

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING AUGUST 8, 2024**

**CASE NO. 24700**

*NANDINA FEDER COM 25 36 31 #87H  
& #97H WELLS*

**LEA COUNTY, NEW MEXICO**



AmeredeV II, LLC

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

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

**CASE NO. 24700**

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# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 24700	APPLICANT'S RESPONSE
Date	August 8, 2024
Applicant	Ameredev Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Ameredev Operating, LLC (OGRID No. 372224)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF AMEREDEV OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Nandina
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-08 S263620C; LWR BONE SPRING [98150]
Well Location Setback Rules:	Statewide oil rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks:	40 acres
Orientation:	Standup
Description: TRS/County	E/2 E/2 of Sections 30 and 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No <b>BEFORE THE OIL CONSERVATION DIVISION</b> Santa Fe, New Mexico
Proximity Tracts: If yes, description	No <b>Exhibit No. A</b> Submitted by: Ameredev Operating, LLC
Proximity Defining Well: if yes, description	N/A <b>Hearing Date: August 8, 2024</b> Case No. 24700
Applicant's Ownership in Each Tract	Exhibit C-3
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

Well #1	<u>Nandina Fed Com 25 36 31 87H</u> SHL: 250' FSL, 730' FEL (Unit P) of Section 31 BHL: 50' FNL, 331' FEL (Unit A) of Section 30 Target: Bone Spring Orientation: Standup Completion: Standard Location
Well #2	<u>Nandina Fed Com 25 36 31 97H</u> SHL: 249' FSL, 750' FEL (Unit P) of Section 31 BHL: 50' FNL, 660' FEL (Unit A) of Section 30 Target: Bone Spring Orientation: Standup Completion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3
Chronology of Contact with Non-Joined Working Interests	Exhibit C-5
Overhead Rates In Proposal Letter	Exhibit C-4
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4

Cost Estimate for Production Facilities	Exhibit C-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-1
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D, D-4
HSU Cross Section	Exhibit D-3, D-4
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-4
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Paula M. Vance
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	7/31/2024

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

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

CASE NO. 24700

**APPLICATION**

Ameredev Operating, LLC (“Ameredev” or “Applicant”) (OGRID No. 372224), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted minerals owners in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the E/2 E/2 of Sections 30 and 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. In support of its application, Ameredev states:

1. Ameredev is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Ameredev seeks to initially dedicate the above-referenced spacing unit to the proposed **Nandina Fed Com 25 36 31 87H** and **Nandina Fed Com 25 36 31 97H** well, both to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 31, a first take point from the SE/4 SE/4 (Unit P) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 30.
3. Ameredev has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners and non-participating royalty interest owners in the subject spacing unit.

4. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral owners in the horizontal spacing unit;
- B. Designating Ameredev Operating, LLC operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Ameredev to recover its costs of drilling, completing, and equipping the wells;
- D. 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
- E. Imposing a 200% charge 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 wells.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

Michael H. Feldewert  
Adam G. Rankin  
Paula M. Vance  
Post Office Box 2208  
Santa Fe, NM 87504  
505-988-4421  
505-983-6043 Facsimile  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
pmvance@hollandhart.com

**ATTORNEYS FOR AMEREDEV OPERATING, LLC**



**CASE \_\_\_\_:**            **Application of Ameredev Operating, LLC for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted mineral owners in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the E/2 E/2 of Sections 30 and 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. Ameredev seeks to initially dedicate the above-referenced spacing unit to the proposed **Nandina Fed Com 25 36 31 87H** and **Nandina Fed Com 25 36 31 97H** well, both to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 31, a first take point from the SE/4 SE/4 (Unit P) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 30. Also, to be considered will be the cost of drilling and completing the wells 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 wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 7 miles southwest of Jal, New Mexico.

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

APPLICATIONS OF AMEREDEV  
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LEA COUNTY, NEW MEXICO.

CASE NO. 24700

SELF-AFFIRMED STATEMENT OF LIZZY LAUFER

1. My name is Lizzy Laufer. I work for Ameredev Operating, LLC (“Ameredev”) as a Senior Landman.

2. I have previously testified before the New Mexico Oil Conservation Division (“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 in this case have indicated opposition to proceeding by self-affirmed statement and, therefore, I do not expect any opposition at the hearing.

5. In this case, Ameredev seeks an order pooling all uncommitted minerals owners in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the E/2 E/2 of Sections 30 and 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. Ameredev seeks to initially dedicate the above-referenced spacing unit to the proposed **Nandina Fed Com 25 36 31 87H** and **Nandina Fed Com 25 36 31 97H** well, both to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 31, a first take point from the SE/4 SE/4 (Unit P) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 30.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: Ameredev Operating, LLC  
Hearing Date: August 8, 2024  
Case No. 24700

6. **Ameredev Exhibit C-1** contains the C-102 for the proposed wells. The exhibit shows that the wells will be assigned to the WC-025 G-08 S263620C; LWR Bone Spring [Pool Code 98150].

7. **Ameredev Exhibit C-2** is an exhibit prepared by me that identifies the tracts of land comprising the proposed horizontal spacing unit in this case. The proposed spacing unit includes federal and fee land. 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 in the exhibit. Ameredev is seeking to pool the uncommitted interest owners highlighted in yellow.

8. There are no depth severances in the Bone Spring formation.

9. **Ameredev Exhibit C-3** is a sample of the well proposal letter and AFEs sent to all working interest owners. The costs reflected in the AFEs are consistent with what Ameredev and other operators have incurred for drilling similar horizontal wells in the area. Additionally, Ameredev requests overhead and administrative rates of \$10,000 per month for drilling and \$1,000 per month for a producing well. These rates are consistent with the rates charged by Ameredev and other operators for wells of this type in this area.

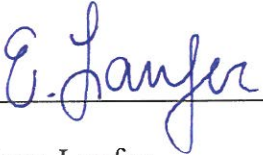
10. **Ameredev Exhibit C-4** contains a general summary of the contacts with the uncommitted interest owners. As indicated in the exhibit, Ameredev has made a good faith effort to locate and has had communications with all of the parties that it seeks to pool in this case in an effort to reach voluntary joinder. In my opinion, Ameredev has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

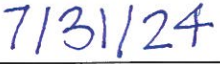
11. Ameredev has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Ameredev seeks to pool and instructed that they be notified of this

hearing. Ameredev has conducted a diligent search of all public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each interest owner.

12. Ameredev Exhibits C-1 through C-4 were either prepared by me or compiled under my direction and supervision.

13. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

  
\_\_\_\_\_  
Lizzy Laufer

  
\_\_\_\_\_  
Date

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6178 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

