

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

**APPLICATION OF ADVANCE ENERGY PARTNERS
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE Nos. 16095, 16096, 16097, 16098

1 of 4

**ADVANCE ENERGY PARTNERS HAT MESA, LLC
May 31, 2018**

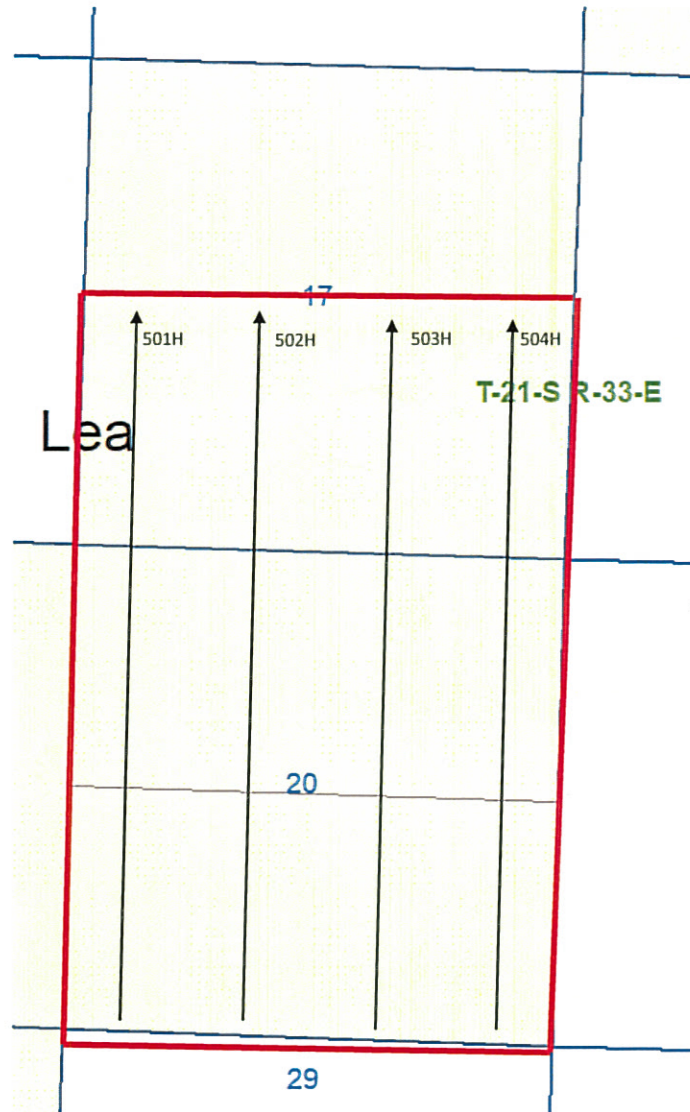
**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF ADVANCE ENERGY PARTNERS
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

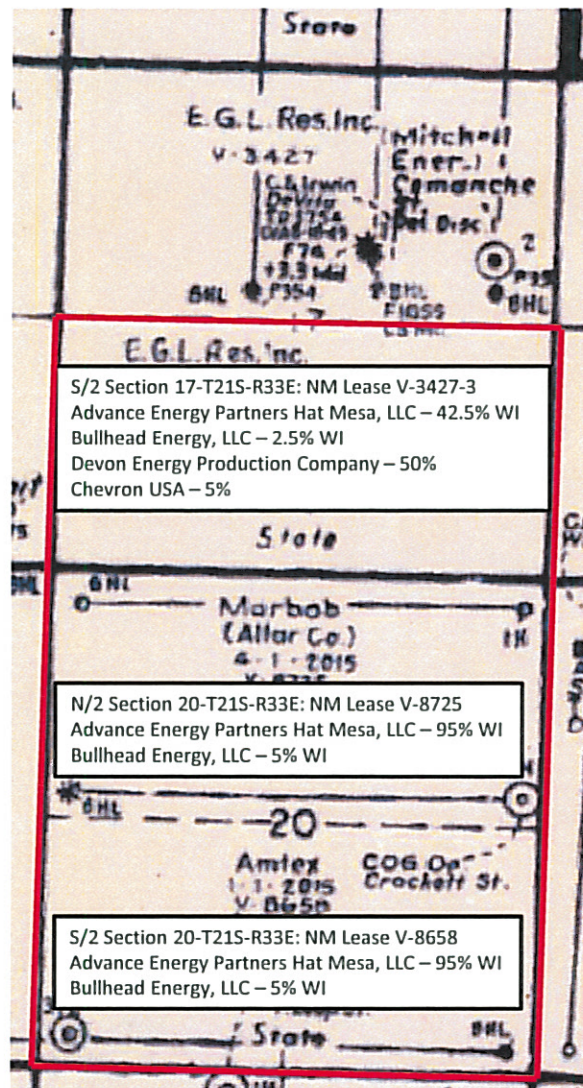
CASE Nos. 16095, 16096, 16097, 16098

**ADVANCE ENERGY PARTNERS HAT MESA, LLC
May 31, 2018**

Wool Head Unit
Well Sticks for
Wool Head 501H
Wool Head 502H
Wool Head 503H
Wool Head 504H



ADVANCE ENERGY PARTNERS
HAT MESA, LLC
OCD CASE Nos. 16095, 16096, 16097, 16098
Exhibit No. 1
NM Oil Conservation Division
Hearing - May 31, 2018



Wool Head Unit

Township 21 South, Range 33 East

Section 20: All

Section 17: S/2

960 acres, more or less

**ADVANCE ENERGY PARTNERS
 HAT MESA, LLC**
 OCD CASE Nos. 16095, 16096, 16097, 16098
 Exhibit No. 2
 NM Oil Conservation Division
 Hearing - May 31, 2018

Wool Head Unit Contract Area and WI Ownership

Wool Head Unit: All of Section 20 and S/2 Section 17, T21S-R33E (960 acres, more or less)					Committed to Well
WI Owner	S/2 of Section 17	N/2 Section 20	S/2 Section 20	W.I. in 960 ac Unit	
Advance Energy Partners Hat Mesa, LLC	136.00	304.00	304.00	77.50%	Yes
Bullhead Energy, LLC	8.00	16.00	16.00	4.17%	Yes
Devon Energy Production Company	160.00			16.67%	No
Chevron USA	16.00			1.67%	No
Total	320.00	320.00	320.00	100.00%	

ADVANCE ENERGY PARTNERS
 HAT MESA, LLC
 OCD CASE Nos. 16095, 16096, 16097, 16098
 Exhibit No. 3
 NM Oil Conservation Division
 Hearing - May 31, 2018

Contact Notes – Wool Head Unit

Date	Communication	Result
January 22, 2018	Sent letter proposals to WI owners via certified mail	
January 28, 2018	Email from Bullhead Energy, LLC	Consented to participate in wells
January 22, 2018	Purchase offer to Chevron by email and by letter	To purchase Chevron's interest in Unit and other lands
January 30, 2018	Email to Chevron	Continued proposals with Chevron, including S/2 of 17.
Multiple dates	Phone calls, letters and email with Chevron	Trade discussions and purchase discussions. No agreement as to S/2 of 17.
February 12, 2018	Email with Kaitlyn Kaker - Chevron	Communication as to Chevron's title in S/2 17. Chevron sounded uncertain about the title.
March 13, 2018	Email with Kaitlyn Kaker - Chevron	Continued Communication as to Chevron's title in S/2 17.
March 15, 2018	Email communication with Ms. Kaker	Sent copies of existing JOAs to her
Multiple communications over 3+ months	Carol Glass – Devon - Multitude phone discussions, letters and email over 3 months	Exploring and negotiating lease exchange and or purchase opportunities including Devon's interest in S/2 of 17
February 23, 2018	Mailed JOA to Parties	No reply from Parties.
April 18, 2018	Email with scanned revised Wool Head 501H AFE	Sent to correct incorrect footage location for well. No reply from any party.



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

Date: January 22, 2018

Certified Return Receipt Mail
7017 1070 0000 0249 5656

Chevron USA
Mid-Continent Business Unit
1400 Smith - 41102
Houston, Texas 77002

Attention: Ms. Shalyce Holmes

Re: Proposed Woolhead 501H, 502H, 503H and 504H Wells
Sections 20 and S/2 of Section 17, T21S-R33E
Lea County, New Mexico

Ladies and Gentlemen:

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following wells, testing the 2nd Bone Spring formation at applicable surface locations 100 feet from the south line of Section 20, and bottom-hole locations in the N/2S/2 of Section 17, T21S-R33E, Lea County, New Mexico.

