

The logo for Ameredev, featuring the word "AMEREDEV" in white, bold, sans-serif capital letters. The text is set against a background that is split diagonally from the bottom-left to the top-right. The upper-left portion is red, and the lower-right portion is dark blue.

AMEREDEV

Ameredev II, LLC

**HOLLY 103H, 113H, & 124H WOLFCAMP
POOLING
AMEREDEV OPERATIONS**

**BEFORE THE OIL CONSERVATION DIVISION - EXAMINER HEARING
MAY 2, 2019 - CASE NO. 20416**



**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. 20416

**AFFIDAVIT OF BRANDON FORTEZA
IN SUPPORT OF CASE NO. 20416**

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 uncommitted parties has indicated opposition to this pooling application, and therefore I do not expect any opposition at the hearing.
5. Ameredev is seeking an order pooling all uncommitted interests in the Wolfcamp formation [JAL; Wolfcamp, West] in the 640-acre horizontal spacing unit comprised of the E/2 W/2 and W/2 E/2 of Sections 5 and 8 in Township 26 South, Range 36 East, NMPM, Lea County, New Mexico.
6. Ameredev seeks to dedicate the above horizontal spacing unit to the following proposed wells:

- **Holly Fed Com 26-36-05 124H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8;
- **Holly Fed Com 26-36-05 103H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8; and
- **Holly Fed Com 26-36-05 113H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8.

7. Ameredev has prepared draft Form C-102s to file with the Division for these proposed wells. Those C-102s are attached hereto as **Ameredev Exhibit A-1**, **Ameredev Exhibit A-2**, and **Ameredev Exhibit A-3**. The C-102s show that Pool Code 33813 has been assigned.

8. The completed interval for the proposed Holly Fed Com 26-36-05 124H Well will be within 330' of the quarter-quarter line separating the W/2 E/2 from the E/2 E/2 of Sections 5 and 8 to allow inclusion of this acreage into a standard 640-acre horizontal spacing unit. Incorporating the proximity tracts, the completed intervals for the proposed Holly Fed Com 26-36-05 124H Well, the Holly Fed Com 26-36-05 103H Well, and the Holly Fed Com 26-36-05 113H Well will comply with the Division's setback requirements.

9. Because the proposed wells will be simultaneously drilled and completed, Ameredev requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

10. There are no depth severances in the Wolfcamp formation.

11. Ameredev **Exhibit A-4** is an exhibit prepared by me that identifies the tracts of land comprising the proposed spacing and proration unit. 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 and proration unit, is also included on the exhibit. Ameredev is seeking to pool the interest owners denoted by an asterisk.

12. Ameredev is seeking to pool working interest owners.


13. A copy of the well proposal letter for the wells, along with the corresponding AFEs, is attached as **Ameredev Exhibit A-5**. The costs reflected in the AFEs are consistent with what Ameredev and other operators have incurred for drilling similar horizontal wells in the area.

14. Ameredev has been able to locate contact information for all of the parties it seeks to pool and has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

15. Ameredev seeks approval of overhead and administrative costs at \$7,000/month while drilling and \$700/month while producing. These costs are consistent with what Ameredev and 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.

16. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners. In compiling these addresses, 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.


BRANDON FORTEZA


NOTARY PUBLIC

 GORDON G. GALLET
Notary Public, State of Texas
Comm. Expires 12-05-2020
Notary ID 130921617

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 33813	³ Pool Name Jal; Wolfcamp, West
⁴ Property Code	⁵ Property Name HOLLY FED COM 26 36 05	⁶ Well Number 103H
⁷ GRID No. 372224	⁸ Operator Name AMEREDEV OPERATING, LLC.	⁹ Elevation 3001'

¹⁰Surface Location

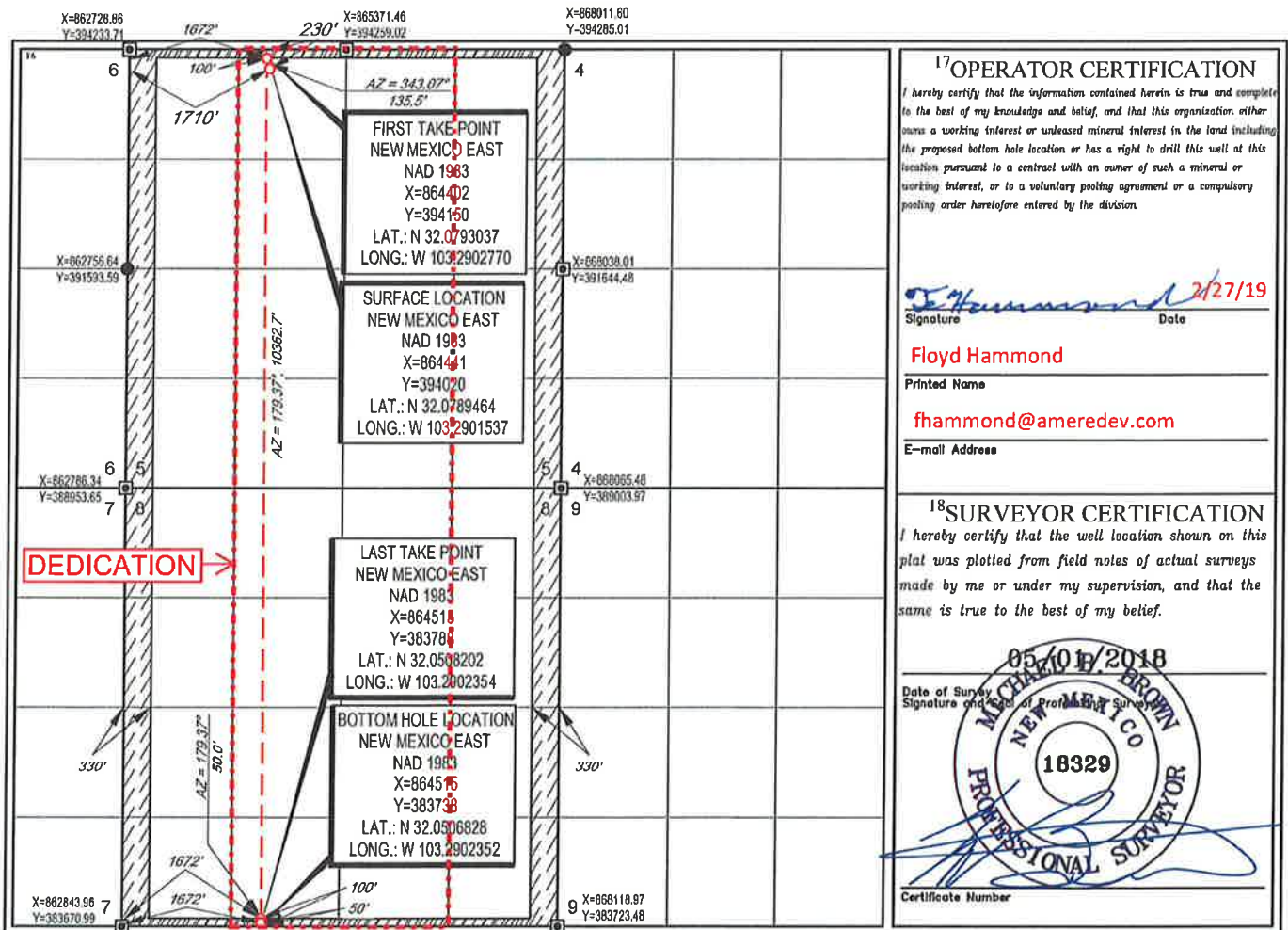
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	5	26-S	36-E	-	230'	NORTH	1710'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	26-S	36-E	-	50'	SOUTH	1672'	WEST	LEA

¹² Dedicated Acres 640	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.