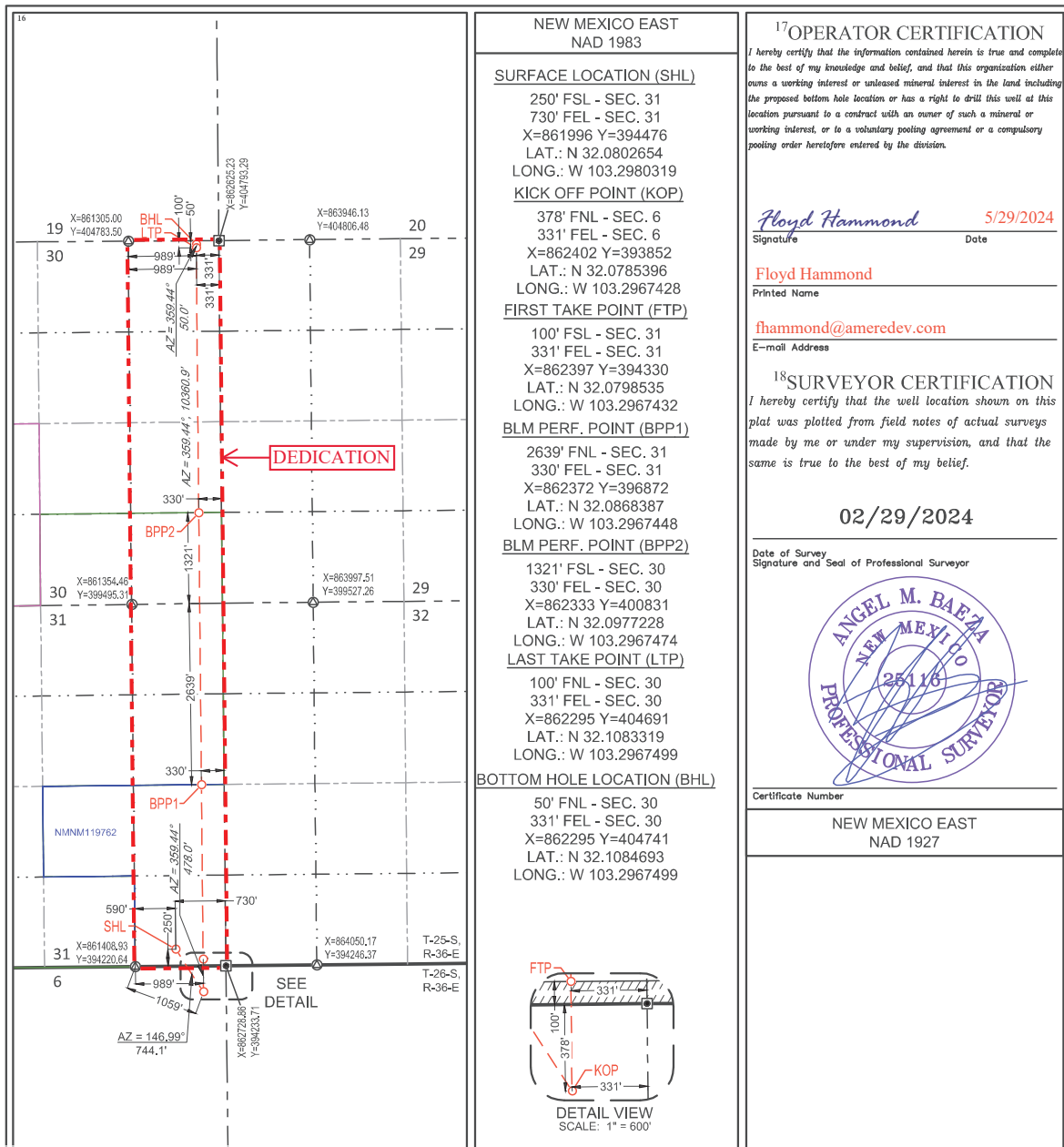
Exhibit No. C-1  
Submitted by: Ameredeve Operating, LLC  
Hearing Date: August 8, 2024  
Revised August 1, 2011  
Case No. 24700  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-		<sup>2</sup> Pool Code 98150		<sup>3</sup> Pool Name WC-025 G-08 S263620C; LWR BONE SPRING					
<sup>4</sup> Property Code 322647		<sup>5</sup> Property Name NANDINA 25 36 31 FED COM			<sup>6</sup> Well Number 087H				
<sup>7</sup> OGRID No. 372224		<sup>8</sup> Operator Name AMEREDEV OPERATING, LLC.			<sup>9</sup> Elevation 3010'				
<sup>10</sup> Surface Location									
UL or lot no. P	Section 31	Township 25-S	Range 36-E	Lot Idn -	Feet from the 250'	North/South line SOUTH	Feet from the 730'	East/West line EAST	County LEA
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 30	Township 25-S	Range 36-E	Lot Idn -	Feet from the 50'	North/South line NORTH	Feet from the 331'	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acres 320		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code C		<sup>15</sup> Order No.			

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.



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  
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Phone: (505) 334-6178 Fax: (505) 334-6170  
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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

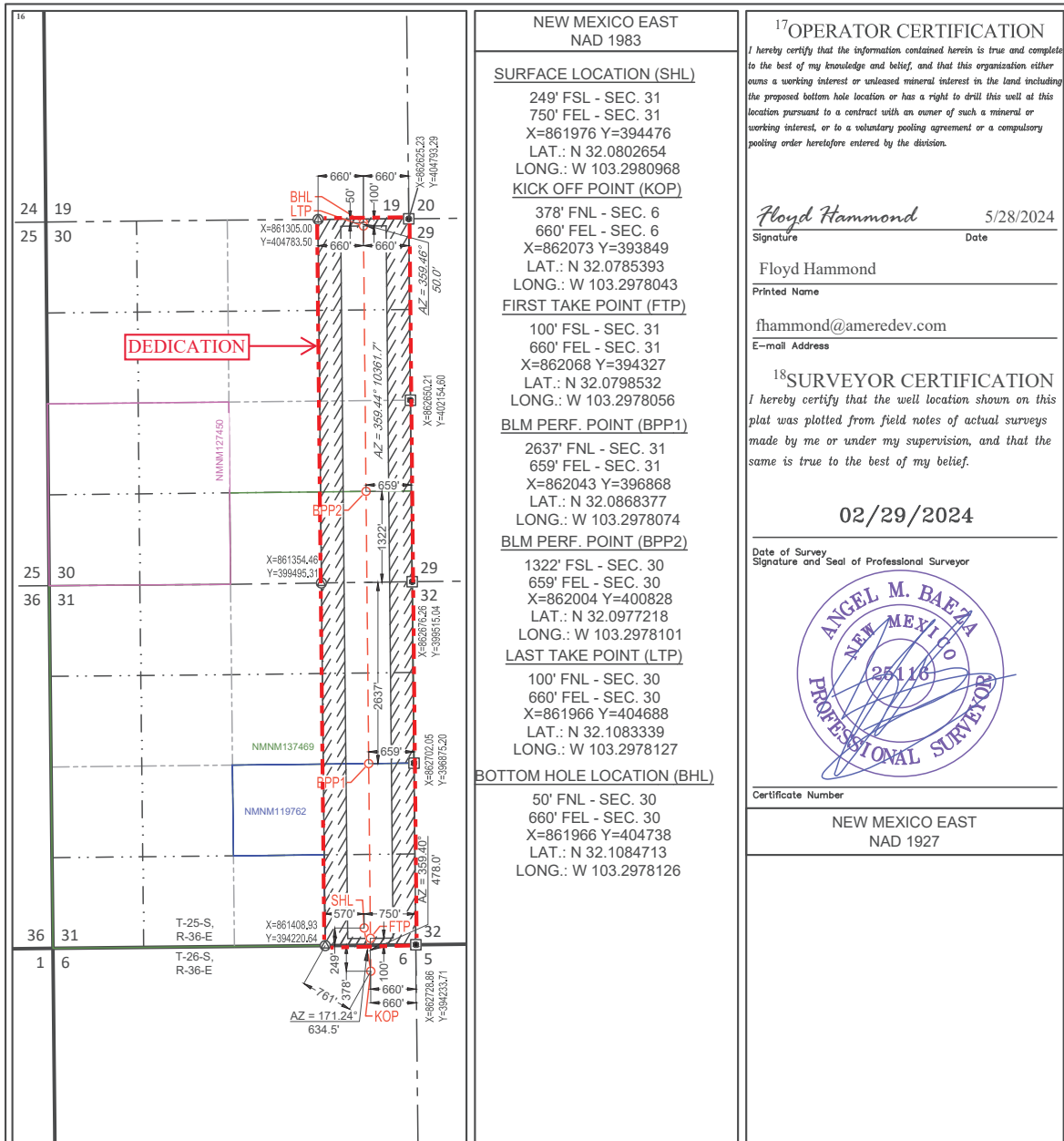
<sup>1</sup> API Number 30-025-52193	<sup>2</sup> Pool Code 98150	<sup>3</sup> Pool Name WC-025 G-08 S263620C; LWR BONE SPRING
<sup>4</sup> Property Code 322647	<sup>5</sup> Property Name NANDINA FED COM 25 36 31	
<sup>7</sup> OGRID No. 372224	<sup>8</sup> Operator Name AMEREDEV OPERATING, LLC.	<sup>6</sup> Well Number 097H
		<sup>9</sup> Elevation 3010'

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	31	25-S	36-E	-	249'	SOUTH	750'	EAST	LEA

<sup>11</sup> Bottom 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
A	30	25-S	36-E	-	50'	NORTH	660'	EAST	LEA

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code C	<sup>15</sup> 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.



