

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING SEPTEMBER 6, 2018**

CASE NOS. 16394 & 16395

PINE STRAW FED COM 25 36 08 No. 091H WELL
PINE STRAW FED COM 25 36 08 No. 101H WELL

LEA COUNTY, NEW MEXICO



Ameredev II, LLC

**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 NOS. 16394, 16395

**AFFIDAVIT OF BRANDON FORTEZA IN SUPPORT OF
CASE NOS. 16394 AND 16395**

Brandon Forteza, of lawful age and being first duly sworn, declares as follows:

1. My name is Brandon Forteza. I work for Ameredev Operating, LLC (“Ameredev”) as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the two applications filed by Ameredev in these consolidated cases, and I am familiar with the status of the lands in the subject areas.
4. None of the proposed pool parties in these cases has indicated opposition, and therefore I do not expect any opposition at the hearing.
5. In Case No. 16394, Ameredev is seeking an Order (a) creating, if necessary, a 320.50-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 5 and the W/2 W/2 of Section 8, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico; (b) dedicating the horizontal spacing unit for the proposed **Pine Straw Fed Com 25 36 08 No. 091H Well**; (c) pooling all uncommitted mineral interests in the Bone Spring formation

underlying this acreage; and (d) designating Ameredev the operator of the well and the proposed spacing and proration unit.

6. In Case No. 16395, Ameredev is seeking an Order (a) creating, if necessary, a 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 5 and the W/2 W/2 of Section 8, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico; (b) dedicating the horizontal spacing unit for the proposed **Pine Straw Fed Com 25 36 08 No. 101H Well**; (c) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage; and (d) designating Ameredev the operator of the proposed spacing and proration unit.

7. Ameredev has filed Form C-102s with the Division for the proposed Pine Straw Fed Com 25 36 08 No. 091H Well and the proposed Pine Straw Fed Com 25 36 08 No. 101H Well. Those C-102s are attached hereto as **Ameredev Exhibit A-1** and **Ameredev Exhibit A-2**. The C-102s show that a Pool Code of 98220 has been assigned.

8. The completed intervals for the proposed wells will comply with the Division's setback requirements.

9. **Ameredev Exhibit A-3** is an exhibit prepared by me that identifies the tracts of land comprising the proposed spacing and proration unit in Case No. 16394. This proposed spacing unit includes federal land only. This exhibit shows the interest owners and the percentage of their interest by tract. A unit recapitulation, showing the percentage of ownership interests in the proposed spacing unit, is also included on the exhibit. Ameredev is seeking to pool the interest owners denoted by an asterisk.

10. **Ameredev Exhibit A-4** is an exhibit prepared by me that identifies the tracts of land comprising the proposed spacing unit in Case No. 16395. This proposed spacing and

proration unit includes federal land only. This exhibit shows the interest owners and the percentage of their interest by tract. A unit recapitulation, showing the percentage of ownership interests in the proposed spacing unit, is also included on the exhibit. Ameredev is seeking to pool the interest owners denoted by an asterisk.

11. There are no depth severances.

12. Ameredev is seeking to pool all uncommitted working interest owners. There are overriding royalty interest owners, but the instruments creating the overrides allow Ameredev to pool. There are no unleased mineral interest owners.

13. Ameredev sent a well proposal letter to the working interest owners in Case No. 16394. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Ameredev Exhibit A-5**.

14. Ameredev sent a well proposal letter to the working interest owners in Case No. 16395. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Ameredev Exhibit A-6**.

15. Ameredev has made an estimate of overhead and administrative costs for drilling and producing the proposed wells. It is \$7,000/month while drilling, and \$700/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. Ameredev respectfully requests that these administrative and overhead costs be incorporated into any orders entered by the Division in these consolidated cases.

16. In my opinion, Ameredev has made good faith efforts to reach an agreement with the parties it is seeking to pool. If Ameredev reaches an agreement with any of the proposed pool parties before the Division enters an order, I will let the Division know that Ameredev is no longer seeking to pool those parties.

17. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties and the offset operators and lessees of record in the 40-acre tracts surrounding the proposed spacing and proration unit. The names and last known addresses are included in Exhibit C. In compiling these notice lists, Ameredev conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All parties were locatable.

18. **Ameredev Exhibit A-1 through A-6** were either prepared by me or compiled under my direction and supervision.

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

AMENDED REPORT

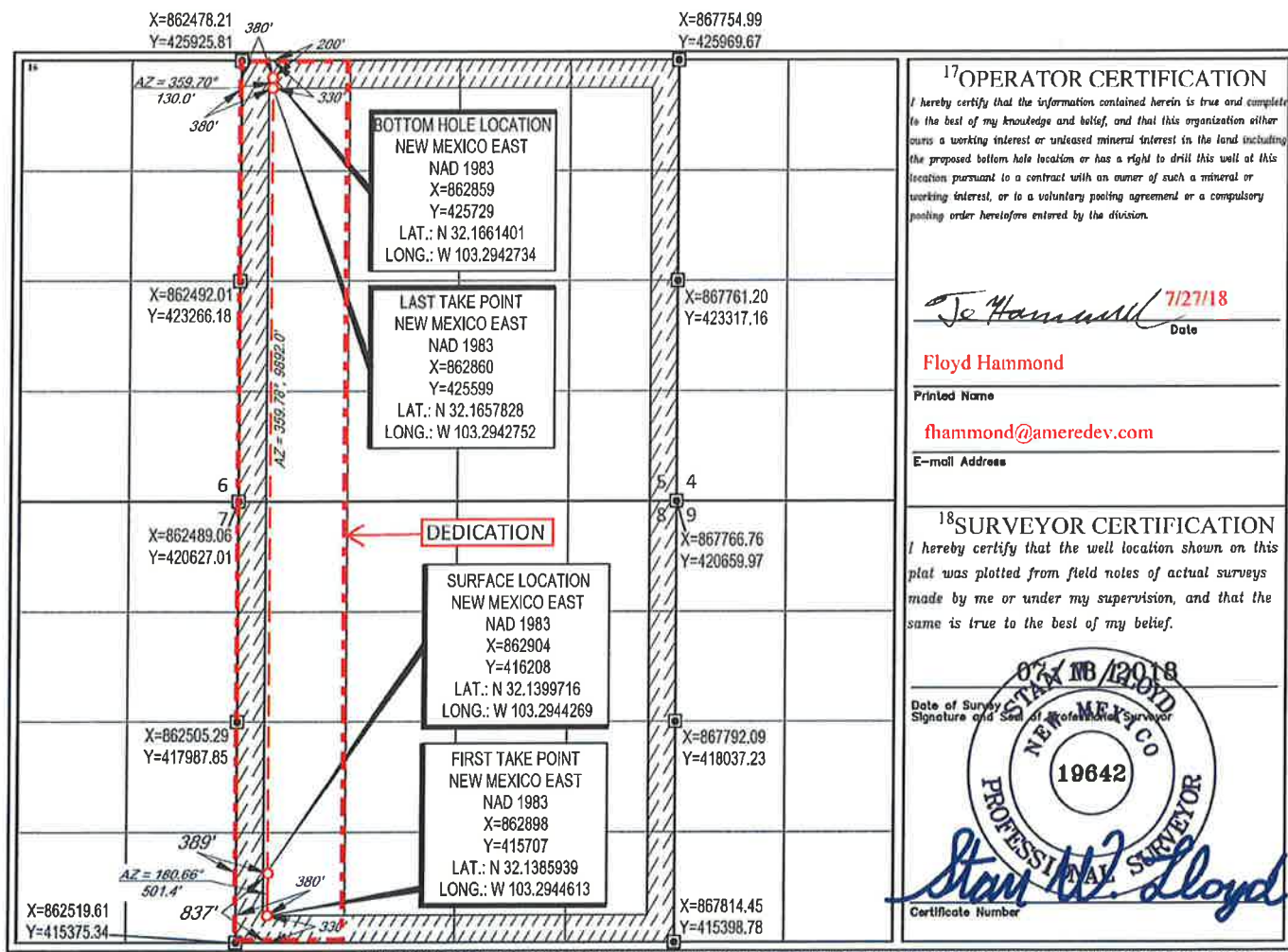
¹ API Number 30-025-	² Pool Code 98150	³ Pool Name WC-025 G-08 S263620C; LWR BONE SPRING
⁴ Property Code	⁵ Property Name PINE STRAW FED COM 25 36 08	
⁶ OGRID No. 372224	⁸ Operator Name AMEREDEV OPERATING, LLC.	⁷ Well Number 091H
		⁹ Elevation 3153'

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	8	25-S	36-E	-	831'	SOUTH	389'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	5	25-S	36-E	—	200'	NORTH	380'	WEST	LEA

¹² Dedicated Acres 320.5	¹³ Joint or Infill	¹⁴ Consolidation Code C	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.



