

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

APPLICATION OF AMEREDEV OPERATING, LLC FOR  
COMPULSORY POOLING AND APPROVAL OF A  
NON-STANDARD WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE NO. 20331

APPLICATION

Ameredev Operating LLC (“Ameredev”), 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) pooling all uncommitted interests in the Wolfcamp formation [JAL; Wolfcamp, West (33813)] in the 640.40-acre horizontal spacing unit comprised of the W/2 of Section 30 and the W/2 of Section 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, and (2) approving a non-standard location for a proposed well. In support of its application, Ameredev states:

1. Ameredev (OGRID No. 372224) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Ameredev seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Nandina Fed Com 25 36 31 No. 101H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 30;

- The **Nandina Fed Com 25 36 31 No. 103H Well** to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 30;
- The **Nandina Fed Com 25 36 31 No. 112H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 30;
- The **Nandina Fed Com 25 36 31 No. 114H Well** to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 30; and
- The **Nandina Fed Com 25 36 31 No. 121H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 30.

The completed interval for the proposed **Nandina Fed Com 25 36 31 No. 112H Well** will be within 330' of the quarter-quarter line separating the W/2 W/2 from the E/2 W/2 of Sections 30 and 31 to allow inclusion of this acreage into a standard 640.40-acre horizontal spacing unit.

3. The completed intervals for the proposed **Nandina Fed Com 25 36 31 No. 101H**, **Nandina Fed Com 25 36 31 No. 103H**, **Nandina Fed Com 25 36 31 No. 112H**, and **Nandina Fed Com 25 36 31 No. 121H** will remain within the standard setback as required by the Statewide rules for oil wells.

4. The completed interval for the proposed **Nandina Fed Com 25 36 31 No. 114H** will be at an unorthodox location 2318 feet from the west line, thereby encroaching on the acreage to the east of the horizontal spacing unit.

5. Since 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.

6. 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.

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

8. 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 this horizontal spacing unit should be pooled and Ameredev should be designated the operator of this proposed horizontal well and spacing unit.

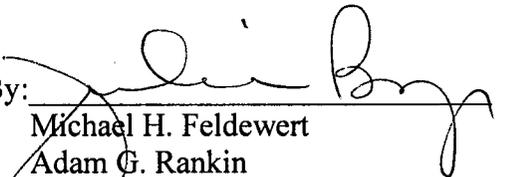
WHEREFORE, Ameredev requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 2019, and, after notice and hearing as required by law, the Division enter an order:

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

- F. 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; and
- G. Approving the non-standard location for the proposed Nandina Fed Com 25 36 31 No. 114H.

Respectfully submitted,

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**ATTORNEYS FOR AMEREDEV OPERATING LLC**

CASE 20337:

**Application of Ameredev Operating LLC for compulsory pooling and approval of a non-standard well location, Lea County, New Mexico.**

Applicant in the above-styled cause seeks an order (1) pooling all uncommitted interests in the Wolfcamp formation [JAL; Wolfcamp, West (33813)] in the 640.40-acre horizontal spacing unit comprised of the W/2 of Section 30 and the W/2 of Section 31, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, and (2) approving a non-standard location for a proposed well. Ameredev seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Nandina Fed Com 25 36 31 No. 101H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 30;
- The **Nandina Fed Com 25 36 31 No. 103H Well** to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 30;
- The **Nandina Fed Com 25 36 31 No. 112H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 30;
- The **Nandina Fed Com 25 36 31 No. 114H Well** to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 30; and
- The **Nandina Fed Com 25 36 31 No. 121H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 30.

The completed interval for the proposed **Nandina Fed Com 25 36 31 No. 112H Well** will be within 330' of the quarter-quarter line separating the W/2 W/2 from the E/2 W/2 of Sections 30 and 31 to allow inclusion of this acreage into a standard 640.40-acre horizontal spacing unit. The completed intervals for the proposed Nandina Fed Com 25 36 31 No. 101H, Nandina Fed Com 25 36 31 No. 103H, Nandina Fed Com 25 36 31 No. 112H, and Nandina Fed Com 25 36 31 No. 121H will remain within the standard setback as required by the Statewide rules for oil wells. The completed interval for the proposed Nandina Fed Com 25 36 31 No. 114H will be at an unorthodox location 2318 feet from the west line, thereby encroaching on the acreage to the east of the horizontal spacing unit. Since 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. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Ameredev Operating LLC as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 7 miles southwest of Jal, New Mexico.