

The logo for AmeredeV, featuring the word "AMEREDEV" in a bold, italicized, sans-serif font. The letters are white with a red outline, set against a background that is red on the left and blue on the right.

AMEREDEV

AmeredeV II, LLC

MAGNOLIA STATE COM 26-36-22

101H & 111H POOLING

A black and white photograph of a coastal landscape. The foreground shows a field with a fence line. The middle ground is a body of water, possibly a bay or marsh, with some distant structures. The background is a sky filled with large, fluffy clouds.

BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING - JANUARY 11, 2018

CASE NO. 15930

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
111 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
District III
1000 Rio Bravo Road, Aztec, NM 87410
Phone: (505) 334-6170 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

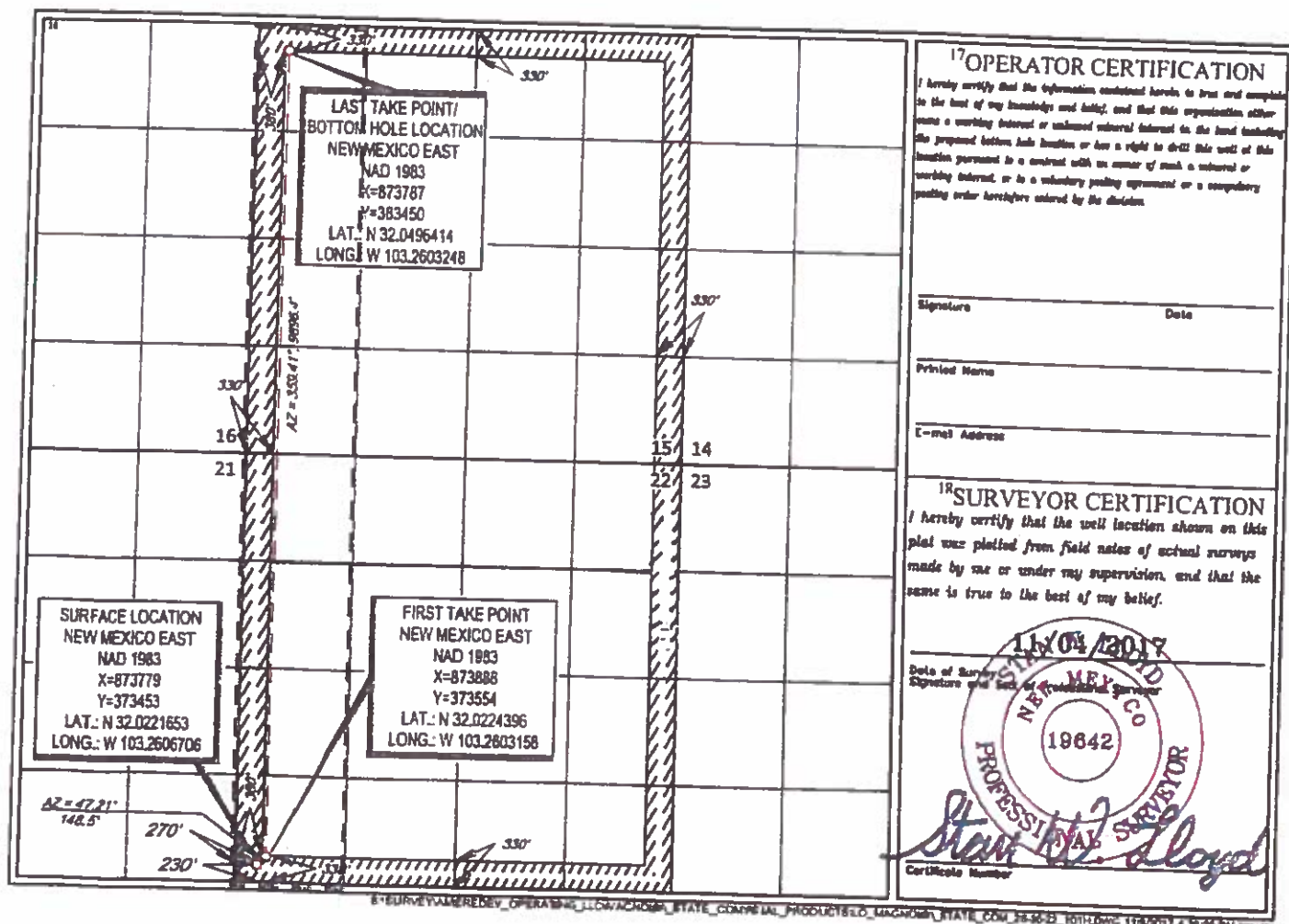
¹ API Number	² Pool Code	³ Pool Name
	98230	WC-025 G-09 S263620C; WOLFCAMP
⁴ Property Code	⁵ Property Name	
	MAGNOLIA STATE COM 26-36-22	
⁶ GRID No.	⁷ Operator Name	⁸ Well Number
	AMEREDEV OPERATING, LLC.	101H
		⁹ Elevation
		2911'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	26-S	36-E	-	230'	SOUTH	270'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26-S	36-E	-	330'	NORTH	380'	WEST	LEA

¹¹ Dedicated Acres	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ Order No.
320			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 793-6161 Fax: (575) 793-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 746-1263 Fax: (575) 746-9720
District III
1800 Rio Bravo Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 98230		3 Pool Name WC-025 G-09 S263620C; WOLFCAMP	
4 Property Code		5 Property Name MAGNOLIA STATE COM 26-36-22			6 Well Number 111H
7 OGRID No.		8 Operator Name AMEREDEV OPERATING, LLC.			9 Elevation 2911'

