



AMEREDEN

Ameredev II, LLC

MAGNOLIA STATE COM 26-36-22

105H & 115H POOLING

BEFORE THE OIL CONSERVATION DIVISION - EXAMINER HEARING

MAY 3, 2018 - CASE NO. 16111

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

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

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

Form C-101

August 1, 2011

Permit 250423

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address AMEREDEV OPERATING, LLC 5707 Southwest Pkwy, Bldg 1 Austin, TX 78746		2. OGRID Number 372224
4. Property Code 320645		3. API Number 30-025-44653
5. Property Name MAGNOLIA 26 36 22 STATE COM		6. Well No. 105H

7. Surface Location

UL - Lot B	Section 27	Township 26S	Range 36E	Lot Idn B	Feet From 200	N/S Line N	Feet From 2360	E/W Line E	County Lea
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8. Proposed Bottom Hole Location

UL - Lot B	Section 15	Township 26S	Range 36E	Lot Idn B	Feet From 200	N/S Line N	Feet From 2318	E/W Line E	County Lea
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9. Pool Information

WC-025 G-09 S263619C;WOLFCAMP	98234
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 2906
16. Multiple N	17. Proposed Depth 21430	18. Formation Wolfcamp	19. Contractor	20. Spud Date 9/10/2018
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☐ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1350	1125	0
Int1	12.25	9.625	40	5200	1150	0
Int2	8.75	7.625	29.7	10800	300	4700
Prod	6.75	5.5	20	21430	930	10300

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	TBD

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒ if applicable.

OIL CONSERVATION DIVISION

Signature:

Printed Name: Electronically filed by Christie Hanna

Title:

Email Address: channa@amereDEV.com

Date: 4/3/2018

Phone: 737-300-4723

Approved By: Paul Kautz

Title: Geologist

Approved Date: 4/6/2018

Conditions of Approval Attached

Expiration Date: 4/6/2020

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 1

Submitted by: AMEREDEV OPERATING, LLC

Hearing Date: May 3, 2018

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

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811 S. First St., Artesia, NM 88210
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Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-101
August 1, 2011
Permit 250406

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address AMEREDEV OPERATING, LLC 5707 Southwest Pkwy, Bldg 1 Austin, TX 78746		2. OGRID Number 372224
		3. API Number 30-025-44654
4. Property Code 320645	5. Property Name MAGNOLIA 26 36 22 STATE COM	6. Well No. 115H

7. Surface Location

UL - Lot B	Section 27	Township 26S	Range 36E	Lot Idn B	Feet From 200	N/S Line N	Feet From 2380	E/W Line E	County Lea
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8. Proposed Bottom Hole Location

UL - Lot B	Section 15	Township 26S	Range 36E	Lot Idn B	Feet From 200	N/S Line N	Feet From 2318	E/W Line E	County Lea
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9. Pool Information

WC-025 G-09 S263619C;WOLFCAMP	98234
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Int2	8.75	7.625	29.7	10800	300	4700
Prod	6.75	5.5	20	21720	950	10300

Casing/Cement Program: Additional Comments

2.875" PILOT HOLE 7.9# L-80 EUI TO 13600' OBM, 400 SKS CEMENT

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	TBD

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: _____ Printed Name: Electronically filed by Christie Hanna Title: _____ Email Address: channa@ameredev.com Date: 4/3/2018	OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 4/6/2018 Expiration Date: 4/6/2020 Conditions of Approval Attached
Phone: 737-300-4723	

District I
1625 N. Pecos Dr., Suite 400, NM 87505
Phone: (505) 553-5151 Fax: (505) 553-0720
District II
871 S. First St., Suite 400, NM 87501
Phone: (505) 743-2832 Fax: (505) 744-9720
District III
1602 Red Branch Road, Aztec, NM 87412
Phone: (505) 344-4444 Fax: (505) 344-6100
District IV
1230 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-1400 Fax: (505) 476-5662

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

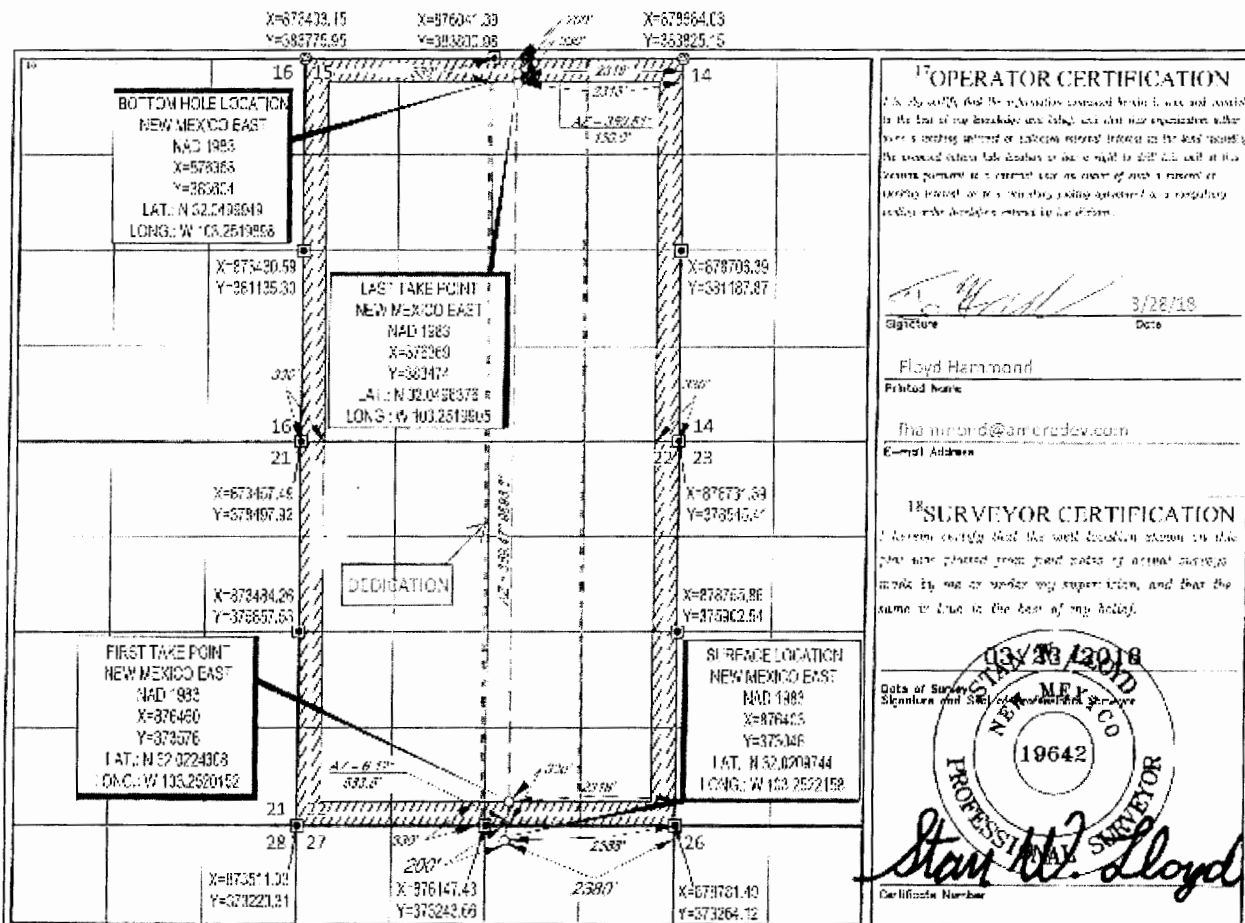
FORM-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name MAGNOLIA STATE COM 26 36 22			⁶ Well Number 115II
⁷ OCRID No.		⁸ Operator Name AMEREDEV OPERATING, LLC.			⁹ Elevation 2906'
¹⁰ Surface Location					
TL or lot no. B	Section 27	Township 26-S	Range 36-E	Lot Idn -	Feet from the 200'
		North/South line NORTH		Feet from the 2380'	East/West line EAST
				County LEA	
¹¹ Bottom Hole Location If Different From Surface					
TL or lot no. B	Section 15	Township 26-S	Range 36-E	Lot Idn -	Feet from the 200'
		North/South line NORTH		Feet from the 2318'	East/West line EAST
				County LEA	
¹² Dedicated Acres 320		¹³ Joint or Infill		¹⁴ Consolidation Code C	
¹⁵ Order No.					