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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 33813	³ Pool Name Jal; Wolfcamp, West
⁴ Property Code	⁵ Property Name HOLLY FED COM 26 36 05	⁶ Well Number 113H
⁷ GRID No. 372224	⁸ Operator Name AMEREDEV OPERATING, LLC.	⁹ Elevation 3001'

¹⁰Surface Location

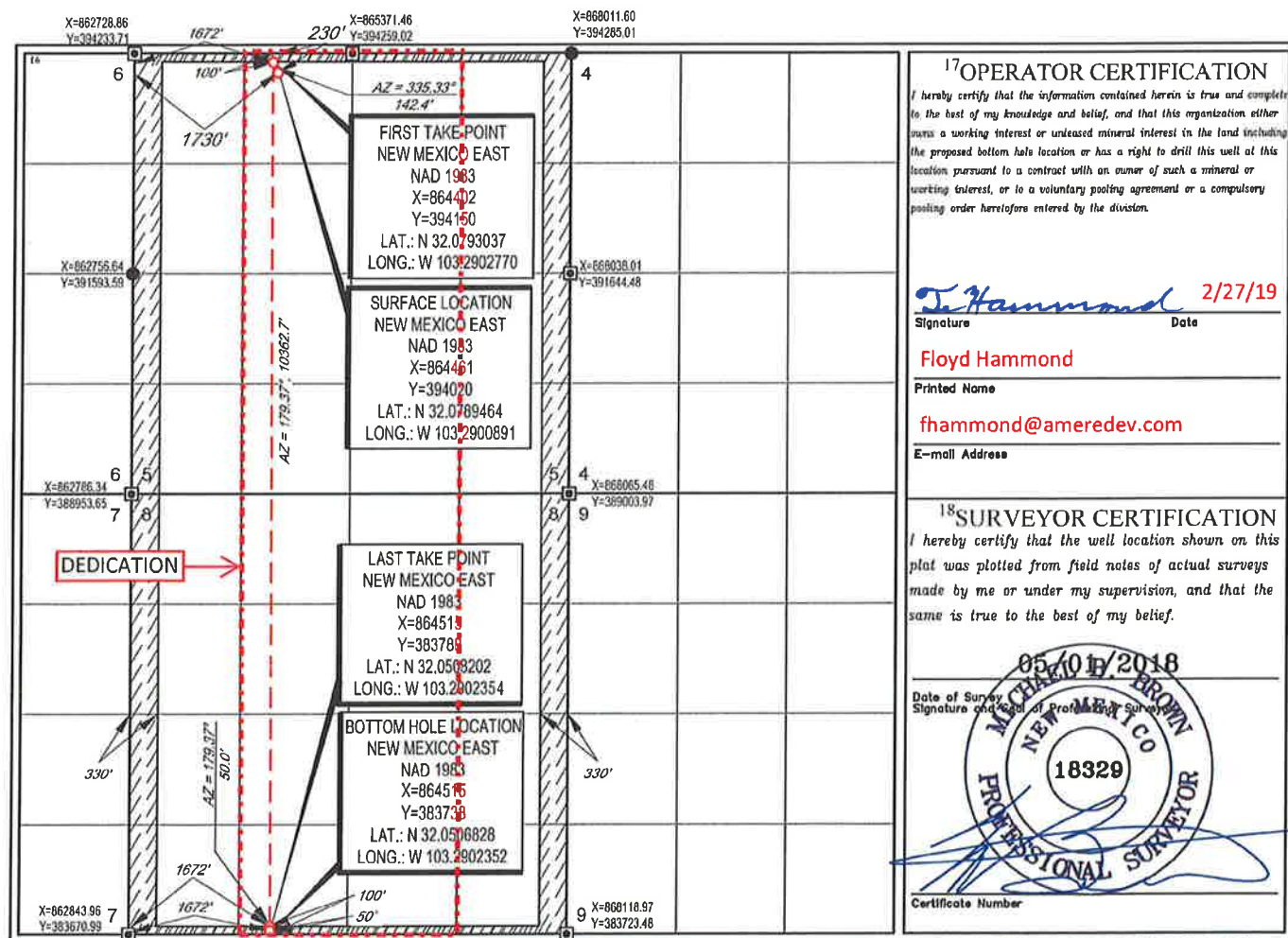
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	5	26-S	36-E	-	230'	NORTH	1730'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	26-S	36-E	-	50'	SOUTH	1672'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No.
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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 33813	³ Pool Name Jal; Wolfcamp, West
⁴ Property Code	⁵ Property Name HOLLY FED COM 26 36 05	⁶ Well Number 124H
⁷ OGRID No. 372224	⁸ Operator Name AMEREDEV OPERATING, LLC.	⁹ Elevation 3003'

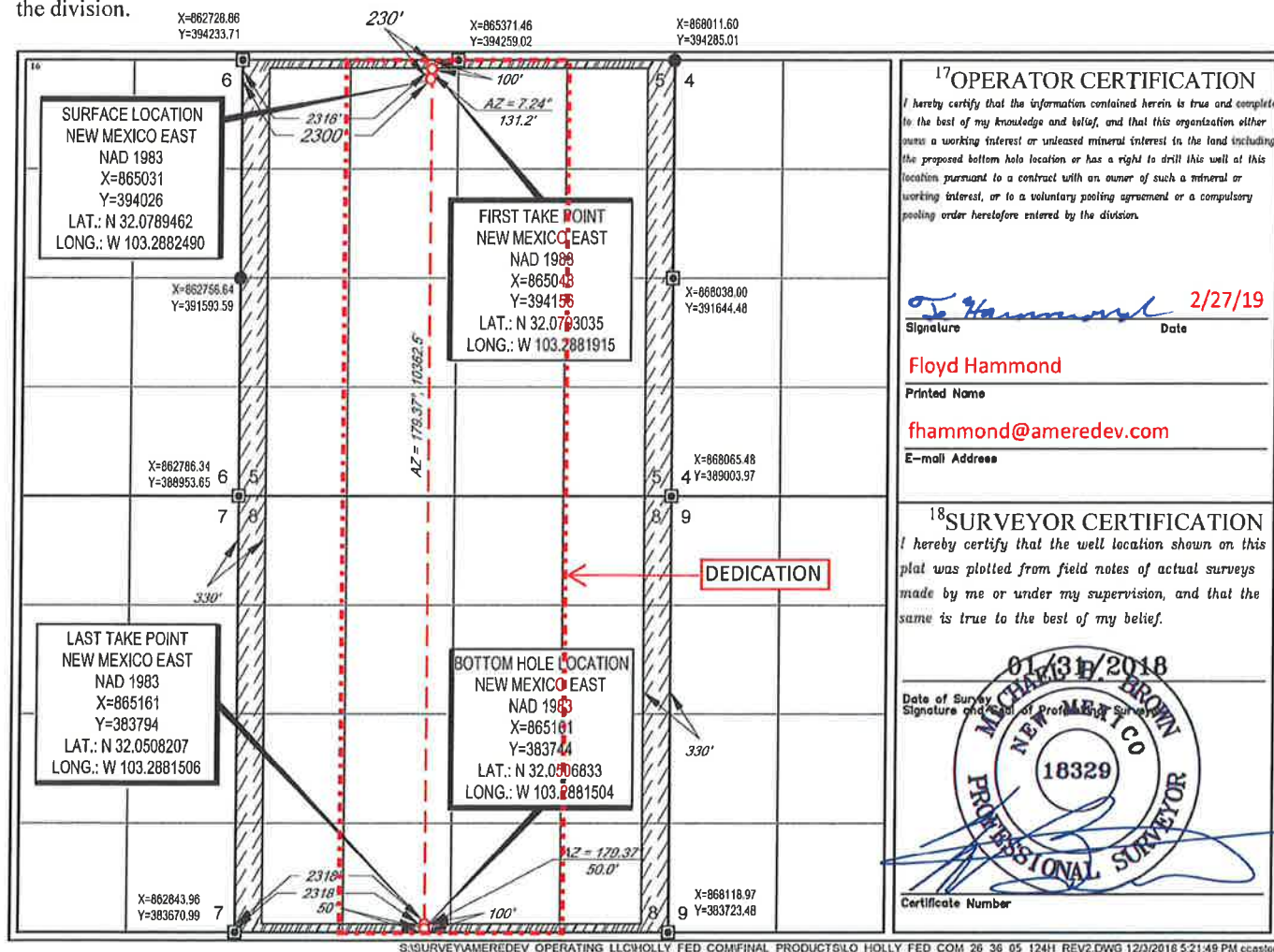
¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	5	26-S	36-E	-	230'	NORTH	2300'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	26-S	36-E	-	50'	SOUTH	2318'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order 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.