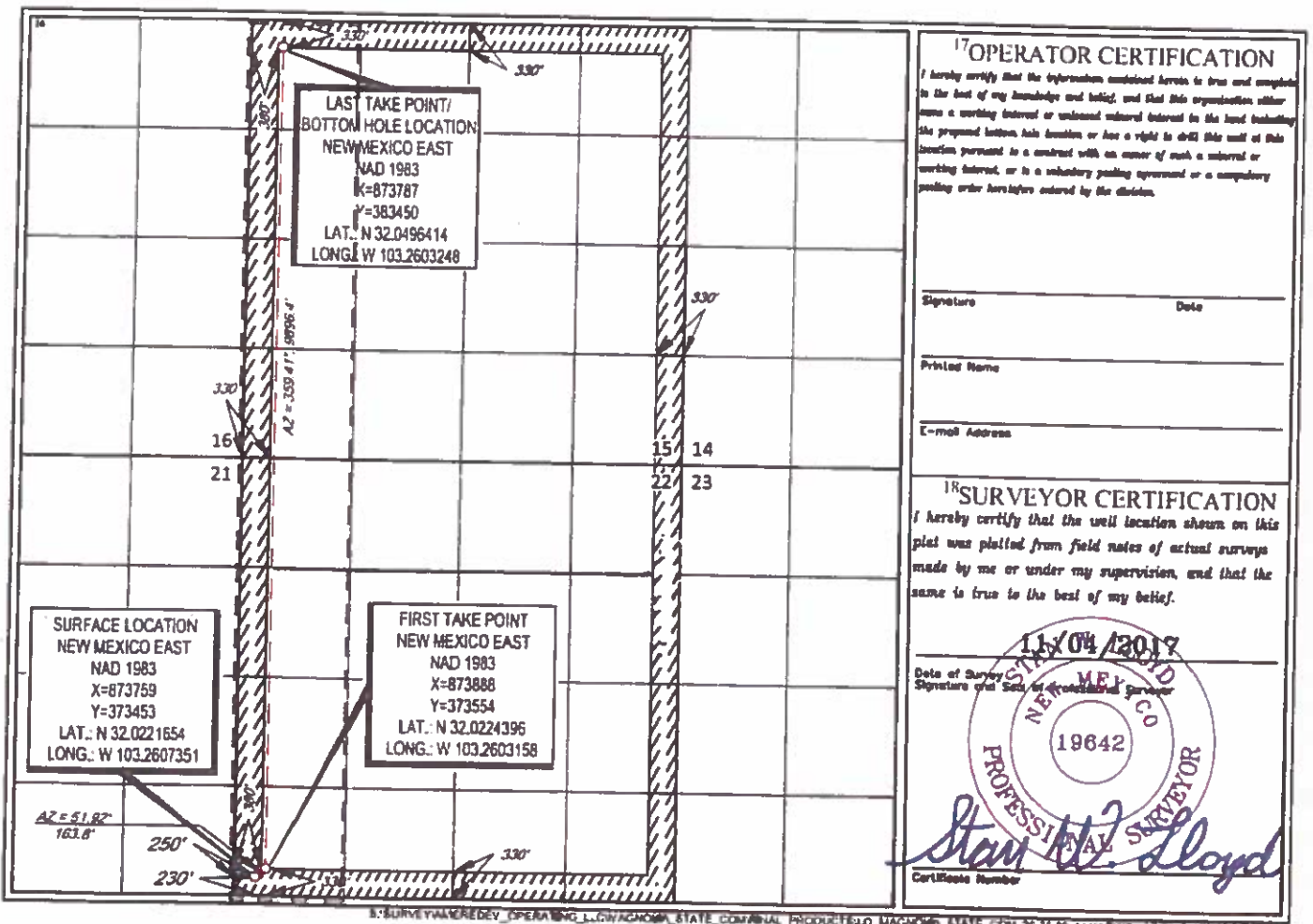
10 Surface Location

11 U.T. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	26-S	36-E	-	230'	SOUTH	250'	WEST	LEA

11 U.T. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26-S	36-E	-	330'	NORTH	380'	WEST	LEA

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

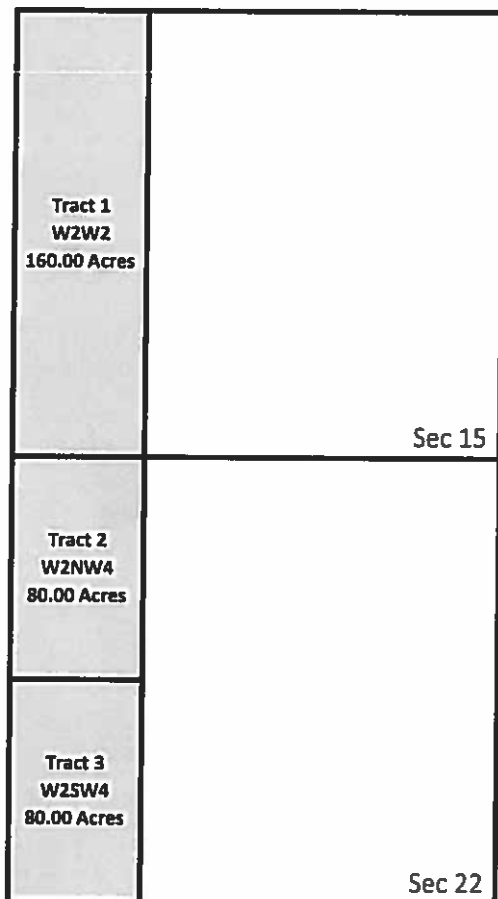


MAGNOLIA STATE COM 26-36-22 111H AND 101H

T26S-R36E-SECTION 15, W2W2

T26S-R36E-SECTION 22, W2W2

LEA COUNTY, NEW MEXICO



FIRETHORN FED COM 26-36-04 113H
T26S-R36E-SECTION 15, W2W2
T26S-R36E-SECTION 22, W2W2
LEA COUNTY, NEW MEXICO

TRACT 1: W2W2 SECTION 15 T26S-R36E

S.E.S Resources, LLC	7.90%
Petratis Oil & Gas, LLC	2.81%
Amerdev New Mexico, LLC	89.29%
Total	100.00%

TRACT 2: W2NW4 SECTION 22 T26S-R36E

Amerdev New Mexico, LLC	100.00%
Total	100.00%

TRACT 3: W2SW4 SECTION 22 T26S-R36E

Blackbeard Resources, LLC	100.00%
Total	100.00%

UNIT RECAPITULATION
T26S-R36E-SECTION 15, W2W2
T26S-R36E-SECTION 22, W2W2

Amerdev New Mexico, LLC	69.64%
*S.E.S Resources, LLC	3.95%
*Petratis Oil & Gas, LLC	1.40%
*Blackbeard Resources, LLC	25.00%
Total	100.00%

**Interest Seeking to Compulsory Pool*

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



November 1, 2017

Petraltis Oil & Gas, LLC
PO Box 10886
Midland, TX 79702

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #101H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 230' FSL & 280' FWL Section 22; BHL: 350' FNL & 280' FWL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #101H Well (the "Well") on or about January 28, 2018, to test the Wolfcamp formation to a total vertical depth of 12,050' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$12,570,090 as outlined in the enclosed authority for expenditure ("AFE #2017-042"). Ameredev's records indicate Petraltis Oil & Gas, LLC ("Petraltis") owns a 1.40470294% working interest in the Well, and Petraltis's estimated costs associated with the Operation are approximately \$176,572.42

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2W2 & Section 15 W2W2, with Ameredev listed as the Operator ("Contract Area")
- 100%/300%/300% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should Petraltis choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. Petraltis executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 0.35117573% working interest in the Well upon 100% payout.
2. Petraltis to sell its entire leasehold interest in the Contract Area to Ameredev for \$3,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with Petraltis on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Noah Bramble at nbramble@ameredev.com at your earliest convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Noah Bramble".