No acreable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



MAGNOLIA STATE COM 26-36-22 115H AND 105H

T26S-R36E-SECTION 15, W2E2

T26S-R36E-SECTION 22, W2E2

LEA COUNTY, NEW MEXICO

	Tract 1 W2E2 160.00 Acres	Sec 15
	Tract 2 W2NE4 80.00 Acres	Sec 22
	Tract 3 W2SE4 80.00 Acres	

MAGNOLIA STATE COM 26-36-22 115H AND 105H

T26S-R36E-SECTION 15, W2E2

T26S-R36E-SECTION 22, W2E2

LEA COUNTY, NEW MEXICO

TRACT 1: W2E2 SECTION 15 T26S-R36E

S.E.S Resources, LLC	7.90%
Petratis Oil & Gas, LLC	2.81%
Amerdev New Mexico, LLC	89.29%
Total	100.00%

TRACT 2: W2NE4 SECTION 22 T26S-R36E

Amerdev New Mexico, LLC	100.00%
Total	100.00%

TRACT 3: W2SE4 SECTION 22 T26S-R36E

EOG Resources Inc.	100.00%
Total	100.00%

UNIT RECAPITULATION

T26S-R36E-SECTION 15, W2E2

T26S-R36E-SECTION 22, W2E2

Amerdev New Mexico, LLC	69.64%
*S.E.S Resources, LLC	3.95%
*Petratis Oil & Gas, LLC	1.40%
*EOG Resources Inc.	25.00%
Total	100.00%

**Interest Seeking to Compulsory Pool*

99.99

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



March 28, 2018

EOG Resources Inc.
PO Box 10886
Midland, TX 79702
Attention: Wendy Dalton

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #115H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 200' FNL & 2,380' FEL Section 27; BHL: 200' FNL & 2,318' FEL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #115H Well (the "Well") on or about August 1, 2018, to test the Wolfcamp formation to a total vertical depth of 11,891' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$13,786,660 as outlined in the enclosed authority for expenditure ("AFE #2018-007"). Ameredev's records indicate EOG Resources Inc. ("EOG") owns a 25% working interest in the Well, and EOG's estimated costs associated with the Operation are approximately \$3,446,665. Ameredev also proposes to drill and log a pilot hole in the Well as outlined in the enclosed authority for expenditure ("AFE #2018-008"), estimated associated costs with the pilot hole are \$868,398. Should EOG elect to participate in the pilot hole, it agrees to pay 50% of the associated costs, being \$434,199.

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2E2 & Section 15 W2E2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should EOG choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. EOG executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 6.25% working interest in the Well upon 100% payout.
2. EOG to sell its entire leasehold interest in the Contract Area to Ameredev for \$5,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with EOG on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Brandon Forteza".

Brandon Forteza

737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #115H Well Proposal (AFE# 2018-007)

_____ EOG elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-007.

_____ EOG elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ EOG elects to sell its interest in the Contract Area as set forth in alternative 2 above.

EOG Resources Inc.

By:

Its:

Election Ballot for the Magnolia State Com 26-36-22 #115H Pilot Hole (AFE# 2018-008)

_____ EOG elects to participate in the pilot hole by paying 50% of the costs outlined in AFE 2017-008.

_____ EOG elects **to not** participate in the pilot hole outlined in AFE 2018-008.

EOG Resources Inc.

By:

Its:



Ameredev II, LLC

Lea County, New Mexico
Township 26 South, Range 36 East
SHL: Section 27, 200' FNL, 2380' FEL
BHL: Section 15, 200' FNL, 2318' FEL

Magnolia State Com 26-36-22 115H

Pilot Hole

AFE # 2018-007

AFE # 2018-008

Capital Expenditure

March 27, 2018

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Amerdev Operating, LLC	March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	115H	Delaware_WC	40524	2018-007

Location	County	State	Type Well								
26S-36E Section 27 200' FNL & 2380' FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1	July 1, 2018	Wolfcamp	22,000'
Revised Estimate		August 15, 2018		TVD
Supplemental Estimate				11,891'

Project Description
Drill and Complete Wolfcamp 2 Mile Lateral Well and Build Full Unit Battery.

Total Cost	\$13,786,660
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Comments on Associated Costs
Water disposal not included.

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.
<input type="checkbox"/> 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.
<input type="checkbox"/> elect to take my gas in kind.
<input type="checkbox"/> elect to market my gas with Amerdev pursuant to the terms and conditions of its contracts.

