BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING FEBRUARY 7, 2019

CASE NOS. 20256

MAGNOLIA STATE COM 25 36 22 NO 125H WELL

LEA COUNTY, NEW MEXICO



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

APPLICATION OF AMEREDEV OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20256

AFFIDAVIT OF BRANDON FORTEZA IN SUPPORT OF CASE NO. 20256

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 application filed by Ameredev in this case, and I am familiar with the status of the lands in the subject area.
- 4. None of the proposed pool parties has indicated opposition, and therefore I do not expect any opposition at the hearing.
- 5. Ameredev is seeking an Order (a) pooling all uncommitted interest in the Wolfcamp formation in the 640-acre spacing unit comprised of the E/2 W/2 of Sections 15 and 22 and the W/2 E/2 of Sections 15 and 22, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico; and (b) dedicating the above-referenced spacing unit to the proposed Magnolia State Com 26 36 22 No. 125H Well.

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- 6. Ameredev has filed a Form C-102 with the Division for the proposed Magnolia State Com 26 36 22 No. 125H well. The C-102 is attached hereto as **Ameredev Exhibit A-1**. The C-102 show that a Pool Code of 33813 has been assigned.
- 7. Incorporating the proximity tracts, the completed interval for the well will comply with the Division's setback requirements.
 - 8. There are no depth severances in the Wolfcamp formation.
- 9. Ameredev Exhibit A-2 is an exhibit prepared by me that identifies the tracts of land comprising the proposed spacing unit. This proposed spacing unit includes state 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 working interest owners denoted by an asterisk: S.E.S. Resources, LLC and Petraitis Oil & Gas, LLC.
 - 10. There are no unleased mineral interest owners to be pooled.
 - 11. There are no overriding royalty interest owners to be pooled.
- 12. Ameredev sent a well proposal letter to the working interest owners. 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-3**.
- 13. 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 order entered by the Division in this case.

- 14. 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.
- 15. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties. The names and last known addresses are included on a separate exhibit marked as 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.
- 16. **Ameredev Exhibit A-1 through A-3** were either prepared by me or compiled under my direction and supervision.

BRANDON FORTEZA

STATE OF TEX	AS)
COUNTY OF	Travis)

SUBSCRIBED and SWORN to before me this 5th day of February 2019, Brandon Forteza.

NOTARY PUBLIC

My Commission Expires:

10/2/2019

ERIN PEARCY

Notary Public, State of Texas

Comm. Expires 10-02-2019

Notary ID 130392911

11377549_1

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos 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

FORM C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	TO BEE DO CHILL OF THE TE	TOTAL DESCRIPTION OF THE PROPERTY OF THE PROPE		
API Number	² Pool Code	^J Pool Name		
30-025-	33813	JAL; WOLFCAMP, WEST		
Property Code	⁵ Pr	operty Name	Well Number	
	MAGNOLIA STA	ATE COM 26 36 22	125H	
⁷ OGRID №.	"O _I	erator Name	⁹ Elevation	
372224	AMEREDEV	OPERATING, LLC.	2908'	

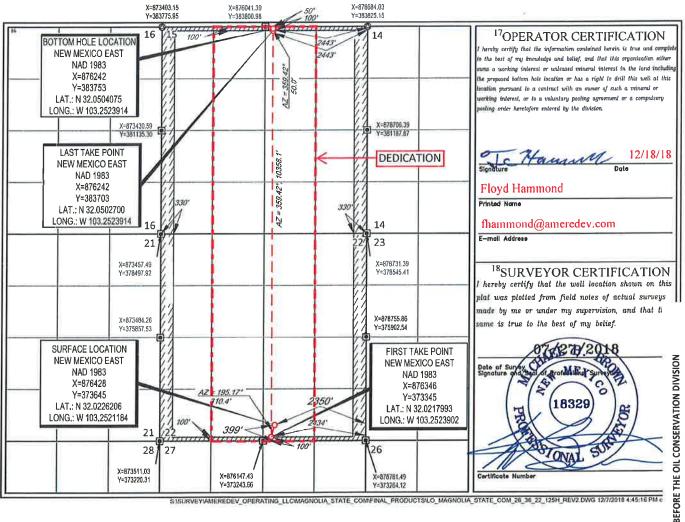
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idu	Feet from the	North/South line	Feet from the	East/West line	County
0	22	26-S	36-E	:=:	399'	SOUTH	2350'	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section 15	Township 26-S	36-E	Lot Idn	Feet from the 50'	North/South line NORTH	Feet from the 2443'	Enst/West line EAST	LEA County
¹² Dedicated Acres	¹³ Joint or I	nfill ¹⁴ Co	nsolidation Cod	e ISOrdi	er No.				
640			C						

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.



