000.00	\$ 1,544,504.00

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling - 01			\$ 2,824,137.00	\$ -	\$ -	\$ 2,824,137.00
	9207	Permits, surveys, land & legal	\$ 43,255	\$ -	\$ -	\$ 43,255
	9211	Location & Roads	\$ 46,711	\$ -	\$ -	\$ 46,711
	9202	Drilling - Daywork	\$ 524,964	\$ -	\$ -	\$ 524,964
	9203	Drilling - Rig Move	\$ 97,588	\$ -	\$ -	\$ 97,588
	9224	Fuel	\$ 181,748	\$ -	\$ -	\$ 181,748
	9219	Bits & BHA	\$ 126,291	\$ -	\$ -	\$ 126,291
	9204	Directional	\$ 385,219	\$ -	\$ -	\$ 385,219
	9209	Mud - Chemicals & Engineering	\$ 142,494	\$ -	\$ -	\$ 142,494
	9230	Mud - Drill Water	\$ 32,021	\$ -	\$ -	\$ 32,021
	9231	Mud - Brine	\$ 17,073	\$ -	\$ -	\$ 17,073
	9233	Mud - Diesel	\$ 91,746	\$ -	\$ -	\$ 91,746
	9232	Mud - Auxillary	\$ 22,282	\$ -	\$ -	\$ 22,282
	9234	Solids Control / Closed Loop	\$ 90,170	\$ -	\$ -	\$ 90,170
	9235	Disposal	\$ 150,245	\$ -	\$ -	\$ 150,245
	9212	Equipment Rental	\$ 146,112	\$ -	\$ -	\$ 146,112



Authorization For Expenditure

AFE#: NM0186

Date: Jul 7, 2021

9237	Mancamp	\$	47,343	\$	-	\$	-	\$	47,343
9218	Casing Services	\$	98,261	\$	-	\$	-	\$	98,261
9208	Cementing & Services	\$	200,183	\$	-	\$	-	\$	200,183
9215	Transportation	\$	10,550	\$	-	\$	-	\$	10,550
9217	Inspection & Testing	\$	25,848	\$	-	\$	-	\$	25,848
9239	Company Supervision	\$	2,897	\$	-	\$	-	\$	2,897
9222	Consulting Services	\$	130,450	\$	-	\$	-	\$	130,450
9206	Contract Labor	\$	36,695	\$	-	\$	-	\$	36,695
9228	Mudlogging & Services	\$	18,490	\$	-	\$	-	\$	18,490
9229	Geosteering Services	\$	5,108	\$	-	\$	-	\$	5,108
9236	Safety & Environmental	\$	5,376	\$	-	\$	-	\$	5,376
9205	Drilling Overhead	\$	5,640	\$	-	\$	-	\$	5,640
9220	Insurance	\$	5,275	\$	-	\$	-	\$	5,275
9290	Contingency (5%)	\$	134,102	\$	-	\$	-	\$	134,102
Intangible Completion - 02		\$	-	\$	4,877,023.00	\$	-	\$	4,877,023.00
9311	Location, Permit & Damages	\$	-	\$	17,353	\$	-	\$	17,353
9314	Stimulation	\$	-	\$	780,700	\$	-	\$	780,700
9337	Sand	\$	-	\$	562,735	\$	-	\$	562,735
9332	Chemicals	\$	-	\$	351,315	\$	-	\$	351,315
9331	Pump Down Services	\$	-	\$	70,685	\$	-	\$	70,685
9325	Wireline/Perforating	\$	-	\$	488,265	\$	-	\$	488,265
9335	Packers, Frac Plugs & Accessories	\$	-	\$	69,577	\$	-	\$	69,577
9312	Rental Equipment - Surface	\$	-	\$	443,659	\$	-	\$	443,659
9330	Mancamp	\$	-	\$	32,469	\$	-	\$	32,469
9313	Rental Equipment - Downhole	\$	-	\$	21,795	\$	-	\$	21,795
9307	Water Disposal	\$	-	\$	64,656	\$	-	\$	64,656
9309	Fuel	\$	-	\$	706,164	\$	-	\$	706,164
9306	Contract Labor	\$	-	\$	76,858	\$	-	\$	76,858
9321	Roustabout Services	\$	-	\$	3,165	\$	-	\$	3,165
9322	Consulting Services	\$	-	\$	124,450	\$	-	\$	124,450
9328	Company Supervision	\$	-	\$	6,315	\$	-	\$	6,315
9304	Safety & Environmental	\$	-	\$	10,545	\$	-	\$	10,545
9326	Coil Tubing Unit	\$	-	\$	51,233	\$	-	\$	51,233
9327	Flowback/Testing	\$	-	\$	99,698	\$	-	\$	99,698
9315	Transportation	\$	-	\$	18,348	\$	-	\$	18,348
9305	Completion Overhead	\$	-	\$	11,188	\$	-	\$	11,188
9336	Contingency (10%)	\$	-	\$	246,031	\$	-	\$	246,031
9339	WTR - Brackish Water	\$	-	\$	465,367	\$	-	\$	465,367
9340	WTR - Fresh Water	\$	-	\$	6,469	\$	-	\$	6,469
9343	WTR - AEP Water Recycle	\$	-	\$	24,533	\$	-	\$	24,533
9346	WTR - Water Transfers	\$	-	\$	123,450	\$	-	\$	123,450
Intangible Facility - 03		\$	-	\$	-	\$	400,000.00	\$	400,000.00
9351	Installation Costs - Supervision	\$	-	\$	-	\$	15,000	\$	15,000
9352	Instal-Labor Mechanical	\$	-	\$	-	\$	140,000	\$	140,000
9353	Instal Labor: Inst,Elec,Autom	\$	-	\$	-	\$	144,000	\$	144,000
9354	Instal-Labor: Welding	\$	-	\$	-	\$	15,000	\$	15,000
9356	Fluids,Chemicals	\$	-	\$	-	\$	10,000	\$	10,000
9357	Location,Permit,Damages,Survey	\$	-	\$	-	\$	15,000	\$	15,000
9359	Disposal	\$	-	\$	-	\$	12,000	\$	12,000
9360	Surface Rental	\$	-	\$	-	\$	13,000	\$	13,000
9362	Consulting - Engineering	\$	-	\$	-	\$	12,000	\$	12,000
9363	Trucking Costs	\$	-	\$	-	\$	12,000	\$	12,000
9370	Miscellaneous	\$	-	\$	-	\$	12,000	\$	12,000