PINE STRAW FED COM 25-36-32 091H

T25S-R36E-SECTION 5, W2W2

T25S-R36E-SECTION 8, W2W2

LEA COUNTY, NEW MEXICO

TRACT 1 W2W2 160.05 Acres	
TRACT 2 W2W2 160.00 Acres	

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-3

Submitted by: **AMEREDEV**

Hearing Date: September 6, 2018

Case No 16394-16395

PINE STRAW FED COM 25-36-32 091H

T25S-R36E-SECTION 5, W2W2

T25S-R36E-SECTION 8, W2W2

LEA COUNTY, NEW MEXICO

TRACT 1: W2W2 SECTION 5 T25S-R36E

AMEREDEV NEW MEXICO, LLC	100.00000000%
TOTAL	100.00000000%

TRACT 2: W2W2 SECTION 8 T25S-R36E

AMERICAN SHALE ENERGY, LLC	13.00000000%
OXY Y-1 COMPANY	7.00000000%
AMEREDEV NEW MEXICO, LLC	80.00000000%
TOTAL	100.00000000%

UNIT RECAPITULATION

T25S-R36E-SECTION 5, W2W2

T25S-R36E-SECTION 8, W2W2

*AMERICAN SHALE ENERGY, LLC	6.50000000%
*OXY Y-1 COMPANY	3.50000000%
AMEREDEV NEW MEXICO, LLC	90.00000000%
TOTAL	100.00000000%

** Interest Seeking to Compulsory Pool*

PINE STRAW FED COM 25-36-32 101H

T25S-R36E-SECTION 5, W2W2

T25S-R36E-SECTION 8, W2W2

LEA COUNTY, NEW MEXICO

TRACT 1 W2W2 160.05 Acres	
TRACT 2 W2W2 160.00 Acres	

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-4

Submitted by: **AMEREDEV**

Hearing Date: September 6, 2018

Case No 16394-16395

PINE STRAW FED COM 25-36-32 101H

T25S-R36E-SECTION 5, W2W2

T25S-R36E-SECTION 8, W2W2

LEA COUNTY, NEW MEXICO

TRACT 1: W2W2 SECTION 5 T25S-R36E

AMEREDEV NEW MEXICO, LLC	100.00000000%
TOTAL	100.00000000%

TRACT 2: W2W2 SECTION 8 T25S-R36E

AMERICAN SHALE ENERGY, LLC	13.00000000%
OXY Y-1 COMPANY	7.00000000%
AMEREDEV NEW MEXICO, LLC	80.00000000%
TOTAL	100.00000000%

UNIT RECAPITULATION

T25S-R36E-SECTION 5, W2W2

T25S-R36E-SECTION 8, W2W2

*AMERICAN SHALE ENERGY, LLC	6.50000000%
*OXY Y-1 COMPANY	3.50000000%
AMEREDEV NEW MEXICO, LLC	90.00000000%
TOTAL	100.00000000%

** Interest Seeking to Compulsory Pool*

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



August 3, 2018

VIA Certified Mail

American Shale Energy, LLC
2929 Buffalo Speedway, Suite 2106
Houston, TX 77098

RE: Pine Straw Fed Com 25-36-08 #091H Well Proposal
Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 831' FSL & 389' FWL Section 8; BHL: 200' FNL & 380' FWL Section 5

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Pine Straw Fed Com 25-36-08 #091H Well (the "Well") to test the Bone Spring formation to a total vertical depth of 11,338' and a total measured depth of 20,820' ("Operation"). The estimated costs associated with the Operation are \$14,705,684 as outlined in the enclosed authority for expenditure ("AFE #2018-040"). Ameredev's records indicate American Shale Energy, LLC ("ASE") owns a 6.50% working interest in the Well, and ASE's estimated costs associated with the Operation are approximately \$955,869.46

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 25 South, Range 36 East, Section 8: W2W2 & Section 5: 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 ASE choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternative:

1. ASE executes a Term Assignment in favor of Ameredev covering its interests.

Ameredev looks forward to working with ASE 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 bforteza@ameredev.com at your earliest convenience.

Sincerely,

Brandon Forteza
737-300-4721

Election Ballot for the Pine Straw Fed Com 25-36-32 #091H Well Proposal (AFE# 2018-040)

_____ ASE elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-040.

_____ ASE elects to lease its interest as set forth in alternative 1 above.

American Shale Energy, LLC

By: _____

Its: _____



Ameredev II, LLC

Lea County, New Mexico

SHL: Sec. 8 25S-36E 831' FSL & 389' FWL

BHL: Sec. 5 25S-36E 200' FNL & 380' FWL

Pine Straw Fed Com 25-36-08 091H

AFE # 2018-040

Capital Expenditure

August 2, 2018

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	August 2, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Pine Straw Fed Com 25-36-08	091H	Delaware_BS	40250	2018-040

Location	County	State	Type Well								
Sec. 8 25S-36E 831' FSL & 389' 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 <input checked="" type="radio"/>	September 18, 2019	October 27, 2019	Bone Spring	20,820'
Revised Estimate	<input type="radio"/>				TVD
Supplemental Estimate	<input type="radio"/>				11,338'

Project Description

Drill and Complete Bone Spring 2 Mile Lateral Well and Build Additional Bench at Battery.

Total Cost	\$14,705,684
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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.

☐ I 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.

☐ I elect to take my gas in kind.