Noah Bramble
737-300-4713
nbramble@ameredev.com

Election Ballot for the Magnolia State Cont 26-36-22 #101H Well Proposal (AFE# 2017-042)

_____ Petraitis elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2017-042.

_____ Petraitis elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ Petraitis elects to sell its interest in the Contract Area as set forth in alternative 2 above.

_____ Petraitis elects to not participate in the proposed Operation.

Petraitis Oil & Gas, LLC

By:

Its:



Ameredev II, LLC

SHL: 26S-26E-22, 230' FSL, 280' FWL
BHL: 26S-36E-15, 350' FNL, 280' FWL
Lea County, New Mexico

**Magnolia State Com 26-36-22 #101H
AFE # 2017-042
Capital Expenditure**

November 1, 2017

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Amerdev Operating, LLC	November 1, 2017

Aff Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation Aff No.
Capital	Magnolia State Com 26-36-22	101H	Delaware_WC	40522	2017-042

Location	County	State	Type Well
26S-36E Section 22, 230' FSL, 280' FWL	Lea	NM	Oil Gas
			Expl Prod

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1			22,000'
Revised Estimate	0	March 15, 2018	Wolfcamp	1VD
Supplemental Estimate	0			12,050'

Project Description
Drill and Complete Wolfcamp 2 Mile Lateral Well with Allocated Battery and Gathering

Total Cost	\$12,570,090
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Comments on Associated Costs
Water disposal not included.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$250,000 (100% W.I.) retention.

Marketing Election
Amerdev sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Amerdev, you will be subject to all of the terms of such contracts. Upon written request to Amerdev, we will share with you the terms and conditions pursuant to which gas will be sold.
<input type="checkbox"/> elect to take my gas in kind.
<input type="checkbox"/> elect to market my gas with Amerdev pursuant to the terms and conditions of its contracts.

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
FUEL	0.016	\$180,000.00	\$2,700.00	\$182,700.00
TRAILER, CAMP & CATERING	0.018	\$31,900.00	\$14,285.00	\$46,185.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$16,900.00	\$42,650.00	\$69,550.00
DRILL BITS	0.028	\$103,000.00	\$7,000.00	\$110,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$176,000.00	\$0.00	\$176,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$72,200.00	\$72,200.00
BOTTOM HOLE ASSEMBLY INSPECTION	0.038	\$1,320.00	\$0.00	\$1,320.00
BOTTOM HOLE ASSEMBLY REPAIR	0.040	\$420.00	\$0.00	\$420.00
TUBULAR INSPECTIONS	0.042	\$17,250.00	\$0.00	\$17,250.00
TUBING REPAIR	0.044	\$8,437.50	\$0.00	\$8,437.50
TUBING RENTALS	0.046	\$0.00	\$38,500.00	\$38,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$23,100.00	\$71,400.00	\$94,500.00
BOP TESTING	0.050	\$7,000.00	\$0.00	\$7,000.00
WELL TESTING	0.052	\$0.00	\$123,825.00	\$123,825.00
MUD & ADDITIVES	0.060	\$280,000.00	\$61,700.00	\$341,700.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,100,000.00	\$5,100,000.00
WATER FOR DRILLING RIG/WATER RIGHTS	0.062	\$3,750.00	\$11,425.00	\$15,175.00
STIMULATION WATER / TRANSFER / STORAGE	0.064	\$3,250.00	\$867,870.00	\$871,120.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$58,100.00	\$0.00	\$58,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$157,400.00	\$25,630.00	\$183,030.00
CASING CREWS 7" and larger	0.070	\$37,750.00	\$0.00	\$37,750.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$144,000.00	\$0.00	\$144,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$5,500.00	\$0.00	\$5,500.00
ROADS & LOCATION PREPARATION	0.080	\$65,000.00	\$0.00	\$65,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$115,200.00	\$47,700.00	\$162,900.00
ENGINEERING/CONSULTANT	0.102	\$0.00	\$0.00	\$0.00
LABOR - ROUSTABOUT CD	0.103	\$0.00	\$34,200.00	\$34,200.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
CONSTRUCTION FOR FLOW LINES & GASLIFT LINES	0.144	\$0.00	\$0.00	\$0.00
FLOW TESTIN / EQUIP	0.194	\$0.00	\$3,500.00	\$3,500.00
OPEN HOLE LOGGING	0.200	\$0.00	\$416,200.00	\$416,200.00
POWERLINES & SUBSTATION	0.242	\$0.00	\$0.00	\$0.00
SECONDARY CONTAINMENTS	0.254	\$0.00	\$0.00	\$0.00
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
SWD CONNECTION	0.262	\$0.00	\$0.00	\$0.00
CRANE FOR CONSTRUCTION	0.278	\$0.00	\$4,500.00	\$4,500.00
MAJOR INSTRUMENTATION	0.292	\$0.00	\$42,500.00	\$42,500.00
ELECTRICAL	0.296	\$0.00	\$0.00	\$0.00
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
SALTWATER DISPOSAL COST	0.380	\$0.00	\$0.00	\$0.00
CONTINGENCY	5%	\$171,014	\$393,934	\$564,948.88
Tax	6.25%	\$213,767	\$492,418	\$706,184.84
TOTAL INTANGIBLE COST		\$2,789,059	\$8,197,937	\$10,986,995
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$4,400.00	\$0.00	\$4,400.00
SURFACE CASING	0.210	\$172,100.00	\$0.00	\$172,100.00
INTERMEDIATE CASING	0.212	\$300,000.00	\$0.00	\$300,000.00
PRODUCTION CASING	0.216	\$506,000.00	\$0.00	\$506,000.00
TUBING	0.217	\$0.00	\$32,000.00	\$32,000.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$33,500.00	\$18,500.00	\$52,000.00
ISOLATION PACKER	0.222	\$0.00	\$12,500.00	\$12,500.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$21,500.00	\$21,500.00
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$5,000.00	\$5,000.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$33,345.00	\$33,345.00
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$55,000.00	\$55,000.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$55,000.00	\$55,000.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$102,000.00	\$102,000.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$45,000.00	\$45,000.00
PIPELINE TO SALES	0.270	\$0.00	\$8,500.00	\$8,500.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$10,000.00	\$10,000.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$168,750.00	\$168,750.00
TOTAL TANGIBLES		\$1,016,000	\$567,095	\$1,583,095
TOTAL		\$3,805,059	\$8,765,032	\$12,570,090