NEW MEXICO EAST  
NAD 1983

**SURFACE LOCATION (SHL)**  
249' FSL - SEC. 31  
750' FEL - SEC. 31  
X=861976 Y=394476  
LAT.: N 32.0802654  
LONG.: W 103.2980968  
**KICK OFF POINT (KOP)**  
378' FNL - SEC. 6  
660' FEL - SEC. 6  
X=862073 Y=393849  
LAT.: N 32.0785393  
LONG.: W 103.2978043  
**FIRST TAKE POINT (FTP)**  
100' FSL - SEC. 31  
660' FEL - SEC. 31  
X=862068 Y=394327  
LAT.: N 32.0798532  
LONG.: W 103.2978056  
**BLM PERF. POINT (BPP1)**  
2637' FNL - SEC. 31  
659' FEL - SEC. 31  
X=862043 Y=396868  
LAT.: N 32.0868377  
LONG.: W 103.2978074  
**BLM PERF. POINT (BPP2)**  
1322' FSL - SEC. 30  
659' FEL - SEC. 30  
X=862004 Y=400828  
LAT.: N 32.0977218  
LONG.: W 103.2978101  
**LAST TAKE POINT (LTP)**  
100' FNL - SEC. 30  
660' FEL - SEC. 30  
X=861966 Y=404688  
LAT.: N 32.1083339  
LONG.: W 103.2978127  
**BOTTOM HOLE LOCATION (BHL)**  
50' FNL - SEC. 30  
660' FEL - SEC. 30  
X=861966 Y=404738  
LAT.: N 32.1084713  
LONG.: W 103.2978126

**<sup>17</sup>OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Floyd Hammond* 5/28/2024  
Signature Date

Floyd Hammond  
Printed Name

fhammond@ameredev.com  
E-mail Address

**<sup>18</sup>SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

02/29/2024  
Date of Survey

Signature and Seal of Professional Surveyor

**ANGEL M. BAEZA**  
NEW MEXICO  
25116  
PROFESSIONAL SURVEYOR

Certificate Number

NEW MEXICO EAST  
NAD 1927

SEC 30, T25S-36E	TR 1 FEE 80 AC
	TR 2 FEE 40 AC
	TR 3 FED
SEC 31, T25S-36E	NMNM 137469 120 AC
	TR 4 FED NMNM 119762 80 AC

SEC 30, T25S-36E	NANDINA FED COM 25 36 31 087H & 097H BONE SPRING UNIT
SEC 31, T25S-36E	

**NANDINA FED COM 25 36 31 087H & 097H- BONE SPRING UNIT**  
 E2E2 OF SECTIONS 30 & 31, T25S-R36E, LEA COUNTY, NM  
 WELLS INCLUDED IN UNIT: NANDINA FED COM 25 36 31 087H AND NANDINA FED  
 COM 25 36 31 097H

LEASEHOLD OWNERSHIP IN NANDINA FED COM 25 36 31 087H & 097H- BONE SPRING UNIT E2E2 OF SECTIONS 30 & 31, T25S-R36E, LEA COUNTY, NM					
PARTY	TR 1	TR2	TR 3	TR 4	UNIT RECAP
AMEREDEV NEW MEXICO, LLC	0.125	0.078125001	0.375	0.25	0.828125001
MAVROS OIL COMPANY, LLC	0.041666667	0.015625	-	-	0.057291667
GOOD NEWS MINERALS	0.041666667	0.015625	-	-	0.057291667
GULF COAST WESTERN LLC	0.041666667	0.015625	-	-	0.057291667
					<b>1.00000000</b>

PARTIES TO POOL	INTEREST TYPE
<b>MAVROS OIL COMPANY, LLC</b> PO BOX 50820 MIDLAND , TX 79710	WI
<b>GOOD NEWS MINERALS</b> PO BOX 50820 MIDLAND , TX 79710	WI
<b>GULF COAST WESTERN LLC</b> 14160 DALLAS PARKWAY #500 DALLAS, TX 75254	WI
<b>VIDA NOVA ROYALTIES LLC</b> 24176 SPARTINA DR VENICE, FL 34293	NPRI
<b>B&amp;L MINERALS LLC</b> PO BOX 280969 LAKEWOOD, CO 80228	NPRI

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C-3  
Submitted by: Ameredev Operating, LLC  
Hearing Date: August 8, 2024  
Case No. 24700



Ameredev II, LLC  
2901 Via Fortune, Suite 600  
Austin, Texas 78746



May 24, 2024

Via Certified Return Receipt Mail Tracking No.  
9589 0710 5270 0480 9115 89

GOOD NEWS MINERALS  
PO BOX 50820  
Midland, TX 79710

RE: Nandina Fed Com 25-36-31 87H & Nandina Fed Com 25-36-31 97H Well Proposal  
E2E2 of Sections 30 and 31  
Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico

Dear Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the following horizontal wells, testing the Bone Spring formation at a surface location in Section 31, T25S-R36E with bottom hole location in Section 30, T25S-R36E, Lea County, New Mexico (collectively, the "Operation"). The proposed wells will fall within a 320.00-acre spacing unit in the Bone Spring Formation limited to the E2E2 of Sections 30 and 31, T25S-R36E, Lea County, New Mexico.

Proposed Wells:

- 1) **Nandina Fed Com 25 36 31 87H** to be drilled to a depth sufficient to test the Bone Spring formation at an approximate total vertical depth of 9,690 feet and a measured depth of 20,960 feet. The surface location for this well is proposed at a legal location in unit letter P of Section 31, T25S-R36E, being 250' FSL, 730' FEL and a bottom hole location at a legal location in unit letter A of Section 30, T25S-R36E, being 50' FNL, 331' FEL. The estimated cost to drill and complete said well is \$11,310,772.06, as shown on the attached authority for expenditure ("AFE").
- 2) **Nandina Fed Com 25 36 31 97H** to be drilled to a depth sufficient to test the Bone Spring formation at an approximate total vertical depth of 10,220 feet and a measured depth of 21,011 feet. The surface location for this well is proposed at a legal location in unit letter P of Section 31, T25S-R36E, being 249' FSL, 750' FEL and a bottom hole location at a legal location in unit letter A of Section 30, T25S-R36E, 50' FNL, 660' FEL. The estimated cost to drill and complete said well is \$11,309,038.69, as shown on the attached authority for expenditure ("AFE").

Ameredev is proposing the above wells under the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of E2E2 of Sections 30 and 31, Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico, limited to the Bone Spring Formation with Ameredev listed as the Operator ("Contract Area")
- 100%/300%/300% non-consent risk penalties
- \$10,000/\$1,000 drilling and producing overhead rates

The AFE is only an estimate and may not represent the actual costs. The actual depth and lateral length may change due to unexpected conditions encountered during drilling operations. Each participating party shall be obligated to bear its proportionate share of actual drilling and completion expenses.

In the interest of time, if we do not reach an agreement within thirty (30) days of the date of this letter, Ameredev will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a horizontal spacing unit for the proposed Operation.

If you elect to participate in the drilling and completion of the proposed wells, please indicate in the space below and return an executed copy of this letter along with signed copies of the enclosed AFEs to my attention at the letterhead address.

If you do not wish to participate in the Operation, Ameredev would be interested in acquiring your leasehold interest for a mutually acceptable offer.

Thank you for your consideration of our proposal. If you have any questions, please contact me at 737-444-2997 or [LLauffer@ameredev.com](mailto:LLauffer@ameredev.com). Ameredev looks forward to working with you on this matter.

Sincerely,

Lizzy Laufer  
737-444-2997

**Please indicate your election below:**

**Election Ballot for the Nandina Fed Com 25 36 31 87H Well Proposal (AFE# 2024-019)**

\_\_\_\_\_ GOOD NEWS MINERALS elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2024-019.

\_\_\_\_\_ GOOD NEWS MINERALS elects to not participate in the proposed Operation.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

GOOD NEWS MINERALS

\_\_\_\_\_

By:

Its:

**Election Ballot for the Nandina Fed Com 25 36 31 97H Well Proposal (AFE# 2024-020)**

\_\_\_\_\_ GOOD NEWS MINERALS elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2024-020.

\_\_\_\_\_ GOOD NEWS MINERALS elects to not participate in the proposed Operation.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

GOOD NEWS MINERALS

\_\_\_\_\_

By:

Its:



<b>Company Entity</b> Ameredev Operating, LLC
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<b>Date Prepared</b> May 24, 2024
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AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	Nandina Fed Com 25 36 31 097H	Delaware	40796	2024-020

Location	County	State	Well Type
SHL: Sec. 31 25S 36E 249' FSL 750' FEL BHL: Sec. 30 25S 36E 50' FNL 660' FEL	Lea	NM	Oil Prod

Estimate Type	Start Date	Completion Date	Formation	MD
Original	September 29, 2024	December 28, 2024	BONE SPRING	21,011' TVD 10,220'

**Project Description**  
Drill ~10,000' BONE SPRING lateral. Complete with ~2200 PPF. Drill out plugs and run tubing with gas lift. Tie in to the Central Tank Battery.

**Total Cost** **\$11,309,038.69**

**Comments on Associated Costs**  
Included costs for satellite pad if well goes through a satellite. This is split respectively on the number of wells that are going through the satellite.