☐ I 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

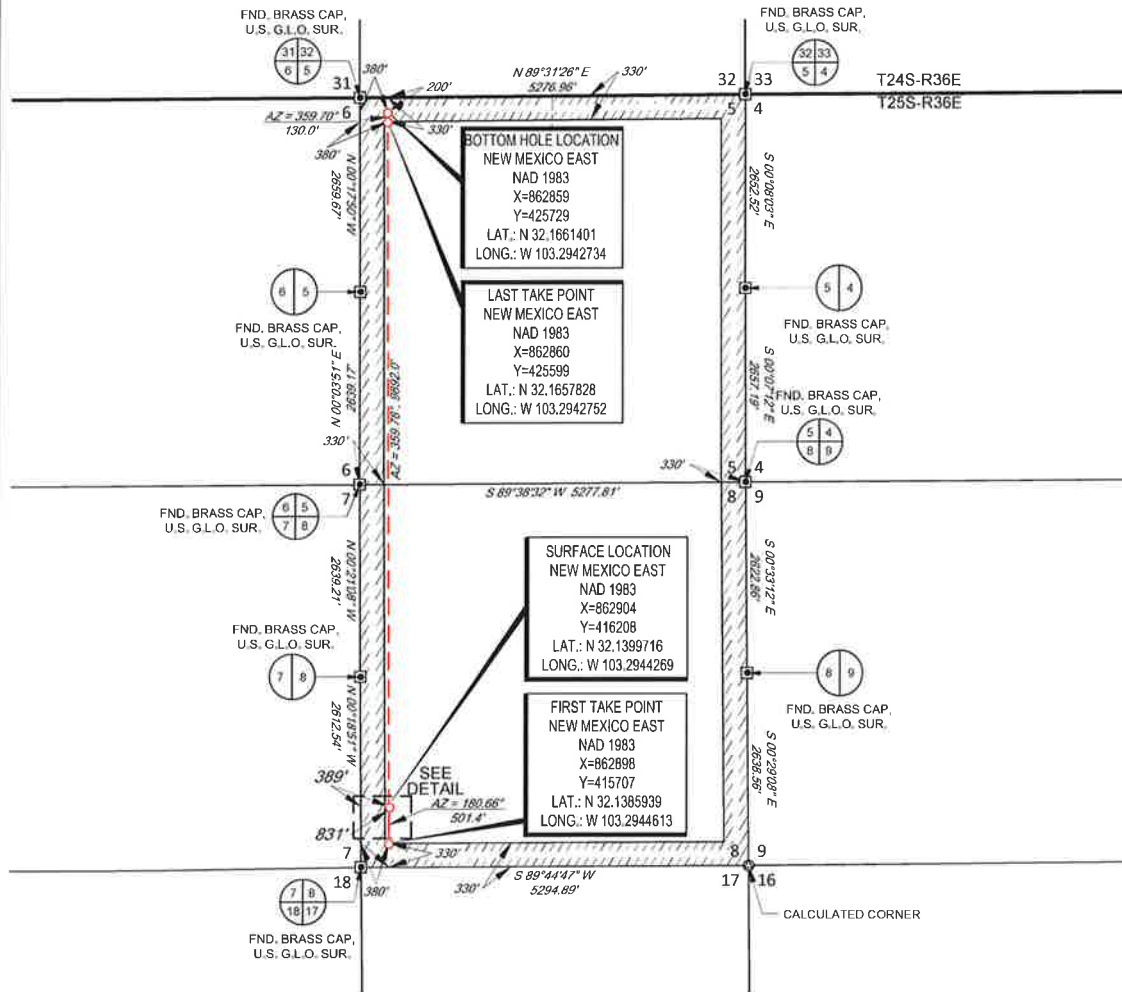


INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$35,000.00	\$0.00	\$35,000.00
RESTORATION	0.008	\$0.00	\$35,000.00	\$35,000.00
DRILLING RIG	0.010	\$782,000.00	\$0.00	\$782,000.00
COIL TUBING	0.012	\$0.00	\$316,000.00	\$316,000.00
FUEL	0.016	\$175,000.00	\$2,700.00	\$177,700.00
TRAILER, CAMP & CATERING	0.018	\$30,500.00	\$14,285.00	\$44,785.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$25,500.00	\$44,050.00	\$69,550.00
DRILL BITS	0.028	\$111,000.00	\$7,000.00	\$118,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$294,000.00	\$0.00	\$294,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$69,300.00	\$69,300.00
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	\$134,400.00	\$38,500.00	\$172,900.00
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	\$140,175.00	\$140,175.00
MUD & ADDITIVES	0.060	\$276,300.00	\$379,900.00	\$656,200.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,396,750.00	\$5,396,750.00
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	\$697,340.00	\$700,590.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$177,100.00	\$0.00	\$177,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$95,900.00	\$25,630.00	\$121,530.00
CASING CREWS 7" and larger	0.070	\$32,250.00	\$0.00	\$32,250.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$255,000.00	\$0.00	\$255,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$71,500.00	\$0.00	\$71,500.00
ROADS & LOCATION PREPARATION	0.080	\$137,000.00	\$0.00	\$137,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$165,600.00	\$80,200.00	\$245,800.00
LABOR - ROUSTABOUT CO.	0.103	\$0.00	\$34,200.00	\$34,200.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
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
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
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
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
CONTINGENCY	5%	\$227,357	\$433,573	\$660,929.63
Tax	6.25%	\$284,196	\$541,966	\$826,162.03
TOTAL INTANGIBLE COST		\$3,694,131	\$9,033,393	\$12,727,524
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$4,400.00	\$0.00	\$4,400.00
SURFACE CASING	0.210	\$68,840.00	\$0.00	\$68,840.00
INTERMEDIATE CASING	0.212	\$523,575.00	\$0.00	\$523,575.00
PRODUCTION CASING	0.216	\$512,900.00	\$0.00	\$512,900.00
TUBING	0.217	\$179,850.00	\$32,000.00	\$211,850.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$75,000.00	\$65,000.00	\$140,000.00
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		\$1,364,565	\$613,595	\$1,978,160
TOTAL		\$5,058,696	\$9,646,988	\$14,705,684

AMEREDEV

AMEREDEV OPERATING, LLC EXHIBIT 2A

SECTION 8, TOWNSHIP 25-S, RANGE 36-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



LEASE NAME & WELL NO.: PINE STRAW FED COM 25 36 08 091H

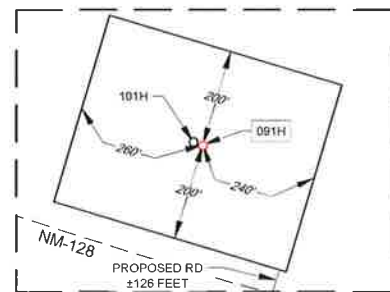
SECTION 8 TWP 25-S RGE 36-E SURVEY N.M.P.M.
COUNTY LEA STATE NM
DESCRIPTION 831' FSL & 389' FWL

DISTANCE & DIRECTION
FROM INT. OF 3RD ST./NM-205/FRYING PAN RD. & NM-128, HEAD EAST
ON NM-128, ±6.2 MILES, THENCE NORTHEAST (RIGHT) ON A PROPOSED
RD, ±126 FEET TO A POINT ±280 FEET SOUTHEAST OF THE LOCATION.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID
BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY
FEET

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND
UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF
SURVEY, AND DATA PROVIDED BY AMEREDEV OPERATING LLC. THIS CERTIFICATION IS MADE AND
LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS
NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

DETAIL VIEW
SCALE 1" = 300'



Stan W. Lloyd, P.S. No. 19642

JULY 19, 2018

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX: (817) 744-7554
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

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



August 3, 2018

VIA Certified Mail

American Shale Energy, LLC
2929 Buffalo Speedway, Suite 2106
Houston, TX 77098

RE: Pine Straw Fed Com 25-36-08 #101H Well Proposal
Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 837' FSL & 369' FWL Section 8; BHL: 200' FNL & 380' FWL Section 5

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Pine Straw Fed Com 25-36-08 #101H Well (the "Well") to test the Wolfcamp formation to a total vertical depth of 11,585' and a total measured depth of 21,181' ("Operation"). The estimated costs associated with the Operation are \$15,535,275 as outlined in the enclosed authority for expenditure ("AFE #2018-039"). Ameredev's records indicate American Shale Energy, LLC ("ASE") owns a 6.50% working interest in the Well, and ASE's estimated costs associated with the Operation are approximately \$1,009,792.88

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 25 South, Range 36 East, Section 8: W2W2 & Section 5: 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 ASE choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternative:

1. ASE executes a Term Assignment in favor of Ameredev covering its interests.

Ameredev looks forward to working with ASE 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 bforteza@ameredev.com at your earliest convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "B Forteza", is written over a light blue horizontal line.

Brandon Forteza
737-300-4721

Election Ballot for the Pine Straw Fed Com 25-36-32 #101H Well Proposal (AFE# 2018-039)

_____ ASE elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-039.

_____ ASE elects to lease its interest as set forth in alternative 1 above.

American Shale Energy, LLC

By:

Its:



Ameredev II, LLC

Lea County, New Mexico

SHL: Sec. 8 25S-36E 837' FSL & 369' FWL

BHL: Sec. 5 25S-36E 200' FNL & 380' FWL

Pine Straw Fed Com 25-36-08 101H

AFE # 2018-039

Capital Expenditure

August 2, 2018

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	August 2, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Pine Straw Fed Com 25-36-08	101H	Delaware_WC	40251	2018-039

Location	County	State	Type Well								
Sec. 8 25S-36E 837' FSL & 369' 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 <input checked="" type="radio"/>	August 8, 2019	September 16, 2019	Wolfcamp	21,181'
Revised Estimate	<input type="radio"/>				TVD
Supplemental Estimate	<input type="radio"/>				11,585'

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

Total Cost	\$15,535,275
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Comments on Associated Costs
Water disposal not included.

Well Control Insurance
<p>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.</p> <p><input type="checkbox"/> I elect to purchase my own well control insurance policy.</p> <p>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.</p>

Marketing Election
<p>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.</p> <p><input type="checkbox"/> I elect to take my gas in kind.</p> <p><input type="checkbox"/> I elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.</p>