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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

TANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
FUEL	0.016	\$180,000.00	\$5,400.00	\$185,400.00
TRAILER, CAMP & CATERING	0.018	\$31,900.00	\$14,285.00	\$46,185.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$26,900.00	\$56,150.00	\$83,050.00
DRILL BITS	0.028	\$103,000.00	\$7,000.00	\$110,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$176,000.00	\$0.00	\$176,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$72,200.00	\$72,200.00
BOTTOM HOLE ASSEMBLY INSPECTION	0.038	\$1,320.00	\$0.00	\$1,320.00
BOTTOM HOLE ASSEMBLY REPAIR	0.040	\$420.00	\$0.00	\$420.00
TUBULAR INSPECTIONS	0.042	\$17,250.00	\$0.00	\$17,250.00
TUBING REPAIR	0.044	\$8,437.50	\$0.00	\$8,437.50
TUBING RENTALS	0.046	\$0.00	\$38,500.00	\$38,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$23,100.00	\$71,400.00	\$94,500.00
BOP TESTING	0.050	\$7,000.00	\$0.00	\$7,000.00
WELL TESTING	0.052	\$0.00	\$123,825.00	\$123,825.00
MUD & ADDITIVES	0.060	\$280,000.00	\$61,700.00	\$341,700.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,100,000.00	\$5,100,000.00
WATER FOR DRILLING RIG/WATER RIGHTS	0.062	\$3,750.00	\$11,425.00	\$15,175.00
STIMULATION WATER / TRANSFER / STORAGE	0.064	\$3,250.00	\$867,870.00	\$871,120.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$58,100.00	\$0.00	\$58,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$157,400.00	\$25,630.00	\$183,030.00
CASING CREWS 7" and larger	0.070	\$37,750.00	\$0.00	\$37,750.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$144,000.00	\$0.00	\$144,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$5,500.00	\$0.00	\$5,500.00
ROADS & LOCATION PREPARATION	0.080	\$65,000.00	\$75,000.00	\$140,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$115,200.00	\$47,700.00	\$162,900.00
ENGINEERING/CONSULTANT	0.102	\$0.00	\$8,500.00	\$8,500.00
OR - ROUSTABOUT CO.	0.103	\$0.00	\$171,000.00	\$171,000.00
PROPERTY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
CONSTRUCTION FOR FLOW LINES & GASLIFT LINES	0.144	\$0.00	\$125,000.00	\$125,000.00
FLOW TESTIN / EQUIP	0.194	\$0.00	\$3,500.00	\$3,500.00
OPEN HOLE LOGGING	0.200	\$0.00	\$416,200.00	\$416,200.00
POWERLINES & SUBSTATION	0.242	\$0.00	\$16,830.00	\$16,830.00
SECONDARY CONTAINMENTS	0.254	\$0.00	\$85,000.00	\$85,000.00
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
SWD CONNECTION	0.262	\$0.00	\$17,500.00	\$17,500.00
CRANE FOR CONSTRUCTION	0.278	\$0.00	\$9,000.00	\$9,000.00
MAJOR INSTRUMENTATION	0.292	\$0.00	\$85,000.00	\$85,000.00
ELECTRICAL	0.296	\$0.00	\$120,000.00	\$120,000.00
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
SALTWATER DISPOSAL COST	0.380	\$0.00	\$3,500.00	\$3,500.00
CONTINGENCY	5%	\$183,295	\$436,330	\$619,625.16
Tax	6.25%	\$229,119	\$545,413	\$774,531.45
TOTAL INTANGIBLE COST		\$2,816,692	\$8,944,658	\$11,761,349
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$5,500.00	\$0.00	\$5,500.00
SURFACE CASING	0.210	\$215,125.00	\$0.00	\$215,125.00
INTERMEDIATE CASING	0.212	\$375,000.00	\$0.00	\$375,000.00
PRODUCTION CASING	0.216	\$632,500.00	\$0.00	\$632,500.00
TUBING	0.217	\$0.00	\$40,000.00	\$40,000.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$33,500.00	\$18,500.00	\$52,000.00
ISOLATION PACKER	0.222	\$0.00	\$15,625.00	\$15,625.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$24,187.50	\$24,187.50
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$6,250.00	\$6,250.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$134,248.13	\$134,248.13
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$61,875.00	\$61,875.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$61,875.00	\$61,875.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$110,500.00	\$110,500.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$45,000.00	\$45,000.00
PIPELINE TO SALES	0.270	\$0.00	\$10,625.00	\$10,625.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$10,000.00	\$10,000.00
VES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$225,000.00	\$225,000.00
TOTAL TANGIBLES		\$1,261,625	\$763,686	\$2,025,311
TOTAL		\$4,078,317	\$9,708,343	\$13,786,660



Authorization For Expenditure

Company Entity

Ameredev Operating, LLC

Date Prepared

March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22 Pilot Hole	115H	Delaware_WC	40524	2018-008

Location	County	State	Type Well								
265-36E Section 27 200' FNL & 2380 FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	July 28, 2018	August 31, 2018	Wolfcamp	22,000'
Revised Estimate				TVD
Supplemental Estimate				11,891'

Project Description

Drill Wolfcamp Pilot Hole.

Total Cost

\$868,398

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.

☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Geology Pilot Hole	Geology Coring	Total Cost
DRILLING RIG	0.010	\$120,000.00	\$0.00	\$120,000.00
FUEL	0.016	\$22,500.00	\$0.00	\$22,500.00
TRAILER, CAMP & CATERING	0.018	\$4,200.00	\$0.00	\$4,200.00
WATER & SEPTIC	0.020	\$21,600.00	\$0.00	\$21,600.00
SURFACE RENTALS	0.024	\$9,210.00	\$0.00	\$9,210.00
DRILL BITS	0.028	\$34,000.00	\$0.00	\$34,000.00
DOWNHOLE RENTALS	0.030	\$2,500.00	\$0.00	\$2,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$7,500.00	\$0.00	\$7,500.00
BOP TESTING	0.050	\$1,200.00	\$0.00	\$1,200.00
MUD & ADDITIVES	0.060	\$65,100.00	\$0.00	\$65,100.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$2,550.00	\$0.00	\$2,550.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$6,222.22	\$0.00	\$6,222.22
REMEDIAL CEMENTING	0.076	\$15,000.00	\$0.00	\$15,000.00
MUD LOGGING	0.198	\$24,000.00	\$0.00	\$24,000.00
OPEN HOLE LOGGING	0.200	\$347,000.00	\$0.00	\$347,000.00
FISHING & SIDETRACK SERVICES	0.203	\$98,000	\$0.00	\$98,000.00
CONTINGENCY	5%	\$39,029.11	\$0	\$39,029.11
Tax	6.25%	\$48,786.39	\$0	\$48,786.39
TOTAL INTANGIBLE COST		\$868,398	\$0	\$868,398
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$0.00	\$0.00	\$0.00
SURFACE CASING	0.210	\$0.00	\$0.00	\$0.00
INTERMEDIATE CASING	0.212	\$0.00	\$0.00	\$0.00
PRODUCTION CASING	0.216	\$0.00	\$0.00	\$0.00
TUBING	0.217	\$0.00	\$0.00	\$0.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$0.00	\$0.00	\$0.00
ISOLATION PACKER	0.222	\$0.00	\$0.00	\$0.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$0.00	\$0.00
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$0.00	\$0.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$0.00	\$0.00
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$0.00	\$0.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$0.00	\$0.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$0.00	\$0.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$0.00	\$0.00
PIPELINE TO SALES	0.270	\$0.00	\$0.00	\$0.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$0.00	\$0.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$0.00	\$0.00
TOTAL TANGIBLES		\$0	\$0	\$0
TOTAL		\$868,398	\$0	\$868,398

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
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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-		² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name MAGNOLIA STATE COM 26 36 22		⁶ Well Number 115H
⁷ OGRID No.	⁸ Operator Name AMEREDEV OPERATING, LLC.		⁹ Elevation 2906'

¹⁰Surface Location

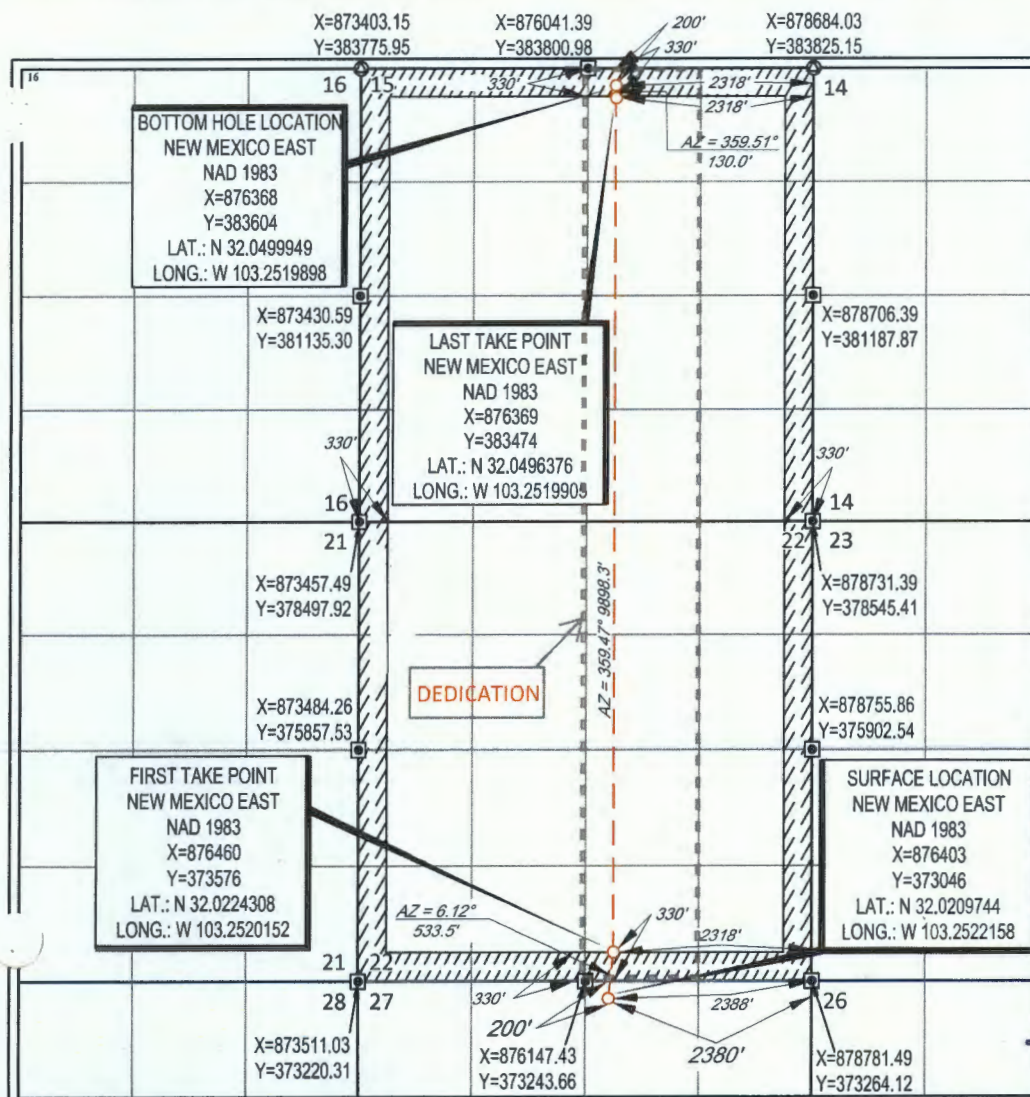
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	26-S	36-E	-	200'	NORTH	2380'	EAST	LEA

¹¹Bottom 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
B	15	26-S	36-E	-	200'	NORTH	2318'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ 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.



¹⁷OPERATOR 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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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.

Date of Survey **03/23/2018**
Signature and Seal of Professional Surveyor

NEW MEXICO
19642
PROFESSIONAL SURVEYOR

Stan W. Lloyd
Certificate Number _____

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



March 28, 2018

EOG Resources Inc.
PO Box 10886
Midland, TX 79702
Attention: Wendy Dalton

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #105H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 200' FNL & 2,360' FEL Section 27; BHL: 200' FNL & 2,318' FEL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #105H Well (the "Well") on or about August 1, 2018, to test the Wolfcamp formation to a total vertical depth of 11,600' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$12,741,672 as outlined in the enclosed authority for expenditure ("AFE #2018-009"). Ameredev's records indicate EOG Resources Inc. ("EOG") owns a 25% working interest in the Well, and EOG's estimated costs associated with the Operation are approximately \$3,185,418.00

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2E2 & Section 15 W2E2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should EOG choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. EOG executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 6.25% working interest in the Well upon 100% payout.
2. EOG to sell its entire leasehold interest in the Contract Area to Ameredev for \$5,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with EOG on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

Brandon Forteza
737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #105H Well Proposal (AFE# 2018-009)

_____ EOG elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-009.

_____ EOG elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ EOG elects to sell its interest in the Contract Area as set forth in alternative 2 above.