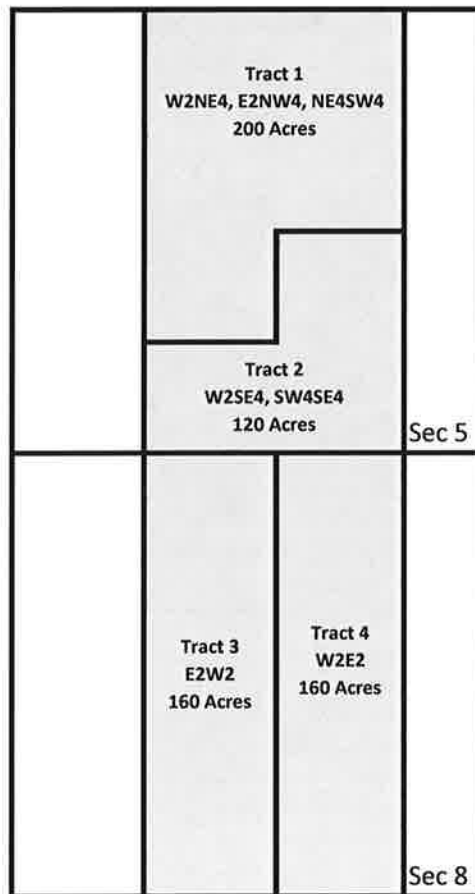
HOLLY FED COM 26-36-05

103H,113H,124H

T26S-R36E-SECTION 5, E2W2 and W2E2

T26S-R36E-SECTION 8, E2W2 and W2E2

LEA COUNTY, NEW MEXICO



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-4

Case Nos. 20416

Submitted by: **Ameredev Operating LLC**

Hearing Date: May 2, 2019

HOLLY FED COM 26-36-05

103H,113H,124H

T26S-R36E-SECTION 5, E2W2 and W2E2

T26S-R36E-SECTION 8, E2W2 and W2E2

LEA COUNTY, NEW MEXICO

TRACT 1: W2NE4, E2NW4, NE4SW4 SECTION 5 T26S-R36E

AMEREDEV NEW MEXICO, LLC	100.00000000%
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Total	100.00000000%
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TRACT 2: W2SE4, SW4SE4 SECTION 5 T26S-R36E

XTO HOLDINGS, LLC	100.00000000%
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Total	100.00000000%
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TRACT 3: E2W2 SECTION 8 T26S-R36E

AMEREDEV NEW MEXICO, LLC	100.00000000%
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Total	100.00000000%
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TRACT 4: W2E2 SECTION 8 T26S-R36E

AMEREDEV NEW MEXICO, LLC	100.00000000%
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Total	100.00000000%
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UNIT RECAPITULATION

T26S-R36E-SECTION 5, E2W2 and W2E2

T26S-R36E-SECTION 8, E2W2 and W2E2

*XTO HOLDINGS, LLC	18.75000000%
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AMEREDEV NEW MEXICO, LLC	81.25000000%
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TOTAL	100.00000000%
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**Interest Seeking to Compulsory Pool*

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



March 7, 2019

VIA Certified Mail

XTO Holdings, LLC
22777 Springwoods Village Pkwy
Spring, TX 77389

RE: Holly Fed Com 26-36-05 #124H, #113H, #103H Well Proposals
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: Section 5; BHL: Section 8

Dear Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the following wells on or about November 1, 2019, collectively referred to as "the Wells":

Holly Fed Com 26-36-05 #124H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 230' FNL & 2,300' FWL Section 5; BHL: 50' FSL & 2,318' FWL Section 8
Formation: Wolfcamp
MD: 22,889' TVD: 12,105'

Holly Fed Com 26-36-05 #113H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 230' FNL & 1,730' FWL Section 5; BHL: 50' FSL & 1,672' FWL Section 8
Formation: Wolfcamp
MD: 22,592' TVD: 11,767'

Holly Fed Com 26-36-05 #103H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 230' FNL & 1,710' FWL Section 5; BHL: 50' FSL & 1,672' FWL Section 8
Formation: Wolfcamp
MD: 22,411' TVD: 11,667'

Ameredev's records indicate XTO Holdings, LLC ("XTO") owns an 18.75% working interest in the Wells, and XTO's estimated costs associated with the operation are approximately \$2,407,750.80, per well as shown in the included AFE's.

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

- Contract Area consisting of Township 26 South, Range 36 East, Section 5 and Section 8; EW2 and W2E2 with Ameredev listed as the Operator ("Contract Area")
- 100%/300%/300% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Ameredev looks forward to working with XTO 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 black ink, appearing to read 'Brandon Forteza', with a stylized flourish at the end.

Brandon Forteza
737-300-4721

Election Ballot for the Holly Fed Com 26-36-05 #124H Well Proposal (AFE# 2019-011)

_____ XTO elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2019-011.

_____ XTO elects to not participate in the proposed Operation.

XTO Holdings, LLC

By:

Its:

Election Ballot for the Holly Fed Com 26-36-05 #113H Well Proposal (AFE# 2019-009)

_____ XTO elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2019-009.

_____ XTO elects to not participate in the proposed Operation.

XTO, Holdings, LLC

By:

Its:

Election Ballot for the Holly Fed Com 26-36-05 #103H Well Proposal (AFE# 2019-010)

_____ XTO elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2019-010.

_____ XTO elects to not participate in the proposed Operation.

XTO Holdings, LLC

By:

Its:



Ameredev II, LLC

Lea County, New Mexico

SHL: Sec. 5 26S-36E 230' FNL & 1730' FWL

BHL: Sec. 8 26S-36E 50' FSL & 1026' FWL

Holly Fed Com 26-36-05 113H
AFE # 2019-009
Capital Expenditure

March 7, 2019

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Ameredeve U.S.E.

Company Entity

Ameredeve Operating, LLC

Date Prepared

March 7, 2019

AFE Type	Project	Well No.	Field Name	Cost Center	AFE No.
Capital	Holly Fed Com 26-36-05	113H	Delaware	40859	2019-009

Location	County	State	Well Type
SHL: Sec. 5 26S-36E 230' FNL & 1730' FWL BHL: Sec. 8 26S-36E 50' FSL & 1026' FWL	Lea	NM	<i>Oil</i> <i>Gas</i> <i>Expl</i> <i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	November 5, 2019	January 4, 2020	Wolfcamp	22,592'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,767'

Project Description

Drill and Complete 2 Mile Wolfcamp Lateral and Tie In to Central Tank Battery.

Total Cost

\$12,841,337.61

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

Ameredeve 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 Ameredeve, you will be subject to all of the terms of such contracts. Upon written request to Ameredeve, 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 Ameredeve pursuant to the terms and conditions of its contracts.