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

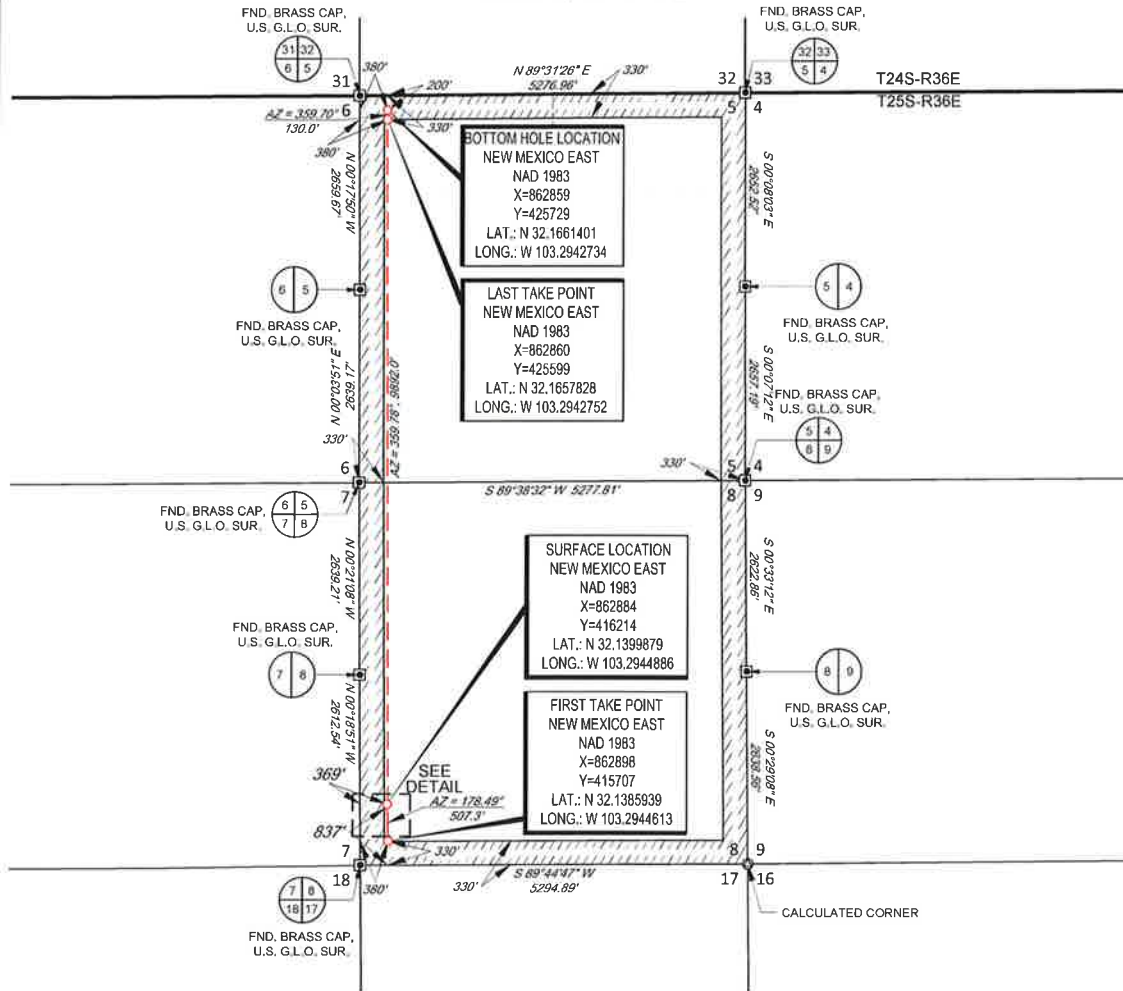


INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$35,000.00	\$0.00	\$35,000.00
RESTORATION	0.008	\$0.00	\$35,000.00	\$35,000.00
DRILLING RIG	0.010	\$782,000.00	\$0.00	\$782,000.00
COIL TUBING	0.012	\$0.00	\$316,000.00	\$316,000.00
FUEL	0.016	\$175,000.00	\$5,400.00	\$180,400.00
TRAILER, CAMP & CATERING	0.018	\$30,500.00	\$14,285.00	\$44,785.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$25,500.00	\$57,550.00	\$83,050.00
DRILL BITS	0.028	\$111,000.00	\$7,000.00	\$118,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$294,000.00	\$0.00	\$294,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$69,300.00	\$69,300.00
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	\$134,400.00	\$38,500.00	\$172,900.00
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	\$140,175.00	\$140,175.00
MUD & ADDITIVES	0.060	\$276,300.00	\$379,900.00	\$656,200.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,396,750.00	\$5,396,750.00
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	\$697,340.00	\$700,590.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$177,100.00	\$0.00	\$177,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$95,900.00	\$25,630.00	\$121,530.00
CASING CREWS 7" and larger	0.070	\$32,250.00	\$0.00	\$32,250.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$255,000.00	\$0.00	\$255,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$71,500.00	\$0.00	\$71,500.00
ROADS & LOCATION PREPARATION	0.080	\$137,000.00	\$75,000.00	\$212,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$165,600.00	\$80,200.00	\$245,800.00
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 & GASLIFT 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%	\$227,357	\$470,858	\$698,214.63
Tax	6.25%	\$284,196	\$588,572	\$872,768.28
TOTAL INTANGIBLE COST		\$3,694,131	\$9,768,614	\$13,462,745
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$4,400.00	\$0.00	\$4,400.00
SURFACE CASING	0.210	\$68,840.00	\$0.00	\$68,840.00
INTERMEDIATE CASING	0.212	\$523,575.00	\$0.00	\$523,575.00
PRODUCTION CASING	0.216	\$512,900.00	\$0.00	\$512,900.00
TUBING	0.217	\$179,850.00	\$32,000.00	\$211,850.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$75,000.00	\$65,000.00	\$140,000.00
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		\$1,364,565	\$707,965	\$2,072,530
TOTAL		\$5,058,696	\$10,476,579	\$15,535,275

AMEREDEV

AMEREDEV OPERATING, LLC EXHIBIT 2A

SECTION 8, TOWNSHIP 25-S, RANGE 36-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



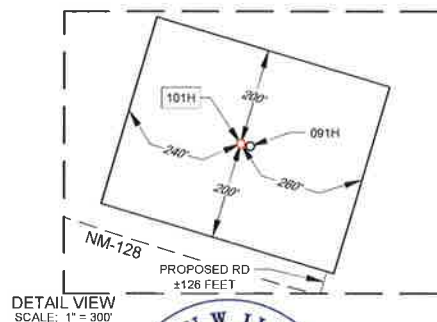
LEASE NAME & WELL NO.: PINE STRAW FED COM 25 36 08 101H

SECTION 8 TWP 25-S RGE 36-E SURVEY N.M.P.M.
COUNTY LEA STATE NM
DESCRIPTION 837' FSL & 369' FWL

DISTANCE & DIRECTION
FROM INT. OF 3RD ST./NM-205/FRYING PAN RD. & NM-128, HEAD EAST
ON NM-128, ±6.2 MILES, THENCE NORTHEAST (RIGHT) ON A PROPOSED
RD. ±126 FEET TO A POINT ±317 FEET SOUTHEAST OF THE LOCATION.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID
BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY
FEET

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND
UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF
SURVEY, AND DATA PROVIDED BY AMEREDEV OPERATING, LLC. THIS CERTIFICATION IS MADE AND
LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS
NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.



DETAIL VIEW
SCALE: 1" = 300'



Stan W. Lloyd, P.S. No. 19642
JULY 19, 2018

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX: (817) 744-7554
2803 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

**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 NOS. 16394 and 16395

**AFFIDAVIT OF PARKER FOY IN SUPPORT OF
CASE NOS. 16394 and 16395**

Parker Foy, of lawful age and being first duly sworn, declares as follows:

1. My name is Parker Foy. I work for Ameredev Operating, LLC as a Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the two applications filed by Ameredev in these consolidated cases, and I have conducted a geologic study of the lands in the subject areas.
4. With Case No. 16394, Ameredev is targeting the Bone Spring formation.
5. **Ameredev Exhibit B-1** is a locator map for Case No. 16394. It shows Ameredev's acreage in yellow and the path of the proposed wellbore for the proposed **Pine Straw Fed Com 25 36 08 No. 091H Well** with the surface hole and bottom hole locations.
6. **Ameredev Exhibit B-2** is a subsea structure map that I prepared for the top of the Bone Spring formation. The contour interval is 50 feet. The structure map shows the Bone Spring gently dipping to the southwest. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

7. **Ameredev Exhibit B-3** is a map showing the location of the wells used to create the stratigraphic cross-section in the next exhibit. These three wells from A to A' are representative of the geology in the area.

8. **Ameredev Exhibit B-4** is a stratigraphic cross-section that I prepared displaying open-hole logs run over the Bone Spring from three representative wells denoted from A to A'. For each well in the cross-section, Ameredev Exhibit B-4 shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is labeled and marked. The logs in the cross-section demonstrate that the target interval, within the Bone Spring, is consistent in thickness, across the entire proposed spacing unit.

9. With Case No. 16395, Ameredev is targeting the Wolfcamp formation.

10. **Ameredev Exhibit B-5** is a locator map for Case No. 163965. It shows Ameredev's acreage in yellow and the path of the proposed wellbore for the proposed **Pine Straw Fed Com 25 36 08 No. 101H Well** with the surface hole and bottom hole locations.

11. **Ameredev Exhibit B-6** is a subsea structure map that I prepared for the top of the Wolfcamp formation. The contour interval is 100 feet. The structure map shows the Wolfcamp gently dipping to the southwest. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

12. **Ameredev Exhibit B-7** is a map showing the location of the wells used to create the stratigraphic cross-section in the next exhibit. These three wells from A to A' are representative of the geology in the area.

13. **Ameredev Exhibit B-8** is a stratigraphic cross-section that I prepared displaying open-hole logs run over the Wolfcamp from three representative wells denoted from A to A'. For


each well in the cross-section, Ameredev Exhibit B-8 shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is labeled and marked. The logs in the cross-section demonstrate that the target interval, within the Wolfcamp, is consistent in thickness, across the entire proposed spacing unit.

14. Based on my geologic study of the areas in both consolidated cases, I have not identified any geologic impediments to drilling horizontal wells in the area.

15. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to each 40-acre unit comprising the spacing and proration units.

16. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

17. In my opinion, the granting of Ameredev's two applications in these consolidated cases will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

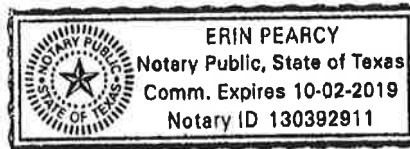

PARKER FOY

STATE OF TEXAS)
COUNTY OF Travis)

SUBSCRIBED and SWORN to before me this 5th day of September 2018 by
Parker Foy.