Authorization For Expenditure

AFE#: NM0186

Date: Jul 7, 2021

TOTAL INTANGIBLE COSTS >>>	\$ 2,824,137.00	\$ 4,877,023.00	\$ 400,000.00	\$ 8,101,160.00
TOTAL PROJECT COSTS >>>	\$ 3,822,259.00	\$ 4,923,405.00	\$ 900,000.00	\$ 9,645,664.00
	Dry Hole	Completion	Facility	Total

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

Operator: ADVANCE ENERGY PARTNERS HAT MESA

Signature: _____

Name: Braden Harris

Date: Jun 23, 2021

Title: V.P. of Drilling & Completions

Signature: _____

Name: Kevin Hayes

Date: Jun 23, 2021

Title: C.F.O.

Signature: _____

Name: Peter Lellis

Date: Jun 23, 2021

Title: President & C.E.O.

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

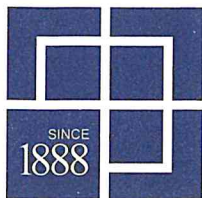
Printed Name: _____

Communication Timeline

July 7, 2021: Well proposals mailed to ConocoPhillips Company and Marathon Oil Permian, LLC via certified mail.

July-August: Multiple correspondences with ConocoPhillips and Marathon Oil Permian, LLC regarding Advance's proposals and various trade ideas. At this time, neither party has elected to participate in Advance's proposed development plan nor have the parties reached voluntary joinder.

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105
Exhibit A-5



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

August 5, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**TO ALL INTERESTED PARTIES SUBJECT TO NOTICE****Re: Case No. 22105 - Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the subject application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **September 9, 2021** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

**ADVANCE ENERGY
PARTNERS HAT MESA,
LLC**
Case No. 22105
Exhibit A-6

7020 2450 0002 1363 4908

CERTIFIED MAIL® RECEIPT	
Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee	\$
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$
Total Postage and Fees	\$
Sent To	ConocoPhillips Company
Street and	Attn: JIV Department
	600 W. Illinois Avenue
City, State	Midland, TX 79701
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