Joint Interest Approval

Company	Approved By	Date



Single Well Project

Holly Fed Com 26-36-05 113H

Intangibles	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
MISC PREPARATION COSTS	0.004	\$ 20,000.00	\$ -	\$ 20,000.00
EASEMENT, ROW, AND ACQUISITION	0.006	\$ 100,000.00	\$ -	\$ 100,000.00
ROAD / LOCATION PREP / RESTORATION	0.008	\$ 100,000.00	\$ -	\$ 100,000.00
DRILLING RIG	0.010	\$ 950,003.04	\$ 90,200.00	\$ 1,040,203.04
COIL TUBING	0.012	\$ -	\$ 130,000.00	\$ 130,000.00
FUEL	0.016	\$ 217,500.00	\$ 2,500.00	\$ 220,000.00
TRAILER, CAMP, AND CATERING	0.018	\$ 36,670.00	\$ 19,305.00	\$ 55,975.00
WATER & SEPTIC	0.020	\$ 68,850.00	\$ -	\$ 68,850.00
SURFACE RENTALS	0.024	\$ 86,630.00	\$ 73,020.00	\$ 159,650.00
DRILL BITS	0.028	\$ 87,000.00	\$ 3,500.00	\$ 90,500.00
DOWNHOLE RENTALS	0.030	\$ 17,775.00	\$ 81,700.00	\$ 99,475.00
DIRECTIONAL DRILLING	0.032	\$ 630,865.00	\$ -	\$ 630,865.00
COMPOSITE PLUGS	0.034	\$ -	\$ 63,000.00	\$ 63,000.00
TUBING & BHA INSPECT & REPAIR	0.042	\$ 10,803.50	\$ -	\$ 10,803.50
RENTAL TUBING	0.046	\$ -	\$ 32,500.00	\$ 32,500.00
WELL CONTROL EQUIP / SERVICES	0.048	\$ 91,519.60	\$ 216,048.00	\$ 307,567.60
PUMP TRUCK / PRESSURE TESTING	0.054	\$ -	\$ 1,000.00	\$ 1,000.00
MUD, ADDITIVES, AND CHEMICALS	0.060	\$ 303,920.00	\$ 312,400.00	\$ 616,320.00
FRAC PUMPING CHARGES	0.061	\$ -	\$ 3,500,000.00	\$ 3,500,000.00
WATER RIGHTS / TRANSFER / STORAGE	0.062	\$ 43,600.00	\$ 724,500.00	\$ 768,100.00
SOLIDS CONTROL EQUIP / SERVICES	0.066	\$ 102,072.00	\$ -	\$ 102,072.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$ 106,000.00	\$ 28,430.00	\$ 134,430.00
CASING CREWS	0.070	\$ 47,500.00	\$ -	\$ 47,500.00
CEMENTING	0.072	\$ 290,000.00	\$ -	\$ 290,000.00
CASING / LINER / FLOAT EQUIPMENT	0.074	\$ 41,500.00	\$ -	\$ 41,500.00
MOBILIZE & DEMOBILIZE	0.086	\$ 235,000.24	\$ 3,000.00	\$ 238,000.24
SUPERVISION / CONTRACT	0.094	\$ 198,000.00	\$ 141,750.00	\$ 339,750.00
CONTRACT ROUSTABOUT	0.103	\$ -	\$ 10,000.00	\$ 10,000.00
CONTRACT LANDWORK / SURVEY	0.114	\$ -	\$ 10,000.00	\$ 10,000.00
REGULTRY / ENVIRON CONSULTANT	0.122	\$ 10,050.00	\$ 5,000.00	\$ 15,050.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$ 3,876.00	\$ 9,340.00	\$ 13,216.00
GEOLOGY	0.186	\$ 10,000.00	\$ -	\$ 10,000.00
FLOW TESTING / EQUIP	0.194	\$ -	\$ 109,125.00	\$ 109,125.00
MUD LOGGING	0.198	\$ 100,000.00	\$ -	\$ 100,000.00
WIRELINE / PERF / PUMPDOWN COSTS	0.200	\$ 110,000.00	\$ 545,050.00	\$ 655,050.00
FACILITY ELECTRIC & AUTOMATION	0.258	\$ -	\$ 70,500.00	\$ 70,500.00
Contingency	5.00%	\$ 200,956.72	\$ 309,093.40	\$ 510,050.12
Tax	6.25%	\$ 251,195.90	\$ 386,366.75	\$ 637,562.65
Total Intangible Cost		\$ 4,471,287.00	\$ 6,877,328.15	\$ 11,348,615.15
Tangibles - Well Equipment				
		Dry Hole Cost	After Casing Point Cost	Total Cost
PIPELINE MECH MATERIALS / EQUIP	0.134	\$ -	\$ -	\$ -
FACILITY MECH MATERIALS / EQUIP	0.136	\$ -	\$ -	\$ -
DRIVE PIPE	0.204	\$ -	\$ -	\$ -
CONDUCTOR PIPE	0.206	\$ 8,400.00	\$ -	\$ 8,400.00
WATER STRING	0.208	\$ -	\$ -	\$ -
SURFACE CASING	0.210	\$ 74,400.00	\$ -	\$ 74,400.00
INTERMEDIATE CASING	0.212	\$ 386,500.00	\$ -	\$ 386,500.00
REMEDIAL CASING	0.213	\$ -	\$ -	\$ -
DRILLING LINER	0.214	\$ -	\$ -	\$ -
PRODUCTION CASING	0.216	\$ 486,500.00	\$ -	\$ 486,500.00
TUBING	0.217	\$ -	\$ 69,000.00	\$ 69,000.00
WELLHEAD / TREE / CHOKES	0.218	\$ 65,173.00	\$ 95,000.00	\$ 160,173.00
DRILLING LINER HANGER	0.220	\$ -	\$ -	\$ -
ISOLATION PACKER	0.222	\$ -	\$ 12,000.00	\$ 12,000.00
PUMPING UNIT, ENGINE	0.232	\$ -	\$ -	\$ -
SURFACE LIFT EQUIP	0.233	\$ -	\$ -	\$ -
DOWNHOLE LIFT EQUIPMENT	0.234	\$ -	\$ 10,000.00	\$ 10,000.00
TANK BATT / PROCESS EQUIP / MAINT	0.236	\$ -	\$ -	\$ -
Tangibles - Lease Equipment				
		Dry Hole Cost	After Casing Point Cost	Total Cost
LINE PIPE	0.238	\$ -	\$ -	\$ -
POWERLINES & SUBSTATION	0.242	\$ -	\$ -	\$ -
TANKS, TANKS STEPS, STAIRS	0.244	\$ -	\$ -	\$ -
BATTERY (HEATER TREATERS)	0.246	\$ -	\$ 42,500.00	\$ 42,500.00
BATTERY (SEPARATOR)	0.248	\$ -	\$ 24,800.00	\$ 24,800.00
BATTERY (GAS TREATING EQUIP)	0.250	\$ -	\$ 12,500.00	\$ 12,500.00
BATTERY (MISC EQUIP)	0.252	\$ -	\$ -	\$ -
FLOW LINE (PIPE WH TO FACILITY)	0.266	\$ -	\$ -	\$ -
PIPELINE TO SALES	0.270	\$ -	\$ -	\$ -
METERS AND METERING EQUIPMENT	0.274	\$ -	\$ 30,000.00	\$ 30,000.00
VALVES, FITTINGS, PROD INSTRUM	0.282	\$ -	\$ 25,000.00	\$ 25,000.00
BUILDINGS	0.310	\$ -	\$ -	\$ -
Contingency	5.00%	\$ 51,048.65	\$ 16,040.00	\$ 67,088.65
Tax	6.25%	\$ 63,810.81	\$ 20,050.00	\$ 83,860.81
Total Tangible Cost		\$ 1,135,832.46	\$ 356,890.00	\$ 1,492,722.46
TOTAL		\$ 5,607,119.46	\$ 7,234,218.15	\$ 12,841,337.61



Ameredev II, LLC

Lea County, New Mexico

SHL: Sec. 5 26S-36E 230' FNL & 1710' FWL

BHL: Sec. 8 26S-36E 50' FSL & 1672' FWL

Holly Fed Com 26-36-05 103H

AFE # 2019-010

Capital Expenditure

March 7, 2019

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Ameredev U.S. LLC

Company Entity

Ameredev Operating, LLC

Date Prepared

March 7, 2019

AFE Type	Project	Well No.	Field Name	Cost Center	AFE No.
Capital	Holly Fed Com 26-36-05	103H	Delaware	40852	2019-010

Location	County	State	Well Type
SHL: Sec. 5 26S-36E 230' FNL & 1710' FWL BHL: Sec. 8 26S-36E 50' FSL & 1672' FWL	Lea	NM	<i>Oil</i> <i>Gas</i> <i>Expl</i> <i>Prod</i>

Estimate Type	Start Date	Completion Date	Formation	MD
<i>Original</i>	December 15, 2019	February 13, 2020	Wolfcamp	22,411'
<i>Revised</i>				TVD
<i>Supplemental</i>				11,667'

Project Description

Drill and Complete 2 Mile Wolfcamp Lateral and Tie In to Central Tank Battery.