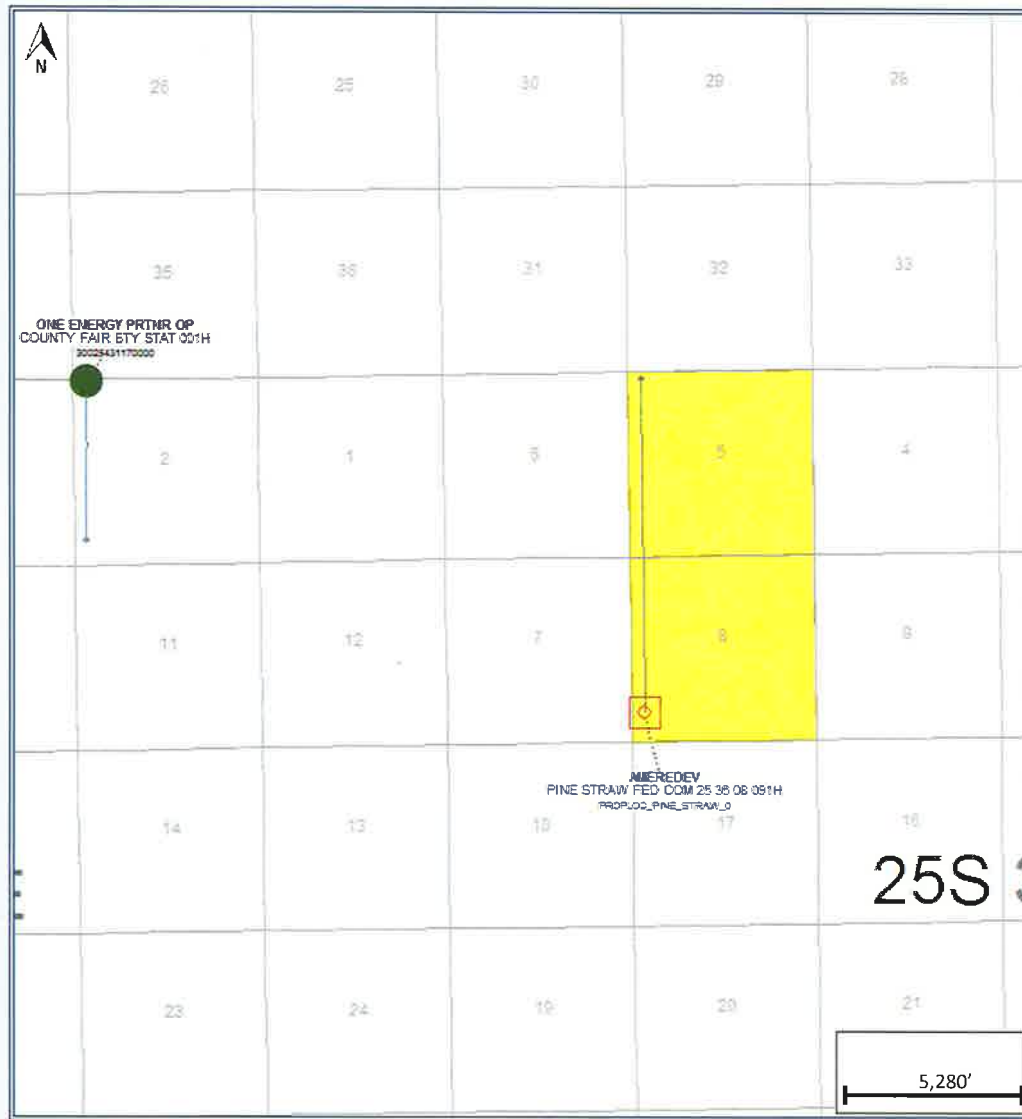

NOTARY PUBLIC

My Commission Expires:
10/2/2019



11380381_1

3rd Bone Spring Pool — Pine Straw 25-36-08 091H

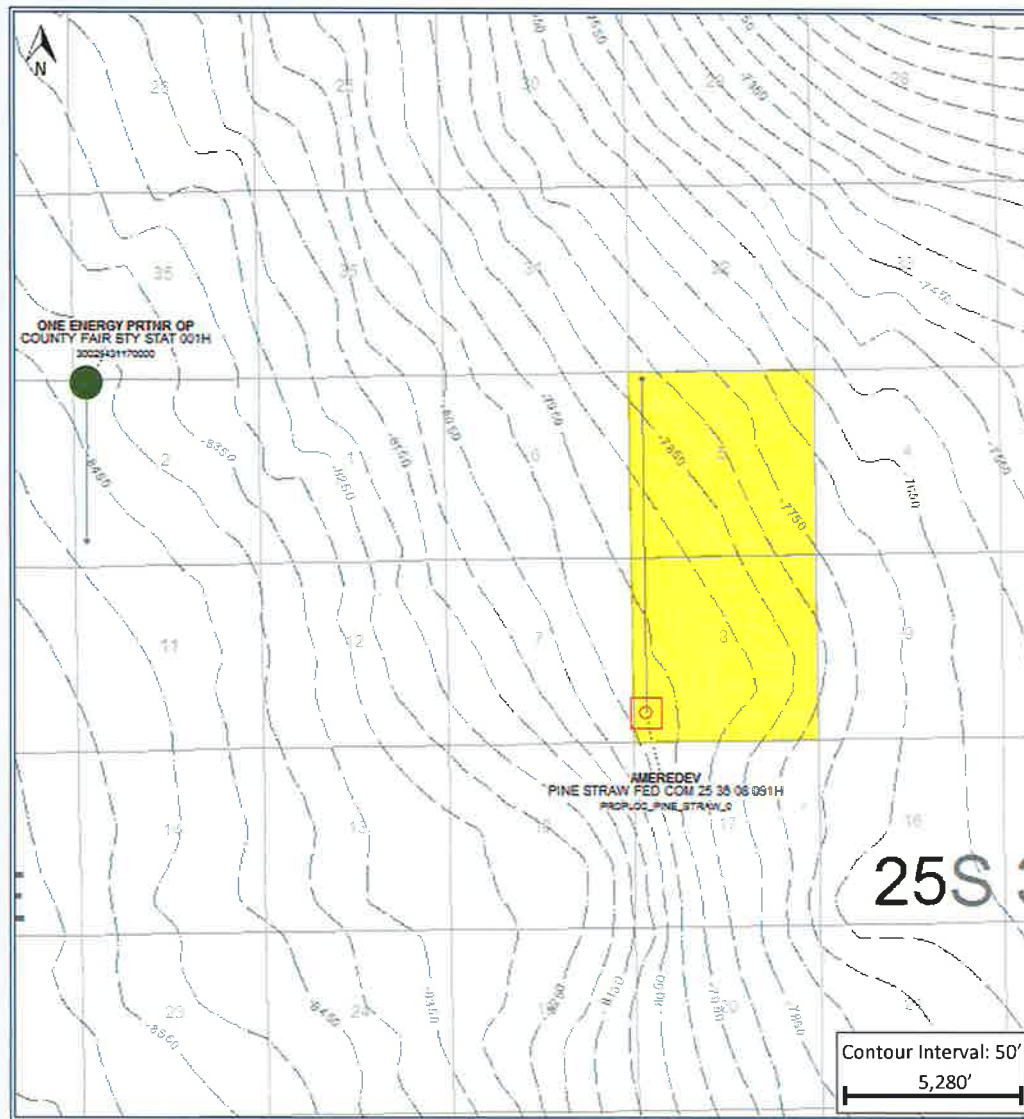


Map Legend

- | SHL | BHL | |
|-----|-----|------------------------------------|
| | | Ameredev TBSG Horizontal Locations |
| | | Producing TBSG Wells |
| | | Ameredev Acreage |



3rd Bone Spring Pool - TBSG Structure Map (Subsea Depth)



Map Legend

- | SHL | BHL | |
|-----|-----|------------------------------------|
| | | Ameredev TBSG Horizontal Locations |
| | | Producing TBSG Wells |
| | | Ameredev Acreage |




BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-2
Submitted by: AMEREDEV
Hearing Date: September 6, 2018
Case No 16394-16395