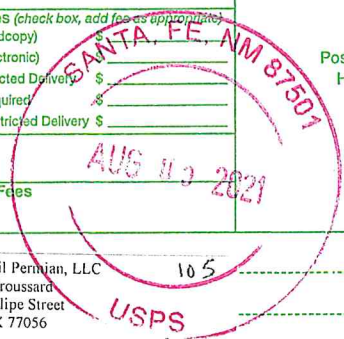


SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Danese</i> C. Date of Delivery <i>8/10/21</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>ConocoPhillips Company Attn: JIV Department 600 W. Illinois Avenue Midland, TX 79701</p> <p>9590 9402 5751 0003 3973 67</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p>7020 2450 0002 1363 4908</p>	<p>Domestic Return Receipt</p>

PS Form 3811, July 2015 PSN 7530-02-000-9053

7020 2450 0002 1363 4915

CERTIFIED MAIL® RECEIPT	
Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fees as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	
<input type="checkbox"/> Return Receipt (electronic)	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	
\$	
Total Postage and Fees	
\$	
Sent To	
Street	Marathon Oil Permian, LLC
City, State	Attn: Jeff Broussard
	5555 San Felipe Street
	Houston, TX 77056
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Marathon Oil Permian, LLC Attn: Jeff Broussard 5555 San Felipe Street Houston, TX 77056</p> <p>2. Article Number (Transfer from service label)</p> <p>7020 2450 0002 1363 4915</p>	<p>A. Signature</p> <p>X </p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p>CH</p> <p>C. Date of Delivery</p> <p>8/4/21</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

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).

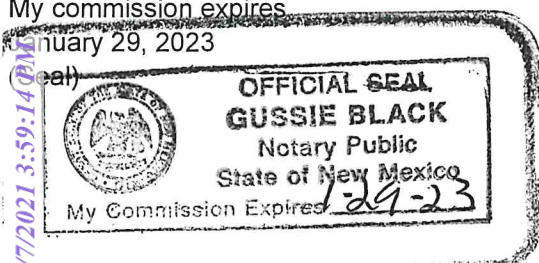
Beginning with the issue dated
August 12, 2021
and ending with the issue dated
August 12, 2021.


Publisher

Sworn and subscribed to before me this
12th day of August 2021.


Business Manager

My commission expires
January 29, 2023



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

LEGAL NOTICE August 12, 2021

This is to notify all interested parties, including ConocoPhillips Company, Marathon Oil Permian, LLC, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Advance Energy Partners Hat Mesa, LLC (Case No. 22105). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on September 9, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for that date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant applies for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a 360-acre, more or less, standard horizontal spacing unit comprised of the SE/4 NE/4 and E/2 SE/4 of Section 13, E/2 E/2 of Section 24, and E/2 NE/4 of Section 25, Township 21 South, Range 32 East in Lea County, New Mexico ("Unit"). The Unit will be dedicated to following wells:

- Margarita Federal Com #7H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
- Margarita Federal Com #8H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E;
- Margarita Federal Com #12H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E; and
- Margarita Federal Com #16H, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 in T21S-R32E to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 25 in T21S-R32E; ("Wells").

The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately twenty-seven (27) miles west of Eunice, New Mexico.
#36742

02107475

00257281

GILBERT
HINKLE, SHANOR LLP
PO BOX 2068
SANTA FE, NM 87504

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105
Exhibit A-7

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

APPLICATION OF ADVANCE ENERGY
PARTNERS HAT MESA, LLC FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 22105

**SELF-AFFIRMED STATEMENT
OF EDWARD CAAMANO**

1. I am the Senior Vice President of Geoscience at Advance Energy Partners Hat Mesa, LLC ("AEP") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-1** is a location map of the proposed horizontal spacing unit ("Unit") in the above-referenced case and shows the following proposed wells with black lines: Margarita Federal Com #7H, #8H, #12H, and #16H wells ("Wells"). Offset Bone Spring producers ("DUCs") are shown as blue diamonds and offsetting Bone Spring wells which are either in progress or permitted are shown as purple triangles. This exhibit also identifies three wells penetrating the targeted interval used to construct a structural cross-section from A to A'. I utilized these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

4. **Exhibit B-2** is a structure map for the top of the Bone Spring formation, which also reflects the surrounding area in relation to the Unit. The contour interval is 20'. The Wells are

ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105

depicted with black lines, and I have identified the bottom hole locations. The map demonstrates the formation within a very minor anticlinal feature trending NW-SE in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

5. **Exhibit B-3** is a structural cross-section using the representative wells identified on **Exhibit B-1**. It contains gamma ray, resistivity and porosity logs. The landing zone for the Wells are labeled on the exhibit. The cross-section demonstrates the target interval is continuous across the Unit.