Santa Fe, New Mexico

Safta Fe, New Mexico
Exhibit No. A-1
Submitted by: AMEREDEV OPERATING LLC
Hearing Date: February 7, 2019

MAGNOLIA STATE COM 26-36-22 125H

T26S-R36E-SECTION 15, W2E2, E2W2
T26S-R36E-SECTION 22, W2E2, E2W2
LEA COUNTY, NEW MEXICO

W2E E2	nct 1 2 AND W2 0 Acres	Sec 15
W2NE4 A	ct 2 ND E2NW4 D Acres	500 15
Tract 4 E2SW4 80.00 Acres	Tract 3 W2SE4 80.00 Acres	Sec 22

MAGNOLIA STATE COM 26-36-22 125H

T26S-R36E-SECTION 15, W2E2, E2W2
T26S-R36E-SECTION 22, W2E2, E2W2
LEA COUNTY, NEW MEXICO

TRACT 1: W2E2 AND E2W2 SECTION 15 T26S-R36E

S.E.S Resources, LLC	7.90%
Petraitis Oil & Gas, LLC	2.81%
Ameredev New Mexico, LLC	89.29%
Total	100.00%
TRACT 2: W2NE4 AND E2NW4 SECTION 22 T26S-R36E	
Ameredev New Mexico, LLC	100.00%
Total	100.00%
TRACT 3: W2SE4 SECTION 22 T26S-R36E	
Ameredev New Mexico, LLC	100.00%
Total	100.00%
TRACT 4: E2SW4 SECTION 22 T26S-R36E	
Assessed All Market 110	
Ameredev New Mexico, LLC	100.00%
Total	100.00%

UNIT RECAPITULATION

T26S-R36E-SECTION 15, W2E2, E2W2 T26S-R36E-SECTION 22, W2E2, E2W2

*S.E.S Resources, LLC	3.95%
*Petraitis Oil & Gas, LLC	1.40%
Ameredev New Mexico, LLC	94.64%
Total	100.00%

^{*}Interest Seeking to Compulsory Pool

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



December 21,2018

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

VIA Certified Mail

RE:

Magnolia State Com 26-36-22 #125H Well Proposal

Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico

SHL: 339' FSL & 2.350' FEL Section 22; BHL: 50' FNL & 2,443' FEL 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 #125H Well (the "Well") to test the Wolfcamp formation to a total vertical depth of 12,091' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$14,948.647.02 as outlined in the enclosed authority for expenditure ("AFE #2018-058"). Ameredev's records indicate Petraitis Oil & Gas, LLC ("Petraitis") owns a 1.40% working interest in the Well, and Petraitis's estimated costs associated with the Operation are approximately \$209,984.08

In addition, Amercdev 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 & Section 15: W2E2 and E2W2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7.000/\$700 drilling and producing overhead rates

Ameredev looks forward to working with Petraitis 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 Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

Brandon Forteza 737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #125H Well Proposal (AFE# 2018-058)

	Petraitis elects to participate in the proposed Operation by paying its proportionate share of the costs utlined in the AFE 2018-058.
	Petraitis elects to not participate in the proposed Operation.
Petraitis O	il & Gas, LLC
By:	
Its:	



Company Entity Ameredev Operating, LLC

Date Prepared	v
December 18, 2018	

AFE Type	Project	Well No.	Field Name	Cost Center	AFE No.
Capital	Magnolia State Com	125H	Dalaurana	40525	2040 055
Capital	26-36-22	1230	Delaware	40525	2018-058

Location	County	State	We	ll Type
SHL: Sec. 22 26S-36E 399' FSL & 2350' FEL	Lan	NIVA	Oil	Expl
BHL: Sec. 15 26S-36E 50' FNL & 2443' FEL	Lea	NM	Gas	Prod

Estimate Type	Start Date	Completion Date	Formation	MD
Original				22,000'
Revised	May 1, 2019	June 28, 2019	Wolfcamp	TVD
Supplemental				12,091'

Project Description

Drill Wolfcamp Pilot Hole and Drill and Complete 2 Mile Wolfcamp Lateral and Build Central Tank Battery.

Total Cost \$14,948,647.02

Comments on Associated Costs

Water disposal not included.

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.

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.