- 1) Woolhead 504H Well at a surface location 100' FSL and 330' FEL Section 20, to shall be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation and a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and complete the well is \$9,387,211 plus surface facility costs of \$1,050,765 for a total cost estimate of \$10,437,976.
- 2) Woolhead 503H Well at a surface location 100' FSL and 1,650' FEL Section 20, to be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation with a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and complete the well is \$9,387,211 plus surface facility costs of \$308,974 for a total cost estimate of \$9,696,185.
- 3) Woolhead 502H Well at a surface location 100' FSL and 2,310' FWL Section 20, to be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation with a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and

ADVANCE ENERGY PARTNERS
HAT MESA, LLC
OCD CASE Nos. 16095, 16096, 16097, 16098
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complete the well is \$9,387,211 plus surface facility costs of \$308,974 for a total cost estimate of \$9,696,185.

- 4) Woolhead 501H Well at a surface location 100' FSL and 1,650' FWL Section 20, to be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation with a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and complete the well is \$9,387,211 plus surface facility costs of \$308,974 for a total cost estimate of \$9,696,185.

The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expense.

According to our title research, Chevron owns 16 net contractual acres before payout and 14 net acres after payout in the S/2 of Section 17. (We are uncertain about the payout status and conversion option.) AEPHM proposes to drill and operate the wells in accordance to a modified AAPL Form 610 – 2015 JOA covering a 960 acre contract area covering the S/2 of Section 17 and all of Section 20, T21S-R33E, insofar as the lands cover the 1st and 2nd Bone Spring formations, and depths below the base of the Bone Springs. The applicable depths are 9,972' to 11,338' for the top of the 1st Bone Spring to the base of the 2nd Bone Spring, and below 11,950' for the depths below the base of the Bone Spring, as defined in the logs of the COG operated Crockett State 2H well located in the N/2 of said Section 20. Within the proposed Contract Area, Chevron owns an estimated 1.6632% working interest before payout and 1.4583% working interest after payout. Among other provisions, The JOA shall provide for the following:

AEPHM designated as Operator,
100%/100%/300% non-consent penalty,
Overhead rates of \$7000/month drilling rates, \$700/month producing well.

The JOA will be delivered to you in the near future.

If you elect to participate in the drilling and completion of the proposed well, please indicate so by signing this letter in the space indicated and by returning 1 signed copy of this letter within 30 days of receipt.

If you elect not to participate in the proposed well, AEPHM is interested in acquiring your interest through purchase, term assignment or farm-out under mutually acceptable conditions.

Thank you for your consideration to our proposal. If you have questions or require additional information, please contact me using telephone number or email address provided below.

For information about our company, Advance Energy Partners Hat Mesa is a subsidiary of Advance Energy Partners, LLC. Advance Energy Partners is a privately owned company with

Chevron USA Inc
January 22, 2018
Page 3

financial backing by EnCap Investments, the leading provider of venture capital to independent oil and gas companies. More information can be found at www.AdvanceEnergyPartners.com.

Sincerely,
Advance Energy Partners Hat Mesa, LLC



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

_____ Chevron USA Inc. elects to participate in the drilling, completion and equipping of the Woolhead 504H Well

_____ Chevron USA Inc elects NOT to participate in the drilling, completion and equipping of the Woolhead 504H Well.

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_____ Chevron USA Inc elects NOT to participate in the drilling, completion and equipping of the Woolhead 501H Well.

By: _____

Printed Name: _____

Title: _____

Date: _____

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Chevron USA
Mid-Continent Business Unit
1400 Smith - 41102
Houston, Texas 77002



9590 9402 2953 7094 4797 31

2. Article Number (Transfer from service label)

7017 1070 0000 0249 5656

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

1-29-18

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Registered Mail☐ Registered Mail Restricted Delivery☐ Insured Mail☐ Insured Mail Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Mr. Mike Petraitis, MSU
P.O. box 10886
Midland, Texas 79702



9590 9402 2953 7094 4797 48

2. Article Number (Transfer from service label)

7017 1070 0000 0249 5663

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Registered Mail☐ Registered Mail Restricted Delivery☐ Insured Mail☐ Insured Mail Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Devon Energy Production Co.
333 W. Sheridan Avenue
Oklahoma City, OK., 73102
Attn: Carol Glass



9590 9402 2953 7094 4797 24

2. Article Number (Transfer from service label)

7017 1070 0000 0249 5649

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Insured Mail☐ Insured Mail Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt



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

Date: January 19, 2018

Certified Return Receipt Mail
7017 1070 000 0249 5649

Devon Energy Production Company
333 W. Sheridan Avenue
Oklahoma City, Oklahoma 73102

Attention: Ms. Carol Glass

Re: Proposed Woolhead 501H, 502H, 503H and 504H Wells
Sections 20 and S/2 of Section 17, T21S-R33E
Lea County, New Mexico

Ladies and Gentlemen:

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following wells, testing the 2nd Bone Spring formation at applicable surface locations 100 feet from the south line of Section 20, and bottom-hole locations in the N/2S/2 of Section 17, T21S-R33E, Lea County, New Mexico.

- 1) Woolhead 504H Well at a surface location 100' FSL and 330' FEL Section 20, to shall be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation and a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and complete the well is \$9,387,211 plus surface facility costs of \$1,050,765 for a total cost estimate of \$10,437,976.
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ADVANCE ENERGY PARTNERS
HAT MESA, LLC
OCD CASE Nos. 16095, 16096, 16097, 16098
Exhibit No. 6
NM Oil Conservation Division
Hearing - May 31, 2018

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The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expense.

According to our title research, Devon owns 160 net leasehold acres in the S/2 of Section 17. AEPHM proposes to drill and operate the wells in accordance to a modified AAPL Form 610 – 2015 JOA covering a 960 acre contract area covering the S/2 of Section 17 and all of Section 20, T21S-R33E, insofar as the lands cover the 1st and 2nd Bone Spring formations, and depths below the base of the Bone Springs. The applicable depths are 9,972' to 11,338' for the top of the 1st Bone Spring to the base of the 2nd Bone Spring, and below 11,950' for the depths below the base of the Bone Spring, as defined in the logs of the COG operated Crockett State 2H well located in the N/2 of said Section 20. Within the proposed Contract Area, Devon owns an estimated 16.67% working interest. Among other provisions, The JOA shall provide for the following:

AEPHM designated as Operator,
100%/100%/300% non-consent penalty,
Overhead rates of \$7000/month drilling rates, \$700/month producing well.

The JOA will be delivered to you in the near future.

If you elect to participate in the drilling and completion of the proposed well, please indicate so by signing this letter in the space indicated and by returning 1 signed copy of this letter within 30 days of receipt.

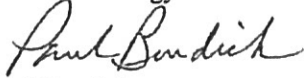
If you elect not to participate in the proposed well, AEPHM is interested in acquiring your interest through purchase, term assignment or farm-out under mutually acceptable conditions.

Thank you for your consideration to our proposal. If you have questions or require additional information, please contact me using telephone number or email address provided below.

For information about our company, Advance Energy Partners Hat Mesa is a subsidiary of Advance Energy Partners, LLC. Advance Energy Partners is a privately owned company with financial backing by EnCap Investments, the leading provider of venture capital to independent oil and gas companies. More information can be found at www.AdvanceEnergyPartners.com.

Devon Energy
January 19, 2018
Page 3

Sincerely,
Advance Energy Partners Hat Mesa, LLC



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

_____ Devon Energy Production Company elects to participate in the drilling, completion and equipping of the Woolhead 504H Well

_____ Devon Energy Production Company elects NOT to participate in the drilling, completion and equipping of the Woolhead 504H Well.

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_____ Devon Energy Production Company elects NOT to participate in the drilling, completion and equipping of the Woolhead 501H Well.