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



November 1, 2017

Petratis Oil & Gas, LLC
PO Box 10886
Midland, TX 79702

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #111H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 230' FSL & 260' FWL Section 22: BHL: 350' FNL & 260' FWL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #111H Well (the "Well") on or about January 28, 2018, to test the Wolfcamp formation to a total vertical depth of 12,050' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$13,399,681, as outlined in the enclosed authority for expenditure ("AFE #2017-041"). Ameredev's records indicate Petratis Oil & Gas, LLC ("SES") owns a 1.40470294% working interest in the Well, and Petratis's estimated costs associated with the Operation are approximately \$188,225.71. Ameredev also proposes to drill and log a pilot hole in the Well as outlined in the enclosed authority for expenditure ("AFE #2017-045"), estimated associated costs with the pilot hole are \$868,398. Should Petratis elect to participate in the pilot hole, it agrees to pay 50% of the associated costs, being \$434,199.

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2W2 & Section 15 W2W2, with Ameredev listed as the Operator ("Contract Area")
- 100%/300%/300% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should Petratis choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. Petratis executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 0.35117573% working interest in the Well upon 100% payout.
2. Petratis to sell its entire leasehold interest in the Contract Area to Ameredev for \$3,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with Petratis on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Noah Bramble at nbramble@ameredev.com at your earliest convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Noah Bramble".

Noah Bramble
737-300-4713
nbramble@ameredev.com

Page 1

CONFIDENTIAL

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by AMEREDEV OPERATING, LLC
Hearing Date: January 11, 2018

Election Ballot for the Magnolia State Com 26-36-22 #111H Well Proposal (AFE# 2017-041)

- _____ Petraitis elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2017-041.
- _____ Petraitis elects to farmout its interest in the Contract Area as set forth in alternative 1 above.
- _____ Petraitis elects to sell its interest in the Contract Area as set forth in alternative 2 above.
- _____ Petraitis elects to not participate in the proposed Operation.

Petraitis Oil & Gas, LLC

By:

Its:

Election Ballot for the Magnolia State Com 26-36-22 #111H Pilot Hole (AFE# 2017-045)

_____ Petraitis elects to participate in the pilot hole by paying its proportionate share of the costs outlined in AFE 2017-045.

_____ Petraitis elects to not participate in the pilot hole by paying its proportionate share of the costs outlined in AFE 2017-045.

Petraitis Oil & Gas, LLC

By:

Its:



Ameredev II, LLC

SHL: 26S-26E-22, 230' FSL, 260' FWL
BHL: 26S-36E-15, 350' FNL, 260' FWL
Lea County, New Mexico

Magnolia State Com 26-36-22 #111H
AFE # 2017-041
Capital Expenditure

November 1, 2017

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Amerdev Operating, LLC	November 1, 2017

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	111H	Delaware_WC	40521	2017-041

Location	County	State	Type Well								
26S-36E Section 22, 230' FSL, 260' FWL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1 ●			22,000'
Revised Estimate	○	January 25, 2018	Wolfcamp	TVD
Supplemental Estimate	○			12,050'

Project Description
Drill and Complete Wolfcamp 2 Mile Lateral Well and Build Full Unit Battery and Gathering

Total Cost	\$13,399,681
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Comments on Associated Costs
Water disposal not included.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$250,000 (100% W.I.) retention.

Marketing Election
Amerdev sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Amerdev, you will be subject to all of the terms of such contracts. Upon written request to Amerdev, we will share with you the terms and conditions pursuant to which gas will be sold.
<input type="checkbox"/> elect to take my gas in kind.
<input type="checkbox"/> elect to market my gas with Amerdev pursuant to the terms and conditions of its contracts.

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
FUEL	0.016	\$180,000.00	\$5,400.00	\$185,400.00
TRAILER, CAMP & CATERING	0.018	\$31,900.00	\$14,285.00	\$46,185.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$26,900.00	\$56,150.00	\$83,050.00
DRILL BITS	0.028	\$103,000.00	\$7,000.00	\$110,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$176,000.00	\$0.00	\$176,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$72,200.00	\$72,200.00
BOTTOM HOLE ASSEMBLY INSPECTION	0.038	\$1,320.00	\$0.00	\$1,320.00
BOTTOM HOLE ASSEMBLY REPAIR	0.040	\$420.00	\$0.00	\$420.00
TUBULAR INSPECTIONS	0.042	\$17,250.00	\$0.00	\$17,250.00
TUBING REPAIR	0.044	\$8,437.50	\$0.00	\$8,437.50
TUBING RENTALS	0.046	\$0.00	\$38,500.00	\$38,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$23,100.00	\$71,400.00	\$94,500.00
BOP TESTING	0.050	\$7,000.00	\$0.00	\$7,000.00
WELL TESTING	0.052	\$0.00	\$123,825.00	\$123,825.00
MUD & ADDITIVES	0.060	\$280,000.00	\$61,700.00	\$341,700.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,100,000.00	\$5,100,000.00
WATER FOR DRILLING RIG/WATER RIGHTS	0.062	\$3,750.00	\$11,425.00	\$15,175.00
STIMULATION WATER / TRANSFER / STORAGE	0.064	\$3,250.00	\$867,870.00	\$871,120.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$58,100.00	\$0.00	\$58,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$157,400.00	\$25,630.00	\$183,030.00
CASING CREWS 7" and larger	0.070	\$37,750.00	\$0.00	\$37,750.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$144,000.00	\$0.00	\$144,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$5,500.00	\$0.00	\$5,500.00
ROADS & LOCATION PREPARATION	0.080	\$65,000.00	\$75,000.00	\$140,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$115,200.00	\$47,700.00	\$162,900.00
ENGINEERING/CONSULTANT	0.102	\$0.00	\$8,500.00	\$8,500.00
LABOR - ROUSTABOUT CO.	0.103	\$0.00	\$171,000.00	\$171,000.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
CONSTRUCTION FOR FLOW LINES & GAS/LIFT LINES	0.144	\$0.00	\$125,000.00	\$125,000.00
FLOW TESTIN / EQUIP	0.194	\$0.00	\$3,500.00	\$3,500.00
OPEN HOLE LOGGING	0.200	\$0.00	\$416,200.00	\$416,200.00
POWERLINES & SUBSTATION	0.242	\$0.00	\$16,830.00	\$16,830.00
SECONDARY CONTAINMENTS	0.254	\$0.00	\$85,000.00	\$85,000.00
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
SWD CONNECTION	0.262	\$0.00	\$17,500.00	\$17,500.00
CRANE FOR CONSTRUCTION	0.278	\$0.00	\$9,000.00	\$9,000.00
MAJOR INSTRUMENTATION	0.292	\$0.00	\$85,000.00	\$85,000.00
ELECTRICAL	0.296	\$0.00	\$120,000.00	\$120,000.00
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
SALTWATER DISPOSAL COST	0.380	\$0.00	\$3,500.00	\$3,500.00
CONTINGENCY	5%	\$171,014	\$431,219	\$602,232.88
Tax	6.25%	\$213,767	\$539,024	\$752,791.09
TOTAL INTANGIBLE COST		\$2,789,059	\$8,933,158	\$11,722,216
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$4,400.00	\$0.00	\$4,400.00
SURFACE CASING	0.210	\$172,100.00	\$0.00	\$172,100.00
INTERMEDIATE CASING	0.212	\$300,000.00	\$0.00	\$300,000.00
PRODUCTION CASING	0.216	\$506,000.00	\$0.00	\$506,000.00
TUBING	0.217	\$0.00	\$32,000.00	\$32,000.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$33,500.00	\$18,500.00	\$52,000.00
ISOLATION PACKER	0.222	\$0.00	\$12,500.00	\$12,500.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$21,500.00	\$21,500.00
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$5,000.00	\$5,000.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$121,465.00	\$121,465.00
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$55,000.00	\$55,000.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$55,000.00	\$55,000.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$52,000.00	\$52,000.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$45,000.00	\$45,000.00
PIPELINE TO SALES	0.270	\$0.00	\$8,500.00	\$8,500.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$10,000.00	\$10,000.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$225,000.00	\$225,000.00
TOTAL TANGIBLES		\$1,016,000	\$861,465	\$1,677,465
TOTAL		\$3,805,059	\$9,594,623	\$13,399,681