**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



Two Well Location

Nandina Fed Com 25 36 31 097H Delaware

Intangibles	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
MISC PREPARATION COSTS	4	\$ 46,924.56	\$ -	\$ 46,924.56
EASEMENT, ROW, AND ACQUISITION	6	\$ -	\$ 12,653.33	\$ 12,653.33
ROAD / LOCATION PREP / RESTORATION	8	\$ 4,002.95	\$ 108,782.94	\$ 112,785.89
DRILLING RIG	10	\$ 712,500.00	\$ 44,400.00	\$ 756,900.00
COIL TUBING	12	\$ -	\$ 165,306.75	\$ 165,306.75
FUEL	16	\$ 96,187.50	\$ 616,170.92	\$ 712,358.42
TRAILER, CAMP, AND CATERING	18	\$ 34,162.50	\$ 30,276.66	\$ 64,439.16
SURFACE RENTALS	24	\$ 118,290.00	\$ 74,235.33	\$ 192,525.33
DRILL BITS	28	\$ 100,050.00	\$ 3,500.00	\$ 103,550.00
DOWNHOLE RENTALS	30	\$ 26,765.00	\$ 56,000.00	\$ 82,765.00
DIRECTIONAL DRILLING	32	\$ 238,500.00	\$ -	\$ 238,500.00
COMPOSITE PLUGS	34	\$ -	\$ 45,900.00	\$ 45,900.00
TUBING & BHA INSPECT & REPAIR	42	\$ 60,911.00	\$ -	\$ 60,911.00
RENTAL TUBING	46	\$ 46,893.18	\$ -	\$ 46,893.18
WELL CONTROL EQUIP / SERVICES	48	\$ 50,516.93	\$ 255,554.96	\$ 306,071.89
PUMP TRUCK / PRESSURE TESTING	54	\$ 2,500.00	\$ -	\$ 2,500.00
MUD, ADDITIVES, AND CHEMICALS	60	\$ 139,183.75	\$ 388,901.13	\$ 528,084.88
FRAC PUMPING CHARGES	61	\$ -	\$ 1,831,226.00	\$ 1,831,226.00
WATER RIGHTS / TRANSFER / STORAGE	62	\$ 19,962.50	\$ 510,497.27	\$ 530,459.77
SOLIDS CONTROL EQUIP / SERVICES	66	\$ 75,409.50	\$ -	\$ 75,409.50
MUD / FLUIDS DISPOSAL CHARGES	68	\$ 198,441.00	\$ 33,365.27	\$ 231,806.27
CASING CREWS	70	\$ 58,938.52	\$ -	\$ 58,938.52
CEMENTING	72	\$ 353,644.32	\$ -	\$ 353,644.32
MOBILIZE & DEMOBILIZE	86	\$ 111,367.50	\$ -	\$ 111,367.50
SUPERVISION / COMPANY	92	\$ 1,045.22	\$ -	\$ 1,045.22
SUPERVISION / CONTRACT	94	\$ 90,000.00	\$ 157,730.00	\$ 247,730.00
ENGINEERING / CONSULTANT	102	\$ 77,683.27	\$ 9,000.00	\$ 86,683.27
CONTRACT ROUSTABOUT	103	\$ 2,400.20	\$ -	\$ 2,400.20
CONTRACT LANDWORK / SURVEY	114	\$ -	\$ 49,000.00	\$ 49,000.00
NONDESTRUCTIVE WELD TESTING	118	\$ -	\$ 2,000.00	\$ 2,000.00
CONSTRUCTION LABOR	120	\$ -	\$ 17,925.00	\$ 17,925.00
REGULTRY / ENVIRON CONSULTANT	122	\$ -	\$ 13,500.00	\$ 13,500.00
SAFETY AND EMERGENCY RESPONSE	124	\$ 3,000.00	\$ 102,395.00	\$ 105,395.00
WELDING & MATERIALS	138	\$ -	\$ 12,925.00	\$ 12,925.00
GASLIFT / FLOW LINE CONSTRUCTION	144	\$ -	\$ 61,550.00	\$ 61,550.00
OVERHEAD	152	\$ 7,183.00	\$ -	\$ 7,183.00
BLOWOUT INSURANCE	158	\$ 14,241.00	\$ -	\$ 14,241.00
ENVIRONMENTAL / PERMITTING	172	\$ 10,500.00	\$ -	\$ 10,500.00
LEGAL / REGULATORY	182	\$ 2,307.00	\$ -	\$ 2,307.00
FLOW TESTING / EQUIP	194	\$ -	\$ 66,706.45	\$ 66,706.45
MUD LOGGING	198	\$ 18,600.00	\$ -	\$ 18,600.00
WIRELINE / PERF / PUMPDOWN COSTS	200	\$ -	\$ 473,999.69	\$ 473,999.69
OVERHEAD POWER	256	\$ -	\$ 159,100.00	\$ 159,100.00
FACILITY ELECTRIC & AUTOMATION	258	\$ -	\$ 144,754.50	\$ 144,754.50
ELECTRICAL	296	\$ -	\$ 36,350.00	\$ 36,350.00
TRANSPORTATION	326	\$ 90,000.00	\$ 9,630.00	\$ 99,630.00
VACUUM TRUCK	328	\$ 22,500.00	\$ 26,255.19	\$ 48,755.19
TRANSPORTATION / GATHERING EXP	378	\$ -	\$ 240.94	\$ 240.94
Contingency	3.00%	\$ 85,038.31	\$ 165,594.97	\$ 250,633.28
Tax	6.25%	\$ 177,163.15	\$ 344,989.52	\$ 522,152.67
<b>Total Intangible Cost</b>		\$ 3,096,811.86	\$ 6,030,416.82	\$ 9,127,228.68

Tangibles - Well Equipment	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
CASING / LINER / FLOAT EQUIPMENT	74	\$ 43,500.00	\$ -	\$ 43,500.00
SURFACE CASING	210	\$ 103,855.00	\$ -	\$ 103,855.00
INTERMEDIATE CASING	212	\$ 397,513.08	\$ -	\$ 397,513.08
PRODUCTION CASING	216	\$ 764,929.05	\$ -	\$ 764,929.05
TUBING	217	\$ -	\$ 110,951.47	\$ 110,951.47
WELLHEAD / TREE / CHOKES	218	\$ 85,000.00	\$ 187,605.07	\$ 272,605.07
ISOLATION PACKER	222	\$ -	\$ 13,959.09	\$ 13,959.09
DOWNHOLE LIFT EQUIPMENT	234	\$ -	\$ 12,000.00	\$ 12,000.00
TANK BATT / PROCESS EQUIP / MAINT	236	\$ -	\$ 90,000.00	\$ 90,000.00
LINE PIPE	238	\$ -	\$ 10,260.00	\$ 10,260.00
FLOW LINE (PIPE WH TO FACILITY)	266	\$ -	\$ 73,247.00	\$ 73,247.00
PIPELINE TO SALES	270	\$ -	\$ 23,147.50	\$ 23,147.50
METERS AND METERING EQUIPMENT	274	\$ -	\$ 39,400.00	\$ 39,400.00
VALVES, FITTINGS, PROD INSTRUM	282	\$ -	\$ 41,712.84	\$ 41,712.84
Contingency	3.00%	\$ 41,843.91	\$ 18,068.49	\$ 59,912.40
Tax	6.25%	\$ 87,174.82	\$ 37,642.69	\$ 124,817.51
<b>Total Tangible Cost</b>		\$ 1,523,815.86	\$ 657,994.14	\$ 2,181,810.01
<b>TOTAL</b>		\$ 4,620,627.73	\$ 6,688,410.96	\$ 11,309,038.69



Amerdev R, LLC

Company Entity
Amerdev Operating, LLC

Date Prepared
May 23, 2024

AFE Type	Project	Field Name	Cost Center	AFE No.
Capital	Nandina Fed Com 25 36 31 087H	Delaware	40785	2024-019

Location	County	State	Well Type
SHL: Sec. 31 25S 36E 250' FSL 730' FEL BHL: Sec. 30 25S 36E 50' FNL 331' FEL	Lea	NM	Oil Prod

Estimate Type	Start Date	Completion Date	Formation	MD
Original	November 19, 2024	February 17, 2025	BONE SPRING	20,960' TVD 9,690'

**Project Description**  
Drill ~10,000' BONE SPRING lateral. Complete with ~2200 PPF. Drill out plugs and run tubing with gas lift. Tie in to the Central Tank Battery.

<b>Total Cost</b>	<b>\$11,310,772.06</b>
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**Comments on Associated Costs**  
Included costs for satellite pad if well goes through a satellite. This is split respectively on the number of wells that are going through the satellite.