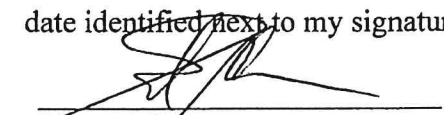
6. In my opinion, a standup orientation for the Wells is appropriate for the proper exploitation of subject acreage because of the of consistent rock properties throughout the Unit and in taking advantage the NE-SW maximum stress orientation in this area

7. Based on my geologic study of the area, the targeted interval underlying the subject areas and Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Wells.

8. In my opinion, the granting of AEP's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

9. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

10. I understand this Self-Affirmed Statement will be used as written testimony in these cases. I affirm my testimony in paragraphs 1 through 9 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.


Edward Caamano

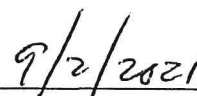
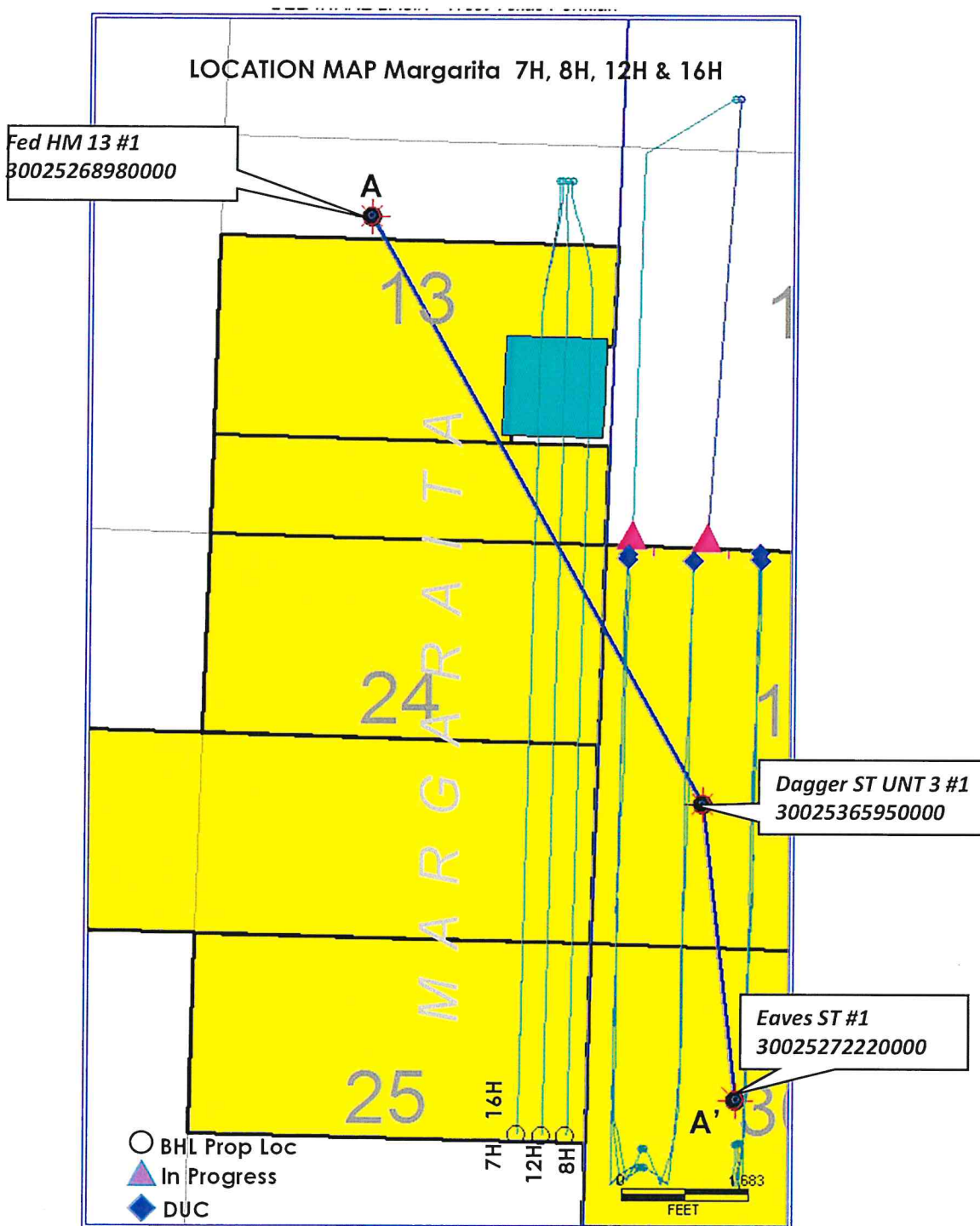