Ameredev II, LLC

SHL: 26S-26E-22, 230' FSL, 260' FWL
BHL: 26S-36E-15, 350' FNL, 260' FWL
Lea County, New Mexico

Magnolia State Com 26-36-22 #111H
Geology
AFE # 2017-045
Capital Expenditure

November 1, 2017

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	November 1, 2017

A/E Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation A/E No.
Capital	Magnolia State Com 26-36-22 Pilot Hole	111H	Delaware_WC	40321	2017-045

Location	County	State	Type Well								
26S-36E Section 22, 230' FSL, 260' FWL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	January 25, 2018	February 28, 2018	Wolfcamp	22,000'
Revised Estimate				TVD
Supplemental Estimate				12,050'

Project Description
Drill Wolfcamp Pilot Hole.

Total Cost	\$868,398
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Comments on Associated Costs
Water disposal not included.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$250,000 (100% W.I.) retention.

Marketing Election
Ameredev sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Ameredev, you will be subject to all of the terms of such contracts. Upon written request to Ameredev, we will share with you the terms and conditions pursuant to which gas will be sold.
<input type="checkbox"/> elect to take my gas in kind.
<input type="checkbox"/> elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory, and well costs under term of the joint operating agreement, regulatory order, or other applicable agreement covering this well.

American Resource Development LLC Approval

Prepared By	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Geology Pilot Hole	Geology Coring	Total Cost
DRILLING RIG	0.010	\$120,000.00	\$0.00	\$120,000.00
FUEL	0.016	\$22,500.00	\$0.00	\$22,500.00
TRAILER, CAMP & CATERING	0.018	\$4,200.00	\$0.00	\$4,200.00
WATER & SEPTIC	0.020	\$21,600.00	\$0.00	\$21,600.00
SURFACE RENTALS	0.024	\$9,210.00	\$0.00	\$9,210.00
DRILL BITS	0.028	\$34,000.00	\$0.00	\$34,000.00
DOWNHOLE RENTALS	0.030	\$2,500.00	\$0.00	\$2,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$7,500.00	\$0.00	\$7,500.00
BOP TESTING	0.050	\$1,200.00	\$0.00	\$1,200.00
MUD & ADDITIVES	0.060	\$65,100.00	\$0.00	\$65,100.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$2,550.00	\$0.00	\$2,550.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$6,222.22	\$0.00	\$6,222.22
REMEDIAL CEMENTING	0.076	\$15,000.00	\$0.00	\$15,000.00
MUD LOGGING	0.198	\$24,000.00	\$0.00	\$24,000.00
OPEN HOLE LOGGING	0.200	\$347,000.00	\$0.00	\$347,000.00
FISHING & SIDETRACK SERVICES	0.203	\$98,000.00	\$0.00	\$98,000.00
CONTINGENCY	5%	\$ 39,029	\$0	\$39,029.11
Tax	6.25%	\$ 48,786	\$0	\$48,786.39
TOTAL INTANGIBLE COST		\$ 868,398	\$0	\$868,398
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$0.00	\$0.00	\$0.00
SURFACE CASING	0.210	\$0.00	\$0.00	\$0.00
INTERMEDIATE CASING	0.212	\$0.00	\$0.00	\$0.00
PRODUCTION CASING	0.216	\$0.00	\$0.00	\$0.00
TUBING	0.217	\$0.00	\$0.00	\$0.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$0.00	\$0.00	\$0.00
ISOLATION PACKER	0.222	\$0.00	\$0.00	\$0.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$0.00	\$0.00
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$0.00	\$0.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$0.00	\$0.00
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$0.00	\$0.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$0.00	\$0.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$0.00	\$0.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$0.00	\$0.00
PIPELINE TO SALES	0.270	\$0.00	\$0.00	\$0.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$0.00	\$0.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$0.00	\$0.00
TOTAL TANGIBLES		\$0	\$0	\$0
TOTAL		\$868,398	\$0	\$868,398

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

**APPLICATION OF AMEREDEV OPERATING, LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 15930

AFFIDAVIT

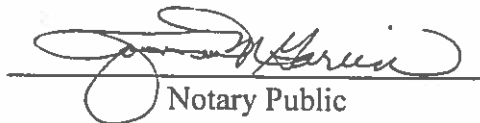
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Jordan L. Kessler, attorney in fact and authorized representative of Ameredev Operating, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.



Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 9th day of January 2018, by Jordan L. Kessler.



Notary Public

My Commission Expires:

August 26, 2021
10572183-1

HOLLAND & HART^{LLP}



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

JLKessler@hollandhart.com

December 22, 2017

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Ameredev Operating, LLC for a non-standard spacing and
proration unit and compulsory pooling, Lea County, New Mexico.
Magnolia State Com 26-36-22 No. 101H Well
Magnolia State Com 26-36-22 No. 111H Well**

Ladies & Gentlemen:

This letter is to advise you that Ameredev Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on January 11, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Brandon Forteza, at (737) 300-4721 or bforteza@ameredev.com.

Sincerely,

Jordan L. Kessler

ATTORNEY FOR

AMEREDEV OPERATING, LLC

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

HOLLAND & HART ^{LLP}



Jordan L. Kessler
Associate

Phone (505) 988-4421

Fax (505) 983-6043

JLKessler@hollandhart.com

December 22, 2017

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSETTING LESSEES AND OPERATORS

**Re: Application of Ameredev Operating, LLC for a non-standard spacing and
proration unit and compulsory pooling, Lea County, New Mexico.**
Magnolia State Com 26-36-22 No. 101H Well
Magnolia State Com 26-36-22 No. 111H Well

This letter is to advise you that Ameredev Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on January 11, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Brandon Forteza, at (737) 300-4721 or bforteza@ameredev.com.

Sincerely,

Jordan L. Kessler

ATTORNEY FOR
AMEREDEV OPERATING, LLC

Holland & Hart ^{LLP}

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

Magnolia State Com 26-36-22 No. 101H & 111H Wells
Pooled Parties (3)
Case No.15930

Blackbeard Operating, LLC
201 W Wall Street Suite 900
Midland, TX 79701

Petratis Oil & Gas, LLC
PO Box 10886
Midland, TX 79702

S.E.S. Resources, LLC
PO Box 10886
Midland, TX 79702

U.S. Postal ServiceTM
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

Magnolia State Com 26-16-22 No

101H & 111H Wells

Pooled Parties (3)

Case No 15930

For delivery information, visit

OFFICE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)

☐ Return Receipt (electronic)

☐ Certified Mail Restricted Delivery

☐ Adult Signature Required

☐ Adult Signature Restricted Delivery

Postage

Postmark
Here

Petratis Oil & Gas, LLC
PO Box 10886
Midland, TX 79702

PS Form 3800, April 2015 PSN 7530-02-000-9053 See Reverse for Instructions

U.S. Postal ServiceTM
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Domestic Mail Only

Magnolia State Com 26-16-22 No

101H & 111H Wells

Pooled Parties (3)

Case No 15930

For delivery information, visit

OFFICE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy)

☐ Return Receipt (electronic)

☐ Certified Mail Restricted Delivery

☐ Adult Signature Required

☐ Adult Signature Restricted Delivery

Postmark

Here

Blackbeard Operating, LLC
201 W Wall Street Suite 900
Midland, TX 79701

PS Form 3800, April 2015 PSN 7530-02-000-9053 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:

Blackbeard Operating, LLC
201 W Wall Street Suite 900
Midland, TX 79701



9590 9402 2949 7094 5871 05

Article Number (transfer from service label)

7016 0750 0000 3569 0632

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

SECTION ON DELIVERY

PLEASE STICK THIS SECTION TO THE FRONT OF THE MAILPIECE

OR TO THE REVERSE OF THE MAILPIECE IF THE FRONT IS NOT AVAILABLE

A. Signature [Signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) [Signature] C. Date of Delivery 12/28 ☐ Yes ☐ No

D. Is delivery address different from item 1? ☒ Yes ☐ No

If YES, enter delivery address below:

3. Service Type ☐ Adult Signature Restricted Delivery ☐ Return Receipt for Merchandise ☐ Signature Confirmation Restricted Delivery

☐ Certified Mail Restricted Delivery ☐ Signature Confirmation Restricted Delivery

☐ Collect on Delivery Restricted Delivery ☐ Mail Restricted Delivery

☐ Priority Mail Express® ☐ Registered Mail™ ☐ Return Receipt for Merchandise

☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery

☐ Collect on Delivery Restricted Delivery ☐ Mail Restricted Delivery

☐ Priority Mail Express® ☐ Registered Mail™ ☐ Return Receipt for Merchandise

☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery

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☐ Priority Mail Express® ☐ Registered Mail™ ☐ Return Receipt for Merchandise

☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery

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☐ Priority Mail Express® ☐ Registered Mail™ ☐ Return Receipt for Merchandise

☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery

☐ Collect on Delivery Restricted Delivery ☐ Mail Restricted Delivery

☐ Priority Mail Express® ☐ Registered Mail™ ☐ Return Receipt for Merchandise

☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery

☐ Collect on Delivery Restricted Delivery ☐ Mail Restricted Delivery

☐ Priority Mail Express® ☐ Registered Mail™ ☐ Return Receipt for Merchandise

☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery

☐ Collect on Delivery Restricted Delivery ☐ Mail Restricted Delivery

Magnolia State Com 26-36-22 No. 101H & 111H Wells
Offset (2)
Case No.15930

Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046

COG Oil and Gas LP
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

U.S. Postal ServiceTM

CERTIFIED MAIL[®] RECEIPT

Domestic Mail Only

Magellan State Com 26-36-22 No

101H & 111H Wells

Case No 15930

For delivery information, see PSN 7630-02-000-9053

OFFICIAL

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postmark
Here

Oxy USA Inc.

