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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. 16111

APPLICATION

Ameredev Operating, LLC ("Ameredev") (OGRID No. 372224), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 22 and the W/2 E/2 of Section 15, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted mineral interests in the Wolfcamp formation. In support of its application, Ameredev states:

1. Ameredev is a working interest owner in the proposed non-standard spacing unit has the right to drill thereon.
2. Ameredev proposes to dedicate the above-referenced spacing and proration unit as the project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Magnolia State Com 26-36-22 No. 115H Well** and the proposed **Magnolia State Com 26-36-22 No. 105H Well**. These wells will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 27 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 15.

3. The completed interval for both wells will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.

4. Ameredev has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Ameredev to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in this non-standard spacing unit should be pooled and Ameredev Operating, LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Ameredev requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 3, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 320-acre, more or less, non-standard spacing and proration unit in the Wolfcamp formation, comprised of the W/2 E/2 of Section 22 and the W/2 E/2 of Section 15, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- C. Designating two initial wells for the proposed spacing unit;
- D. Designating Ameredev Operating, LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;

- E. Authorizing Ameredev to recover its costs of drilling, completing, and equipping the well;
- F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Ameredev in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR AMEREDEV OPERATING, LLC

CASE 16111:

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 a non-standard, 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 22 and the W/2 E/2 of Section 15, Township 26 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 project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Magnolia State Com 26-36-22 No. 115H Well** and the proposed **Magnolia State Com 26-36-22 No. 105H Well**. These wells will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 27 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 15. The completed interval for both wells will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Ameredev Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles southwest of Jal, NM.