Total Cost

\$12,841,337.61

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.

☐ 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.

Joint Interest Approval

Company	Approved By	Date



Single Well Project

Holly Fed Com 26-36-05 103H

Intangibles	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
MISC PREPARATION COSTS	0.004	\$ 20,000.00	\$ -	\$ 20,000.00
EASEMENT, ROW, AND ACQUISITION	0.006	\$ 100,000.00	\$ -	\$ 100,000.00
ROAD / LOCATION PREP / RESTORATION	0.008	\$ 100,000.00	\$ -	\$ 100,000.00
DRILLING RIG	0.010	\$ 950,003.04	\$ 90,200.00	\$ 1,040,203.04
COIL TUBING	0.012	\$ -	\$ 130,000.00	\$ 130,000.00
FUEL	0.016	\$ 217,500.00	\$ 2,500.00	\$ 220,000.00
TRAILER, CAMP, AND CATERING	0.018	\$ 36,670.00	\$ 19,305.00	\$ 55,975.00
WATER & SEPTIC	0.020	\$ 68,850.00	\$ -	\$ 68,850.00
SURFACE RENTALS	0.024	\$ 86,630.00	\$ 73,020.00	\$ 159,650.00
DRILL BITS	0.028	\$ 87,000.00	\$ 3,500.00	\$ 90,500.00
DOWNHOLE RENTALS	0.030	\$ 17,775.00	\$ 81,700.00	\$ 99,475.00
DIRECTIONAL DRILLING	0.032	\$ 630,865.00	\$ -	\$ 630,865.00
COMPOSITE PLUGS	0.034	\$ -	\$ 63,000.00	\$ 63,000.00
TUBING & BHA INSPECT & REPAIR	0.042	\$ 10,803.50	\$ -	\$ 10,803.50
RENTAL TUBING	0.046	\$ -	\$ 32,500.00	\$ 32,500.00
WELL CONTROL EQUIP / SERVICES	0.048	\$ 91,519.60	\$ 216,048.00	\$ 307,567.60
PUMP TRUCK / PRESSURE TESTING	0.054	\$ -	\$ 1,000.00	\$ 1,000.00
MUD, ADDITIVES, AND CHEMICALS	0.060	\$ 303,920.00	\$ 312,400.00	\$ 616,320.00
FRAC PUMPING CHARGES	0.061	\$ -	\$ 3,500,000.00	\$ 3,500,000.00
WATER RIGHTS / TRANSFER / STORAGE	0.062	\$ 43,600.00	\$ 724,500.00	\$ 768,100.00
SOLIDS CONTROL EQUIP / SERVICES	0.066	\$ 102,072.00	\$ -	\$ 102,072.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$ 106,000.00	\$ 28,430.00	\$ 134,430.00
CASING CREWS	0.070	\$ 47,500.00	\$ -	\$ 47,500.00
CEMENTING	0.072	\$ 290,000.00	\$ -	\$ 290,000.00
CASING / LINER / FLOAT EQUIPMENT	0.074	\$ 41,500.00	\$ -	\$ 41,500.00
MOBILIZE & DEMOBILIZE	0.086	\$ 235,000.24	\$ 3,000.00	\$ 238,000.24
SUPERVISION / CONTRACT	0.094	\$ 198,000.00	\$ 141,750.00	\$ 339,750.00
CONTRACT ROUSTABOUT	0.103	\$ -	\$ 10,000.00	\$ 10,000.00
CONTRACT LANDWORK / SURVEY	0.114	\$ -	\$ 10,000.00	\$ 10,000.00
REGULTRY / ENVIRON CONSULTANT	0.122	\$ 10,050.00	\$ 5,000.00	\$ 15,050.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$ 3,876.00	\$ 9,340.00	\$ 13,216.00
GEOLOGY	0.186	\$ 10,000.00	\$ -	\$ 10,000.00
FLOW TESTING / EQUIP	0.194	\$ -	\$ 109,125.00	\$ 109,125.00
MUD LOGGING	0.198	\$ 100,000.00	\$ -	\$ 100,000.00
WIRELINE / PERF / PUMPDOWN COSTS	0.200	\$ 110,000.00	\$ 545,050.00	\$ 655,050.00
FACILITY ELECTRIC & AUTOMATION	0.258	\$ -	\$ 70,500.00	\$ 70,500.00
Contingency	5.00%	\$ 200,956.72	\$ 309,093.40	\$ 510,050.12
Tax	6.25%	\$ 251,195.90	\$ 386,366.75	\$ 637,562.65
Total Intangible Cost		\$ 4,471,287.00	\$ 6,877,328.15	\$ 11,348,615.15
Tangibles - Well Equipment				
		Dry Hole Cost	After Casing Point Cost	Total Cost
PIPELINE MECH MATERIALS / EQUIP	0.134	\$ -	\$ -	\$ -
FACILITY MECH MATERIALS / EQUIP	0.136	\$ -	\$ -	\$ -
DRIVE PIPE	0.204	\$ -	\$ -	\$ -
CONDUCTOR PIPE	0.206	\$ 8,400.00	\$ -	\$ 8,400.00
WATER STRING	0.208	\$ -	\$ -	\$ -
SURFACE CASING	0.210	\$ 74,400.00	\$ -	\$ 74,400.00
INTERMEDIATE CASING	0.212	\$ 386,500.00	\$ -	\$ 386,500.00
REMEDIAL CASING	0.213	\$ -	\$ -	\$ -
DRILLING LINER	0.214	\$ -	\$ -	\$ -
PRODUCTION CASING	0.216	\$ 486,500.00	\$ -	\$ 486,500.00
TUBING	0.217	\$ -	\$ 69,000.00	\$ 69,000.00
WELLHEAD / TREE / CHOKES	0.218	\$ 65,173.00	\$ 95,000.00	\$ 160,173.00
DRILLING LINER HANGER	0.220	\$ -	\$ -	\$ -
ISOLATION PACKER	0.222	\$ -	\$ 12,000.00	\$ 12,000.00
PUMPING UNIT, ENGINE	0.232	\$ -	\$ -	\$ -
SURFACE LIFT EQUIP	0.233	\$ -	\$ -	\$ -
DOWNHOLE LIFT EQUIPMENT	0.234	\$ -	\$ 10,000.00	\$ 10,000.00
TANK BATT / PROCESS EQUIP / MAINT	0.236	\$ -	\$ -	\$ -
Tangibles - Lease Equipment				
		Dry Hole Cost	After Casing Point Cost	Total Cost
LINE PIPE	0.238	\$ -	\$ -	\$ -
POWERLINES & SUBSTATION	0.242	\$ -	\$ -	\$ -
TANKS, TANKS STEPS, STAIRS	0.244	\$ -	\$ -	\$ -
BATTERY (HEATER TREATERS)	0.246	\$ -	\$ 42,500.00	\$ 42,500.00
BATTERY (SEPARATOR)	0.248	\$ -	\$ 24,800.00	\$ 24,800.00
BATTERY (GAS TREATING EQUIP)	0.250	\$ -	\$ 12,500.00	\$ 12,500.00
BATTERY (MISC EQUIP)	0.252	\$ -	\$ -	\$ -
FLOW LINE (PIPE WH TO FACILITY)	0.266	\$ -	\$ -	\$ -
PIPELINE TO SALES	0.270	\$ -	\$ -	\$ -
METERS AND METERING EQUIPMENT	0.274	\$ -	\$ 30,000.00	\$ 30,000.00
VALVES, FITTINGS, PROD INSTRUM	0.282	\$ -	\$ 25,000.00	\$ 25,000.00
BUILDINGS	0.310	\$ -	\$ -	\$ -
Contingency	5.00%	\$ 51,048.65	\$ 16,040.00	\$ 67,088.65
Tax	6.25%	\$ 63,810.81	\$ 20,050.00	\$ 83,860.81
Total Tangible Cost		\$ 1,135,832.46	\$ 356,890.00	\$ 1,492,722.46
TOTAL		\$ 5,607,119.46	\$ 7,234,218.15	\$ 12,841,337.61

