

State of New Mexico
Energy, Minerals and Natural Resources Department

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NON-STANDARD LOCATION

Administrative Order NSL-8423

Advance Energy Partners Hat Mesa, LLC [372417]
Dagger State Com Well No. 306H
API No. 30-025-49941

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2610 FNL & 860 FEL	H	30	21S	33E	Lea
First Take Point	2540 FNL & 1430 FEL	G	30	21S	33E	Lea
Last Take Point/ Terminus	100 FNL & 1430 FEL	B	19	21S	33E	Lea

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 NE/2 of Section 30	240	Wildcat; Bone Spring	97927
W/2 E/2 of Section 19			

Reference is made to your application received on August 8th, 2022.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 110 feet to the eastern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 30, encroachment to the E/2 NE/4
Section 19, encroachment to the E/2 E/2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location as your preferred well spacing for horizontal wells in this area and thereby preventing waste within the Bone Spring formation underlying the W/2 NE/4 of Section 30 and the W/2 E/2 of Section 19.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102, submitted with the Authorization to Transport (C-104), to place this well into production.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL
Division Director

Date: 9/26/2022

AES/lrl