EOG Resources Inc.

By:

Its:



Ameredev II, LLC

Lea County, New Mexico
Township 26 South, Range 36 East
SHL: Section 27, 200' FNL, 2360' FEL
BHL: Section 15, 200' FNL, 2318' FEL

Magnolia State Com 26-36-22 105H
AFE # 2018-009
Capital Expenditure

March 27, 2018

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	10SH	Delaware_WC	40523	2018-009

Location	County	State	Type Well								
26S-36E Section 27 200' FNL & 2360' FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	August 15, 2018	September 23, 2018	Wolfcamp	22,000'
Revised Estimate				TVD
Supplemental Estimate				11,600'

Project Description

Drill and Complete Wolfcamp 2 Mile Lateral Well with Allocated Battery.

Total Cost **\$12,741,672**

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.

☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
FUEL	0.016	\$180,000.00	\$2,700.00	\$182,700.00
TRAILER, CAMP & CATERING	0.018	\$31,900.00	\$14,285.00	\$46,185.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$26,900.00	\$42,650.00	\$69,550.00
DRILL BITS	0.028	\$103,000.00	\$7,000.00	\$110,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$176,000.00	\$0.00	\$176,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$72,200.00	\$72,200.00
BOTTOM HOLE ASSEMBLY INSPECTION	0.038	\$1,320.00	\$0.00	\$1,320.00
BOTTOM HOLE ASSEMBLY REPAIR	0.040	\$420.00	\$0.00	\$420.00
TUBULAR INSPECTIONS	0.042	\$17,250.00	\$0.00	\$17,250.00
TUBING REPAIR	0.044	\$8,437.50	\$0.00	\$8,437.50
TUBING RENTALS	0.046	\$0.00	\$38,500.00	\$38,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$23,100.00	\$71,400.00	\$94,500.00
BOP TESTING	0.050	\$7,000.00	\$0.00	\$7,000.00
WELL TESTING	0.052	\$0.00	\$123,825.00	\$123,825.00
MUD & ADDITIVES	0.060	\$280,000.00	\$61,700.00	\$341,700.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,100,000.00	\$5,100,000.00
WATER FOR DRILLING RIG/WATER RIGHTS	0.062	\$3,750.00	\$11,425.00	\$15,175.00
STIMULATION WATER / TRANSFER / STORAGE	0.064	\$3,250.00	\$867,870.00	\$871,120.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$58,100.00	\$0.00	\$58,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$157,400.00	\$25,630.00	\$183,030.00
CASING CREWS 7" and larger	0.070	\$37,750.00	\$0.00	\$37,750.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$144,000.00	\$0.00	\$144,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$5,500.00	\$0.00	\$5,500.00
ROADS & LOCATION PREPARATION	0.080	\$65,000.00	\$0.00	\$65,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$115,200.00	\$47,700.00	\$162,900.00
LABOR - ROUSTABOUT CO.	0.103	\$0.00	\$34,200.00	\$34,200.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
FLOW TESTIN / EQUIP	0.194	\$0.00	\$3,500.00	\$3,500.00
OPEN HOLE LOGGING	0.200	\$0.00	\$416,200.00	\$416,200.00
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
CRANE FOR CONSTRUCTION	0.278	\$0.00	\$4,500.00	\$4,500.00
MAJOR INSTRUMENTATION	0.292	\$0.00	\$42,500.00	\$42,500.00
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
CONTINGENCY	5%	\$176,970	\$395,689	\$572,659.41
Tax	6.25%	\$221,213	\$494,612	\$715,824.26
TOTAL INTANGIBLE COST		\$2,802,460	\$8,201,886	\$11,004,346
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$5,500.00	\$0.00	\$5,500.00
SURFACE CASING	0.210	\$215,125.00	\$0.00	\$215,125.00
INTERMEDIATE CASING	0.212	\$375,000.00	\$0.00	\$375,000.00
PRODUCTION CASING	0.216	\$506,000.00	\$0.00	\$506,000.00
TUBING	0.217	\$0.00	\$40,000.00	\$40,000.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$33,500.00	\$18,500.00	\$52,000.00
ISOLATION PACKER	0.222	\$0.00	\$15,625.00	\$15,625.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$24,187.50	\$24,187.50
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$6,250.00	\$6,250.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$37,513.13	\$37,513.13
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$61,875.00	\$61,875.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$61,875.00	\$61,875.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$102,000.00	\$102,000.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$45,000.00	\$45,000.00
PIPELINE TO SALES	0.270	\$0.00	\$10,625.00	\$10,625.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$10,000.00	\$10,000.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$168,750.00	\$168,750.00
TOTAL TANGIBLES		\$1,135,125	\$602,201	\$1,737,326
TOTAL		\$3,937,585	\$8,804,087	\$12,741,672

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
 District III
 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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name MAGNOLIA STATE COM 26 36 22	⁶ Well Number 105H
⁷ OGRID No.	⁸ Operator Name AMEREDEV OPERATING, LLC.	⁹ Elevation 2906'