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. 20416

AFFIDAVIT OF PARKER FOY
IN SUPPORT OF CASE NO. 20416

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 wellbores for the proposed **Holly Fed Com 26-36-05 103H Well**, and the **Holly Fed Com 26-36-05 113H Well**. Nearby producing wells are marked with a green dot.
6. **Ameredev Exhibit B-2** is a subsea structure map that I prepared off the top of the Wolfcamp formation. The contour interval is 100 feet. The structure map shows the Wolfcamp gently dipping to the southeast. The structure appears consistent across the proposed wellbore

paths. 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 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. **Ameredev Exhibit B-5** is a locator map. It shows Ameredev's acreage in yellow and the path of the proposed wellbores for the proposed **Holly Fed Com 26-36-05 124H Well**. Nearby producing wells are marked with a green dot.

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

11. **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.


12. **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, 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.

13. In my opinion, each tract comprising the proposed spacing units will be productive and contribute more-or-less equally to production from the wellbore.

14. In my opinion, the granting of Ameredev's application in this is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

15. Ameredev Exhibits B-1 through B-8 were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


PARKER FOY

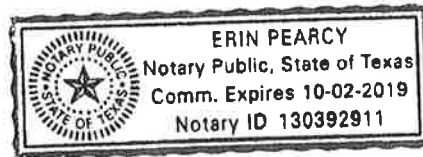
STATE OF TEXAS)
)
COUNTY OF TRAVIS)

SUBSCRIBED and SWORN to before me this 1st day of May 2019 by Parker Foy.


NOTARY PUBLIC

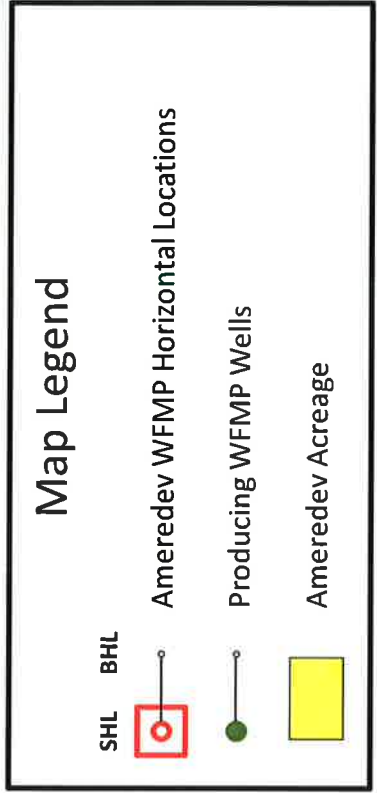
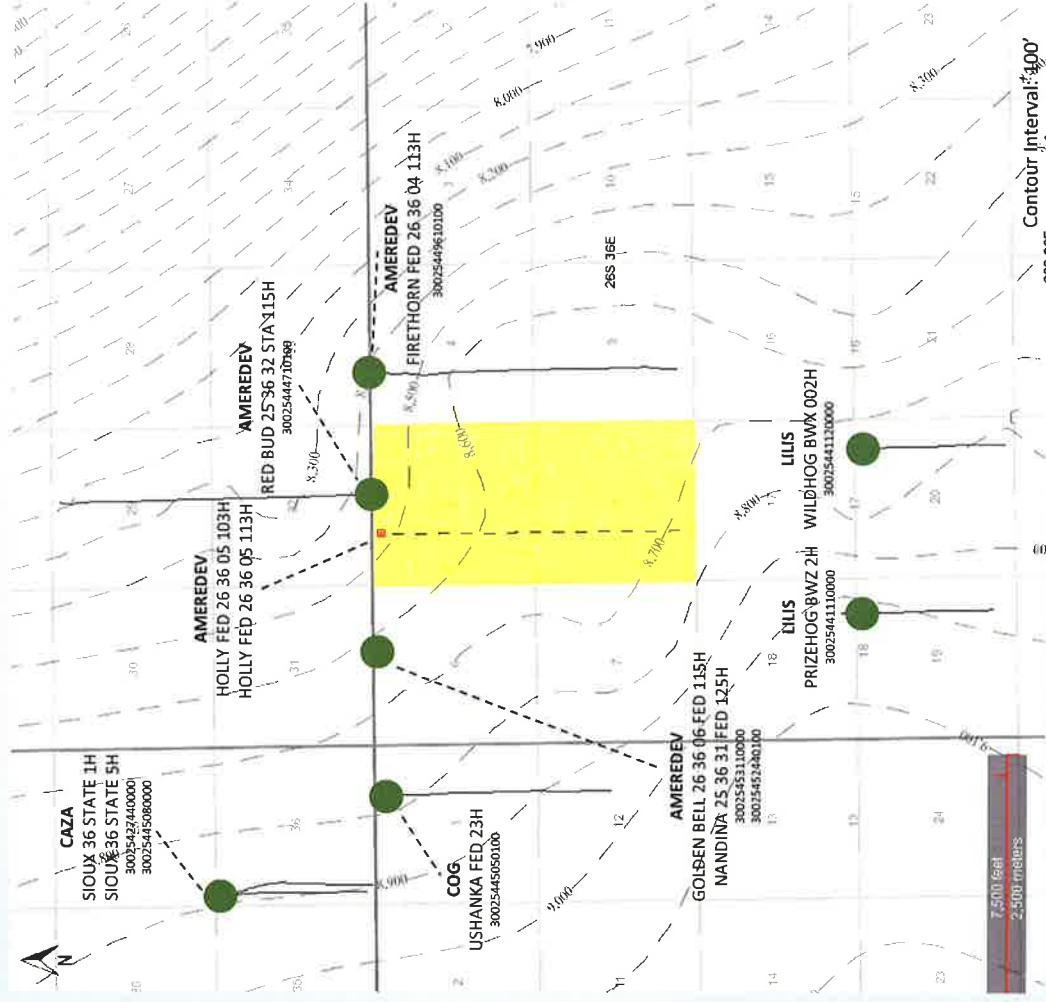
My Commission Expires:

