

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

**APPLICATION OF AVANT OPERATING, LLC  
FOR COMPULSORY POOLING AND  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**Case No. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Avant Operating, LLC (“Applicant”) applies for an order: (1) approving a 640-acre, more or less, standard overlapping spacing unit in the Bone Spring formation underlying the E/2 of Section 36, Township 19 South, Range 32 East and the E/2 of Section 1, Township 20 South, Range 32 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the Unit. In support of its application, Applicant states:

1. Applicant (OGRID No. 330396) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
  - a. **Cutbow 36 1 Fed Com #604H**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 1, Township 20 South, Range 32 East;
  - b. **Cutbow 36 1 Fed Com #605H**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 32 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East; and
  - c. **Cutbow 36 1 Fed Com #606H**, which will be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19

South, Range 32 East, to a bottom hole location in the SE/4SE/4 (Unit P) of Section 1, Township 20 South, Range 32 East.

3. The completed intervals of the Wells will be orthodox.
4. The completed interval of the Cutbow 36 1 Fed Com #605H well will be located within 330' of the quarter-quarter section line separating the E/2 E/2 and W/2 E/2 of Sections 1 and 36 to allow for the creation of a standard 640-acre horizontal spacing unit.
5. The Unit will partially overlap with the spacing unit for the Maroon Bells Federal Com 16 32 36 SB 001H well (API # 30-025-40827), which is dedicated to the W/2 E/2 of Section 1, Township 20 South, Range 32 East and the W/2 SE/4 of Section 36, Township 19 South, Range 32 East.
6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all of the interest owners.
7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
8. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the proposed overlapping spacing unit should be approved, all uncommitted 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 July 7, 2022 and that, after notice and hearing, the Division enter an order:

- A. Approving an overlapping 640-acre horizontal spacing unit;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the Wells in the Unit;

- D. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- F. 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
- G. 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

Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

*Counsel for Avant Operating, LLC*