¹⁰Surface Location

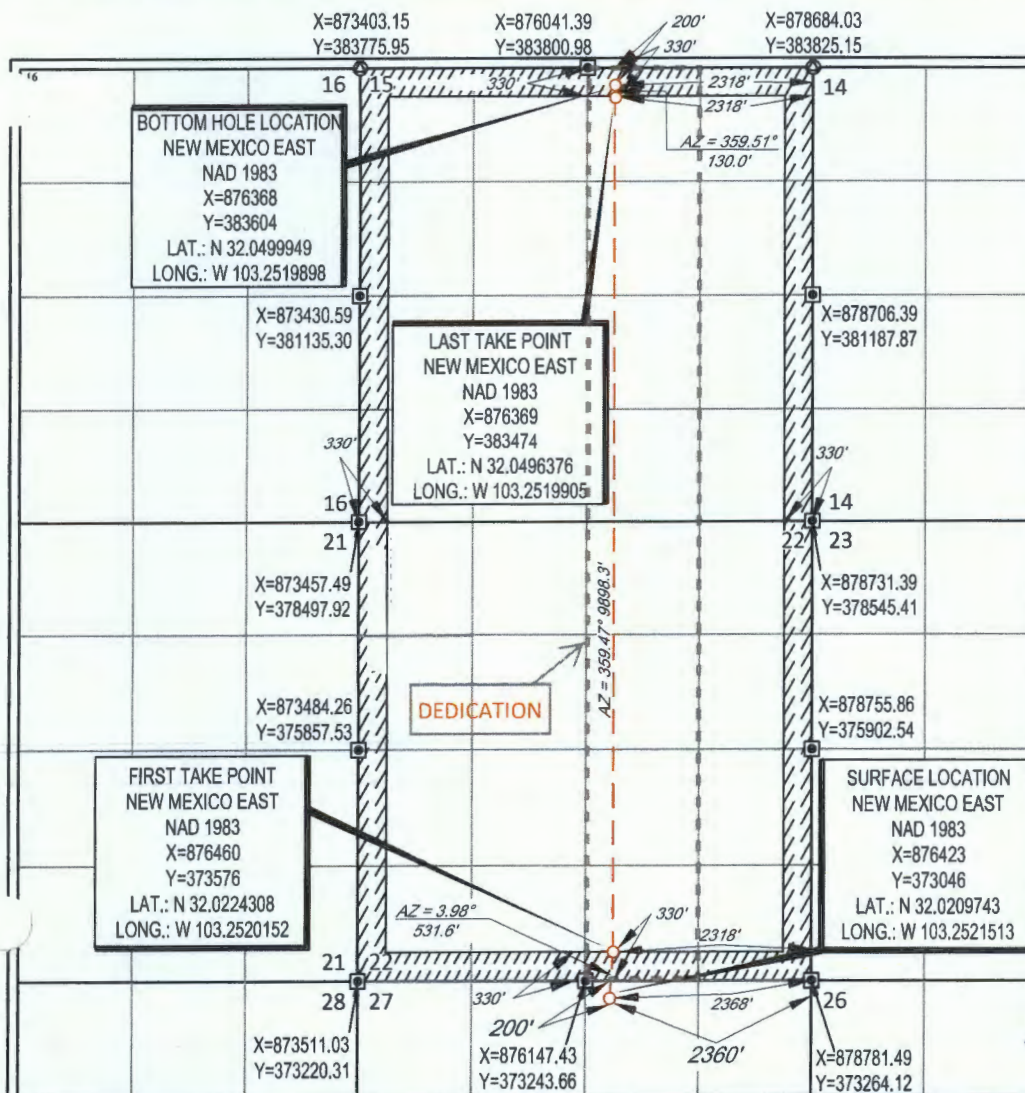
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	26-S	36-E	-	200'	NORTH	2360'	EAST	LEA

¹¹Bottom 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
B	15	26-S	36-E	-	200'	NORTH	2318'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ 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.



¹⁷OPERATOR 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.

Signature _____ Date _____

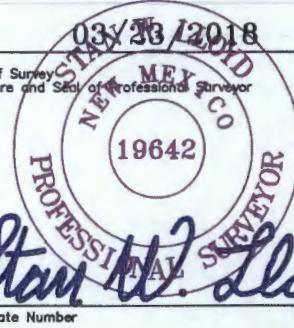
Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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.

Date of Survey _____
 Signature _____ Seal of Professional Surveyor



Certificate Number _____

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



March 28, 2018

S.E.S. Resources, LLC
PO Box 10886
Midland, TX 79702

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #115H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 200' FNL & 2,380' FEL Section 27; BHL: 200' FNL & 2,318' FEL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #115H Well (the "Well") on or about August 1, 2018, to test the Wolfcamp formation to a total vertical depth of 11,891' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$13,786,660 as outlined in the enclosed authority for expenditure ("AFE #2018-007"). Ameredev's records indicate S.E.S. Resources, LLC ("SES") owns a 3.95073568% working interest in the Well, and SES's estimated costs associated with the Operation are approximately \$544,674.50. Ameredev also proposes to drill and log a pilot hole in the Well as outlined in the enclosed authority for expenditure ("AFE #2018-008"), estimated associated costs with the pilot hole are \$868,398. Should SES elect to participate in the pilot hole, it agrees to pay 50% of the associated costs, being \$434,199.

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2E2 & Section 15 W2E2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should SES choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. SES executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 0.98768392% working interest in the Well upon 100% payout.
2. SES to sell its entire leasehold interest in the Contract Area to Ameredev for \$5,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with SES on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

Brandon Forteza
737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #115H Well Proposal (AFE# 2018-007)

_____ SES elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-007.

_____ SES elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ SES elects to sell its interest in the Contract Area as set forth in alternative 2 above.

S.E.S. Resources, LLC

By:

Its:

Election Ballot for the Magnolia State Com 26-36-22 #115H Pilot Hole (AFE# 2018-008)

_____ SES elects to participate in the pilot hole by paying 50% of the costs outlined in AFE 2017-008.

_____ SES elects **to not** participate in the pilot hole outlined in AFE 2018-008.

S.E.S. Resources, LLC

By:

Its:



Ameredev II, LLC

Lea County, New Mexico
Township 26 South, Range 36 East
SHL: Section 27, 200' FNL, 2380' FEL
BHL: Section 15, 200' FNL, 2318' FEL

Magnolia State Com 26-36-22 115H

Pilot Hole

AFE # 2018-007

AFE # 2018-008

Capital Expenditure

March 27, 2018



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	115H	Delaware_WC	40524	2018-007

Location	County	State	Type Well								
265-36E Section 27 200' FNL & 2380' FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1 ●			22,000'
Revised Estimate	○	July 1, 2018	August 15, 2018	Wolfcamp
Supplemental Estimate	○			11,891'

Project Description

Drill and Complete Wolfcamp 2 Mile Lateral Well and Build Full Unit Battery.

Total Cost \$13,786,660

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.

☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
FUEL	0.016	\$180,000.00	\$5,400.00	\$185,400.00
TRAILER, CAMP & CATERING	0.018	\$31,900.00	\$14,285.00	\$46,185.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$26,900.00	\$56,150.00	\$83,050.00
DRILL BITS	0.028	\$103,000.00	\$7,000.00	\$110,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$176,000.00	\$0.00	\$176,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$72,200.00	\$72,200.00
BOTTOM HOLE ASSEMBLY INSPECTION	0.038	\$1,320.00	\$0.00	\$1,320.00
BOTTOM HOLE ASSEMBLY REPAIR	0.040	\$420.00	\$0.00	\$420.00
TUBULAR INSPECTIONS	0.042	\$17,250.00	\$0.00	\$17,250.00
TUBING REPAIR	0.044	\$8,437.50	\$0.00	\$8,437.50
TUBING RENTALS	0.046	\$0.00	\$38,500.00	\$38,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$23,100.00	\$71,400.00	\$94,500.00
BOP TESTING	0.050	\$7,000.00	\$0.00	\$7,000.00
WELL TESTING	0.052	\$0.00	\$123,825.00	\$123,825.00
MUD & ADDITIVES	0.060	\$280,000.00	\$61,700.00	\$341,700.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,100,000.00	\$5,100,000.00
WATER FOR DRILLING RIG/WATER RIGHTS	0.062	\$3,750.00	\$11,425.00	\$15,175.00
STIMULATION WATER / TRANSFER / STORAGE	0.064	\$3,250.00	\$867,870.00	\$871,120.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$58,100.00	\$0.00	\$58,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$157,400.00	\$25,630.00	\$183,030.00
CASING CREWS 7" and larger	0.070	\$37,750.00	\$0.00	\$37,750.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$144,000.00	\$0.00	\$144,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$5,500.00	\$0.00	\$5,500.00
ROADS & LOCATION PREPARATION	0.080	\$65,000.00	\$75,000.00	\$140,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$115,200.00	\$47,700.00	\$162,900.00
ENGINEERING/CONSULTANT	0.102	\$0.00	\$8,500.00	\$8,500.00
GEOR - ROUSTABOUT CO.	0.103	\$0.00	\$171,000.00	\$171,000.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
CONSTRUCTION FOR FLOW LINES & GASLIFT LINES	0.144	\$0.00	\$125,000.00	\$125,000.00
FLOW TESTIN / EQUIP	0.194	\$0.00	\$3,500.00	\$3,500.00
OPEN HOLE LOGGING	0.200	\$0.00	\$416,200.00	\$416,200.00
POWERLINES & SUBSTATION	0.242	\$0.00	\$16,830.00	\$16,830.00
SECONDARY CONTAINMENTS	0.254	\$0.00	\$85,000.00	\$85,000.00
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
SWD CONNECTION	0.262	\$0.00	\$17,500.00	\$17,500.00
CRANE FOR CONSTRUCTION	0.278	\$0.00	\$9,000.00	\$9,000.00
MAJOR INSTRUMENTATION	0.292	\$0.00	\$85,000.00	\$85,000.00
ELECTRICAL	0.296	\$0.00	\$120,000.00	\$120,000.00
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
SALTWATER DISPOSAL COST	0.380	\$0.00	\$3,500.00	\$3,500.00
CONTINGENCY	5%	\$183,295	\$436,330	\$619,625.16
Tax	6.25%	\$229,119	\$545,413	\$774,531.45
TOTAL INTANGIBLE COST		\$2,816,692	\$8,944,658	\$11,761,349
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$5,500.00	\$0.00	\$5,500.00
SURFACE CASING	0.210	\$215,125.00	\$0.00	\$215,125.00
INTERMEDIATE CASING	0.212	\$375,000.00	\$0.00	\$375,000.00
PRODUCTION CASING	0.216	\$632,500.00	\$0.00	\$632,500.00
TUBING	0.217	\$0.00	\$40,000.00	\$40,000.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$33,500.00	\$18,500.00	\$52,000.00
ISOLATION PACKER	0.222	\$0.00	\$15,625.00	\$15,625.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$24,187.50	\$24,187.50
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$6,250.00	\$6,250.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$134,248.13	\$134,248.13
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$61,875.00	\$61,875.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$61,875.00	\$61,875.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$110,500.00	\$110,500.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$45,000.00	\$45,000.00
PIPELINE TO SALES	0.270	\$0.00	\$10,625.00	\$10,625.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$10,000.00	\$10,000.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$225,000.00	\$225,000.00
TOTAL TANGIBLES		\$1,261,625	\$763,686	\$2,025,311
TOTAL		\$4,078,317	\$9,708,343	\$13,786,660



Authorization For Expenditure

Company Entity

Ameredev Operating, LLC

Date Prepared

March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22 Pilot Hole	115H	Delaware_WC	40524	2018-008

Location	County	State	Type Well								
26S-36E Section 27 200' FNL & 2380 FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	July 28, 2018	August 31, 2018	Wolfcamp	22,000'
Revised Estimate				TVD
Supplemental Estimate				11,891'

Project Description

Drill Wolfcamp Pilot Hole.

Total Cost

\$868,398

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.**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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Geology Pilot Hole	Geology Coring	Total Cost
DRILLING RIG	0.010	\$120,000.00	\$0.00	\$120,000.00
FUEL	0.016	\$22,500.00	\$0.00	\$22,500.00
TRAILER, CAMP & CATERING	0.018	\$4,200.00	\$0.00	\$4,200.00
WATER & SEPTIC	0.020	\$21,600.00	\$0.00	\$21,600.00
SURFACE RENTALS	0.024	\$9,210.00	\$0.00	\$9,210.00
DRILL BITS	0.028	\$34,000.00	\$0.00	\$34,000.00
DOWNHOLE RENTALS	0.030	\$2,500.00	\$0.00	\$2,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$7,500.00	\$0.00	\$7,500.00
BOP TESTING	0.050	\$1,200.00	\$0.00	\$1,200.00
MUD & ADDITIVES	0.060	\$65,100.00	\$0.00	\$65,100.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$2,550.00	\$0.00	\$2,550.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$6,222.22	\$0.00	\$6,222.22
REMEDIAL CEMENTING	0.076	\$15,000.00	\$0.00	\$15,000.00
MUD LOGGING	0.198	\$24,000.00	\$0.00	\$24,000.00
OPEN HOLE LOGGING	0.200	\$347,000.00	\$0.00	\$347,000.00
FISHING & SIDETRACK SERVICES	0.203	\$98,000	\$0.00	\$98,000.00
CONTINGENCY	5%	\$39,029.11	\$0	\$39,029.11
Tax	6.25%	\$48,786.39	\$0	\$48,786.39
TOTAL INTANGIBLE COST		\$868,398	\$0	\$868,398
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$0.00	\$0.00	\$0.00
SURFACE CASING	0.210	\$0.00	\$0.00	\$0.00
INTERMEDIATE CASING	0.212	\$0.00	\$0.00	\$0.00
PRODUCTION CASING	0.216	\$0.00	\$0.00	\$0.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.217	\$0.00	\$0.00	\$0.00
ISOLATION PACKER	0.218	\$0.00	\$0.00	\$0.00
DOWNHOLE LIFT EQUIPMENT	0.222	\$0.00	\$0.00	\$0.00
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.234	\$0.00	\$0.00	\$0.00
TANKS, TANKS STEPS, STAIRS	0.238	\$0.00	\$0.00	\$0.00
BATTERY (HEATER TREATERS)	0.244	\$0.00	\$0.00	\$0.00
BATTERY (SEPARATOR)	0.246	\$0.00	\$0.00	\$0.00
BATTERY (GAS TREATING EQUIPMENT)	0.248	\$0.00	\$0.00	\$0.00
BATTERY (MISC EQUIP)	0.250	\$0.00	\$0.00	\$0.00
PIPELINE TO SALES	0.252	\$0.00	\$0.00	\$0.00
METERS AND METERING EQUIPMENT	0.270	\$0.00	\$0.00	\$0.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.274	\$0.00	\$0.00	\$0.00
TOTAL TANGIBLES		\$0	\$0	\$0
TOTAL		\$868,398	\$0	\$868,398

