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

2 of 4

ADVANCE ENERGY PARTNERS HAT MESA, LLC May 31, 2018

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

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 1,650 feet from the west line of Section 20 and a bottom hole location 2,540 feet from the south line and 1,650 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.

WHERFORE, Applicant requests that this application be set for hearing on May 3, 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;
 - 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,

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

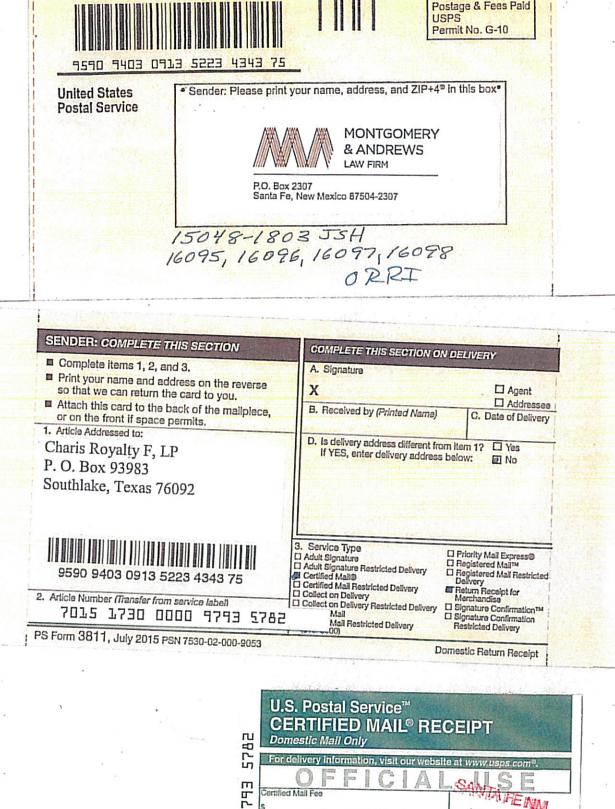
Attorneys for Advance Energy Partners Hat Mesa, LLC

1. Swan Uall

<u>Case No. 1609 S</u>: 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 1,650 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 1,650 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.

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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 OFFSET OPERATORS 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,
1. Secure 44

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)

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

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

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- 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.
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- 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,

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

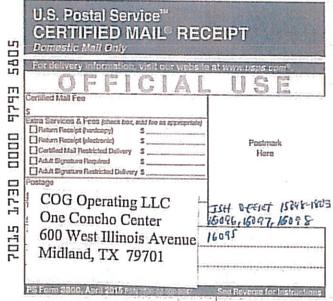
(505) 982-3873

Attorneys for Advance Energy Partners Hat Mesa, LLC

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Case No. 16095: 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 1,650 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 1,650 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.

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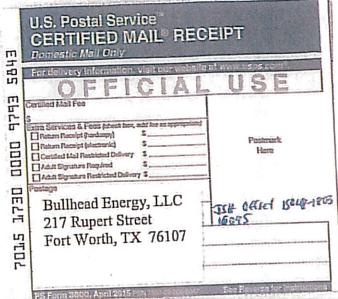
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☐ Return Receipt for
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PS Form 3811, July 2015 PSN 7530-02-000-9053

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Domestic Return Receipt

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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. 16096

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. 11
NM Oil Conservation Division
Hearing - May 31, 2018

EXHIBIT A

OCD Case No. 16096 (Woolhead #502H)

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



J. SCOTT HALL

Cell: (505) 670-7362 Email: shall@montand.com

www.montand.com

April 10, 2018

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

ALL PARTIES TO BE POOLED ON ATTACHED LIST TO:

> NMOCD Case No. 16096 – Woolhead #502H Re:

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 E/2 W2 of Section 20 and the E/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, 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

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. 16096 (Woolhead #502H)

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. 16096

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 E/2 W/2 of Section 20 and the E/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 E/2 W/2 of Section 20 and the E/2 SW/4 of Section 17, and has the right to drill a well thereon.
- 2. Applicant proposes to drill its **Wool Head #502H** well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the E/2 W/2 of Section 20 and the E/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 2,310 feet from the west line of Section 20 and a bottom hole location 2,540 feet from the south line and 2,310 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 E/2 W/2 of Section 20 and the E/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 E/2 W/2 of Section 20 and the E/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 E/2 W/2 of Section 20 and the E/2 SW/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHERFORE, Applicant requests that this application be set for hearing on May 3, 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 E/2 W/2 of Section 20 and the E/2 SW/4 of Section 17;
- B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying E/2 W/2 of Section 20 and the E/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,

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

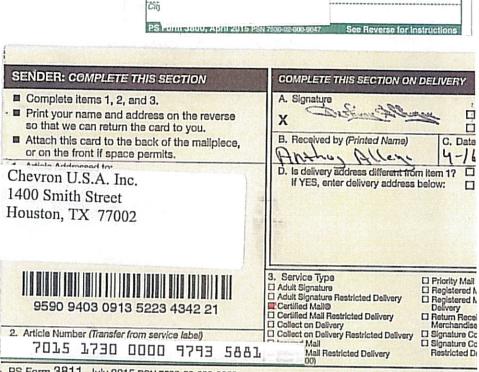
(505) 982-3873

Attorneys for Advance Energy Partners Hat Mesa, LLC

1. Swan UGU

Case No. 16096: 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 E/2 W2 of Section 20 and the E/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, 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 #502H well to be drilled from an approximate surface location 100 feet from the south line and 2,310 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 2,310 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 and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5miles northeast of Hat Mesa, New Mexico.

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

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J. SCOTT HALL Cell: (505) 670-7362

Email: shall@montand.com www.montand.com

April 10, 2018

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

ALL OVERRIDING ROYALTY INTEREST OWNERS ON ATTACHED LIST TO:

NMOCD Case No. 16096 - Woolhead #502H Re:

> 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 E/2 W2 of Section 20 and the E/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, 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,

7. Seen 44 4

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. 16096 (Woolhead #502H)

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

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. 16096

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 E/2 W/2 of Section 20 and the E/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 E/2 W/2 of Section 20 and the E/2 SW/4 of Section 17, and has the right to drill a well thereon.
- 2. Applicant proposes to drill its **Wool Head #502H** well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the E/2 W/2 of Section 20 and the E/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 2,310 feet from the west line of Section 20 and a bottom hole location 2,540 feet from the south line and 2,310 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 E/2 W/2 of Section 20 and the E/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 E/2 W/2 of Section 20 and the E/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 E/2 W/2 of Section 20 and the E/2 SW/4 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHERFORE, Applicant requests that this application be set for hearing on May 3, 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 E/2 W/2 of Section 20 and the E/2 SW/4 of Section 17;
- B. Pooling all mineral interests in the Bone Spring formation at the indicated depths underlying E/2 W/2 of Section 20 and the E/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,

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. 1609 : 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 E/2 W2 of Section 20 and the E/2 SW/4 of Section 17, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico, 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 #502H well to be drilled from an approximate surface location 100 feet from the south line and 2,310 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 2,310 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 and Operator of the well, and a 200% charge for the risk of drilling and completing the well. The well and lands are located approximately 2.5miles northeast of Hat Mesa, New Mexico.