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bharris@advanceenergypartners.com e-mail Address

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APR 27 2018 FH02:34

April 23rd, 2018

Division Director Oil Conservation Division New Mexico Department of Energy Minerals and Natural Resources 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

Re: Application of Advance Energy Partners Hat Mesa for administrative approval of an unorthodox well location for its Dagger State Com 506H well in SW/4 NE/4 of Section 30, Township 21 South, Range 33 East N.M.P.M., Lea County, New Mexico.

Dear Division Director:

Advance Energy Partners Hat Mesa seeks administrative approval of an unorthodox well location for its Dagger State Com 506H well (API 30-025-43564) to be completed within the WC-025 G-06 S213326D; Bone Springs pool (97929) underlying Section 30 & Section 19, Township 21 South, Range 33 East in N.M.P.M. Lea County, New Mexico. This well will be drilled from a surface location 2610 feet from the north line and 1880 feet from the east line (Unit G) of Section 30. The first take point will be from 2040 from the north line and 1510 from the east line in Section 30 (Unit G) and the last take point will be 330 feet from the north line and 1510 feet from the east line in Section 19 (Unit B). This acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit and therefore the complete interval for this well will be unorthodox because it encroaches on the eastern boundary of the project area.

Advance Energy Partners Hat Mesa is the operator of the spacing unit to the east. There are two working interest owners in the 506H. The spacing to the east has the same owners and interests. Approval of the unorthodox completed interval will allow Advance Energy Partners Hat Mesa to use our preferred well spacing plan for the horizontal wells in this area thereby prevent waste.

Thank you for your consideration,

Braden Harris Drilling Manager, Advance Energy Partners Hat Mesa

Attachments: Administrative checklist, C-102

DISTRICT I 1625 N. French Dr., Hobbe, NM 88240 Phone (576) 593-6161 Faz: (576) 538-0720 DISTRICT II 611 S. First St., Artesia, NM 88210 Phone (576) 748-1233 Faz: (575) 748-5720

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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 Fhome (505) 478-3469 Fax: (505) 478-3462

State 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

AMENDED REPORT

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Lowe, Leonard, EMNRD

From:	Paul Burdick < PBurdick@advanceenergypartners.com>
Sent:	Tuesday, May 29, 2018 7:06 AM
To:	Lowe, Leonard, EMNRD
Cc:	Braden Harris
Subject:	Waiver Letters - Dagger State Com Wells 506H and 508H
Attachments:	new doc 2018-05-25 14.58.02.pdf
Follow Up Flag:	Follow up
Flag Status:	Flagged

Dear Mr. Lowe,

By email from you to our drilling manager, Braden Harris, you notified us that we were required to notified and request waivers from the offset lessee in the south portion of Section 18-T21S-R33E. The lessee is Ascent Energy and attached are letters from Ascent providing their waiver/non-objection for the subject wells.

We trust this will satisfy the regulatory requirements and our well applications can now be processed. Please let us know if you have questions or need additional information.

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Paul Burdick, Land Advisor Advance Energy Partners, LLC. 11490 Westheimer Road, Suite 950 Houston, Texas 77077

832-672-4623 (office) 713-228-7320 (cell)



11490 Westhelmer Road, Sulte 950, Houston, Texas 77077 • Phone 832-672-4700 • Fax 832-672-4609

May 16, 2018

Ascent Energy, LLC 1620 18th St., Suite 200 Denver, Colorado 80202

Attn: Lee Zink

Re: Dagger State Com Well 506H Advance Energy Partners Hat Mesa Permitted Well Lea County, New Mexico

Dear Lee,

Attached is a copy of our plat showing the location of the subject well we are in the process of obtaining the regulatory approval. This well will be drilled from a surface location 2610 feet from the north line and 1880 feet from the east line (Unit G) of Section 30. The first take point will be from 2040 from the north line and 1510 from the east line in Section 30 (Unit G) and the last take point will be 330 feet from the north line and 1510 feet from the east line in Section 19 (Unit B). This acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit and therefore the complete interval for this well will be unorthodox because it encroaches on the eastern boundary of the project area.

The Oil Conservation Division informed us that the last take point encroaching to the NE/4 of Section 19, which requires proper notification to Ascent, as Lessee in the SE/4SE/4 of Section 18-21S-R33E. We ask that Ascent confirms this notification and we request Ascent provides its waiver of any objection to this well.

Thank you for your consideration of our proposed change and please contact me if you want to discuss this matter in more detail.

