

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

**APPLICATION OF ADVANCE ENERGY
PARTNERS, LLC FOR APPROVAL OF
APPLICATIONS FOR PERMITS TO DRILL,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-12(B)(17), Advance Energy Partners, LLC (“Advance”) applies for an order approving its applications for permits to drill (“APDs”) for six horizontal wells in the Bone Spring and Wolfcamp formations in the SW/4 of Section 17 and the W/2 of Section 20, Township 21 South, Range 33 East in Lea County, New Mexico. In support of its application, Advance states:

1. Advance (OGRID No. 372417) has working interests in the SW/4 of Section 17 and the W/2 of Section 20 and has the right to drill wells thereon.
2. 100% of the working interests in the SW/4 of Section 17 and the W/2 of Section 20 are committed to Advance’s proposed wells.
3. Advance proposes to drill the following wells:
 - a. the Wool Head 20 State Com #601H, which will be horizontally drilled in the Bone Spring formation from a surface location in Unit M in Section 20 to a bottom hole location in Unit L in Section 17;
 - b. the Wool Head 20 State Com #602H, which will be horizontally drilled in the Bone Spring formation from a surface location in Unit M in Section 20 to a bottom hole location in Unit L in Section 17;

- c. the Wool Head 20 State Com #603H, which will be horizontally drilled in the Bone Spring formation from a surface location in Unit N in Section 20 to a bottom hole location in Unit K in Section 17;
- d. the Wool Head 20 State Com #604H, which will be horizontally drilled in the Bone Spring formation from a surface location in Unit N in Section 20 to a bottom hole location in Unit K in Section 17;
- e. the Wool Head 20 State Com #701H, which will be horizontally drilled in the Wolfcamp formation from a surface location in Unit M in Section 20 to a bottom hole location in Unit L in Section 17; and
- f. the Wool Head 20 State Com #702H, which will be horizontally drilled in the Wolfcamp formation from a surface location in Unit N in Section 20 to a bottom hole location in Unit K in Section 17.

4. The completed intervals for the wells will be orthodox.

5. The proposed wells will be located in the Potash Area established by Oil Conservation Commission (“Commission”) Order No. R-111-P. There are no potash leases within one mile of the well locations, and the nearest active potash mine is eight miles away.

6. Oil Conservation Division records reveal that Advance’s proposed wells are located in the buffer zone of Intrepid Potash, Inc.’s (“Intrepid’s”) Life-of-Mine Reserves (“LMR”) established by Commission Order No. R-111-P. Accordingly, Advance has notified Intrepid of its plan to drill the proposed wells and has requested that Intrepid grant a waiver.

7. Intrepid has arbitrarily and unreasonably refused to grant the requested waiver.

8. After Advance submitted APDs for the six proposed wells to the Division's District 1 office for approval, it was informed that the APDs could not be approved due to Intrepid's refusal to grant a waiver.

9. Advance's proposed wells will not (i) unduly reduce the total quantity of commercial deposits of potash which may reasonably be recovered in commercial quantities, or (ii) unduly interfere with the orderly commercial development of potash deposits.

10. Intrepid's refusal to grant a waiver has precluded Advance from developing its wells and has negatively impacted Advance's correlative rights.

WHEREFORE, Advance requests that this application be set for hearing on October 3, 2019 and that, after notice and hearing, the Division enter an order (i) concluding that Intrepid has no basis to withhold the waiver requested by Advance, and (ii) approving Advance's APDs for its six proposed wells.

Respectfully submitted,

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