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

Joint Interest Approval		
Company	Approved By	Date



Two Well Location

Nandina Fed Com 25 36 31 087H Delaware

Intangibles	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	1	\$ -	\$ -	\$ -
MISC PREPARATION COSTS	4	\$ 46,924.56	\$ -	\$ 46,924.56
EASEMENT, ROW, AND ACQUISITION	6	\$ -	\$ 13,240.15	\$ 13,240.15
ROAD / LOCATION PREP / RESTORATION	8	\$ 4,002.95	\$ 108,782.94	\$ 112,785.89
DRILLING RIG	10	\$ 712,500.00	\$ 44,400.00	\$ 756,900.00
COIL TUBING	12	\$ -	\$ 165,306.75	\$ 165,306.75
NITROGEN SERVICES	14	\$ -	\$ -	\$ -
FUEL	16	\$ 96,187.50	\$ 616,170.92	\$ 712,358.42
MUD DIESEL	17	\$ -	\$ -	\$ -
TRAILER, CAMP, AND CATERING	18	\$ 34,162.50	\$ 30,276.66	\$ 64,439.16
WATER & SEPTIC	20	\$ -	\$ -	\$ -
TRAVEL	22	\$ -	\$ -	\$ -
SURFACE RENTALS	24	\$ 118,290.00	\$ 74,235.33	\$ 192,525.33
AMEREDEV OWNED RENTAL EQUIP	26	\$ -	\$ -	\$ -
DRILL BITS	28	\$ 100,050.00	\$ 3,500.00	\$ 103,550.00
DOWNHOLE RENTALS	30	\$ 26,765.00	\$ 56,000.00	\$ 82,765.00
DIRECTIONAL DRILLING	32	\$ 238,500.00	\$ -	\$ 238,500.00
COMPOSITE PLUGS	34	\$ -	\$ 45,900.00	\$ 45,900.00
TUBING & BHA INSPECT & REPAIR	42	\$ 60,911.00	\$ -	\$ 60,911.00
RENTAL TUBING	46	\$ 46,893.18	\$ -	\$ 46,893.18
WELL CONTROL EQUIP / SERVICES	48	\$ 50,516.93	\$ 255,554.96	\$ 306,071.89
PUMP TRUCK / PRESSURE TESTING	54	\$ 2,500.00	\$ -	\$ 2,500.00
MISC SUPPLIES & MATERIALS	56	\$ -	\$ -	\$ -
CHEMICALS	59	\$ -	\$ -	\$ -
MUD, ADDITIVES, AND CHEMICALS	60	\$ 139,183.75	\$ 388,901.13	\$ 528,084.88
FRAC PUMPING CHARGES	61	\$ -	\$ 1,831,226.00	\$ 1,831,226.00
WATER RIGHTS / TRANSFER / STORAGE	62	\$ 19,962.50	\$ 510,497.27	\$ 530,459.77
SOLIDS CONTROL EQUIP / SERVICES	66	\$ 75,409.50	\$ -	\$ 75,409.50
MUD / FLUIDS DISPOSAL CHARGES	68	\$ 198,441.00	\$ 33,365.27	\$ 231,806.27
CASING CREWS	70	\$ 58,938.32	\$ -	\$ 58,938.32
CEMENTING	72	\$ 353,644.32	\$ -	\$ 353,644.32
CASING / LINER / FLOAT EQUIPMENT	74	\$ -	\$ -	\$ -
REMEDIAL CEMENTING	76	\$ -	\$ -	\$ -
PIT SERVICING	78	\$ -	\$ -	\$ -
MOBILIZE & DEMOBILIZE	86	\$ 111,367.50	\$ -	\$ 111,367.50
TURNKEY	90	\$ -	\$ -	\$ -
SUPERVISION / COMPANY	92	\$ 1,045.22	\$ -	\$ 1,045.22
SUPERVISION / CONTRACT	94	\$ 90,000.00	\$ 157,730.00	\$ 247,730.00
COMPANY PUMPER	96	\$ -	\$ -	\$ -
CONTRACT PUMPER	98	\$ -	\$ -	\$ -
ENGINEERING / COMPANY	100	\$ -	\$ -	\$ -
ENGINEERING / CONSULTANT	102	\$ 77,683.27	\$ 9,000.00	\$ 86,683.27
CONTRACT ROUSTABOUT	103	\$ 2,400.20	\$ -	\$ 2,400.20
COMPANY ROUSTABOUT	104	\$ -	\$ -	\$ -
CONTRACT INSPECTION	106	\$ -	\$ -	\$ -
TURNKEY CONTRACT - PIPELINE	108	\$ -	\$ -	\$ -
TURNKEY CONTRACT - FACILITIES	110	\$ -	\$ -	\$ -
TURNKEY CONTRACT CHANGE ORDER	112	\$ -	\$ -	\$ -
CONTRACT LANDWORK / SURVEY	114	\$ -	\$ 49,000.00	\$ 49,000.00
SALARIES / FIXED CAPITAL	116	\$ -	\$ -	\$ -
NONDESTRUCTIVE WELD TESTING	118	\$ -	\$ 3,000.00	\$ 3,000.00
CONSTRUCTION LABOR	120	\$ -	\$ 17,925.00	\$ 17,925.00
REGULTRY / ENVIRON CONSULTANT	122	\$ -	\$ 13,500.00	\$ 13,500.00
SAFETY AND EMERGENCY RESPONSE	124	\$ 3,000.00	\$ 102,395.00	\$ 105,395.00
TRAINING	126	\$ -	\$ -	\$ -
PAINTING / INSULATION	128	\$ -	\$ -	\$ -
CATHODIC PROTECTION	130	\$ -	\$ -	\$ -
WELDING & MATERIALS	138	\$ -	\$ 12,925.00	\$ 12,925.00
SALES PIPELINE CONSTRUCTION	140	\$ -	\$ -	\$ -
INSTALL SALES PIPELINE LABOR	142	\$ -	\$ -	\$ -

GASLIFT / FLOW LINE CONSTRUCTION	144	\$	-	\$	61,550.00	\$	61,550.00
COMPRESSOR INSTALL & MAINT	146	\$	-	\$	-	\$	-
CURATIVE BCP	148	\$	-	\$	-	\$	-
OVERHEAD	152	\$	7,183.00	\$	-	\$	7,183.00
OUTSIDE OPERATED	154	\$	-	\$	-	\$	-
OTHER ACCRUED AFE COSTS	156	\$	-	\$	-	\$	-
BLOWOUT INSURANCE	158	\$	14,241.00	\$	-	\$	14,241.00
CONTINGENCY	160	\$	-	\$	-	\$	-
AD VALOREM TAX	164	\$	-	\$	-	\$	-
P&A COSTS	166	\$	-	\$	-	\$	-
DISTRICT EXPENCE	168	\$	-	\$	-	\$	-
ROYALTIES	170	\$	-	\$	-	\$	-
ENVIRONMENTAL / PERMITTING	172	\$	10,500.00	\$	-	\$	10,500.00
SECONDARY RECOVERY ALLOC. EXP	174	\$	-	\$	-	\$	-
TRCC / OCC / BLM / ADM FEE	178	\$	-	\$	-	\$	-
DIVISION ORDER TITLE OPINION	180	\$	-	\$	-	\$	-
LEGAL / REGULATORY	182	\$	2,307.00	\$	-	\$	2,307.00
GEOLOGY	186	\$	-	\$	-	\$	-
CORE PROCESSING	188	\$	-	\$	-	\$	-
SIDEWALL CORING	190	\$	-	\$	-	\$	-
DRILL STEM TESTING	192	\$	-	\$	-	\$	-
FLOW TESTING / EQUIP	194	\$	-	\$	66,706.45	\$	66,706.45
GAS ANALYSIS	196	\$	-	\$	-	\$	-
MUD LOGGING	198	\$	18,600.00	\$	-	\$	18,600.00
WIRELINE / PERF / PUMPDOWN COSTS	200	\$	-	\$	473,999.69	\$	473,999.69
FORMATION EVALUATION	202	\$	-	\$	-	\$	-
FISHING & SIDETRACK SERVICES	203	\$	-	\$	-	\$	-
SECONDARY CONTAINMENT	254	\$	-	\$	-	\$	-
OVERHEAD POWER	256	\$	-	\$	159,100.00	\$	159,100.00
FACILITY ELECTRIC & AUTOMATION	258	\$	-	\$	144,754.50	\$	144,754.50
SWD CONNECTION	262	\$	-	\$	-	\$	-
CRANE FOR CONSTRUCTION	278	\$	-	\$	-	\$	-
CIVIL WORK / FOUNDATIONS	288	\$	-	\$	-	\$	-
MAJOR INSTRUMENTATION	292	\$	-	\$	-	\$	-
ELECTRICAL	296	\$	-	\$	36,350.00	\$	36,350.00
CONSUMABLES	302	\$	-	\$	-	\$	-
GENERAL CONSTRUCTION	306	\$	-	\$	-	\$	-
ACCESS / CLEARING / SITE PREP	314	\$	-	\$	-	\$	-
PIPELINE ACCESS / CLEARING / ROW	318	\$	-	\$	-	\$	-
TRANSPORTATION	326	\$	90,000.00	\$	9,630.00	\$	99,630.00
VACUUM TRUCK	328	\$	22,500.00	\$	26,255.19	\$	48,755.19
WELL SERVICING	334	\$	-	\$	-	\$	-
GAS LIFT - BUY BACK INJ GAS	336	\$	-	\$	-	\$	-
WATER INJECTION WELL REPAIRS	340	\$	-	\$	-	\$	-
WATER TREATMENT FEE	348	\$	-	\$	-	\$	-
WATER TREATMENT EQUIP / INSTALL	349	\$	-	\$	-	\$	-
GAS TREATING	352	\$	-	\$	-	\$	-
OIL TREATING	356	\$	-	\$	-	\$	-
GAS DEHYDRATION	360	\$	-	\$	-	\$	-
LUBRICANTS (OIL, GREASE, ETC)	368	\$	-	\$	-	\$	-
COMPRESSOR RENTAL	372	\$	-	\$	-	\$	-
TRANSPORTATION / GATHERING EXP	378	\$	-	\$	240.94	\$	240.94
SALTWATER DISPOSAL COST	380	\$	-	\$	-	\$	-
ACIDIZE, BREAKDOWN	382	\$	-	\$	-	\$	-
DETAILED INTANGIBLES-ACP	384	\$	-	\$	-	\$	-
WORKOVERS - NON AFE	386	\$	-	\$	-	\$	-
REPLACEMENT EQUIP-EXP WORKOVER	388	\$	-	\$	-	\$	-
WINDWALLS	390	\$	-	\$	-	\$	-
Contingency	3.00%	\$	85,038.31	\$	165,642.57	\$	250,680.88
Tax	6.25%	\$	177,163.14	\$	345,088.70	\$	522,251.83
<b>Total Intangible Cost</b>		\$	<b>3,096,811.64</b>	\$	<b>6,032,150.41</b>	\$	<b>9,128,962.06</b>
<b>Tangibles - Well Equipment</b>							
	<b>Code</b>		<b>Dry Hole Cost</b>		<b>After Casing Point Cost</b>		<b>Total Cost</b>
CASING / LINER / FLOAT EQUIPMENT	74	\$	43,500.00	\$	-	\$	43,500.00
SURFACE CASING	210	\$	103,855.00	\$	-	\$	103,855.00
INTERMEDIATE CASING	212	\$	397,513.08	\$	-	\$	397,513.08