Date

Exhibit B-1 Location Map



ADVANCE ENERGY
PARTNERS HAT MESA,
LLC
Case No. 22105
Exhibit B 4

Exhibit B-2 Structure Map Top Bone Spring (SSD)

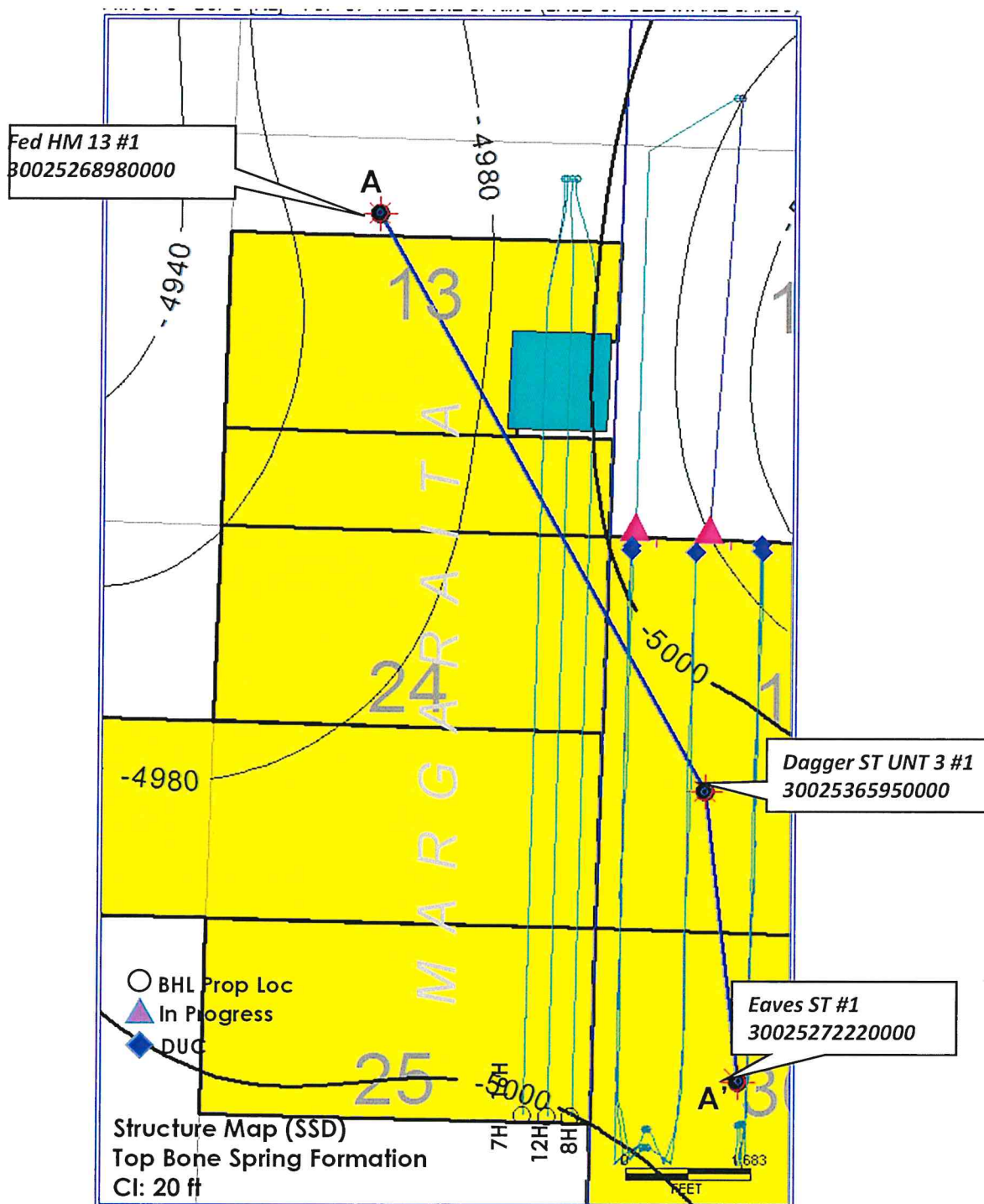
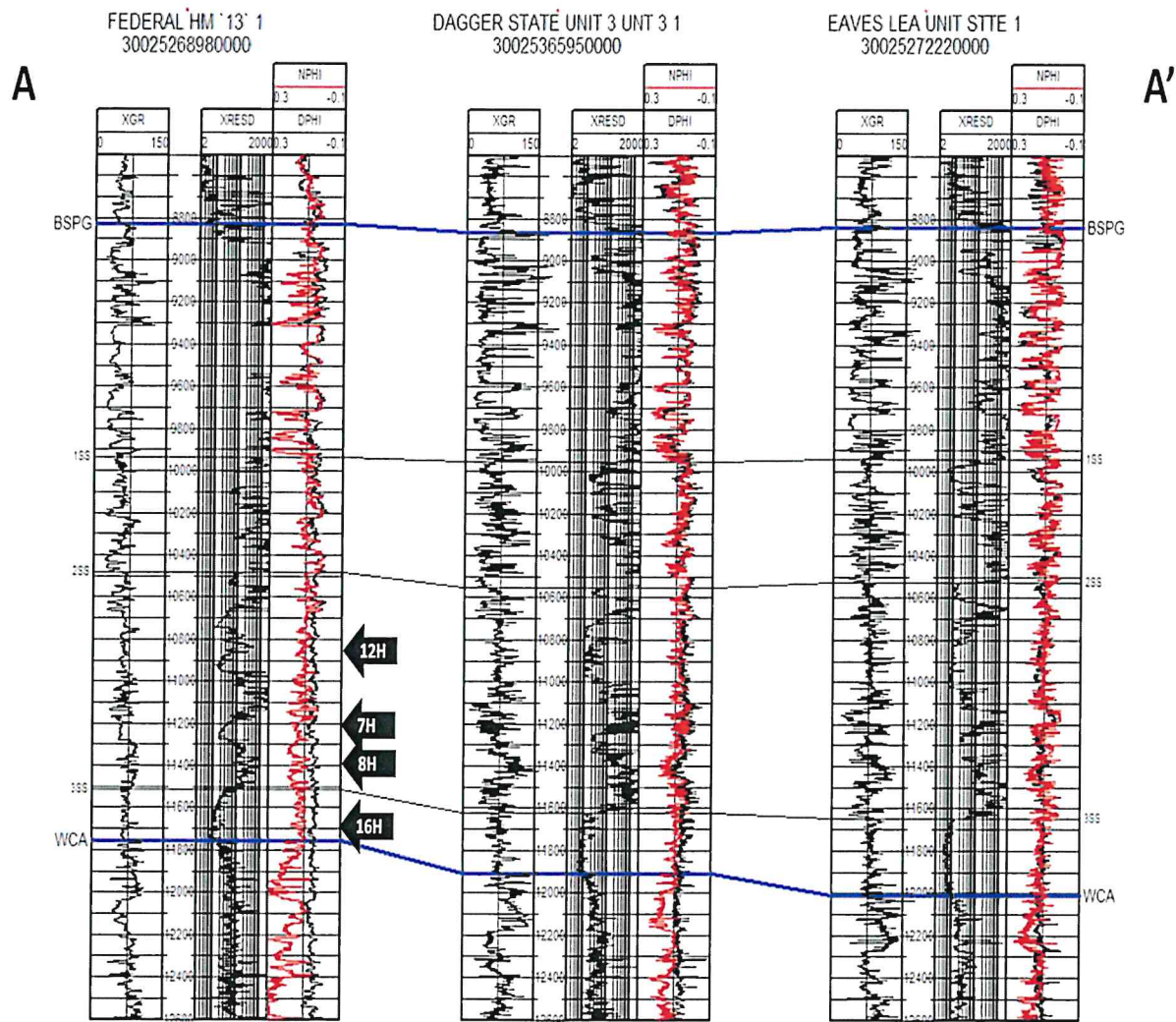


Exhibit B-3 CROSS SECTION A – A'



Proposed Landings annotated with arrows