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Joint Interest Approval

Company	Approved By	Date
	COLUMN TO THE PARTY OF THE PART	
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Intangibles	Code		Dry Hole Cost	After Casing Point Cost	Total Cost
MISC PREPARATION COSTS	0.004	5	15,000.00	5 .	\$ 15,000.00
EASEMENT, ROW, AND ACQUISITION	0.006	5	S	\$ 2,500.00	\$ 2,500.00
ROAD / LOCATION PREP / RESTORATION DRILLING RIG	0.008	5	121,000.00 936,643.20		\$ 243,000.00
COIL TUBING	0.012	\$	930,043.20	\$ 86,300.00 \$ 130,000.00	\$ 1,022,943.20 \$ 130,000.00
FUEL	0.016	\$	182,500.00	\$ 2,500.00	\$ 185,000.00
TRAILER, CAMP, AND CATERING	0.018	5	36,670.00	\$ 17,375.00	\$ 54,045.00
WATER & SEPTIC SURFACE RENTALS	0.020	5	68,150.00	5	\$ 68,150.00
DRILL BITS	0.028	\$	86,630.00 112,000.00	\$ 82,510.00 \$ 3,500.00	\$ 169,140.00 \$ 115,500.00
DOWNHOLE RENTALS	0.030	\$	17,500.00	5 78,000.00	\$ 95,500.00
DIRECTIONAL DRILLING	0.032	S	477,668.00	5 -	\$ 477,668.00
TUBING & BHA INSPECT & REPAIR	0.034	5		\$ 126,000.00	\$ 126,000.00
RENTAL TUBING	0.042	5	11,964.29 312,000.00	\$ 30,000.00	5 11,964.29 5 342,000.00
WELL CONTROL EQUIP / SERVICES	0.048	5	91,519.60	\$ 210,543.00	\$ 342,000.00 \$ 302,062.60
PUMP TRUCK / PRESSURE TESTING	0.054	5		5 1,000.00	\$ 1,000.00
MUD, ADDITIVES, AND CHEMICALS	0.060	5	156,900.00	\$ 257,900.00	5 414,800.00
FRAC PUMPING CHARGES	0.061	5	75 550 50	5 3,904,000.00	5 3,904,000.00
WATER RIGHTS / TRANSFER / STORAGE SOLIDS CONTROL EQUIP / SERVICES	0.062	\$	35,050.00 99,800.00	\$ 925,850.00	\$ 960,900,00
MUD / FLUIDS DISPOSAL CHARGES	0.068	5	67,000.00	\$ 6,500.00	\$ 99,800.00 \$ 73,500.00
CASING CREWS	0.070	5	48,750.00	5 -	\$ 48,750.00
CEMENTING	0.072	5	305,000.00	5	\$ 305,000.00
CASING / LINER / FLOAT EQUIPMENT	0.074	5	35,000.00	5	\$ 35,000.00
MOBILIZE & DEMOBILIZE SUPERVISION / CONTRACT	0,086	5	220,000.00 198,000.00	\$ 2,500,00	\$ 222,500.00
CONTRACT ROUSTABOUT	0.103	5	198,000.00	\$ 141,750.00 \$ 100,000.00	\$ 339,750,00 \$ 100,000,00
CONTRACT LANDWORK / SURVEY	0.114	Š.		\$ 5,000.00	\$ 5,000.00
REGULTRY / ENVIRON CONSULTANT	0.122	5	8,000.00	\$ 2,500.00	\$ 16,500.00
SAFETY AND EMERGENCY RESPONSE	0.124	5	2,800.00	5 14,250.00	5 17,050.00
WELDING & MATERIALS	0.138	5		\$ 5,000.00	\$ 5,000.00
GEOLOGY FLOW TESTING / EQUIP	0.186	5	10,000.00	5 115,050.00	S 10,000.00 S 115,050,00
MUD LOGGING	0.198	5	125,000.00	5 115,050.00	\$ 115,050.00 \$ 125,000.00
WIRELINE / PERF / FUMPDOWN COSTS	0.200	5	183,500.00	5 544,550.00	5 728,050.00
FISHING & SIDETRACK SERVICES	0.203	5	136,000.00	S .	5 136,000.00
SECONDARY CONTAINMENT	0.254	5		5 120,000.00	5 120,000.00
FACILITY ELECTRIC & AUTOMATION SWD CONNECTION	0.258	\$		\$ 100,000.00	\$ 100,000.00
CRANE FOR CONSTRUCTION	0.278	5		\$ 6,000.00 \$ 3,000.00	5 6,000.00 5 3,000.00
ELECTRICAL	0.296	5		\$ 1,500.00	\$ 1,500.00
OIL TREATING	0.356	\$		\$ 88,000.00	5 88,000.00
Contingency	5.00%	\$	205,002.25	\$ 361,778.90	S 566,781.15
Tax	6.25%	5	256,252.82	\$ 452,223.63	\$ 708,476.44
Total Intangible Cost		5	4,561,300.16	\$ 8,049,580.53	\$ 12,610,880.68
Tangibles - Well Equipment			Dry Hole Cost	After Casing Point Cost	Total Cost
PIPELINE MECH MATERIALS / EQUIP	0.134	5		5	\$
FACILITY MECH MATERIALS / EQUIP	0.136	5	:	5	\$
DRIVE PIPE CONDUCTOR PIPE	0.204	5	6,600.00	5	5 6,600.00
WATER STRING	0.208	5	6,600.00	5	5 6,600.00
SURFACE CASING	0.210	5	Company of the last	5	\$ 70,000.00
INTERMEDIATE CASING		-	70,000.00	,	
	0.212	\$	70,000.00 529,500.00	5 .	\$ 529,500.00
REMEDIAL CASING	0.213	5		\$.	\$ 529,500.00 \$
DRILLING LINER	0.213 0.214	5	529,500.00	\$	\$ 529,500.00 \$.
	0.213 0.214 0.216	5 5		\$	\$ 529,500.00 \$ - \$. \$ 461,500.00
DAILLING LINER PRODUCTION CASING	0.213 0.214	5	529,500.00	\$	\$ 529,500.00 \$ - \$. \$ 461,500.00 \$ 55,000.00
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER	0.213 0.214 0.216 0.217 0.218 0.220	5 5 5	529,500.00 - 461,500.00	\$	\$ 529,500.00 \$ \$ \$ 461,500.00 \$ 55,000.00
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER	0.213 0.214 0.216 0.217 0.218 0.220 0.222	5 5 5 5 5 5	529,500.00 - 461,500.00	\$ 5	\$ 529,500.00 \$ \$ \$ 461,500.00 \$ 55,000.00 \$ 90,173.00 \$ 12,000.00
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232	5 5 5 5 5 5	529,500.00 461,500.00 65,173.00	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233	5 5 5 5 5 5 5 5	529,500.00 461,500.00 65,173.00	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232	5 5 5 5 5 5	529,500.00 461,500.00 65,173.00	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TIMBIBLES - LEASE RQUIPMENT TANK BATT / PROCESS EQUIP / MAINT	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236	555555555	529,500.00 461,500.00 65,173.00	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TAIRBINGS - LEASE EQUIPMENT LINE PIPE	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236	****	529,500.00 461,500.00 65,173.00 Dry Hole Cast	\$ \$	\$ 529,500.00 \$ - \$ - \$ - \$ 461,500.00 \$ 55,000.00 \$ 90,173.00 \$ - \$ 12,000.00 \$ - \$ 12,000.00 \$ - \$ 12,000.00 \$ - \$ - \$ - \$ 5 - \$ 19,300.00