By: _____

Printed Name: _____

Title: _____

Date: _____



Authority for Expenditure

Lease: Woolhead
Well No: #501H
County: Lea
State: NM
SHL: Sec 20, T-21S, R-33E; 100' FSL, 1,650' FWL
BHL: Sec 17, T-21S, R-33E; 2,540' FSL, 1,650' FWL

AFE Number: NM0010

Date: January 16th, 2018

Target: 2nd Bone Spring
Projected MD/TVD: 18500 / 10900
Spud to TD: 23
Lateral Length: 7,000
Stages: 37
Proppant/ft: 2500

Project Description:

The Woolhead #501H is a 1-1/2 section, 2nd Bone Spring horizontal to be drilled in Lea County, NM. The wellbore profile consists of the following: 17-1/2" surface hole drilled to +/-1700' and 13-3/8" casing set and cemented in place; 12-1/4" hole drilled to +/-5,400' and 9-5/8" casing set and cemented into place; 8-3/4" hole drilled to, and 5-1/2" production casing set and cemented at TD at +/-18,500' MD / 10,900' TVD. There will be ~ 7,000 ft of treatable lateral and the completion design will consist of ~37 stages and 2500 ppf of proppant.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling			\$ 544,642	\$ -	\$ -	\$ 544,642
	9401	Surface Casing:	\$ 40,919	\$ -	\$ -	\$ 40,919
	9412	Intermediate 1 Casing:	\$ 130,830	\$ -	\$ -	\$ 130,830
	9412	Intermediate 2 Casing:	\$ -	\$ -	\$ -	\$ -
	9402	Production Casing:	\$ 321,900	\$ -	\$ -	\$ 321,900
	9404	Wellhead & Equipment:	\$ 50,993	\$ -	\$ -	\$ 50,993
	9490	Miscellaneous	\$ -	\$ -	\$ -	\$ -
Tangible Completion			\$ -	\$ 116,380	\$ -	\$ 116,380
	9403	Tubing	\$ -	\$ 46,800	\$ -	\$ 46,800
	9404	Wellhead & Equipment:	\$ -	\$ 25,000	\$ -	\$ 25,000
	9414	Gas Lift System	\$ -	\$ 25,000	\$ -	\$ 25,000
	9415	Packers & Accessories	\$ -	\$ 9,000	\$ -	\$ 9,000
	9490	Miscellaneous	\$ -	\$ 10,580	\$ -	\$ 10,580
Tangible Facility			\$ -	\$ -	\$ 308,974	\$ 308,974
	9407	Tanks & Containment	\$ -	\$ -	\$ 36,000	\$ 36,000
	9408	Vessels	\$ -	\$ -	\$ 128,975	\$ 128,975
	9408	VRU	\$ -	\$ -	\$ -	\$ -
	9417	Electrical	\$ -	\$ -	\$ 40,000	\$ 40,000
	9416	Gas Meter	\$ -	\$ -	\$ 18,600	\$ 18,600
	9416	Valves & Fittings	\$ -	\$ -	\$ 20,610	\$ 20,610
	9421	Production Battery	\$ -	\$ -	\$ 36,700	\$ 36,700
	9490	Miscellaneous	\$ -	\$ -	\$ 28,089	\$ 28,089
TOTAL TANGIBLE COSTS >>>			\$ 544,642	\$ 116,380	\$ 308,974	\$ 969,996

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling			\$ 2,549,624	\$ -	\$ -	\$ 2,549,624
	9207	Permits, surveys, land & legal	\$ 23,500	\$ -	\$ -	\$ 23,500
	9211	Location & Roads	\$ 120,000	\$ -	\$ -	\$ 120,000
	9210	Reserve Pit	\$ -	\$ -	\$ -	\$ -
	9202	Drilling - Daywork	\$ 570,600	\$ -	\$ -	\$ 570,600
	9203	Drilling - Rig Move	\$ 177,000	\$ -	\$ -	\$ 177,000
	9224	Fuel	\$ 110,807	\$ -	\$ -	\$ 110,807
	9219	Bits & BHA	\$ 78,500	\$ -	\$ -	\$ 78,500
	9204	Directional	\$ 242,321	\$ -	\$ -	\$ 242,321
	9209	Mud - Chemicals & Engineering	\$ 128,238	\$ -	\$ -	\$ 128,238
	9230	Mud - Drill Water	\$ 9,337	\$ -	\$ -	\$ 9,337
	9231	Mud - Brine	\$ 18,297	\$ -	\$ -	\$ 18,297
	9233	Mud - Diesel	\$ 21,589	\$ -	\$ -	\$ 21,589
	9232	Mud - Auxiliary	\$ 16,275	\$ -	\$ -	\$ 16,275
	9234	Solids Control / Closed Loop	\$ 83,970	\$ -	\$ -	\$ 83,970
	9235	Disposal	\$ 86,439	\$ -	\$ -	\$ 86,439
	9212	Equipment Rental	\$ 98,119	\$ -	\$ -	\$ 98,119



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

Date: January 22, 2018

Certified Return Receipt Mail
7017 1070 0000 0249 5663

Mr. Mike Petraitis, MSU
P. O. Box 10886
Midland, Texas 79702

Mike Petraitis
432-559-2394
mike@egresources.com

Re: Proposed Woolhead 501H, 502H, 503H and 504H Wells
Sections 20 and S/2 of Section 17, T21S-R33E
Lea County, New Mexico

Ladies and Gentlemen:

Advance Energy Partners Hat Mesa, LLC (AEPHM) proposes to drill the following wells, testing the 2nd Bone Spring formation at applicable surface locations 100 feet from the south line of Section 20, and bottom-hole locations in the N/2S/2 of Section 17, T21S-R33E, Lea County, New Mexico.

- 1) Woolhead 504H Well at a surface location 100' FSL and 330' FEL Section 20, to shall be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation and a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and complete the well is \$9,387,211 plus surface facility costs of \$1,050,765 for a total cost estimate of \$10,437,976.
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ADVANCE ENERGY PARTNERS
HAT MESA, LLC
OCD CASE Nos. 16095, 16096, 16097, 16098
Exhibit No. 7
NM Oil Conservation Division
Hearing - May 31, 2018

- 4) Woolhead 501H Well at a surface location 100' FSL and 1,650' FWL Section 20, to be drilled to a total vertical depth of 10,900' feet to the 2nd Bone Spring formation with a lateral length of 7,600 feet, for a total of 18,500 feet. Perforated and treatable lateral feet shall be 7,000'. As shown in the attached AFE, the estimated cost to drill, test and complete the well is \$9,387,211 plus surface facility costs of \$308,974 for a total cost estimate of \$9,696,185.

The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expense.

According to our title research, Mike Petraitis owns 2 net contractual acres after payout in the S/2 of Section 17. (We are uncertain about the payout status and conversion option.) AEPHM proposes to drill and operate the wells in accordance to a modified AAPL Form 610 – 2015 JOA covering a 960 acre contract area covering the S/2 of Section 17 and all of Section 20, T21S-R33E, insofar as the lands cover the 1st and 2nd Bone Spring formations, and depths below the base of the Bone Springs. The applicable depths are 9,972' to 11,338' for the top of the 1st Bone Spring to the base of the 2nd Bone Spring, and below 11,950' for the depths below the base of the Bone Spring, as defined in the logs of the COG operated Crockett State 2H well located in the N/2 of said Section 20. Within the proposed Contract Area, you own an estimated .20833% working interest, based upon and assuming your interest is in an after payout status. Among other provisions, The JOA shall provide for the following:

AEPHM designated as Operator,
100%/100%/300% non-consent penalty,
Overhead rates of \$7000/month drilling rates, \$700/month producing well.

The JOA will be delivered to you in the near future.

If you elect to participate in the drilling and completion of the proposed well, please indicate so by signing this letter in the space indicated and by returning 1 signed copy of this letter within 30 days of receipt.

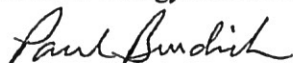
If you elect not to participate in the proposed well, AEPHM is interested in acquiring your interest through purchase, term assignment or farm-out under mutually acceptable conditions.

Thank you for your consideration to our proposal. If you have questions or require additional information, please contact me using telephone number or email address provided below.

For information about our company, Advance Energy Partners Hat Mesa is a subsidiary of Advance Energy Partners, LLC. Advance Energy Partners is a privately owned company with financial backing by EnCap Investments, the leading provider of venture capital to independent oil and gas companies. More information can be found at www.AdvanceEnergyPartners.com.