5 Greenway Plaza, Suite 110

Houston, TX 77046

PS Form 3800, April 2015 PSN 7630-02-000-9053 See Reverse for Instructions

CERTIFIED MAIL

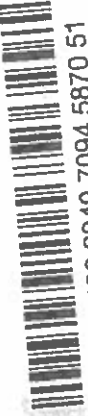
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS FOR DAY DELIVERY

SEN

- 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:

Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046



9590 9402 2949 7094 5870 51

2. Article Number (Transfer from service label)

7016 0750 0000 3569 0670

PS Form 3811, July 2015 PSN 7630-02-000-9053

A. Signature

[Signature]

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

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

☐ Return Receipt for Merchandise

☐ Signature Confirmation[™]

☐ Signature Confirmation Restricted Delivery

☐ Priority Mail Express[®]

☐ Registered Mail

☐ Return Receipt for Merchandise

☐ Signature Confirmation

☐ Signature Confirmation Restricted Delivery

☐ Domestic Return Receipt

U.S. Postal ServiceTM CERTIFIED MAIL[®] RECEIPT Domestic Mail Only

For delivery information, visit usps.com

OFFICIAL

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postmark
Here

S.E.S. Resources, LLC
 PO Box 10886
 Midland, TX 79702

PS Form 3800, April 2015 PSN 7530-02 000-9047 See Reverse for instructions

U.S. Postal ServiceTM CERTIFIED MAIL[®] RECEIPT Domestic Mail Only

For delivery information, visit usps.com

OFFICIAL

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postmark
Here

COG Oil and Gas LP
 One Concho Center
 600 W. Illinois Avenue
 Midland, TX 79701

PS Form 3800, April 2015 PSN 7530-02 000-9047 See Reverse for instructions

CERTIFIED MAIL[®]

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. HOLD IN FOLD TO DETACH FLAP.

SENDER

SECTION ON DELIVERY

1. Article Addressed to:
 COG Oil and Gas LP
 One Concho Center
 600 W. Illinois Avenue
 Midland, TX 79701

2. Article Number (Transfer from service label)
 7016 0750 0000 3569 0663

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail[®]
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Mail Restricted Delivery

4. Priority Mail Express[®]
☐ Registered Mail[®]
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation[™]
☐ Signature Confirmation Restricted Delivery

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

6. Received by (Printed Name) ☐ Agent ☐ Addressee
 7. Date of Delivery


Domestic Return Receipt

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

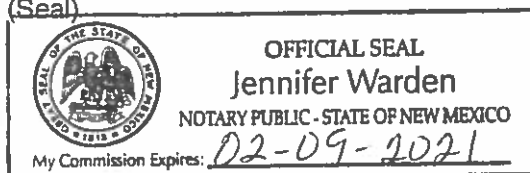
Beginning with the issue dated
December 23, 2017
and ending with the issue dated
December 23, 2017.


Publisher

Sworn and subscribed to before me this
23rd day of December 2017.


Administrative Coordinator

My commission expires
February 09, 2021
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL	LEGAL	LEGAL
<p>LEGAL NOTICE December 23, 2017</p> <p>STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO</p> <p>The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on January 11, 2018 in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by December 31, 2017. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.</p> <p>STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.</p> <p>(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)</p> <p>To: All offset owners and pooled parties, including: Blackbeard Operating, LLC; Petrakis Oil & Gas, LLC; S.E.S. Resources, LLC; Oxy USA Inc.; COG Oil and Gas LP.</p> <p>Case No. 15930: Application of Ameradev Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 22 and the W/2 W/2 of Section 15, Township 26 South, Range 38 East, NMFM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed Magnolia State Com 26-36-22 No. 101H Well and the proposed Magnolia State Com 26-36-22 No. 111H Well. These wells will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 22 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 15. The completed interval each well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Ameradev Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles southwest of Jal, NM. #32369</p>		

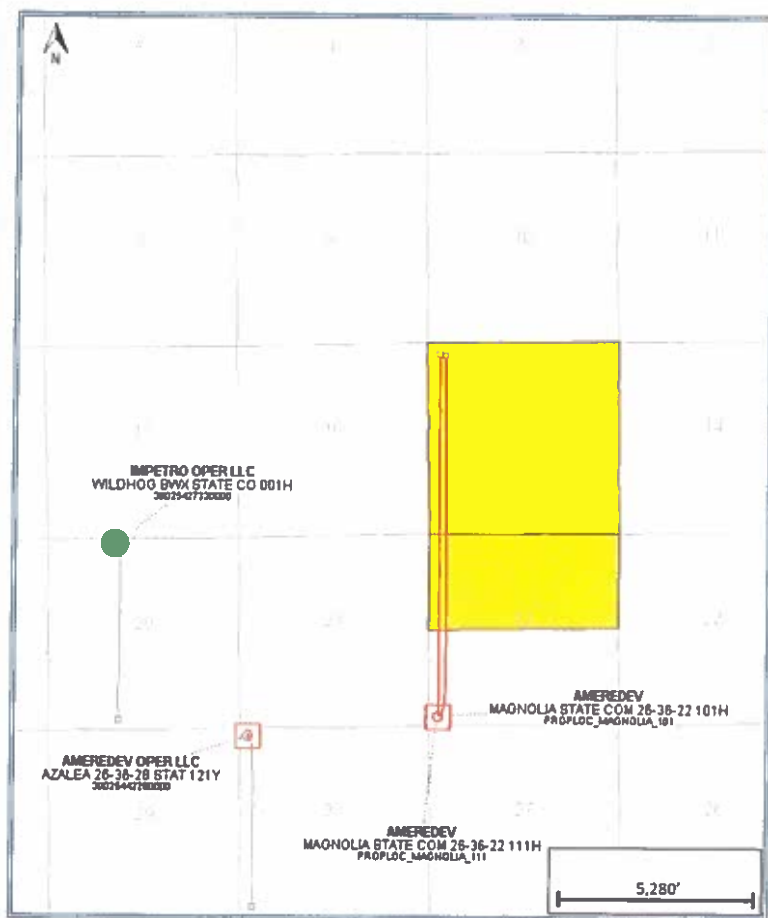
67100754

00204622

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by AMEREDEV OPERATING, LLC
Hearing Date: January 11, 2018

Wolfcamp Pool - Magnolia State Com 26-36-22 101H/111H



Map Legend

SHL BHL



Ameredev Wolfcamp Horizontal Locations



Producing Wolfcamp Wells



Ameredev Acreage



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 8




Submitted by: AMEREDEV OPERATING, LLC

Hearing Date: January 11, 2018

Wolfcamp Pool - Wolfcamp-Structure Map (Subsea Depth)