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TANK BATT / PROCESS EQUIP / MOINT TANK BAT	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.233 0.234 0.236		529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SUBFACE LIFT EQUIP DOWNHOLE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINGINGS - LEASO EQUIPMENT LINE PIPE POWERLINES & SUBSTATION TANKS, TANKS STEPS, STAIRS	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236	*****	529,500.00 461,500.00 65,173.00	\$\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.233 0.234 0.236		529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINGINGS - LEASE EQUIPMENT LINE PIPE POWERLINES & SUBSTATION TANKS, TANKS STEPS, STAIRS BATTERY (SEPARATOR) BATTERY (SEPARATOR) BATTERY (SEPARATOR) BATTERY (SEPARATOR) BATTERY (SEPARATOR)	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236	*****	529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK RATT / PROCESS EQUIP / MAINT TIMEINES - LEASE EQUIPMENT LINE PIPE POWERLINES & SUBSTATION TANKS, TANKS STEPS, STAIRS BATTERY (HAATER TREATERS) BATTERY (GAS TREATING EQUIP) BATTERY (GAS TREATING EQUIP) BATTERY (GAS TREATING EQUIP) BATTERY (MISC EQUIP)	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.242 0.242 0.244 0.246 0.248 0.245		529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$ \$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISHIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISHIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISHIDS - LEASE EQUIPMENT TANKS STEPS, STAIRS BATTERY (HEATER TREATERS) BATTERY (HEATER TREATERS) BATTERY (GAS TREATING EQUIP) BATTERY (GMSC EQUIP) FLOW LINE (MISC EQUIP) FLOW LINE (PIPE WH TO FACILITY)	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.242 0.244 0.246 0.248 0.250 0.255	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TANGAIDS - LEASE EQUIPMENT LINE PIPE POWERLINES & SUBSTATION TANKS, TANKS STEPS, STAIRS BATTERY (HEATER TREATERS) BATTERY (HEATER TREATERS) BATTERY (FEATERS) BATTERY (GAS TREATING EQUIP) BATTERY (MISC EQUIP) FLOW LINE (PIPE WH TO FACILITY) PIPELINE TO SALES	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.244 0.246 0.246 0.245 0.250 0.252	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$	\$ 529,500.00 \$
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DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISHOP - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISHOP - LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (HAPER TREATERS) BATTERY (SEPARATOR) BATTERY (SEPARATOR) BATTERY (MISC EQUIP) PROW LINE (PIPE WIT TO FACILITY) PIPPELIES AND METERING EQUIPMENT VALVES, FITTINGS, PROD INSTRUM	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.236 0.242 0.244 0.245 0.245 0.245 0.245 0.247 0.247 0.247 0.250	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TANSIBIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TANSIBIDS - LEASE EQUIPMENT TANKS STEPS, STAIRS BATTERY (FEPARATOR) BATTERY (HEATER TREATERS) BATTERY (HEATER TREATERS) BATTERY (GAS TREATING EQUIP) BATTERY (MISC EQUIP) FLOW LINE (PIPE WH TO FACILITY) PIPELINE TO SALES METERS AND METERING EQUIPMENT VALVES, FITTINGS, PROD INSTRUM BUILDINGS	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.242 0.244 0.246 0.248 0.255 0.255 0.255 0.257 0.257	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	529,500.00 461,500.00 65,173.00 Dry Hole Cost	\$	\$ 529,500.00 \$
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISIDS - LEASE EQUIPMENT TANK BATT / PROCESS EQUIP / MAINT TINISIDS - LEASE EQUIPMENT TANK BATTERY (SAFATAN)	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.244 0.246 0.246 0.245 0.250 0.252 0.252 0.252 0.252 0.270 0.274 0.274 0.274 0.274	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	529,500.00 461,500.00 65,173.00 Dry Hole Cast	\$	\$ 529,500.00 \$ 5 \$ 6461,500.00 \$ 55,000.00 \$ 55,000.00 \$ 12,000.00 \$ 12,000.00 \$ 19,300.00 \$ 19,300.00 \$ 20,000.00 \$ 20,000.00 \$ 200,000.00 \$ 200,000.00 \$ 200,000.00
DRILLING LINER PRODUCTION CASING TUBING WELLHEAD / TREE / CHOKES DRILLING LINER HANGER ISOLATION PACKER PUMPING UNIT, ENGINE SURFACE LIFT EQUIP DOWNHOLE LIFT EQUIP DOWNHOLE LIFT EQUIPMENT TANK RATT / PROCESS EQUIP / MAINT TIDIBINGS - LOAD EQUIPMENT LINE PIPE POWERLINES & SUBSTATION TANKS, TANKS STEPS, STAIRS BATTERY (HAATER TREATERS) BATTERY (HAATER TREATERS) BATTERY (GAS TREATING EQUIP) BATTERY (MISC EQUIP) FLOW LINE (PIPE WH TO FACILITY) PIPELINE TO SALES METERS AND METERING EQUIPMENT VALVES, FITTINGS, PROD INSTRUM BUILDINGS Contingency	0.213 0.214 0.216 0.217 0.218 0.220 0.222 0.232 0.233 0.234 0.236 0.242 0.242 0.244 0.246 0.248 0.252 0.253 0.253 0.253 0.266 0.270 0.270 0.274 0.282 0.310	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	529,500.00 461,500.00 65,173.00 Dry Hole Cast	\$ \$	\$ 529,500.00 \$