Chevron USA Inc
January 22, 2018
Page 3

Sincerely,
Advance Energy Partners Hat Mesa, LLC



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

_____ Mike Petraitis elects to participate in the drilling, completion and equipping of the
Woolhead 504H Well

_____ Mike Petraitis elects NOT to participate in the drilling, completion and equipping of the
Woolhead 504H Well.

_____ Mike Petraitis elects to participate in the drilling, completion and equipping of the
Woolhead 503H Well

_____ Mike Petraitis elects NOT to participate in the drilling, completion and equipping of the
Woolhead 503H Well.

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Woolhead 502H Well

_____ Mike Petraitis elects NOT to participate in the drilling, completion and equipping of the
Woolhead 502H Well.

_____ Mike Petraitis elects to participate in the drilling, completion and equipping of the
Woolhead 501H Well

_____ Mike Petraitis elects NOT to participate in the drilling, completion and equipping of the
Woolhead 501H Well.

By: _____

Printed Name: _____

Title: _____

Date: _____



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

February 6, 2018

Mr. Mike Petraitis
P. O. Box 10886
Midland, Texas 79702

Re: Proposed Woolhead 501H, 502H, 503H and 504H Wells
Sections 20 and S/2 of Section 17, T21S-R33E
Lea County, N.M.

Dear Mr. Petraitis,

By an email message from you on February 1, 2018, you informed us you elect to retain the overriding royalty interest (ORRI) you own in the above referenced S/2 of Section 17 and not convert the ORRI to a working interest. The option to convert the ORRI to a working interest is described in that Assignment and Bill of Sale dated effective March 1, 2004 and recorded in Volume 1302, page 606 of the Lea County Records.

To confirm and acknowledge your election to retain the ORRI, please sign below where indicated and return 1 signed copy of this letter to me.

Sincerely,
Advance Energy Partners Hat Mesa, LLC

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

☒ I elect to retain my ORRI and not participate with a working interest in the wells proposed by Advance Energy Partners Hat Mesa, LLC by certified letter dated January 22, 2018.

Mike Petraitis

Wool Head Unit – Proposed Wells’ AFEs Summary

Costs	Wool Head Unit 501H	Wool Head Unit 502H	Wool Head Unit 503H	Wool Head Unit 504H
Drill	\$3,094,266	\$3,094,266	\$3,094,266	\$3,094,266
Complete	<u>\$6,292,945</u>	<u>\$6,292,945</u>	<u>\$6,292,945</u>	<u>\$6,292,945</u>
D&C	\$9,387,211	\$9,387,211	\$9,387,211	\$9,387,211
Facility	\$308,974	\$308,974	\$308,974	\$1,050,765
Total	\$9,696,185	\$9,696,185	\$9,696,185	\$10,437,976



Authority for Expenditure

Lease: Wool Head 20 State
Well No: #501H
County: Lea
State: NM
SHL: Sec 20, T-21S, R-33E; 100' FSL, 990' FWL
BHL: Sec 17, T-21S, R-33E; 2,540' FSL, 990' FWL

AFE Number: NM0010

Date: April 17, 2018

Target: 2nd Bone Spring
Projected MD/TVD: 18500 / 10900
Spud to TD: 23
Lateral Length: 7,000
Stages: 37
Proppant/ft: 2500

ADVANCE ENERGY PARTNERS
HAT MESA, LLC
OCD CASE Nos. 16095, 16096, 16097, 16098
Exhibit No. 9
NM Oil Conservation Division
Hearing - May 31, 2018

Project Description:

The Woolhead #501H is a 1-1/2 section, 2nd Bone Spring horizontal to be drilled in Lea County, NM. The wellbore profile consists of the following: 17-1/2" surface hole drilled to +/-1700' and 13-3/8" casing set and cemented in place; 12-1/4" hole drilled to +/-5,400' and 9-5/8" casing set and cemented into place; 8-3/4" hole drilled to, and 5-1/2" production casing set and cemented at TD at +/-18,500' MD / 10,900' TVD. There will be ~ 7,000 ft of treatable lateral and the completion design will consist of ~37 stages and 2500 ppf of proppant.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling			\$ 544,642	\$ -	\$ -	\$ 544,642
	9401	Surface Casing:	\$ 40,919	\$ -	\$ -	\$ 40,919
	9412	Intermediate 1 Casing:	\$ 130,830	\$ -	\$ -	\$ 130,830
	9412	Intermediate 2 Casing:	\$ -	\$ -	\$ -	\$ -
	9402	Production Casing:	\$ 321,900	\$ -	\$ -	\$ 321,900
	9404	Wellhead & Equipment:	\$ 50,993	\$ -	\$ -	\$ 50,993
	9490	Miscellaneous	\$ -	\$ -	\$ -	\$ -
Tangible Completion			\$ -	\$ 116,380	\$ -	\$ 116,380
	9403	Tubing	\$ -	\$ 46,800	\$ -	\$ 46,800
	9404	Wellhead & Equipment:	\$ -	\$ 25,000	\$ -	\$ 25,000
	9414	Gas Lift System	\$ -	\$ 25,000	\$ -	\$ 25,000
	9415	Packers & Accessories	\$ -	\$ 9,000	\$ -	\$ 9,000
	9490	Miscellaneous	\$ -	\$ 10,580	\$ -	\$ 10,580
Tangible Facility			\$ -	\$ -	\$ 308,974	\$ 308,974
	9407	Tanks & Containment	\$ -	\$ -	\$ 36,000	\$ 36,000
	9408	Vessels	\$ -	\$ -	\$ 128,975	\$ 128,975
	9408	VRU	\$ -	\$ -	\$ -	\$ -
	9417	Electrical	\$ -	\$ -	\$ 40,000	\$ 40,000
	9416	Gas Meter	\$ -	\$ -	\$ 18,600	\$ 18,600
	9416	Valves & Fittings	\$ -	\$ -	\$ 20,610	\$ 20,610
	9421	Production Battery	\$ -	\$ -	\$ 36,700	\$ 36,700
	9490	Miscellaneous	\$ -	\$ -	\$ 28,089	\$ 28,089
TOTAL TANGIBLE COSTS >>>			\$ 544,642	\$ 116,380	\$ 308,974	\$ 969,996

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling			\$ 2,549,624	\$ -	\$ -	\$ 2,549,624
	9207	Permits, surveys, land & legal	\$ 23,500	\$ -	\$ -	\$ 23,500
	9211	Location & Roads	\$ 120,000	\$ -	\$ -	\$ 120,000
	9210	Reserve Pit	\$ -	\$ -	\$ -	\$ -
	9202	Drilling - Daywork	\$ 570,600	\$ -	\$ -	\$ 570,600
	9203	Drilling - Rig Move	\$ 177,000	\$ -	\$ -	\$ 177,000
	9224	Fuel	\$ 110,807	\$ -	\$ -	\$ 110,807
	9219	Bits & BHA	\$ 78,500	\$ -	\$ -	\$ 78,500
	9204	Directional	\$ 242,321	\$ -	\$ -	\$ 242,321
	9209	Mud - Chemicals & Engineering	\$ 128,238	\$ -	\$ -	\$ 128,238
	9230	Mud - Drill Water	\$ 9,337	\$ -	\$ -	\$ 9,337
	9231	Mud - Brine	\$ 18,297	\$ -	\$ -	\$ 18,297
	9233	Mud - Diesel	\$ 21,589	\$ -	\$ -	\$ 21,589
	9232	Mud - Auxillary	\$ 16,275	\$ -	\$ -	\$ 16,275
	9234	Solids Control / Closed Loop	\$ 83,970	\$ -	\$ -	\$ 83,970
	9235	Disposal	\$ 86,439	\$ -	\$ -	\$ 86,439
	9212	Equipment Rental	\$ 98,119	\$ -	\$ -	\$ 98,119