Sincerely. Sordich

Paul J. Burdick Land Advisor Advance Energy Partners, LLC Email: PBurdick@AdvanceEnergyPartners.com

Notification Received and Ascent Energy, LLC has no objection For the drilling of the Dagger State Com 506H

LOG ZINK LAWD MANAGOR SCENT ENERGY UL

Scanned with CamScanner

E-mail Attachment 5/29/18

fr. Paul Burdick

Lowe, Leonard, EMNRD

From: Sent:	Paul Burdick <pburdick@advanceenergypartners.com> Tuesday, May 15, 2018 9:50 AM</pburdick@advanceenergypartners.com>	
To:	Lowe, Leonard, EMNRD	
Cc:	Braden Harris	
Subject:	Form C-102 for Dagger State Com 506H and 508H	
Attachments:	C-102 Form-Dagger State Com 506H.pdf; Letter to OCD-506H and 508H.pdf	

Dear Mr. Lowe,

Reference is made to 2 email notes you sent to Braden Harris, our Drilling Engineering Manager. In the first query is to confirm the common ownership of the applicable leases. To answer, I have prepared the attached letter which is attached to this email.

The second issue is that the permit for the 506H indicates the bottom hole footage is 100' from the north line of Section 19-21S-33E. We propose to drill approximately to 100' from the north line of Section 19 so we have sufficient hole to set and cement casing. The detail, however shown in the survey plat states the last take point is "330' FNL and 1510' FEL" Section 19-21S-33E. See the attached copy of the form C-102.

Our question is do we need to revise the form?

Paul Burdick, Land Advisor Advance Energy Partners, LLC. 11490 Westheimer Road, Suite 950 Houston, Texas 77077

832-672-4623 (office) 713-228-7320 (cell)



" FNL and 1510' FEL



5/15/15

E-mont Attachment

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

May 15, 2018

Oil Conservation Division Energy Minerals and Natural Resources Department 1220 South St. Frances Santa Fe, New Mexico 87004

Attn: Mr. Leonard Lowe Engineering Bureau

Re: Common Ownership Section 30 and Section 19-T21S-R33E Lea County, New Mexico

Dear Mr. Lowe,

Advance Energy Partners Hat Mesa, LLC submitted NSL drilling permit applications for the following wells:

Dagger State Com Well 506H:

Surface location: Unit G, Section 30-T21S-R33E; 2610 FNL, 1880' FEL Bottom location: Unit B, Section 19-T21S-R33E; 100 FNL, 1510' FEL

Dagger State Com Well 508H:

Surface location: Unit G, Section 30-T21S-R33E; 2610 FNL, 1910' FEL Bottom location: Unit B, Section 19-T21S-R33E; 330 FNL, 2370' FEL

This letter is to confirm the lease ownership in the following applicable leases listed on the attached Exhibit are common ownership. Advance Energy Partners Hat Mesa, LLC owns 95% working interest and Bullhead Energy, LLC owns 5%. In addition, Bullhead Energy, LLC has been notified of the well proposals and have consented to participate as to its 5% working interest.

Thank you again for your consideration. If you require additional information, please notify me either ny telephone or my email indicated below.

Sincerely,

udich

Paul J. Burdick Land Advisor Advance Energy Partners Hat Mesa, LLC Email: <u>PBurdick@Advanceenergypartners.com</u> Office Telephone: 832-672-4623 Cell Telephone: 713-228-7320

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New Mexico State Land Office May 3 2018 Page 2

Dagger State Leases

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NM State Lease Number	Section	Township-Range	Lessee of Record
VO 8657	19: West Half	21 South-33 East	Advance Energy Partners Hat Mesa, LLC
VO 8700	19: East Half	21 South-33 East	Advance Energy Partners Hat Mesa, LLC
VO 6981	30: West Half	21 South-33 East	Advance Energy Partners Hat Mesa, LLC
VO 8490	30: East Half	21 South-33 East	Advance Energy Partners Hat Mesa, LLC 🛩
VB 1327	31: West Half	21 South-33 East	Advance Energy Partners Hat Mesa, LLC
VO 8211	31: East Half	21 South-33 East	Advance Energy Partners Hat Mesa, LLC