3rd Bone Spring Pool – Cross Section Map



Map Legend

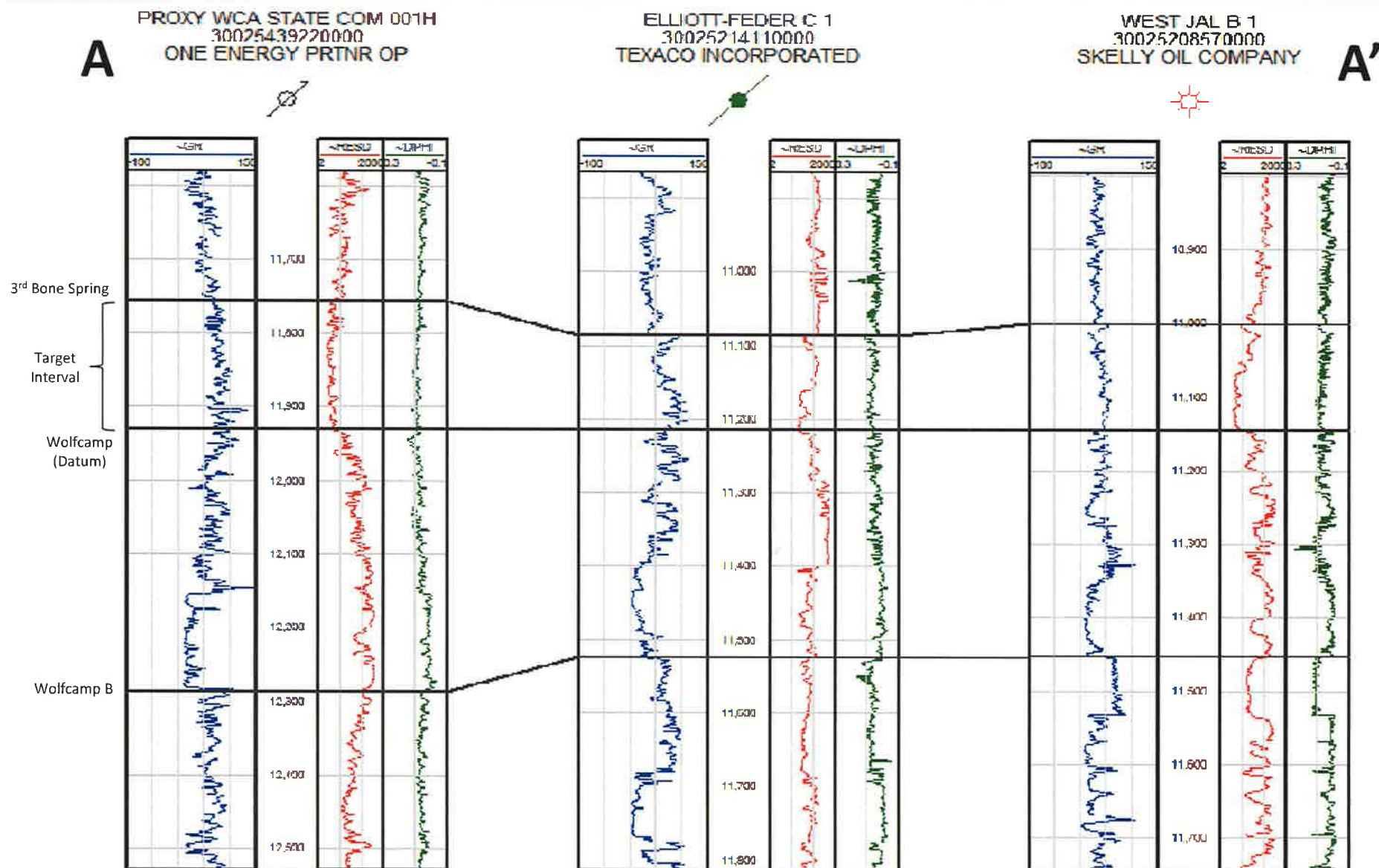
SHL BHL

-  Ameredeve TBSG Horizontal Locations
-  Producing TBSG Wells
-  Cross Section Wells & Transect
-  Ameredeve Acreage



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B-3
 Submitted by: AMEREDEV
 Hearing Date: September 6, 2018
 Case No 16394-16395

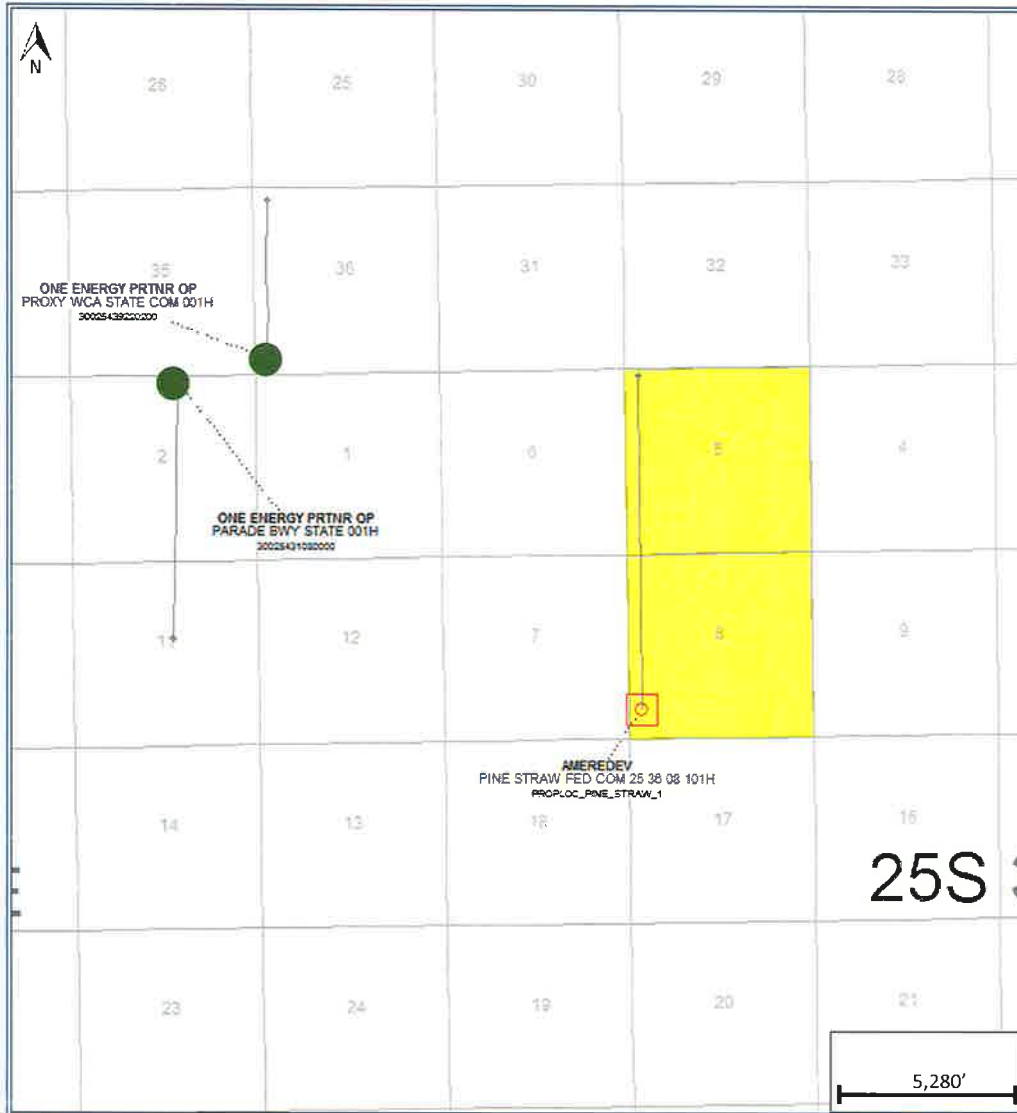
3rd Bone Spring Pool - Stratigraphic Cross Section



AMEREDEV

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-4
Submitted by: AMEREDEV
Hearing Date: September 6, 2018
Case No 16394-16395