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
	9237	Mancamp	\$ 33,216	\$ -	\$ -	\$ 33,216
	9218	Casing Services	\$ 56,643	\$ -	\$ -	\$ 56,643
	9208	Cementing & Services	\$ 201,310	\$ -	\$ -	\$ 201,310
	9215	Transportation	\$ 7,111	\$ -	\$ -	\$ 7,111
	9217	Inspection & Testing	\$ 17,361	\$ -	\$ -	\$ 17,361
	9239	Company Supervision	\$ 4,800	\$ -	\$ -	\$ 4,800
	9222	Consulting Services	\$ 125,504	\$ -	\$ -	\$ 125,504
	9206	Contract Labor	\$ 37,184	\$ -	\$ -	\$ 37,184
	9221	Roustabout Services	\$ 21,763	\$ -	\$ -	\$ 21,763
	9226	Wireline Services	\$ -	\$ -	\$ -	\$ -
	9228	Mudlogging & Services	\$ 30,320	\$ -	\$ -	\$ 30,320
	9213	Open Hole Logging	\$ -	\$ -	\$ -	\$ -
	9216	Coring & Analysis	\$ -	\$ -	\$ -	\$ -
	9236	Safety & Environmental	\$ 24,526	\$ -	\$ -	\$ 24,526
	9205	Drilling Overhead	\$ 6,388	\$ -	\$ -	\$ 6,388
	9220	Insurance	\$ 10,000	\$ -	\$ -	\$ 10,000
	9289	Miscellaneous	\$ -	\$ -	\$ -	\$ -
	9290	Contingency (8%)	\$ 188,505	\$ -	\$ -	\$ 188,505
Intangible Completion			\$ -	\$ 6,176,565	\$ -	\$ 6,176,565
	9335	Packers, Frac Plugs & Accessories	\$ -	\$ 69,000	\$ -	\$ 69,000
	9325	Wireline/Perforating	\$ -	\$ 305,500	\$ -	\$ 305,500
	9326	Coil Tubing Unit	\$ -	\$ 125,000	\$ -	\$ 125,000
	9314	Stimulation	\$ -	\$ 4,070,000	\$ -	\$ 4,070,000
	9331	Pump Down Services	\$ -	\$ 130,000	\$ -	\$ 130,000
	9324	Water	\$ -	\$ 388,500	\$ -	\$ 388,500
	9303	Water Transfer	\$ -	\$ 77,700	\$ -	\$ 77,700
	9307	Water Disposal	\$ -	\$ 35,000	\$ -	\$ 35,000
	9327	Flowback/Testing	\$ -	\$ 148,500	\$ -	\$ 148,500
	9330	Mancamp	\$ -	\$ 44,000	\$ -	\$ 44,000
	9312	Rental Equipment - Surface	\$ -	\$ 118,050	\$ -	\$ 118,050
	9313	Rental Equipment - Downhole	\$ -	\$ 25,500	\$ -	\$ 25,500
	9306	Contract Labor	\$ -	\$ 10,000	\$ -	\$ 10,000
	9322	Consulting Services	\$ -	\$ 65,600	\$ -	\$ 65,600
	9328	Company Supervision	\$ -	\$ 4,800	\$ -	\$ 4,800
	9336	Contingency (10%)	\$ -	\$ 559,415	\$ -	\$ 559,415
TOTAL INTANGIBLE COSTS >>>			\$ 2,549,624	\$ 6,176,565	\$ -	\$ 8,726,189

TOTAL PROJECT COSTS >>>			\$ 3,094,266	\$ 6,292,945	\$ 308,974	\$ 9,696,184
			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, LLC

Signature: _____

Name: Peter Lellis

Date: _____

Title: C.E.O.

Signature: David Harwell

Name: David Harwell

Date: 4-17-18

Title: V.P. Engineering & Operations

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)

Paul Burdick

From: Paul Burdick
Sent: Wednesday, April 18, 2018 8:58 AM
To: Glass, Carol; 'Kaker, Kaitlyn'; Holmes, Shalyce
Cc: Bill Savage (bsavage@amtexenergy.com); shall@montand.com
Subject: Corrected Wool Head 501H AFE (W/2W/2 of Section 20, W/2SW/4 Section 17-21S-33E, Lea County, NM)
Attachments: Wool Head 501 AFE - Corrected 4-17-18.pdf

Attached is a corrected AFE for the subject well which Advance Energy Partners Hat Mesa, LLC proposed January 22, 2018. We incorrectly stated that the footage location is 100' FSL and 1650'FWL of Section 20, T21S-R-33E, Lea County, NM. As stated in the attached AFE, the correct surface footage location is 100' FSL and 990' FWL of said Section 20. The estimated well costs remain the same.

Due to this, the compulsory pooling hearing scheduled for May 3, 2018 will be postponed. We hope to be re-scheduled for May 17.

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

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





AFE Number: NM0007

Date: January 16th, 2018

Authority for Expenditure

Lease: Woolhead
Well No: #504H
County: Lea
State: NM
SHL: Sec 20, T-21S, R-33E; 100' FSL, 330' FEL
BHL: Sec 17, T-21S, R-33E; 2,540' FSL, 330' FEL

Target: 2nd Bone Spring
Projected MD/TVD: 18500 / 10900
Spud to TD: 23
Lateral Length: 7,000
Stages: 37
Proppant/ft: 2500

Project Description:

The Woolhead #504H is a 1-1/2 section, 2nd Bone Spring horizontal to be drilled in Lea County, NM. The wellbore profile consists of the following: 17-1/2" surface hole drilled to +/-1700' and 13-3/8" casing set and cemented in place; 12-1/4" hole drilled to +/-5,400' and 9-5/8" casing set and cemented into place; 8-3/4" hole drilled to, and 5-1/2" production casing set and cemented at TD at +/-18,500' MD / 10,900' TVD. There will be ~ 7,000 ft of treatable lateral and the completion design will consist of ~37 stages and 2500 ppf of proppant.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling			\$ 544,642	\$ -	\$ -	\$ 544,642
	9401	Surface Casing:	\$ 40,919	\$ -	\$ -	\$ 40,919
	9412	Intermediate 1 Casing:	\$ 130,830	\$ -	\$ -	\$ 130,830
	9412	Intermediate 2 Casing:	\$ -	\$ -	\$ -	\$ -
	9402	Production Casing:	\$ 321,900	\$ -	\$ -	\$ 321,900
	9404	Wellhead & Equipment:	\$ 50,993	\$ -	\$ -	\$ 50,993
	9490	Miscellaneous	\$ -	\$ -	\$ -	\$ -
Tangible Completion			\$ -	\$ 116,380	\$ -	\$ 116,380
	9403	Tubing	\$ -	\$ 46,800	\$ -	\$ 46,800
	9404	Wellhead & Equipment:	\$ -	\$ 25,000	\$ -	\$ 25,000
	9414	Gas Lift System	\$ -	\$ 25,000	\$ -	\$ 25,000
	9415	Packers & Accessories	\$ -	\$ 9,000	\$ -	\$ 9,000
	9490	Miscellaneous	\$ -	\$ 10,580	\$ -	\$ 10,580
Tangible Facility			\$ -	\$ -	\$ 1,050,765	\$ 1,050,765
	9407	Tanks & Containment	\$ -	\$ -	\$ 287,136	\$ 287,136
	9408	Vessels	\$ -	\$ -	\$ 207,075	\$ 207,075
	9408	VRU	\$ -	\$ -	\$ 19,000	\$ 19,000
	9417	Electrical	\$ -	\$ -	\$ 296,750	\$ 296,750
	9416	Gas Meter	\$ -	\$ -	\$ 31,400	\$ 31,400
	9416	Valves & Fittings	\$ -	\$ -	\$ 58,430	\$ 58,430
	9421	Production Battery	\$ -	\$ -	\$ 55,450	\$ 55,450
	9490	Miscellaneous	\$ -	\$ -	\$ 95,524	\$ 95,524
TOTAL TANGIBLE COSTS >>>			\$ 544,642	\$ 116,380	\$ 1,050,765	\$ 1,711,787

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling			\$ 2,549,624	\$ -	\$ -	\$ 2,549,624
	9207	Permits, surveys, land & legal	\$ 23,500	\$ -	\$ -	\$ 23,500
	9211	Location & Roads	\$ 120,000	\$ -	\$ -	\$ 120,000
	9210	Reserve Pit	\$ -	\$ -	\$ -	\$ -
	9202	Drilling - Daywork	\$ 570,600	\$ -	\$ -	\$ 570,600
	9203	Drilling - Rig Move	\$ 177,000	\$ -	\$ -	\$ 177,000
	9224	Fuel	\$ 110,807	\$ -	\$ -	\$ 110,807
	9219	Bits & BHA	\$ 78,500	\$ -	\$ -	\$ 78,500
	9204	Directional	\$ 242,321	\$ -	\$ -	\$ 242,321
	9209	Mud - Chemicals & Engineering	\$ 128,238	\$ -	\$ -	\$ 128,238
	9230	Mud - Drill Water	\$ 9,337	\$ -	\$ -	\$ 9,337
	9231	Mud - Brine	\$ 18,297	\$ -	\$ -	\$ 18,297
	9233	Mud - Diesel	\$ 21,589	\$ -	\$ -	\$ 21,589
	9232	Mud - Auxillary	\$ 16,275	\$ -	\$ -	\$ 16,275
	9234	Solids Control / Closed Loop	\$ 83,970	\$ -	\$ -	\$ 83,970
	9235	Disposal	\$ 86,439	\$ -	\$ -	\$ 86,439
	9212	Equipment Rental	\$ 98,119	\$ -	\$ -	\$ 98,119