10/2/2019

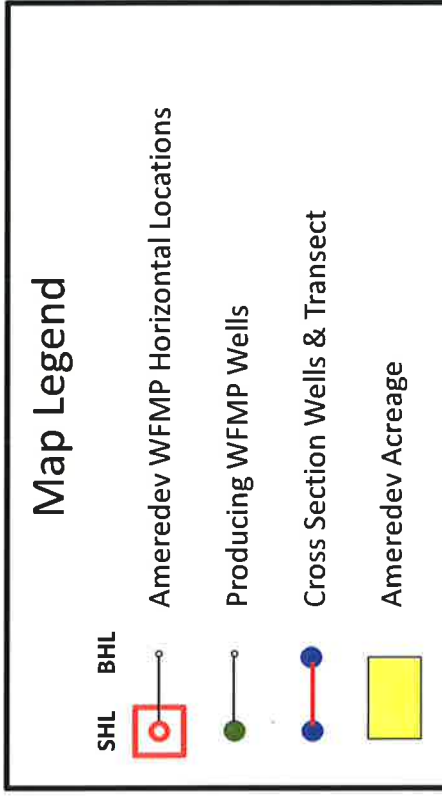
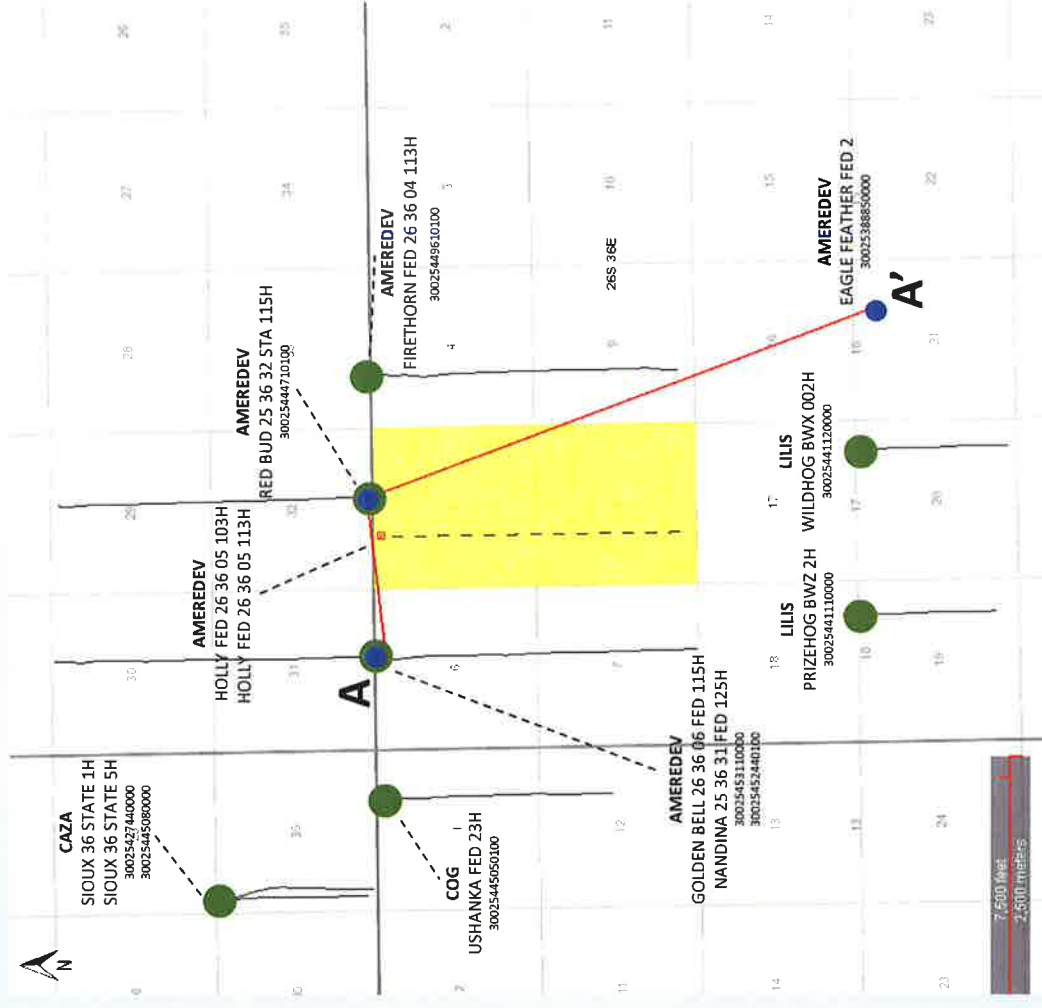


SHL	BHL	
		Amerdev WFMP Horizontal Locations
		Producing WFMP Wells
		Amerdev Acreage

Wolfcamp Pool – WFMP Structure Map (Subsea Depth)



Wolfcamp Pool – Cross Section Map

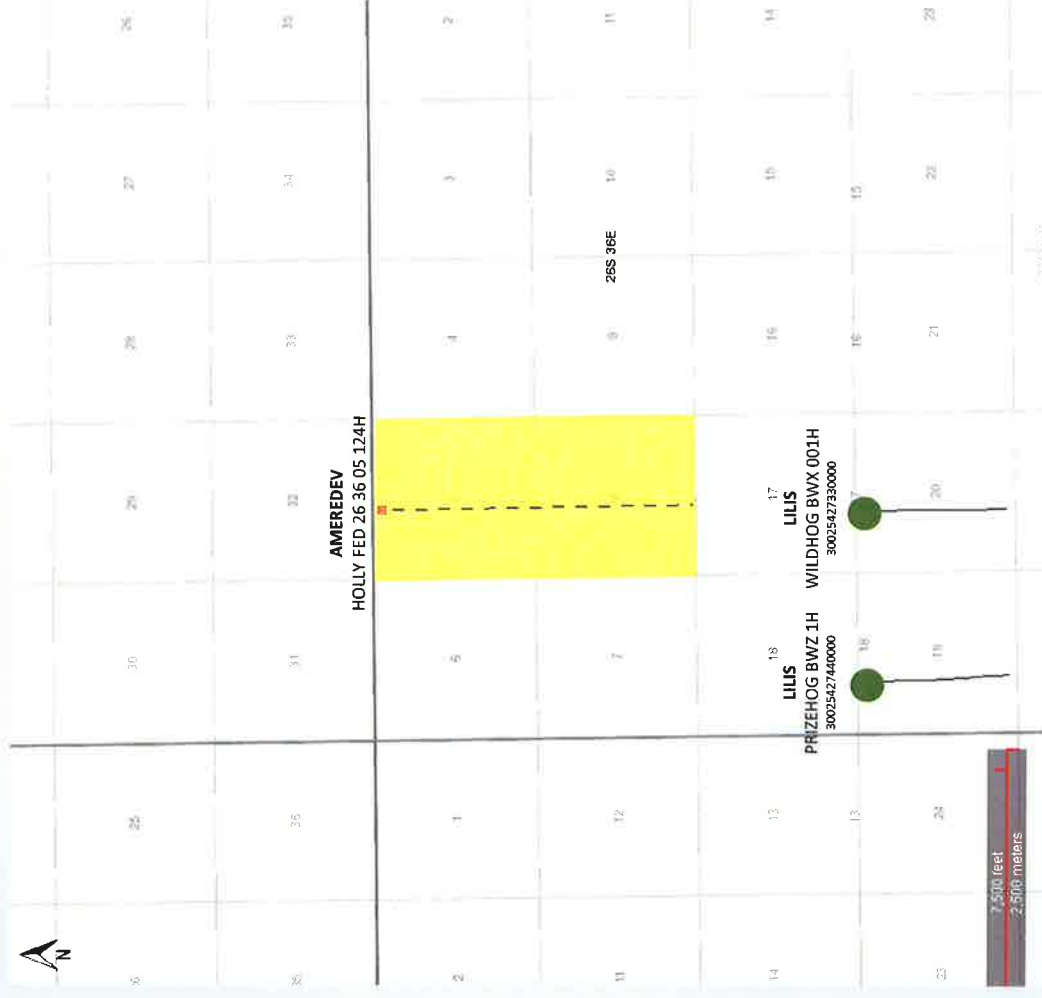


A'



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-4
Case Nos. 20416
Submitted by: Ameredev Operating LLC
Hearing Date: May 2, 2019

