

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

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

CASE NO. 20256

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 pooling all uncommitted interest in the Wolfcamp formation in the 640-acre spacing unit comprised of the E/2 W/2 of Sections 15 and 22 and the W/2 E/2 of Sections 15 and 22, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico. 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 proposes to dedicate the above-referenced spacing unit to the proposed **Magnolia State Com 26 36 22 No. 125H Well**. This well will be horizontally drilled from a surface location in the SW/4SE/4 (Unit O) of Section 22 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 15.
3. Pursuant to NMAC 19.15.16.15(B)(1)(b), Ameredev will incorporate the proximity tracts into its horizontal spacing unit. Incorporating the proximity tracts, the completed interval for the well will remain within the standard offset required by the statewide rules set forth in 19.15.15 NMAC.

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.

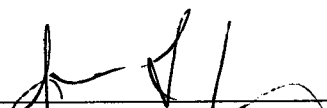
6. In order to permit Ameredev to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the horizontal spacing unit should be pooled and Ameredev Operating, LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Ameredev requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 7, 2019 and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Ameredev Operating, LLC operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Ameredev to recover its costs of drilling, completing, and equipping the well;
- 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% 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 ____:

Application of Ameredev Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks order pooling all uncommitted interest in the Wolfcamp formation in the 640-acre spacing unit comprised of the E/2 W/2 of Sections 15 and 22 and the W/2 E/2 of Sections 15 and 22, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit is to be dedicated to the proposed **Magnolia State Com 26 36 22 No. 125H Well**. This well will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 22 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 15. Ameredev will incorporate the proximity tracts into its horizontal spacing unit. Incorporating the proximity tracts, the completed interval for the well will remain within the standard offset required by the statewide rules set forth in 19.15.15 NMAC. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Ameredev Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles east of Andrews Place, New Mexico.