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
	9237	Mancamp	\$ 33,216	\$ -	\$ -	\$ 33,216
	9218	Casing Services	\$ 56,643	\$ -	\$ -	\$ 56,643
	9208	Cementing & Services	\$ 201,310	\$ -	\$ -	\$ 201,310
	9215	Transportation	\$ 7,111	\$ -	\$ -	\$ 7,111
	9217	Inspection & Testing	\$ 17,361	\$ -	\$ -	\$ 17,361
	9239	Company Supervision	\$ 4,800	\$ -	\$ -	\$ 4,800
	9222	Consulting Services	\$ 125,504	\$ -	\$ -	\$ 125,504
	9206	Contract Labor	\$ 37,184	\$ -	\$ -	\$ 37,184
	9221	Roustabout Services	\$ 21,763	\$ -	\$ -	\$ 21,763
	9226	Wireline Services	\$ -	\$ -	\$ -	\$ -
	9228	Mudlogging & Services	\$ 30,320	\$ -	\$ -	\$ 30,320
	9213	Open Hole Logging	\$ -	\$ -	\$ -	\$ -
	9216	Coring & Analysis	\$ -	\$ -	\$ -	\$ -
	9236	Safety & Environmental	\$ 24,526	\$ -	\$ -	\$ 24,526
	9205	Drilling Overhead	\$ 6,388	\$ -	\$ -	\$ 6,388
	9220	Insurance	\$ 10,000	\$ -	\$ -	\$ 10,000
	9289	Miscellaneous	\$ -	\$ -	\$ -	\$ -
	9290	Contingency (8%)	\$ 188,505	\$ -	\$ -	\$ 188,505
Intangible Completion			\$ -	\$ 6,176,565	\$ -	\$ 6,176,565
	9335	Packers, Frac Plugs & Accessories	\$ -	\$ 69,000	\$ -	\$ 69,000
	9325	Wireline/Perforating	\$ -	\$ 305,500	\$ -	\$ 305,500
	9326	Coil Tubing Unit	\$ -	\$ 125,000	\$ -	\$ 125,000
	9314	Stimulation	\$ -	\$ 4,070,000	\$ -	\$ 4,070,000
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	9306	Contract Labor	\$ -	\$ 10,000	\$ -	\$ 10,000
	9322	Consulting Services	\$ -	\$ 65,600	\$ -	\$ 65,600
	9328	Company Supervision	\$ -	\$ 4,800	\$ -	\$ 4,800
	9336	Contingency (10%)	\$ -	\$ 559,415	\$ -	\$ 559,415
TOTAL INTANGIBLE COSTS >>>			\$ 2,549,624	\$ 6,176,565	\$ -	\$ 8,726,189

TOTAL PROJECT COSTS >>>			\$ 3,094,266	\$ 6,292,945	\$ 1,050,765	\$ 10,437,976
			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, LLC

Signature: Peter Lellis

Name: Peter Lellis

Date: 1-19-2018

Title: C.E.O.

Signature: David Harwell

Name: David Harwell

Date: 1-19-18

Title: V.P. Engineering & Operations

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No

(circle one)



AFE Number: NM0008

Date: January 16th, 2018

Authority for Expenditure

Lease: Woolhead
Well No: #503H
County: Lea
State: NM
SHL: Sec 20, T-21S, R-33E; 100' FSL, 1,650' FEL
BHL: Sec 17, T-21S, R-33E; 2,540' FSL, 1,650' FEL

Target: 2nd Bone Spring
Projected MD/TVD: 18500 / 10900
Spud to TD: 23
Lateral Length: 7,000
Stages: 37
Proppant/ft: 2500

Project Description:

The Woolhead #503H is a 1-1/2 section, 2nd Bone Spring horizontal to be drilled in Lea County, NM. The wellbore profile consists of the following: 17-1/2" surface hole drilled to +/-1700' and 13-3/8" casing set and cemented in place; 12-1/4" hole drilled to +/-5,400' and 9-5/8" casing set and cemented into place; 8-3/4" hole drilled to, and 5-1/2" production casing set and cemented at TD at +/-18,500' MD / 10,900' TVD. There will be ~ 7,000 ft of treatable lateral and the completion design will consist of ~37 stages and 2500 ppf of proppant.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
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	9412	Intermediate 1 Casing:	\$ 130,830	\$ -	\$ -	\$ 130,830
	9412	Intermediate 2 Casing:	\$ -	\$ -	\$ -	\$ -
	9402	Production Casing:	\$ 321,900	\$ -	\$ -	\$ 321,900
	9404	Wellhead & Equipment:	\$ 50,993	\$ -	\$ -	\$ 50,993
	9490	Miscellaneous	\$ -	\$ -	\$ -	\$ -
Tangible Completion			\$ -	\$ 116,380	\$ -	\$ 116,380
	9403	Tubing	\$ -	\$ 46,800	\$ -	\$ 46,800
	9404	Wellhead & Equipment:	\$ -	\$ 25,000	\$ -	\$ 25,000
	9414	Gas Lift System	\$ -	\$ 25,000	\$ -	\$ 25,000
	9415	Packers & Accessories	\$ -	\$ 9,000	\$ -	\$ 9,000
	9490	Miscellaneous	\$ -	\$ 10,580	\$ -	\$ 10,580
Tangible Facility			\$ -	\$ -	\$ 308,974	\$ 308,974
	9407	Tanks & Containment	\$ -	\$ -	\$ 36,000	\$ 36,000
	9408	Vessels	\$ -	\$ -	\$ 128,975	\$ 128,975
	9408	VRU	\$ -	\$ -	\$ -	\$ -
	9417	Electrical	\$ -	\$ -	\$ 40,000	\$ 40,000
	9416	Gas Meter	\$ -	\$ -	\$ 18,600	\$ 18,600
	9416	Valves & Fittings	\$ -	\$ -	\$ 20,610	\$ 20,610
	9421	Production Battery	\$ -	\$ -	\$ 36,700	\$ 36,700
	9490	Miscellaneous	\$ -	\$ -	\$ 28,089	\$ 28,089
TOTAL TANGIBLE COSTS >>>			\$ 544,642	\$ 116,380	\$ 308,974	\$ 969,996

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling			\$ 2,549,624	\$ -	\$ -	\$ 2,549,624
	9207	Permits, surveys, land & legal	\$ 23,500	\$ -	\$ -	\$ 23,500
	9211	Location & Roads	\$ 120,000	\$ -	\$ -	\$ 120,000
	9210	Reserve Pit	\$ -	\$ -	\$ -	\$ -
	9202	Drilling - Daywork	\$ 570,600	\$ -	\$ -	\$ 570,600
	9203	Drilling - Rig Move	\$ 177,000	\$ -	\$ -	\$ 177,000
	9224	Fuel	\$ 110,807	\$ -	\$ -	\$ 110,807
	9219	Blts & BHA	\$ 78,500	\$ -	\$ -	\$ 78,500
	9204	Directional	\$ 242,321	\$ -	\$ -	\$ 242,321
	9209	Mud - Chemicals & Engineering	\$ 128,238	\$ -	\$ -	\$ 128,238
	9230	Mud - Drill Water	\$ 9,337	\$ -	\$ -	\$ 9,337
	9231	Mud - Brine	\$ 18,297	\$ -	\$ -	\$ 18,297
	9233	Mud - Diesel	\$ 21,589	\$ -	\$ -	\$ 21,589
	9232	Mud - Auxiliary	\$ 16,275	\$ -	\$ -	\$ 16,275
	9234	Solids Control / Closed Loop	\$ 83,970	\$ -	\$ -	\$ 83,970
	9235	Disposal	\$ 86,439	\$ -	\$ -	\$ 86,439
	9212	Equipment Rental	\$ 98,119	\$ -	\$ -	\$ 98,119

