

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

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

CASE NO. _____

APPLICATION

Advance Energy Partners Hat Mesa, LLC (“Advance” or “Applicant”) (OGRID No. 372417), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Advance states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - the **Dagger Lake South 8 Fed Com #510H, Dagger Lake South 8 Fed Com #512H, Dagger Lake South 8 Fed Com #556H, Dagger Lake South 8 Fed Com #564H, and Dagger Lake South 8 Fed Com #606H**, all to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5; and

- the **Dagger Lake South 8 Fed Com #514H**, **Dagger Lake South 8 Fed Com #516H**, **Dagger Lake South 8 Fed Com #558H**, and **Dagger Lake South 8 Fed Com #566H**, all to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5.

3. The completed interval of the **Dagger Lake South 8 Fed Com #558H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal 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, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge 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,

HOLLAND & HART LLP



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**ATTORNEYS FOR ADVANCE ENERGY PARTNERS
HAT MESA, LLC**

CASE _____: **Application of Advance Energy Partners Hat Mesa, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 5 and the E/2 of Section 8, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the **Dagger Lake South 8 Fed Com #510H, Dagger Lake South 8 Fed Com #512H, Dagger Lake South 8 Fed Com #556H, Dagger Lake South 8 Fed Com #564H, and Dagger Lake South 8 Fed Com #606H**, all to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5; and
- the **Dagger Lake South 8 Fed Com #514H, Dagger Lake South 8 Fed Com #516H, Dagger Lake South 8 Fed Com #558H, and Dagger Lake South 8 Fed Com #566H**, all to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5.

The completed interval of the **Dagger Lake South 8 Fed Com #558H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15.B(1)(b). Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 25 miles east of Eunice, New Mexico.