PRODUCTION CASING	216	\$	764,929.05	\$	-	\$	764,929.05
TUBING	217	\$	-	\$	110,951.47	\$	110,951.47
WELLHEAD / TREE / CHOKES	218	\$	85,000.00	\$	187,605.07	\$	272,605.07
ISOLATION PACKER	222	\$	-	\$	13,959.09	\$	13,959.09
DOWNHOLE LIFT EQUIPMENT	234	\$	-	\$	12,000.00	\$	12,000.00
TANK BATT / PROCESS EQUIP / MAINT	236	\$	-	\$	90,000.00	\$	90,000.00
LINE PIPE	238	\$	-	\$	10,260.00	\$	10,260.00
FLOW LINE (PIPE WH TO FACILITY)	266	\$	-	\$	73,247.00	\$	73,247.00
PIPELINE TO SALES	270	\$	-	\$	23,147.50	\$	23,147.50
METERS AND METERING EQUIPMENT	274	\$	-	\$	39,400.00	\$	39,400.00
VALVES, FITTINGS, PROD INSTRUM	282	\$	-	\$	41,712.84	\$	41,712.84
Contingency	3.00%	\$	40,538.91	\$	18,068.49	\$	59,912.40
Tax	6.25%	\$	84,456.07	\$	37,642.69	\$	124,817.51
<b>Total Tangible Cost</b>		\$	<b>1,476,292.11</b>	\$	<b>657,994.14</b>	\$	<b>2,181,810.01</b>
<b>TOTAL</b>		\$	<b>4,573,103.76</b>	\$	<b>6,690,144.56</b>	\$	<b>11,310,772.06</b>

**Chronology Efforts Nandina Fed Com 25 36 31 087H & Nandina Fed Com 25 36 31 097H:**

**5/24/24** - Well proposals and AFE's mailed via certified mail to working interest owners. Received executed Green Cards from all parties.

**5/30/24**- Correspondence with Gulf Coast Western, LLC concerning well proposals and development plan.

**5/31/2024**- Received executed election letter from Gulf Cost Western to participate in both the Nandina Fed Com 25 36 31 087H & Nandina Fed Com 25 36 31 097H, will participate under order.

**7/10/24**- A second attempt well proposal and AFE mailed via certified mail to Good New Minerals and Mavros Oil Company, LLC. Received executed green cards from both parties on 7/18/24.

**7/31/24**- correspondence with Vida Nova Royalties LLC. Emailed NPRI ratification for execution.

Ameredev's counsel sent notice of the force pooling applications to the addresses of record for the uncommitted interest owners and NPRI owners. Ameredev counsel also published a notice in a newspaper of general circulation in the county where the wells will be located.

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

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

**CASE NO. 24700**

**SELF-AFFIRMED STATEMENT OF PARKER FOY**

1. My name is Parker Foy. I work for Ameredev Operating, LLC (“Ameredev”) as a Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum geology matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by Ameredev in this case, and I have conducted a geologic study of the lands in the subject area.
4. **Ameredev Exhibit D-1** is a locator map that shows Ameredev’s acreage in yellow and the path of the proposed wellbore. Nearby wells that are producing in the target formation are marked with green dots. This map also shows the location of the Capitan Reef Complex.
5. **Ameredev Exhibit D-2** is a subsea structure map that I prepared for the targeted interval within the Bone Spring formation, with a contour interval of 50 feet. The structure map shows the Bone Spring gently dipping to the southwest. The Bone Spring structure appears consistent across the proposed wellbore paths. I do not observe any faulting, pinchouts, or other geologic impediments to horizontally drilling the well proposed in this spacing unit.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D  
Submitted by: Ameredev Operating, LLC  
Hearing Date: August 8, 2024  
Case No. 24700**

6. **Ameredev Exhibit D-3** shows a line of cross-section in red consisting of wells penetrating the Bone Spring formation that I used to construct a stratigraphic cross-section from A to A'. I consider these wells to be representative of the geology in the area.

7. **Ameredev Exhibit D-4** contains the stratigraphic cross-sections that I prepared displaying open-hole logs run over the target formations from three representative wells denoted from A to A'. For each well in the cross-sections, the exhibit shows the following logs: gamma ray, resistivity, and porosity. The targeted interval is labeled and marked on the left side of the cross-sections. The logs in the cross-sections demonstrate that the interval is continuous across the entire spacing unit.

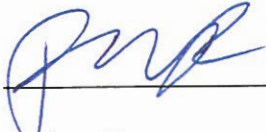
8. In my opinion, standup orientation of the proposed wells is the appropriate orientation for horizontal well development in this area because it is near perpendicular to the maximum horizontal stress of the area.

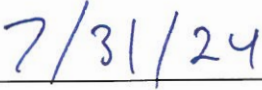
9. Based on my geologic study, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing units will contribute more-or-less equally to the production from the wellbore. I have not identified any geologic impediments to drilling horizontal wells in the area of the spacing unit proposed.

10. 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, and that approving Ameredev's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

