

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCE

JUN 03 2019

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

- A. Applicant Ameredev Operating, LLC,
whose address is 5707 Southwest Parkway, Building 1, STE 275 Austin, TX 78735,
hereby requests an exception to Rule 19.15.18.12 for 90 days or until
9/1/2019, Yr 2019, for the following described tank battery (or LACT):
Name of Lease AZALEA 26 36 28 STATE [319731] Name of Pool WC-025 G-09 S263619C; UPR Wolfcamp
Location of Battery: Unit Letter D Section 28 Township 26S Range 36E
Number of wells producing into battery 2
- B. Based upon oil production of 1,000 barrels per day, the estimated * volume
of gas to be flared is 450,000 MCF; Value 5,000 per day.
- C. Name and location of nearest gas gathering facility:
Salt Creek Midstream - Ameredev Lateral "E" 16
- D. Distance 0 Miles Estimated cost of connection \$0.00
- E. This exception is requested for the following reasons: The plant is currently down due to a
Event of Force Majeure. We will put the gas back to sales as soon as the plant is running
again. CTB: Azalea CTB

Wells: Azalea 26 36 28 State Com 121Y (30-025-44229) & Azalea 26 36 28 State Com 111H (30-025-44104)

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above
is true and complete to the best of my knowledge and belief.

Signature

Shane McNeely

Printed Name

& Title Shane McNeely - Engineer

E-mail Address smcneely@amerdev.com

Date 6/3/2019

Telephone No. 737-300-4729

OIL CONSERVATION DIVISION

Approved Until

9/1/2019

By

Rick Rickman

Title

DIST 1 SUPV

Date

6.3.19

* Gas-Oil ratio test may be required to verify estimated gas volume.

**Salt Creek Midstream, LLC
20329 State Highway 249, 4th Floor
Houston, TX 77070**

May 31, 2019

Ameredev New Mexico, LLC
5707 Southwest Parkway
Building 1, Suite 275
Attn: Floyd Hammond
E-mail: fhammond@amerdev.com

Re: Event of Force Majeure

Dear Mr. Hammond:

Reference is made to the Gas Purchase Agreement between Salt Creek Midstream, LLC ("we" or "SCM"), and Ameredev New Mexico, LLC ("you" or "Customer"), dated effective as of February 5, 2018 (as amended, the "Agreement"). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Agreement.

In accordance with Section 11.1 of the General Terms and Conditions to the Agreement, we are writing to inform you that we are prevented from carrying out certain obligations under the Agreement due to an event of Force Majeure. Beginning as of May 24, 2019, SCM had to suspend operation of its amine treating unit due to the failure of third-party service provider to provide disposal services for chemicals used to treat Customer's Gas. SCM is currently working on an alternative arrangement involving a new disposal location and we will notify you as soon as this event has been resolved.

If you have any questions related to the foregoing, please feel free to contact Thornton Tucker at 281-655-3503.

Sincerely,

SALT CREEK MIDSTREAM, LLC

By: Taylor Tipton
Name: Taylor Tipton
Title: President