District 1
1625 N. French Dr., Hobbs, NM 88240
Phone, (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos 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

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

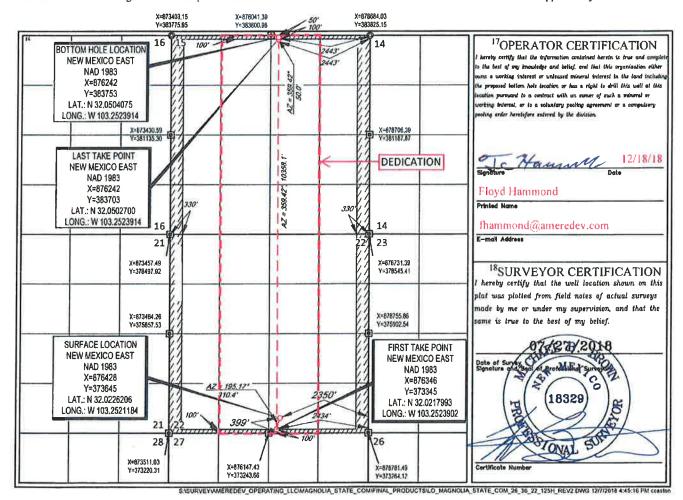
■ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number			² Pool Code		Spool Name					
30-025-			33813			JAL; WOLFCAMP, WEST				
Property (Code		•	MAGNOI		³ Property Name STATE COM 26 36 22 125H				
70GRID 37222				AMER	•	*Operator Name VOPERATING, LLC. *Elevation 2908*				
	7.		,		¹⁰ Surface Le	ocation				
UL or lot no.	Section 22	Township 26-S	36-E	Lot Idn	Feet from the 399'	North/South line SOUTH	Feet from the 2350'	East/West line EAST	LEA	

11 Bottom Hole Location If Different From Surface UL or lot no. Feet from the North/South lin Feet from the Enst/West line Township Section Rang Lot Id: EAST B 15 26-S 36-E 50' NORTH 2443' LEA Dedicated Acres Joint or Infill Consolidation Code Order No. 640

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.





Ameredev II, LLC

Lea County, New Mexico Township 26 South, Range 36 East SHL: Section 22, 399' FSL, 2350' FEL BHL: Section 15, 50' FNL, 2443' FEL

Magnolia State Com 26-36-22 125H AFE # 2018-058 Capital Expenditure

December 20, 2018



Company Entity Ameredev Operating, LLC

Date Prepared	
December 18, 2018	

AFE Type	Project	Well No.	Field Name	Cost Center	AFE No.
Capital	Magnolia State Com 26-36-22	125H	Delaware	40525	2018-058

Location	County	State	Wel	l Туре
SHL: Sec. 22 26S-36E 399' FSL & 2350' FEL	Loa	NM	Oil	Expl
BHL: Sec. 15 26S-36E 50' FNL & 2443' FEL	Lea	INIVI	Gas	Prod

Estimate Type	Start Date	Completion Date	Formation	MD
Original				22,000'
Revised	May 1, 2019	June 28, 2019	Wolfcamp	TVD
Supplemental				12,091

Project Description

Drill Wolfcamp Pilot Hole and Drill and Complete 2 Mile Wolfcamp Lateral and Build Central Tank Battery,

Total Cost \$14,948,647.02

Comments on Associated Costs

Water disposal not included.

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.

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.