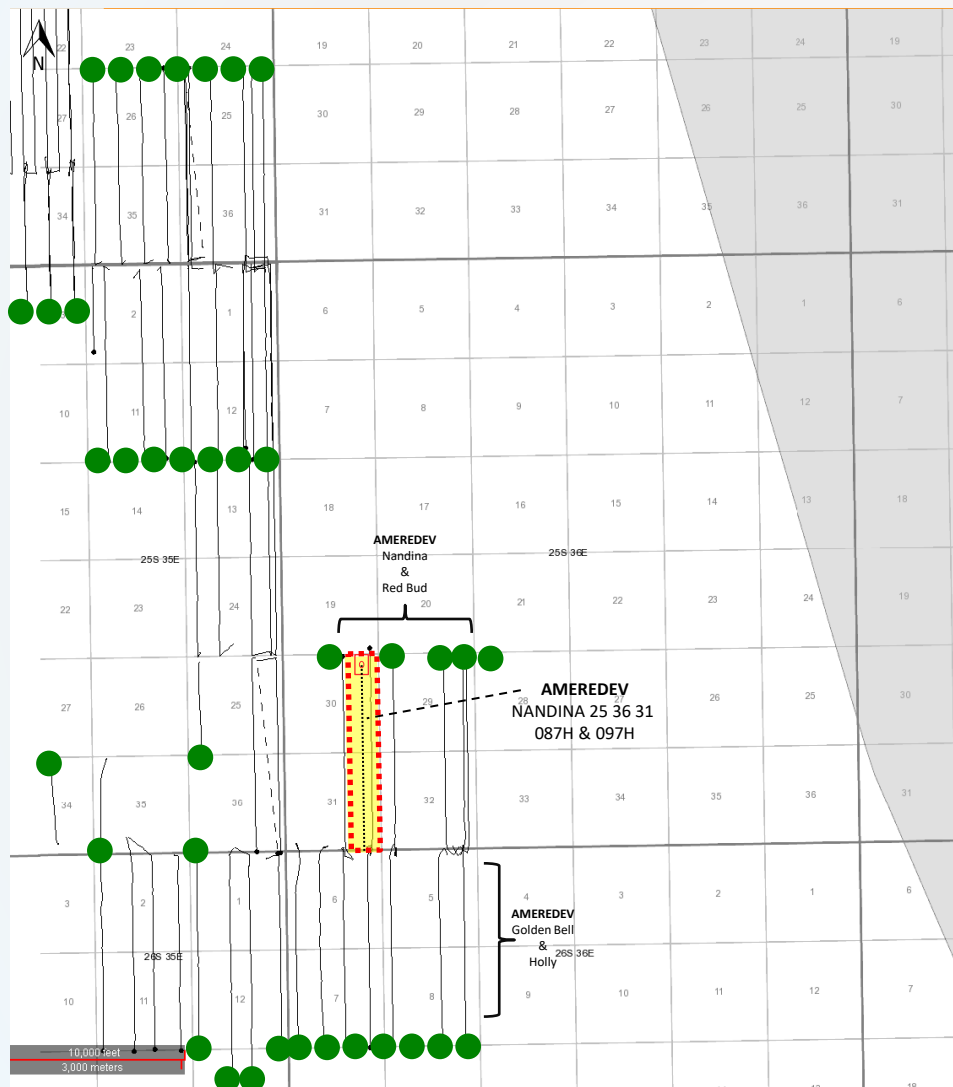
11. **Ameredev's Exhibits D-1 through D-4** were either prepared by me or compiled under my direction and supervision.

12. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.






  
\_\_\_\_\_  
Parker Foy

  
\_\_\_\_\_  
Date

# Bone Spring Pool – Nandina 25 36 31 087H & 097H

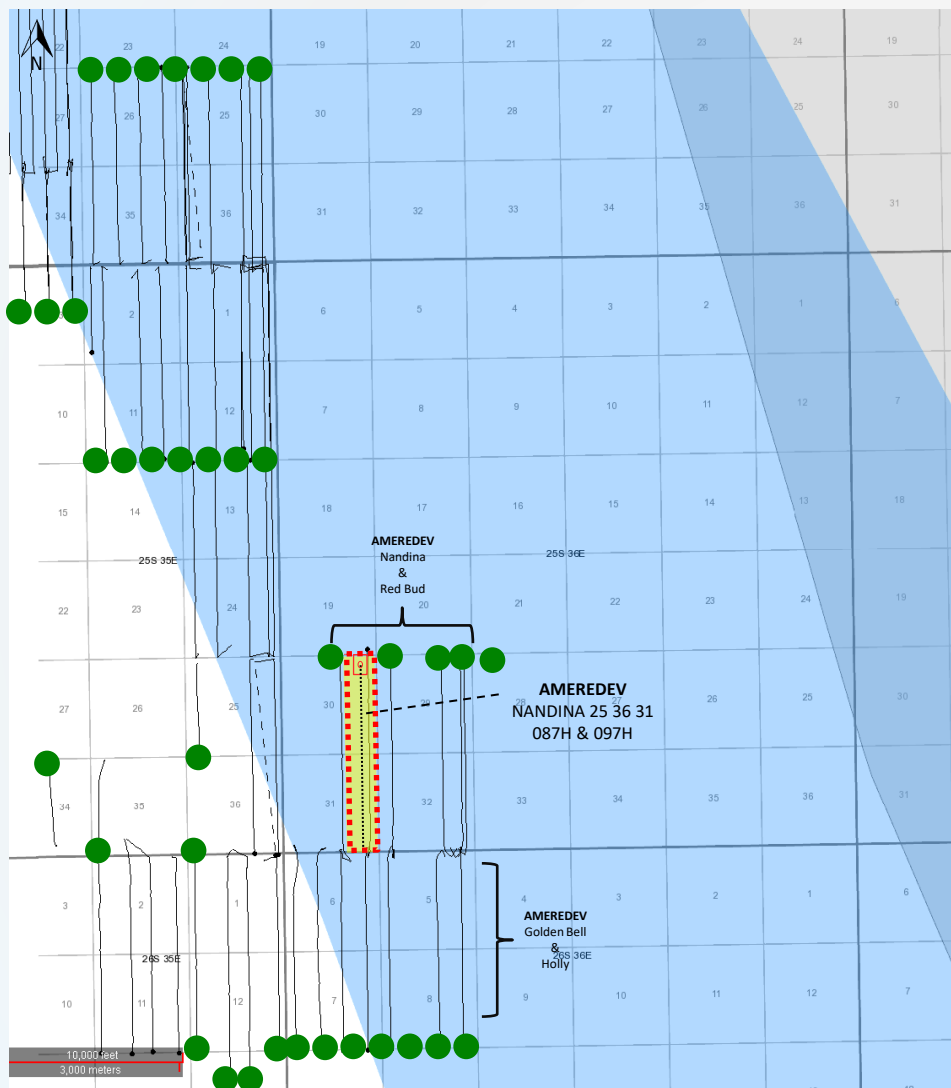


### Map Legend

<b>BHL</b>	<b>SHL</b>	
		
		 Ameredeve BSPG Horizontal Locations
		 Producing BSPG Wells
		 Ameredeve Acreage

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. D-1  
 Submitted by: Ameredeve Operating, LLC  
 Hearing Date: August 8, 2024  
 Case No. 24700

# Bone Spring Pool – Capitan Reef Complex



### Map Legend

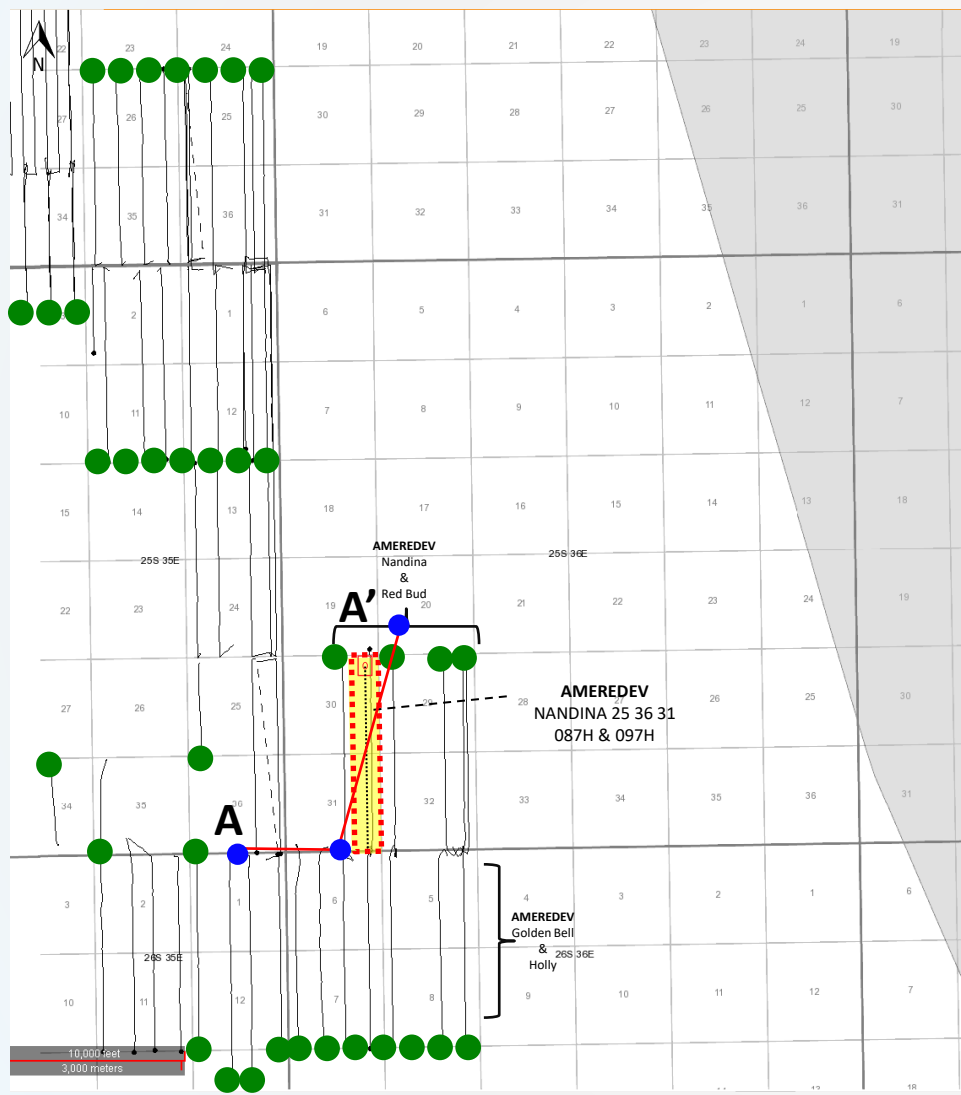
BHL	SHL	
		Ameredeve BSPG Horizontal Locations
		Producing BSPG Wells
		Ameredeve Acreage
		Capitan Reef Complex