Wolfcamp B Pool – Holly Fed Com 26-36-05 124H



Map Legend

SHL BHL



Ameredeve WFMP B Horizontal Locations



Producing WFMP Wells



Ameredeve Acreage



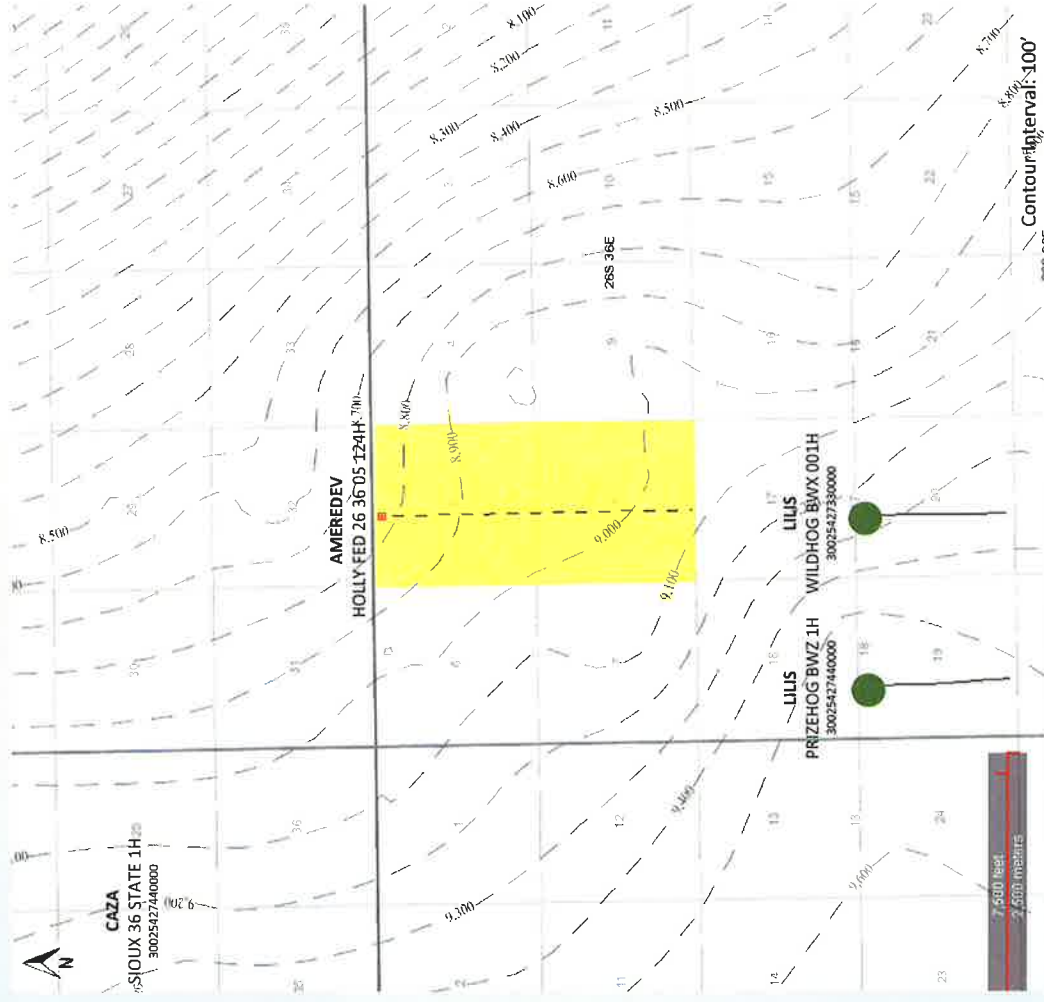
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. B-5

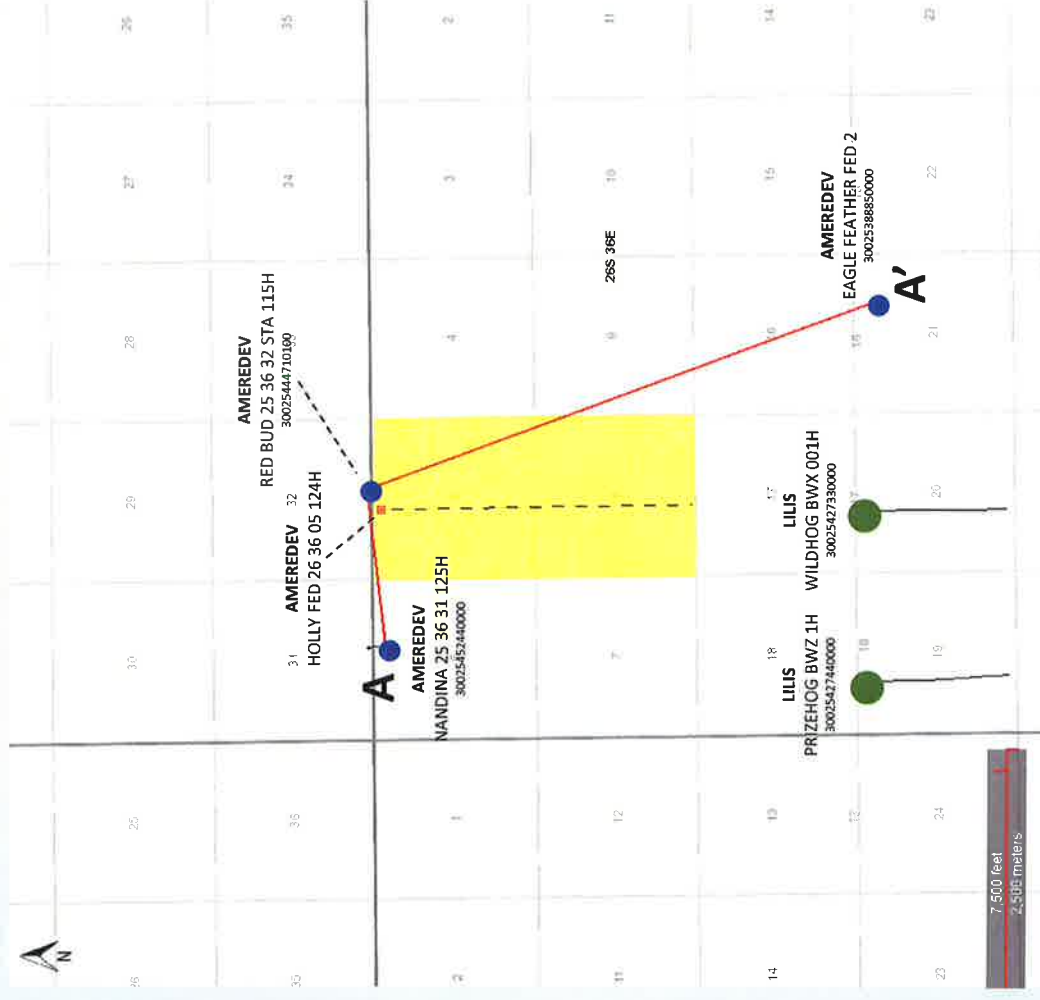
Case Nos. 20416

Submitted by: Ameredeve Operating LLC
Hearing Date: May 2, 2019

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



Wolfcamp B Pool — Cross Section Map



SHL

BHL

Ameredevelop WFMP B Horizontal Locations

Producing WFMP Wells

Cross Section Wells & Transect

Ameredevelop Acreage



A'



Hearing Date: May 2, 2019

HOLLAND & HART^{LLP}



Adam G. Rankin
Associate
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

April 12, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Ameredev Operating, LLC for compulsory pooling, Lea County, New Mexico.

Holly Fed Com 26-36-05 124H Well

Holly Fed Com 26-36-05 103H Well

Holly Fed Com 26-36-05 113H 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. A hearing has been requested before a Division Examiner on May 2, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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



Shipment Confirmation Acceptance Notice

A. Mailer Action

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.

Holly Fed Com 124H, 103H & 113H Wells

Amredev CM# 100091.0001 20416

Shipment Date: 04/10/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

5.59

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

*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.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 7742 01





Firm Mailing Book For Accountable Mail

[illegible]

Barcode	Recipient	Status
9.21489E+21	XTO Holdings Inc 22777 Springwoods Village Parkway Springs TX 77389	Delivered Signature Received