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 Phone (876) 383-8161 Fas: (576) 593-9780 DISTRICT II 011 S. First St., Artesia, NM 88210 Phone (876) 745-1253 Fas: (576) 748-9720 State of New Mexico Energy, Minerals and Natural Resources Department OIL CONSERVATION DIVISION DISTRICT III 1220 South St. Francis Dr. 1000 Rio Brazos Rd., Azteo, NM 87410 Phone (605) 554-6175 Fax: (505) 534-6170 Santa Fe, New Mexico 87505 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone (506) 476-3460 Fam (505) 476-5458 WELL LOCATION AND ACREAGE DEDICATION PLAT **API** Number **Pool Code** Pool Name **Property** Code **Property** Name DAGGER STATE COM OGRID No. **Operator** Name ADVANCE ENERGY PARTNERS HAT MESA Surface Location UL or lot No. Section Township Range Lot Idn Feet from the SOUTH/South line Feet from the 2610 G 30 21 S 33 E NORTH 1880 Bottom Hole Location If Different From Surface SOUTH/South line Lot Idn Ecot from the Section Range UL or lot No. Township Feet from the 19 S 33 E 100 21 NORTH 1510 B Joint or Infill Consolidation Code Dedicated Acres Order No. OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION N: 536073.2 E: 763878.9 (NAD 83) I: 636087.9 : 766518.9 (NAD 83) N: 536050.3 E: 761370.4 (NAD 83) PROPOSED BOTTOM HOLE LOCATION

5/15/18 E-mail Attachment

Form C-102 Revised August 4, 2011

D AMENDED REPORT

Submit one copy to appropriate District Office

3/3

Well Number 506H Sievation 3813' East/West line County EAST LEA East/West line County EAST LEA NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED **OPERATOR CERTIFICATION** OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my incudedge and belief, and that this organisation, either owns a working interest or unLikeed mineral interest in the load including the proposed bottom hole loadson 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. Lat - N 32.471381° ong - W 103.608061° NMSPCE- N 535979.5 F 765007.9 (NAD-83) ्राः con the 1: 533446.7 divis 173 : 766540. (NAD 83) LAST TAKE POINT Signature Date 330 FNL & 1510 FEL Lat - N 32.470750° Long - W 103.608058° NMSPCE-N 535749.5 F 765010.2 Printed Name (NAD-83) Email Address N: 530807.4 E: 766560.8 (NAD 83) SURVEYOR CERTIFICATION N: 530794.2 E: 763911.2 I hereby certify that the well location shown on this plat was plotted from field notes of (NAD 83) FIRST TAKE POINT actual surveys made by me or under my 2040 FNL & 1510 FEL Lat - N 32.451536° Long - W 103.608025° NMSPCE-N 528759.9 NMSPCE-E 765067.7 supervison and that the same is true and overest to the best at my beller. MARCEN 27., ADD Date Suppyer MEL S NEXIC (NAD-83) ģ, 70 Signat N: 528166.3 E: 766582.8 (NAD 83) Profes reyor 1880 30 783 S.H. SURFACE LOCATION Lat - N 32.449973' Long - W 103.609222' NMSPCE-N 528188.7 E 764702.8 Certifica 7977 B (NAD-83) 0' 2000' 0' 500' 1000' 1500' N: 525518.4 525527.7 SCALE: 1" = 1000 E: 763965 (NAD 83) (NAD 83) WO Num.: 33628

N: 530781.9 E: 761409.9 (NAD 83)

N: 525504.7 E: 761445.4

(NAD 83)

Lowe, Leonard, EMNRD

From: Sent: To: Subject: Lowe, Leonard, EMNRD Monday, May 14, 2018 3:18 PM 'bharris@advanceenergypartners.com' NSL for Dagger State Com Well No. 506H

Importance:

High

Mr. Braden Harris,

WELL: Dagger State Com Well No. 506H

Good afternoon.

Upon review of your submitted NSL application for the above stated well, please answer the following.

- 1. Your letter indicated, "Advance Energy Partners Hat Mesa is the operator of the spacing unit to the east." Please indicate which part of the east this statement pertains to. A letter from your land man indicating common ownership in affected tracts needs to be submitted.
- Your last take point is encroaching also to the NE. To the affected area of the SE4 SE4 of Section 18. Were the Operators located in that area? If not then proper notification needs to be done. < NO NOTICE

Due to the lack of public notice, your application is currently suspended until all proper notification is completed.

Thank you,

Leonard Lowe

Engineering Bureau Oil Conservation Division Energy Minerals and Natural Resources Department 1220 South St. Frances Santa Fe, New Mexico 87004 Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462 E-mail: <u>leonard.lowe@state.nm.us</u> Website: http://www.emnrd.state.nm.us/ocd/

1.waiver or still suspended

GIVEN.