_]	Ι	elect	to	take	my	gas	in	kind	,

I elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

Joint Interest Approval

Company	Approved By	Date



Intangibles	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
MISC PREPARATION COSTS	0.004	\$ 15,000	00 \$	\$ 15,000.0
ASEMENT, ROW, AND ACQUISITION	0.006	S	\$ 2,500.00	\$ 2,500.0
ROAD / LOCATION PREP / RESTORATION	0.008	\$ 121,000		
DRILLING RIG	0.010	\$ 936,643		
COIL TUBING	0.012	\$	\$ 130,000.00	
UEL	0.016	\$ 182,500	The second secon	
FRAILER, CAMP, AND CATERING	0.018	\$ 36,670		
WATER & SEPTIC	0.020	\$ 68,150		\$ 68,150.0
SURFACE RENTALS	0.024	\$ 86,630		
DRILL BITS DOWNHOLE RENTALS	0.028	\$ 112,000. \$ 17,500		
DIRECTIONAL DRILLING	0.030	\$ 477,668		\$ 95,500.0 \$ 477,668.0
COMPOSITE PLUGS	0.032	\$ 477,668.	\$ 126,000.00	
TUBING & BHA INSPECT & REPAIR	0.034	5 11,964		\$ 11,964.
RENTAL TUBING	0.042	\$ 312,000		
WELL CONTROL EQUIP / SERVICES	0.048	S 91,519.		
PUMP TRUCK / PRESSURE TESTING	0.054	\$	\$ 1,000.00	
MUD, ADDITIVES, AND CHEMICALS	0.060	\$ 156,900		
FRAC PUMPING CHARGES	0.061	\$ 150,500	5 3,904,000.00	
WATER RIGHTS / TRANSFER / STORAGE	0.062	\$ 35,050.		
SOLIDS CONTROL EQUIP / SERVICES	0.066	\$ 99,800.		\$ 99,800.0
MUD / FLUIDS DISPOSAL CHARGES	0,068	\$ 67,000.	and the same of th	
CASING CREWS	0.070	\$ 48,750.		5 48,750.0
CEMENTING	0.072	\$ 305,000.		\$ 305,000.0
CASING / LINER / FLOAT EQUIPMENT	0.072	\$ 35,000		\$ 35,000.0
MOBILIZE & DEMOBILIZE	0.086	\$ 220,000		
SUPERVISION / CONTRACT	0.094	\$ 198,000		
CONTRACT ROUSTABOUT	0.103	\$ 130,000	\$ 100,000.00	La de la constantia del constantia della constantia della constantia della constantia della constantia della
CONTRACT LANDWORK / SURVEY	0.114	\$	\$ 5,000.00	
REGULTRY / ENVIRON CONSULTANT	0.114	\$ 8,000.		1
SAFETY AND EMERGENCY RESPONSE	0.124	\$ 2,800.		
WELDING & MATERIALS	0.138	S 2,000.	5 5,000.00	
GEOLOGY	0.186	\$ 10,000		5 10,000.0
FLOW TESTING / EQUIP	0.194	\$	5 115,050.00	
MUD LOGGING	0.198	\$ 125,000		\$ 125,000.0
WIRELINE / PERF / PUMPDOWN COSTS	0.200	S 183,500.		
ISHING & SIDETRACK SERVICES	0.203	\$ 136,000.		\$ 136,000.0
SECONDARY CONTAINMENT	0.254	5	\$ 120,000.00	
ACILITY ELECTRIC & AUTOMATION	0.258	5	5 100,000.00	
SWD CONNECTION	0.262	İs	5 6,000.00	
RANE FOR CONSTRUCTION	0.278	s -	5 3,000.00	
LECTRICAL	0.296	\$	5 1,500.00	
DIL TREATING	0.356	Š	5 88,000.00	
Contingency	5.00%			
fax	6.25%			
Total Intangible Cost		\$ 4,561,300.	THE RESERVE TO THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TW	title -
			1,,	Tr.
langibles - Well Equipment		Dry Hole Cost	After Casing Point Cost	Total Cost
PIPELINE MECH MATERIALS / EQUIP	0.134	5 -	5 -	5
ACILITY MECH MATERIALS / EQUIP	0.136	s	\$	\$.
DRIVE PIPE	0.204	\$	5	\$
ONDUCTOR PIPE	0.206	\$ 6,600	0 5	\$ 6,600.0
VATER STRING	0.208	\$	\$	\$.
URFACE CASING	0.210	\$ 70,000	00 \$	\$ 70,000.0
NTERMEDIATE CASING	0.212	\$ 529,500	00 \$ -	\$ 529,500.0
REMEDIAL CASING	0.213	\$	\$ -	\$.
DRILLING LINER	0.214	\$	S	\$
RODUCTION CASING	0.216	\$ 461,500	00 \$	\$ 461,500.0
UBING	0.217	\$	\$ 55,000.00	
VELLHEAD / TREE / CHOKES	0.218	\$ 65,173	00 \$ 25,000.00	
RILLING LINER HANGER	0.220	\$ -	\$ -	\$.
OLATION PACKER	0.222	\$ -	\$ 12,000.00	77.17.77
UMPING UNIT, ENGINE	0.232	Ś -	\$ -	\$.
URFACE LIFT EQUIP	0.233	Š -	S -	\$
OWNHOLE LIFT EQUIPMENT		\$	\$ 8,500.00	
ANK BATT / PROCESS EQUIP / MAINT	0.236	\$	\$ 19,300.00	
angibles - Lease Equipment		Dry Hole Cost	After Casing Point Cost	Total Cost
NE PIPE		5	5 -	\$.
OWERLINES & SUBSTATION	0.242	\$.	5 -	\$ -
ANKS, TANKS STEPS, STAIRS	0.244	S	\$ 362,740.00	
ATTERY (HEATER TREATERS)	0.246	\$	\$ 42,500.00	
ATTERY (SEPARATOR)	0.248	\$.	\$ 45,150.00	
	0.250	\$	\$ 38,400.00	
ATTERY (GAS TREATING EQUIP)		5	\$	\$
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP)	0.252		\$ 20,000.00	\$ 20,000.
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE (PIPE WH TO FACILITY)	0.252 0.266	\$		
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE (PIPE WH TO FACILITY) IPELINE TO SALES	0.252		\$ 20,000-00	
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE (PIPE WH TO FACILITY) IPELINE TO SALES IETERS AND METERING EQUIPMENT	0.252 0.266	\$	\$ 20,000.00 \$ 120,000.00	\$ 120,000.
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE (PIPE WH TO FACILITY) PELINE TO SALES IETERS AND METERING EQUIPMENT ALVES, FITTINGS, PROD INSTRUM	0.252 0.266 0.270	\$ -	\$ 20,000.00	\$ 120,000. \$ 200,000
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE PIPE WH TO FACILITY) PELINE TO SALES IETERS AND METERING EQUIPMENT ALVES, FITTINGS, PROD INSTRUM UILDINGS	0.252 0.266 0.270 0.274 0.282 0.310	\$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$ 20,000.00 \$ 120,000.00	\$ 120,000. \$ 200,000. \$
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE PIPE WH TO FACILITY) PELINE TO SALES IETERS AND METERING EQUIPMENT ALVES, FITTINGS, PROD INSTRUM UILDINGS	0.252 0.266 0.270 0.274 0.282	\$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$ 20,000.00 \$ 120,000.00 \$ 200,000.00 \$	\$ 120,000. \$ 200,000. \$
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) OW LINE (PIPE WH TO FACILITY) PELINE TO SALES ETERS AND METERING EQUIPMENT ALVES, FITTINGS, PROD INSTRUM JULDINGS JULDINGS JULDINGS	0.252 0.266 0.270 0.274 0.282 0.310	\$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$ 20,000.00 \$ 120,000.00 \$ 200,000.00 \$ 5 \$ 48,429.50	\$ 120,000. \$ 200,000. \$. \$ 105,068.
ATTERY (GAS TREATING EQUIP) ATTERY (MISC EQUIP) LOW LINE (PIPE WH TO FACILITY) IPELINE TO SALES METERS AND METERING EQUIPMENT ALVES, FITTINGS, PROD INSTRUM UILDINGS ontingency ax otal Tangible Cost	0.252 0.266 0.270 0.274 0.282 0.310 5.00%	\$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$ 20,000.00 \$ 120,000.00 \$ 200,000.00 \$ 5 \$ 48,429.50 1 \$ 60,536.88	\$ 120,000.05 \$ 200,000.05 \$ - \$ 105,068. \$ 131,335.