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
9237	Mancamp	\$	33,216	\$ -	\$ -	\$ 33,216
9218	Casing Services	\$	56,643	\$ -	\$ -	\$ 56,643
9208	Cementing & Services	\$	201,310	\$ -	\$ -	\$ 201,310
9215	Transportation	\$	7,111	\$ -	\$ -	\$ 7,111
9217	Inspection & Testing	\$	17,361	\$ -	\$ -	\$ 17,361
9239	Company Supervision	\$	4,800	\$ -	\$ -	\$ 4,800
9222	Consulting Services	\$	125,504	\$ -	\$ -	\$ 125,504
9206	Contract Labor	\$	37,184	\$ -	\$ -	\$ 37,184
9221	Roustabout Services	\$	21,763	\$ -	\$ -	\$ 21,763
9226	Wireline Services	\$	-	\$ -	\$ -	\$ -
9228	Mudlogging & Services	\$	30,320	\$ -	\$ -	\$ 30,320
9213	Open Hole Logging	\$	-	\$ -	\$ -	\$ -
9216	Coring & Analysis	\$	-	\$ -	\$ -	\$ -
9236	Safety & Environmental	\$	24,526	\$ -	\$ -	\$ 24,526
9205	Drilling Overhead	\$	6,388	\$ -	\$ -	\$ 6,388
9220	Insurance	\$	10,000	\$ -	\$ -	\$ 10,000
9289	Miscellaneous	\$	-	\$ -	\$ -	\$ -
9290	Contingency (8%)	\$	188,505	\$ -	\$ -	\$ 188,505
Intangible Completion			\$ -	\$ 6,176,565	\$ -	\$ 6,176,565
9335	Packers, Frac Plugs & Accessories	\$	-	\$ 69,000	\$ -	\$ 69,000
9325	Wireline/Perforating	\$	-	\$ 305,500	\$ -	\$ 305,500
9326	Coil Tubing Unit	\$	-	\$ 125,000	\$ -	\$ 125,000
9314	Stimulation	\$	-	\$ 4,070,000	\$ -	\$ 4,070,000
9331	Pump Down Services	\$	-	\$ 130,000	\$ -	\$ 130,000
9324	Water	\$	-	\$ 388,500	\$ -	\$ 388,500
9303	Water Transfer	\$	-	\$ 77,700	\$ -	\$ 77,700
9307	Water Disposal	\$	-	\$ 35,000	\$ -	\$ 35,000
9327	Flowback/Testing	\$	-	\$ 148,500	\$ -	\$ 148,500
9330	Mancamp	\$	-	\$ 44,000	\$ -	\$ 44,000
9312	Rental Equipment - Surface	\$	-	\$ 118,050	\$ -	\$ 118,050
9313	Rental Equipment - Downhole	\$	-	\$ 25,500	\$ -	\$ 25,500
9306	Contract Labor	\$	-	\$ 10,000	\$ -	\$ 10,000
9322	Consulting Services	\$	-	\$ 65,600	\$ -	\$ 65,600
9328	Company Supervision	\$	-	\$ 4,800	\$ -	\$ 4,800
9336	Contingency (10%)	\$	-	\$ 559,415	\$ -	\$ 559,415
TOTAL INTANGIBLE COSTS >>>			\$ 2,549,624	\$ 6,176,565	\$ -	\$ 8,726,189
TOTAL PROJECT COSTS >>>			\$ 3,094,266	\$ 6,292,945	\$ 308,974	\$ 9,696,184
			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, LLC

Signature: Peter Lellis
Name: Peter Lellis

Date: 1-19-2018
Title: C.E.O.

Signature: David Harwell
Name: David Harwell

Date: 1-19-18
Title: V.P. Engineering & Operations

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)



AFE Number: NM0009

Date: January 16th, 2018

Authority for Expenditure

Lease: Woolhead
Well No: #502H
County: Lea
State: NM
SHL: Sec 20, T-21S, R-33E; 100' FSL, 2,310' FWL
BHL: Sec 17, T-21S, R-33E; 2,540' FSL, 2,310' FWL

Target: 2nd Bone Spring
Projected MD/TVD: 18500 / 10900
Spud to TD: 23
Lateral Length: 7,000
Stages: 37
Proppant/ft: 2500

Project Description:

The Woolhead #502H is a 1-1/2 section, 2nd Bone Spring horizontal to be drilled in Lea County, NM. The wellbore profile consists of the following: 17-1/2" surface hole drilled to +/-1700' and 13-3/8" casing set and cemented in place; 12-1/4" hole drilled to +/-5,400' and 9-5/8" casing set and cemented into place; 8-3/4" hole drilled to, and 5-1/2" production casing set and cemented at TD at +/-18,500' MD / 10,900' TVD. There will be ~ 7,000 ft of treatable lateral and the completion design will consist of ~37 stages and 2500 ppf of proppant.

TANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Tangible Drilling			\$ 544,642	\$ -	\$ -	\$ 544,642
	9401	Surface Casing:	\$ 40,919	\$ -	\$ -	\$ 40,919
	9412	Intermediate 1 Casing:	\$ 130,830	\$ -	\$ -	\$ 130,830
	9412	Intermediate 2 Casing:	\$ -	\$ -	\$ -	\$ -
	9402	Production Casing:	\$ 321,900	\$ -	\$ -	\$ 321,900
	9404	Wellhead & Equipment:	\$ 50,993	\$ -	\$ -	\$ 50,993
	9490	Miscellaneous	\$ -	\$ -	\$ -	\$ -
Tangible Completion			\$ -	\$ 116,380	\$ -	\$ 116,380
	9403	Tubing	\$ -	\$ 46,800	\$ -	\$ 46,800
	9404	Wellhead & Equipment:	\$ -	\$ 25,000	\$ -	\$ 25,000
	9414	Gas Lift System	\$ -	\$ 25,000	\$ -	\$ 25,000
	9415	Packers & Accessories	\$ -	\$ 9,000	\$ -	\$ 9,000
	9490	Miscellaneous	\$ -	\$ 10,580	\$ -	\$ 10,580
Tangible Facility			\$ -	\$ -	\$ 308,974	\$ 308,974
	9407	Tanks & Containment	\$ -	\$ -	\$ 36,000	\$ 36,000
	9408	Vessels	\$ -	\$ -	\$ 128,975	\$ 128,975
	9408	VRU	\$ -	\$ -	\$ -	\$ -
	9417	Electrical	\$ -	\$ -	\$ 40,000	\$ 40,000
	9416	Gas Meter	\$ -	\$ -	\$ 18,600	\$ 18,600
	9416	Valves & Fittings	\$ -	\$ -	\$ 20,610	\$ 20,610
	9421	Production Battery	\$ -	\$ -	\$ 36,700	\$ 36,700
	9490	Miscellaneous	\$ -	\$ -	\$ 28,089	\$ 28,089
TOTAL TANGIBLE COSTS >>>			\$ 544,642	\$ 116,380	\$ 308,974	\$ 969,996

INTANGIBLE COSTS			Dry Hole	Completion	Facility	Total
Intangible Drilling			\$ 2,549,624	\$ -	\$ -	\$ 2,549,624
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	9211	Location & Roads	\$ 120,000	\$ -	\$ -	\$ 120,000
	9210	Reserve Pit	\$ -	\$ -	\$ -	\$ -
	9202	Drilling - Daywork	\$ 570,600	\$ -	\$ -	\$ 570,600
	9203	Drilling - Rig Move	\$ 177,000	\$ -	\$ -	\$ 177,000
	9224	Fuel	\$ 110,807	\$ -	\$ -	\$ 110,807
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	9230	Mud - Drill Water	\$ 9,337	\$ -	\$ -	\$ 9,337
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9213	Open Hole Logging	\$	-	\$ -	\$ -	\$ -
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9220	Insurance	\$	10,000	\$ -	\$ -	\$ 10,000
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9290	Contingency (8%)	\$	188,505	\$ -	\$ -	\$ 188,505
Intangible Completion			\$ -	\$ 6,176,565	\$ -	\$ 6,176,565
9335	Packers, Frac Plugs & Accessories	\$	-	\$ 69,000	\$ -	\$ 69,000
9325	Wireline/Perforating	\$	-	\$ 305,500	\$ -	\$ 305,500
9326	Coil Tubing Unit	\$	-	\$ 125,000	\$ -	\$ 125,000
9314	Stimulation	\$	-	\$ 4,070,000	\$ -	\$ 4,070,000
9331	Pump Down Services	\$	-	\$ 130,000	\$ -	\$ 130,000
9324	Water	\$	-	\$ 388,500	\$ -	\$ 388,500
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9330	Mancamp	\$	-	\$ 44,000	\$ -	\$ 44,000
9312	Rental Equipment - Surface	\$	-	\$ 118,050	\$ -	\$ 118,050
9313	Rental Equipment - Downhole	\$	-	\$ 25,500	\$ -	\$ 25,500
9306	Contract Labor	\$	-	\$ 10,000	\$ -	\$ 10,000
9322	Consulting Services	\$	-	\$ 65,600	\$ -	\$ 65,600
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TOTAL PROJECT COSTS >>>			\$ 3,094,266	\$ 6,292,945	\$ 308,974	\$ 9,696,184
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Operator: Advance Energy Partners Hat Mesa, LLC

Signature: Peter Lellis
Name: Peter Lellis

Date: 1-19-2018
Title: C.E.O.