# Bone Spring Pool – Cross Section Map



### Map Legend

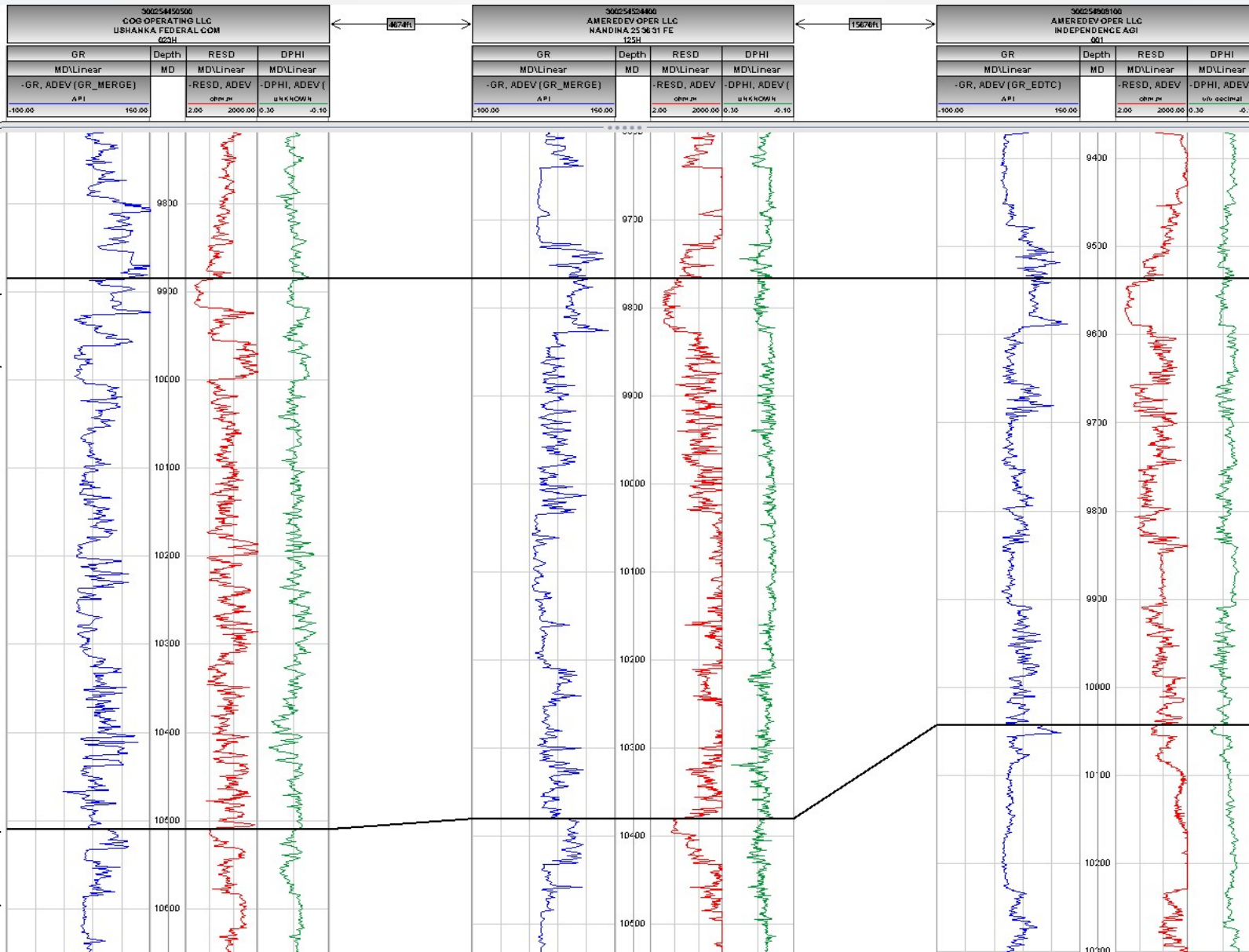
<b>BHL</b>	<b>SHL</b>	
		Ameredeve BSPG Horizontal Locations
		Producing BSPG Wells
		Cross Section Wells & Transect
		Ameredeve Acreage

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. D-3  
 Submitted by: Ameredeve Operating, LLC  
 Hearing Date: August 8, 2024  
 Case No. 24700

# Bone Spring Pool - Stratigraphic Cross Section

A

A'



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

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

**CASE NO. 24700**

**SELF-AFFIRMED STATEMENT OF  
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of Ameredev Operating, LLC (“Ameredev”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of July 29, 2024.

5. I caused a notice to be published to the parties subject to this compulsory pooling proceeding. The affidavit of publication from the publication’s legal clerk with a copy of the notices of publication is attached herein.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. E  
Submitted by: Ameredev Operating, LLC  
Hearing Date: August 8, 2024  
Case No. 24700**



\_\_\_\_\_  
Paula M. Vance

7/31/2024

\_\_\_\_\_  
Date



**Paula M. Vance**  
**Associate**  
**Phone** (505) 988-4421  
**Email** pmvance@hollandhart.com

July 19, 2024

**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: Nandina Fed Com 25 36 31 87H and 97H Wells**

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 August 8, 2024, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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 to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Lizzy Laufer at (737) 444-2997 or [llauffer@ameredev.com](mailto:llauffer@ameredev.com).

Sincerely,

Paula M. Vance  
**ATTORNEY FOR AMEREDEV OPERATING, LLC**

T 505.988.4421  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
[www.hollandhart.com](http://www.hollandhart.com)

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

## Ameredev - Nandina 87H and 87H - Case no. 24700

## Postal Delivery Report

9414811898765466406964	Mavros Oil Company, LLC	PO Box 50820	Midland	TX	79710-0820	Your item was picked up at a postal facility at 10:41 am on July 23, 2024 in MIDLAND, TX 79705.
9414811898765466406926	Good News Minerals	PO Box 50820	Midland	TX	79710-0820	Your item was picked up at a postal facility at 10:41 am on July 23, 2024 in MIDLAND, TX 79705.
9414811898765466406902	Gulf Coast Western LLC	14160 Dallas Pkwy unit 500	Dallas	TX	75254-4319	We were unable to deliver your package at 10:52 am on July 27, 2024 in DALLAS, TX 75254 because the business was closed. We will redeliver on the next business day. No action needed.
9414811898765466406995	Vida Nova Royalties LLC	24176 Spartina Dr	Venice	FL	34293-2788	Your item was delivered to the front desk, reception area, or mail room at 10:52 am on July 22, 2024 in VENICE, FL 34293.
9414811898765466406940	B&L Minerals LLC	PO Box 280969	Lakewood	CO	80228-0969	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.

# 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  
July 25, 2024  
and ending with the issue dated  
July 25, 2024.



Publisher

Sworn and subscribed to before me this  
25th day of July 2024.



Business Manager

My commission expires  
January 29, 2027

(Seal) STATE OF NEW MEXICO  
NOTARY PUBLIC  
GUSSIE RUTH BLACK  
COMMISSION # 1087526  
COMMISSION EXPIRES 01/29/2027

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 publication has been made.

**LEGAL NOTICE**  
July 25, 2024  
**Case No. 24700: Application of Ameredev Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: Mavros Oil Company, LLC; Good News Minerals; Gulf Coast Western LLC; Vida Nova Royalties LLC; B&L Minerals LLC. The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on August 8, 2024, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/> or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral owners in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the E/2 E/2 of Sections 30 and 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. Ameredev seeks to initially dedicate the above-referenced spacing unit to the proposed **Nandina Fed Com 25 36 31 87H** and **Nandina Fed Com 25 36 31 97H** well, both to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 31, a first take point from the SE/4 SE/4 (Unit P) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 30. Also, to be considered will be the cost of drilling and completing the wells 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 wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 7 miles southwest of Jal, New Mexico.  
#00292542**

67100754

00292542

HOLLAND & HART LLC  
110 N GUADALUPE ST., STE. 1  
SANTA FE, NM 87501

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
Exhibit No. F  
Submitted by: Ameredev Operating, LLC  
Hearing Date: August 8, 2024  
Case No. 24700