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. 20256

AFFIDAVIT OF PARKER FOY IN SUPPORT OF CASE NO. 20256

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 application filed by Ameredev in this case, and I have conducted a geologic study of the lands in the subject areas.
 - 4. In this case, Ameredev is targeting the Wolfcamp formation.
- 5. Ameredev Exhibit B-1 is a locator map. It shows Ameredev's acreage in yellow and the path of the proposed wellbore for the proposed Magnolia 26 36 22 State Com 26 36 22 No. 125H 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 Wolfcamp formation. The contour interval is 100 feet. The structure map shows the Wolfcamp gently dipping to the west. The structure appears consistent across the proposed wellbore path. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling.

1

- 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 Wolfcamp from three representative wells denoted from A to A'. For each well in the cross-section, the exhibit 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.
- 9. Based on my geologic study of the area, I have not identified any geologic impediments to drilling horizontal wells in the area.
- 10. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to each 40-acre unit comprising the spacing unit.
- 11. 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.
- 12. In my opinion, the granting of Ameredev's application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

PARKERGOY

STATE OF TEXAS

COUNTY OF TYANS

SUBSCRIBED and SWORN to before me this 5th day of February 2019 by Parker Foy.

NOTARY PUBLIC

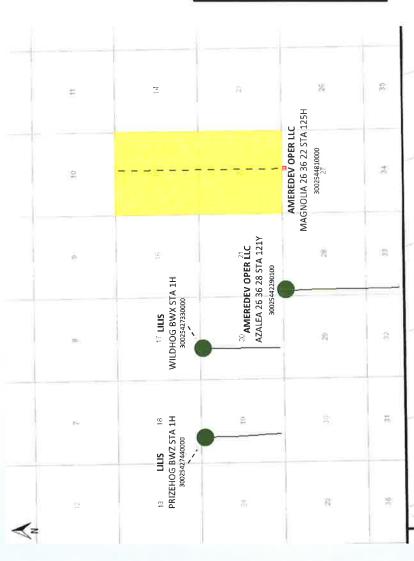
My Commission Expires:

10/2/2019

ERIN PEARCY
Notary Public, State of Texas
Comm. Expires 10-02-2019
Notary ID 130392911

12007774_1

Wolfcamp B Pool - Magnolia 26-36-22 State 125H







Contour Interval: 100'

m

53

GRIZZLY 2H 30025445050100

> LILIS GRIZZLY 1H 30025445050100

> > 7 500 fea

10 LILIS



Wolfcamp B Pool — WFMP B Structure Map (Subsea Depth)

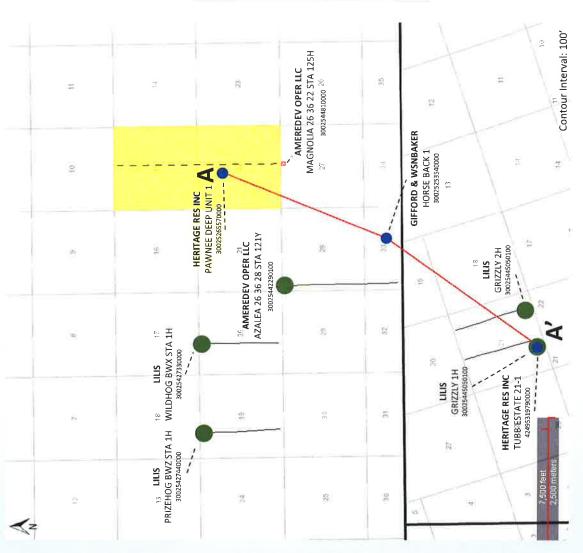




BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-2
Submitted by: AMEREDEV OPERATING LLC
Hearing Date: February 7, 2019
Case No. 20256