Wolfcamp Pool — Pine Straw 25-36-08 101H



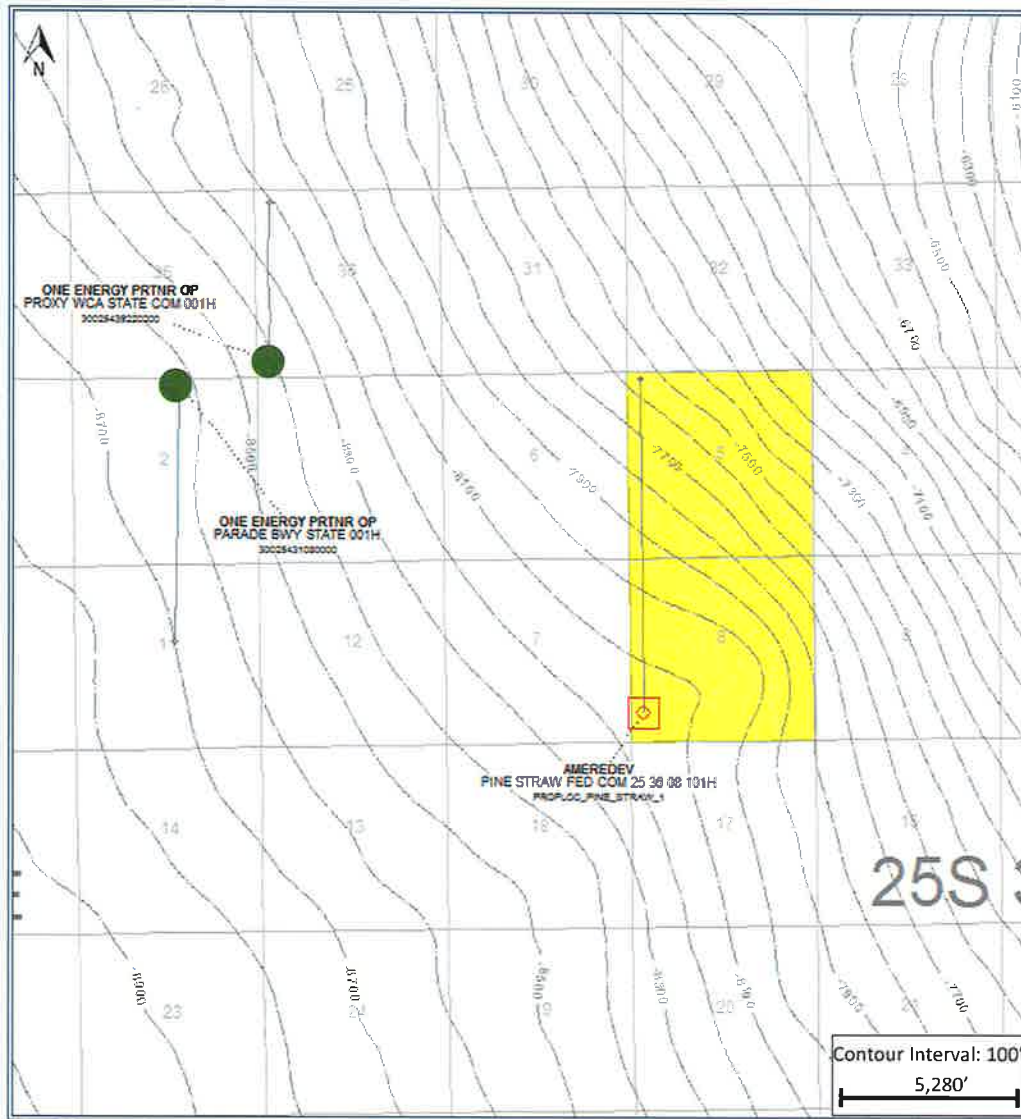
Map Legend

- | SHL | BHL | |
|-----|-----|------------------------------------|
| | | Ameredev WFMP Horizontal Locations |
| | | Producing WFMP Wells |
| | | Ameredev Acreage |



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B-5
 Submitted by: AMEREDDEV
 Hearing Date: September 6, 2018
 Case No 16394-16395

Wolfcamp Pool - WFMP Structure Map (Subsea Depth)



Map Legend

SHL BHL



Ameredev WFMP Horizontal Locations



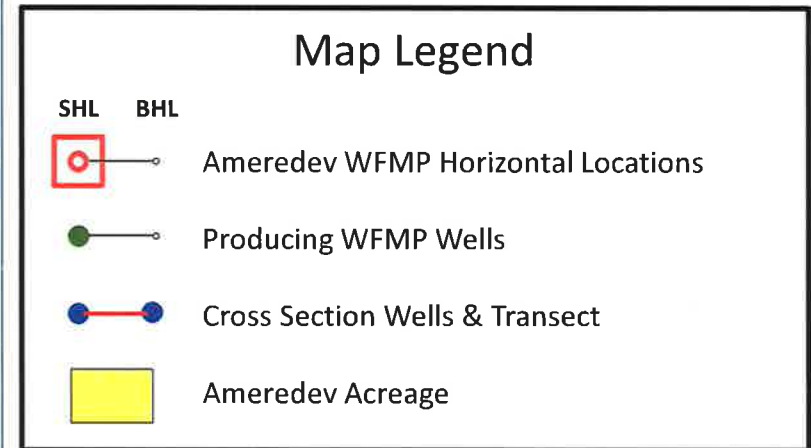
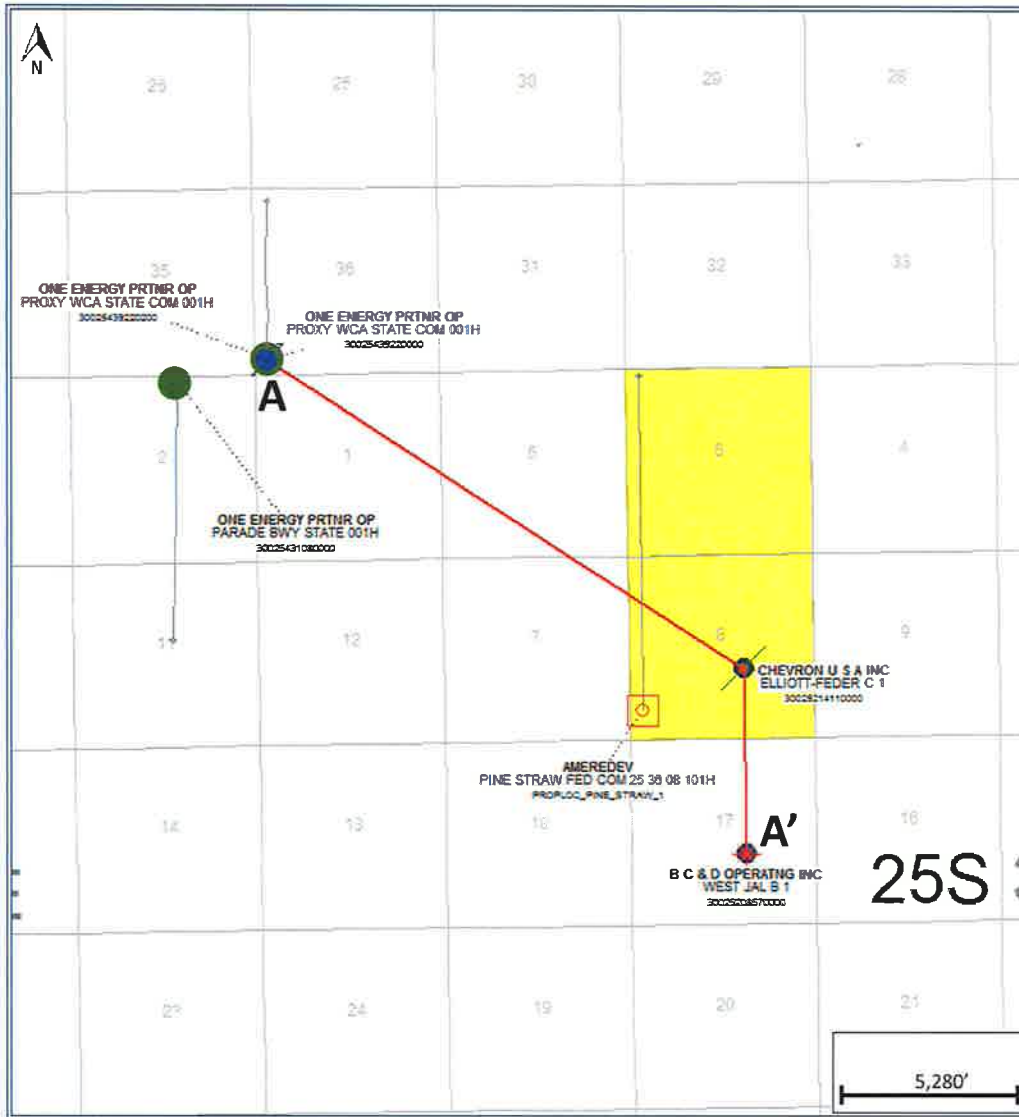
Producing WFMP Wells