Signature: David Harwell
Name: David Harwell

Date: 1-19-18
Title: V.P. Engineering & Operations

WI Owner: _____

Date: _____

Approved By: _____

Title: _____

Printed Name: _____

We elect to carry our own well control insurance: Yes / No (circle one)

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


APPLICATION OF ADVANCE ENERGY PARTNERS
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 16095

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

J. Scott Hall, attorney and authorized representative of Advance Energy Partners Hat Mesa, LLC, the Applicant in this matter, being first duly sworn, upon oath states that he sent copies of the Application in this matter to the parties as specified on the attached Exhibit A.



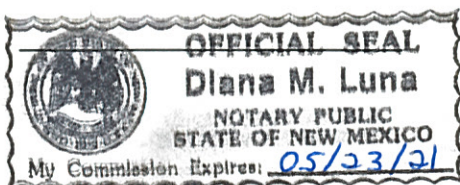
J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 30th day of May, 2018.



Notary Public

My Commission Expires:



ADVANCE ENERGY PARTNERS
HAT MESA, LLC
OCD CASE Nos. 16095, 16096, 16097, 16098
Exhibit No. 10
NM Oil Conservation Division
Hearing - May 31, 2018

EXHIBIT A

OCD Case No. 16095 (Woolhead #501H)

PARTIES TO BE POOLED

Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002

Chevron U.S.A. Inc.
Attn: Kristen Hunter, Land Representative
6301 Deauville Blvd.
Midland, TX 79706

Devon Energy Production Company, L.P.
333 W. Sheridan Avenue
Oklahoma City, OK 73102-5015

OVERRIDING ROYALTY INTEREST OWNERS

Bullhead Energy, LLC
217 Rupert Street
Fort Worth, Texas 76107

Charis Royalty F, LP
P. O. Box 93983
Southlake, Texas 76092

Schlagal Brothers
202 North Eisenhower
Midland, Texas 79703

Mike Petraitis, MSU
P.O. Box 10886
Midland, Texas 79702

OFFSET OPERATORS

COG Operating LLC
One Concho Center
600 West Illinois Avenue
Midland, TX 79701

The Allar Company
P. O. Box 1567
Graham, TX 76450-3151

Marathon Oil Permian LLC
5555 San Felipe
Houston, TX 77056

EOG Resources, Inc.
5509 Champions Drive
Midland, TX 79706

Bullhead Energy, LLC
217 Rupert Street
Fort Worth, TX 76107

Ascent Energy LLC
1621 18th Street, Suite 200
Denver, Colorado 80202

Centennial Resources Production LLC
1001 Seventeenth Street, Suite 1800
Denver, Colorado 80202



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

May 7, 2018

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

TO: ALL PARTIES TO BE POOLED ON ATTACHED LIST

**Re: NMOCD Case No. 16095 – Woolhead #501H
Amended Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico**

Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Amended Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 31, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

EXHIBIT A

OCD Case No. 16095 (Woolhead #501H)

PARTIES TO BE POOLED

Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002

Chevron U.S.A. Inc.
Attn: Kristen Hunter, Land Representative
6301 Deauville Blvd.
Midland, TX 79706

Devon Energy Production Company, L.P.
333 W. Sheridan Avenue
Oklahoma City, OK 73102-5015

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ADVANCE ENERGY PARTNERS
HAT MESA, LLC FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 16095

AMENDED APPLICATION

Advance Energy Partners Hat Mesa, LLC applies for an order approving a 240-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand, and in support thereof, states:

1. Applicant is an interest owner in the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its Wool Head #501H well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17 to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 7000' horizontal well, with a surface location 100 feet from the south line and 990 feet from the west line of Section 20 and a bottom hole location 2,540 feet from the south line and 990 feet from the west line of Section 17.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation within the indicated depths in the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation at the indicated depths in the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 31, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17;

B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17;

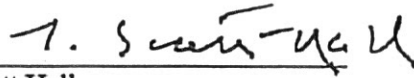
C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "J. Scott Hall", written over a horizontal line.


J. Scott Hall
Seth C. McMillan
Post Office Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

*Attorneys for Advance Energy Partners
Hat Mesa, LLC*

Case No. 16095: *Amended Application of Advance Energy Partners Hat Mesa, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand. The unit will be dedicated to Applicant's proposed Wool Head #501H well to be drilled from an approximate surface location 100 feet from the south line and 990 feet from the west line of Section 20, Township 21 South, Range 33 East to a bottomhole location 2,540 feet from the south line and 990 feet from the west line of Section 17, Township 21 South, Range 33 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5 miles northeast of Hat Mesa, New Mexico.

7015 1730 0000 9793 2989

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For delivery information, visit our website at www.usps.com ®.	
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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 \$ _____ \$ _____ \$ _____ \$ _____ \$ _____	Santa Fe NM MAY - 7 2018 Postmark USPO 87504 JSH 15648-1803 501 HANDED App
Chevron U.S.A. Inc. 1400 Smith Street Houston, TX 77002	
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. 	A. Signature X  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: Chevron U.S.A. Inc. 1400 Smith Street Houston, TX 77002	B. Received by (Printed Name) _____ C. Date of Delivery 5-14-18
2. Article Number (Transfer from service label) 7015 1730 0000 9793 2989	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
3. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt

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☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postage

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Chevron U.S.A. Inc.
Attn: Kristen Hunter,
Land Representative
6301 Deauville Blvd.
Midland, TX 79706

PS Form 3800, April 2015 PSN 7530-02-000-0047

SANTA FE NM
Postmark
MAY 7 2018
USPO 87504

JSH 15048-1803
501 H A. nited app

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Chevron U.S.A. Inc.
Attn: Kristen Hunter,
Land Representative
6301 Deauville Blvd.
Midland, TX 79706



9590 9408 0913 5223 4338 42

2. Article Number (Transfer from service label)

7015 1730 0000 9793 3054

PS Form 3811, July 2015 PSN 7530-02-000-0053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

C. Lawrence

C. Date of Delivery

5/10/18

D. Is delivery address different from item 1? If YES, enter delivery address below:

☐ Yes
☐ No

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☒ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

7015 1730 0000 9793 3061

U.S. Postal Service™
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

Devon Energy Production
 Company, L.P.
 333 W. Sheridan Avenue
 Oklahoma City, OK 73102-5015

SANTA FE NM

MAY - 7 2018

USPO 87504

JSH 15848-1803
 S01 H A needed APP

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Devon Energy Production
 Company, L.P.
 333 W. Sheridan Avenue
 Oklahoma City, OK 73102-5015



9590 9403 0913 5223 4338 59

2. Article Number (Transfer from service label)

7015 1730 0000 9793 3061

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

5-10-18

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☒ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

April 10, 2018

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

TO: ALL OVERRIDING ROYALTY INTEREST OWNERS ON ATTACHED LIST

Re: NMOCD Case No. 16095 – Woolhead #501H
Application of Advance Energy Partners Hat Mesa, LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico

Dear Sir or Madam:

This will advise that Advance Energy Partners Hat Mesa, LLC has filed an Application with the New Mexico Oil Conservation Division for an order approving a non-standard 240-acre± oil spacing and proration unit in the Bone Spring Formation (97895) comprised of the W/2 W/2 of Section 20 and the W/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, and pooling all mineral interests underlying the non-standard unit from the top of the 1st Bone Spring Sand to the base of the 2nd Bone Spring Sand.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on May 3, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

J. Scott Hall

JSH/dml

Enclosure

cc: Paul Burdick, Advance Energy Partners Hat Mesa, LLC (w/enc., via email)

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

EXHIBIT A

OCD Case No. 16095 (Woolhead #501H)

OVERRIDING ROYALTY INTEREST OWNERS

Bullhead Energy, LLC
217 Rupert Street
Fort Worth, Texas 76107

Charis Royalty F, LP
P. O. Box 93983
Southlake, Texas 76092

Schlagal Brothers
202 North Eisenhower
Midland, Texas 79703

Mike Petraitis, MSU
P.O. Box 10886
Midland, Texas 79702