Wolfcamp B Pool - Cross Section Map





BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-3
Submitted by: AMEREDEV OPERATING LLC
Hearing Date: February 7, 2019
Case No. 20256



Wolfcamp B Pool - Stratigraphic Cross Section

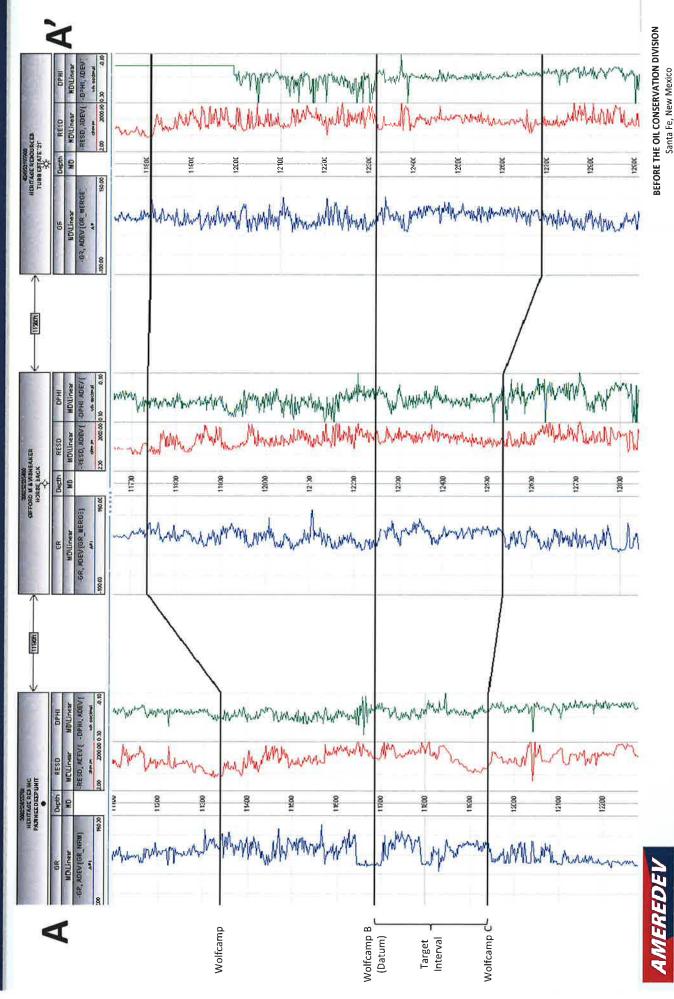


Exhibit No. B-4
Submitted by: AMEREDEV OPERATING LLC
Hearing Date: February 7, 2019
Case No. 20256

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

APPLICATION OF AMEREDEV OPERATING, LLC FOR CONPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20256

AFFI	DA	VI	T
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STATE OF NEW MEXICO)	
)	SS
COUNTY OF SANTA FE)	

Julia 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

Application has been provided under the notice letter and proof of receipts attached hereto.

Julia Broggi

SUBSCRIBED AND SWORN to before me this 6th day of February 2019 by Julia Broggi.

OFFICIAL SEAL
CLARINDA L. WETZSTEON
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires:

My Commission Expires:

Notary Public



Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 jlkessler@hollandhart.com

January 18, 2019

<u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Ameredev Operating, LLC for compulsory pooling, Lea

County, New Mexico.

Magnolia State Com 26 36 22 No. 125H 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 February 7, 2019. 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.

Jordan L. Kessler

ATTORNEY FOR

AMEREDEV OPERATING, LLC



Shipment Confirmation Acceptance Notice

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

Ameredev - Magnolia CM# 100091.0001 Notice List 20190207 Docket Shipment Date: 01/16/2019 Shipped From:

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Other	2
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^{*}Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

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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).

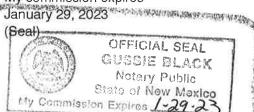
> Beginning with the issue dated January 24, 2019 and ending with the issue dated January 24, 2019.

Publisher

Sworn and subscribed to before me this 24th day of January 2019.

Business Manager

My commission expires



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 JANUARY 24, 2019

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 February 7, 2019, 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 January 28, 2019. 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. The State of New Mexico through its Oil Conservation 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 overriding royalty interest owners and pooled parties, including: Petraltis Oil & Gas, LLC; S.E.S. Resources, LLC.

Case No. 20256: Application of Ameredev Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks order pooling all uncommitted interest in the Wolfcamp formation in the 640-acre spacing unit comprised of the E/2 W/2 of Sections 15 and 22 and the W/2 E/2 of Sections 15 and 22 Township 26 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit is to be dedicated to the proposed Magnolia State Com 26 36 22 No. 125H Well. This well will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 22 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 15. Ameredev will incorporate the proximity tracts into its horizontal spacing unit. Incorporating the proximity tracts, the completed interval for the well will remain within the standard offset required by the statewide rules set forth in 19.15.15 NMAC. 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 9 miles east of Andrews Place, New Mexico.

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00223707

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 OPERATING LLC Hearing Date: February 7, 2019 Case No. 20256