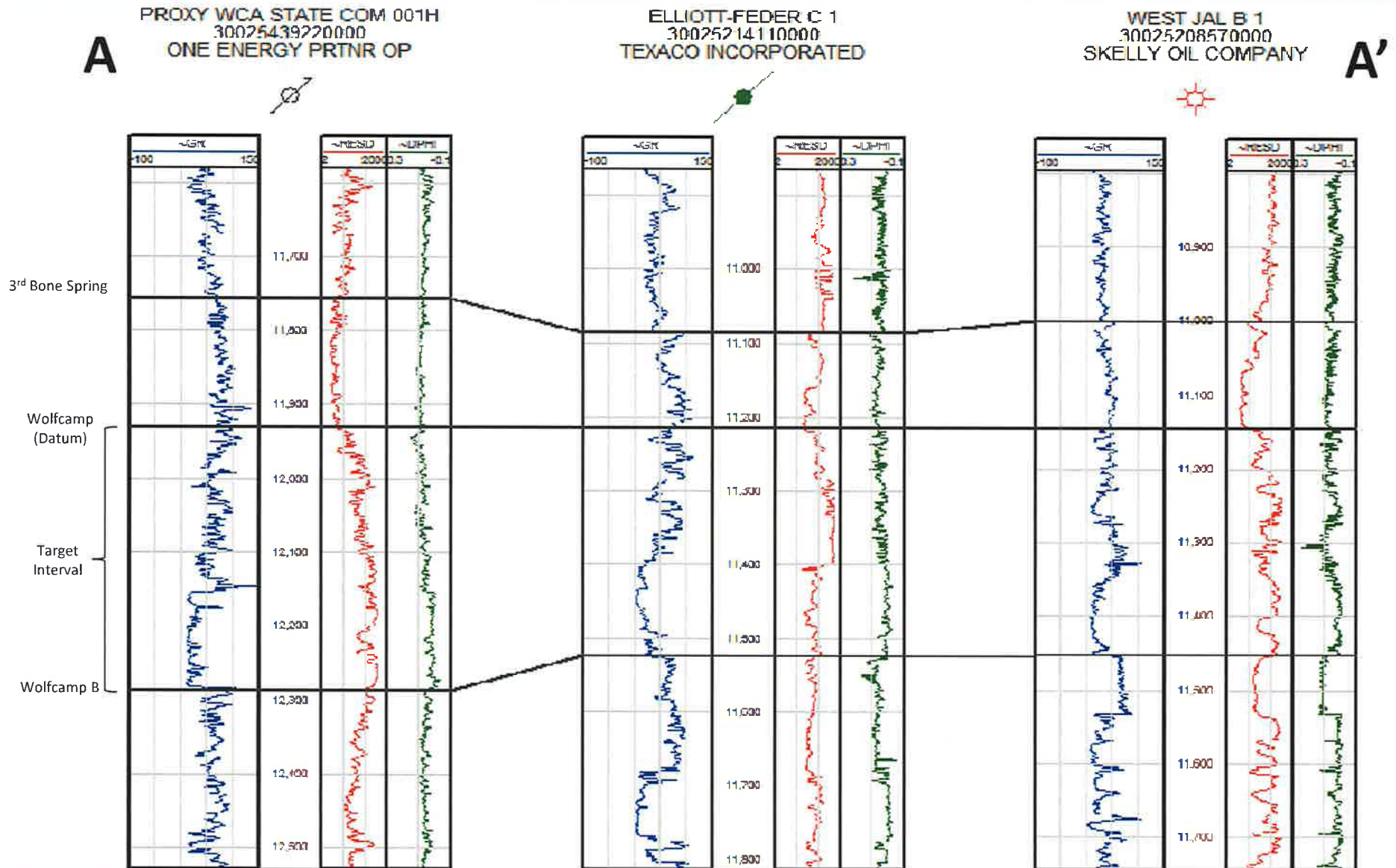
Ameredev Acreage



Wolfcamp Pool – Cross Section Map



Wolfcamp Pool - Stratigraphic Cross Section



AMEREDEV

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-8
Submitted by: AMEREDEV
Hearing Date: September 6, 2018
Case No 16394-16395

**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. 16394

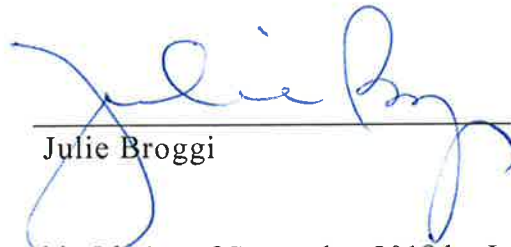
**APPLICATION OF AMEREDEV OPERATING, LLC
FOR A NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16395

AFFIDAVIT

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

Julie Broggi, attorney in fact and authorized representative of Ameredev Operating, LLC,
the Applicant herein, being first duly sworn, upon oath, states that the above-referenced
Applications have been provided under the notice letters and proof of receipts attached hereto.



Julie Broggi

SUBSCRIBED AND SWORN to before me this 5th day of September 2018 by Julie Broggi.



Notary Public
My Commission Expires: August 26, 2021

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: **AMEREDEV**
Hearing Date: September 6, 2018
Case No 16394-16395

**Adam G. Rankin****Associate****Phone** (505) 988-4421**Fax** (505) 983-6043

agrankin@hollandhart.com

August 17, 2018

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.
Pine Straw Fed Com 25 36 08 No. 091H 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 September 6, 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,

Adam G. Rankin

ATTORNEY FOR**AMEREDEV OPERATING, LLC**



Adam G. Rankin
Associate

Phone (505) 988-4421

Fax (505) 983-6043

agrankin@hollandhart.com

August 17, 2018

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.
Pine Straw Fed Com 25 36 08 No. 091H 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 September 6, 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,

Adam G. Rankin
ATTORNEY FOR
AMEREDEV OPERATING, LLC

Pine Straw 91H

	A	B	F	G	I	J	K
	MailClass	TrackingNo	ToName	DeliveryAddress	City	State	Zip
1	Certified with Return Receipt (Signature)	9414810898765016640087	OXY Y-1 Company	5 Greenway Plaza Suite 110	Houston	TX	77046
2	Certified with Return Receipt (Signature)	9414810898765016640094	American Shale Energy LLC	2929 Buffalo Speedway, Suite 2106	Houston	TX	77098
3	Certified with Return Receipt (Signature)	9414810898765016640100	Blackbeard Resources LLC	1751 River Run, Suite 405	Fort Worth	TX	76107

	N	R	U
1	MailDate	ERR_SigDate	USPS_Status
2	08/17/2018	08/22/2018	Your item was picked up at a postal facility at 6:00 am on August 21, 2018 in HOUSTON, TX 77227.
3	08/17/2018	08/23/2018	Your item was delivered to the front desk or reception area at 1:47 pm on August 20, 2018 in HOUSTON, TX 77098.
4	08/17/2018	08/21/2018	Your item was delivered to an individual at the address at 1:51 pm on August 20, 2018 in FORT WORTH, TX 76107.

**Adam G. Rankin****Associate****Phone** (505) 988-4421**Fax** (505) 983-6043

agrankin@hollandhart.com

August 17, 2018

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.
Pine Straw Fed Com 25 36 08 No. 101H 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 September 6, 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,

Adam G. Rankin

ATTORNEY FOR**AMEREDEV OPERATING, LLC**



Adam G. Rankin
Associate

Phone (505) 988-4421

Fax (505) 983-6043

agrarkin@hollandhart.com

August 17, 2018

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.
Pine Straw Fed Com 25 36 08 No. 101H 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 September 6, 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,

Adam G. Rankin

**ATTORNEY FOR
AMEREDEV OPERATING, LLC**

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3	Certified with Return Receipt (Signature)	9414810898765016640124	American Shale Energy LLC	2929 Buffalo Speedway, Suite 2106	Houston	TX	77098
4	Certified with Return Receipt (Signature)	9414810898765016640131	Blackbeard Resources LLC	1751 River Run, Suite 405	Fort Worth	TX	76107
5	Certified with Return Receipt (Signature)	9414810898765016640087	OXY Y-1 Company	5 Greenway Plaza Suite 110	Houston	TX	77046
6	Certified with Return Receipt (Signature)	9414810898765016640094	American Shale Energy LLC	2929 Buffalo Speedway, Suite 2106	Houston	TX	77098
7	Certified with Return Receipt (Signature)	9414810898765016640100	Blackbeard Resources LLC	1751 River Run, Suite 405	Fort Worth	TX	76107

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1	MaiDate	ERR_SigDate	USPS_Status	
2	08/17/2018	08/25/2018	Your item was picked up at a postal facility at 6:00 am on August 21, 2018 in HOUSTON, TX 77227.	
3	08/17/2018		The delivery status of your item has not been updated as of August 21, 2018, 10:48 pm. We apologize that it may arrive later than expected.	
4	08/17/2018	08/21/2018	Your item was delivered to an individual at the address at 1:51 pm on August 20, 2018 in FORT WORTH, TX 76107.	
5	08/17/2018	08/22/2018	Your item was picked up at a postal facility at 6:00 am on August 21, 2018 in HOUSTON, TX 77227.	
6	08/17/2018	08/23/2018	Your item was delivered to the front desk or reception area at 1:47 pm on August 20, 2018 in HOUSTON, TX 77098.	
7	08/17/2018	08/21/2018	Your item was delivered to an individual at the address at 1:51 pm on August 20, 2018 in FORT WORTH, TX 76107.	

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
August 18, 2018
and ending with the issue dated
August 18, 2018.


Publisher

Sworn and subscribed to before me this
18th day of August 2018.


Business Manager

My commission expires
January 29, 2019
(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 NOTICE August 18, 2018

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

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 **September 6, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint 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 **August 27, 2018**. 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.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including OXY Y-1 Company, American Shale Energy, LLC; Blackbeard Resources, LLC.

Case No. 16394: Application of Ameredev 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, if necessary, a non-standard, 320.50-acre, more or less, non-standard spacing and proration unit comprised of W/2 W/2 of Section 5 and the W/2 W/2 of Section 8, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to the proposed **Pine Straw Fed Com 25 36 08 No. 091H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 8 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 5. The completed interval for this well will remain within the standard offset required by the statewide rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Ameredev Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles northwest of Jai, New Mexico.
#33140

67100754

00216551

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: AMEREDEV
Hearing Date: September 6, 2018
Case No 16394-16395

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
August 18, 2018
and ending with the issue dated
August 18, 2018.


Publisher

Sworn and subscribed to before me this
18th day of August 2018.


Business Manager

My commission expires

January 29, 2019

(Seal)



My Commission Expires 1-29-19

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 NOTICE
August 18, 2018

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

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 **September 6, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint 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 **August 27, 2018**. 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.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including OXY Y-1 Company, American Shale Energy, LLC; Blackbeard Resources, LLC.

Case No. 16395: Application of Ameredev 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, if necessary, a non-standard, 320-acre, more or less, non-standard spacing and proration unit comprised of W/2 W/2 of Section 5 and the W/2 W/2 of Section 8, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the proposed **Pine Straw Fed Com 25 36 08 No. 101H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 8 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 5. The completed interval for this well will remain within the standard offset required by the statewide rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Ameredev Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles northwest of Jal, New Mexico. #33141

67100754

00216554

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