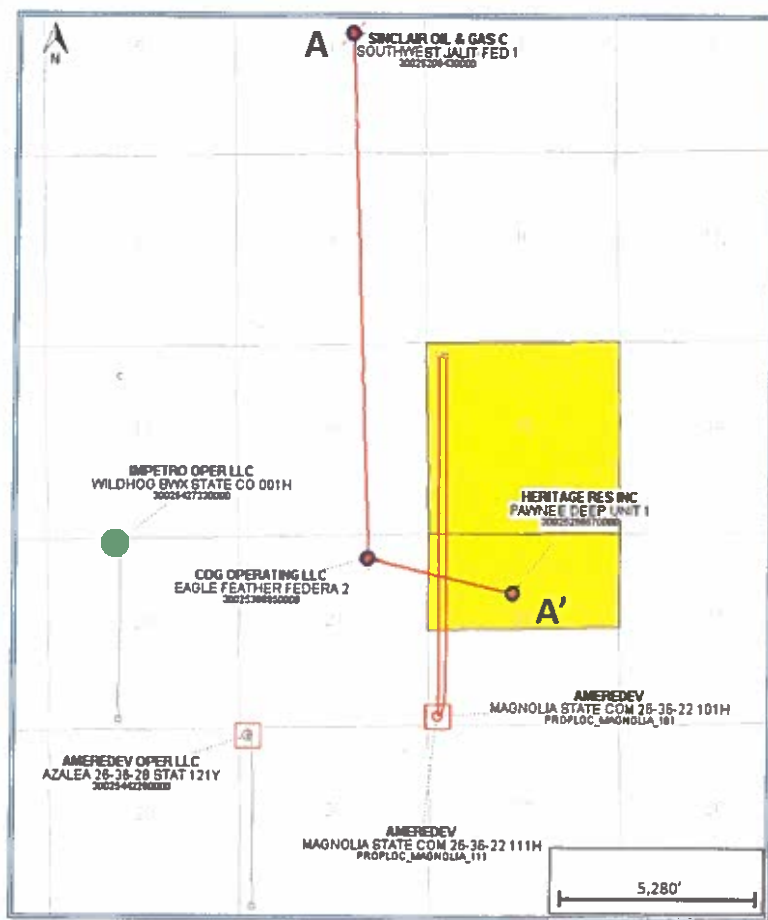


Map Legend

SHL	BHL
	
Ameredev Wolfcamp Horizontal Locations	
Producing Wolfcamp Wells	
	
Ameredev Acreage	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 9
Submitted by AMEREDEV OPERATING, L.L.C
Hearing Date: January 11, 2018

Wolfcamp Pool – Cross Section Map



Map Legend

SHL BHL



Ameredev Wolfcamp Horizontal Locations



Producing Wolfcamp Wells



Cross Section Wells & Transect



Ameredev Acreage



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 10
Submitted by: AMEREDEV OPERATING, LLC
Hearing Date: January 11, 2018

Wolfcamp Pool - Stratigraphic Cross Section

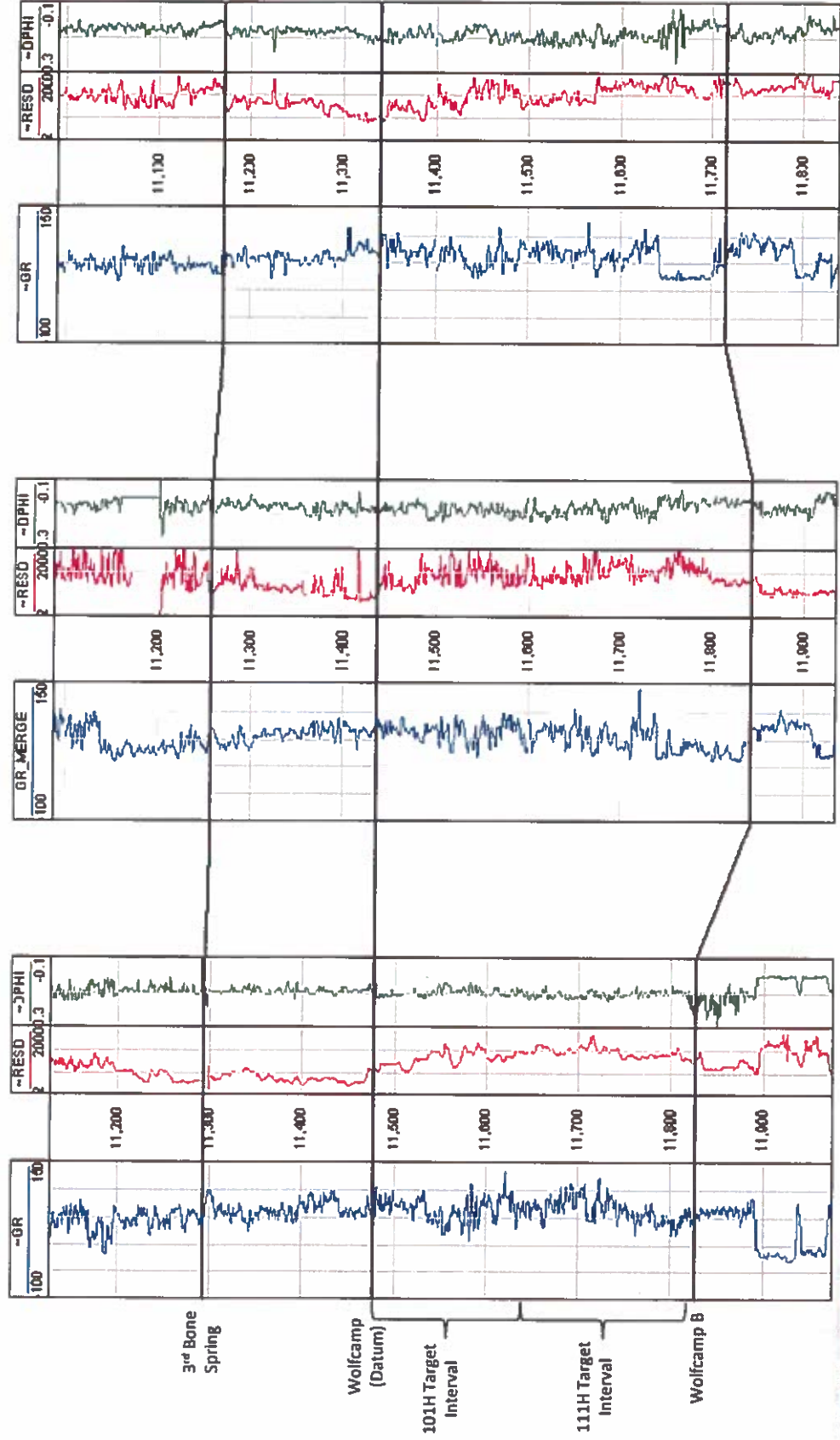
SOUTHWEST JALT-FED 1
30025208430000
SINCLAIR OIL & GAS C

EAGLE FEATHER FEDERA 2
3002538850000
COG OPERATING LLC

PAVNEE DEEP UNIT 1
30025265570000
HERITAGE RES INC

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AMEREDEV