District I
1825 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
District III
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

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-		² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name MAGNOLIA STATE COM 26 36 22		⁶ Well Number 115H
⁷ OGRID No.	⁸ Operator Name AMEREDEV OPERATING, LLC.		⁹ Elevation 2906'

¹⁰Surface Location

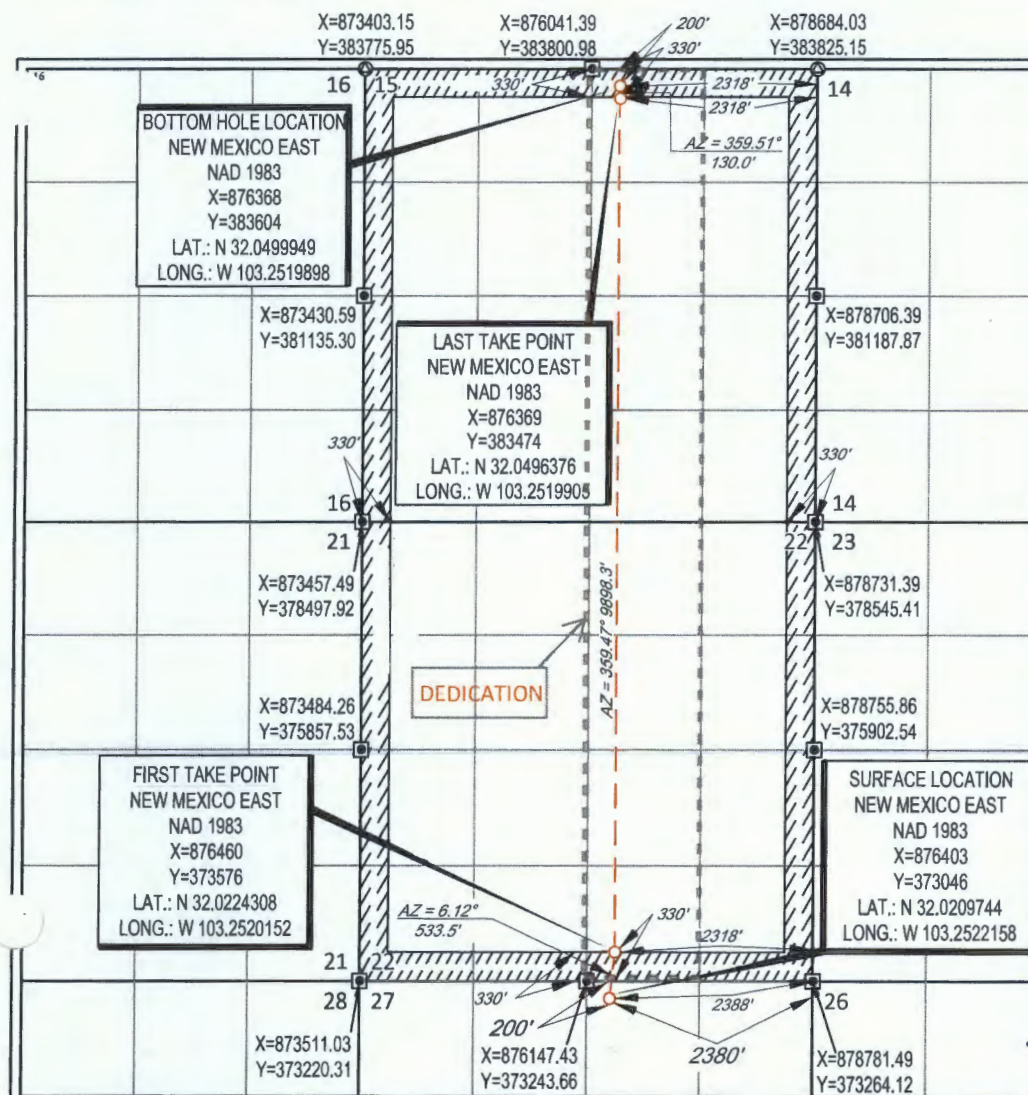
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	26-S	36-E	-	200'	NORTH	2380'	EAST	LEA

¹¹Bottom 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
B	15	26-S	36-E	-	200'	NORTH	2318'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ 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.



¹⁷OPERATOR 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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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.

Date of Survey _____
Signature and Seal of Professional Surveyor _____

NEW MEXICO
19642
PROFESSIONAL SURVEYOR

Stan W. Lloyd
Certificate Number _____

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



March 28, 2018

S.E.S. Resources, LLC
PO Box 10886
Midland, TX 79702

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #105H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 200' FNL & 2,360' FEL Section 27; BHL: 200' FNL & 2,318' FEL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #105H Well (the "Well") on or about August 1, 2018, to test the Wolfcamp formation to a total vertical depth of 11,600' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$12,741,672 as outlined in the enclosed authority for expenditure ("AFE #2018-009"). Ameredev's records indicate S.E.S. Resources, LLC ("SES") owns a 3.95073568% working interest in the Well, and SES's estimated costs associated with the Operation are approximately \$503,389.78.

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2E2 & Section 15 W2E2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should SES choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. SES executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 0.98768392% working interest in the Well upon 100% payout.
2. SES to sell its entire leasehold interest in the Contract Area to Ameredev for \$5,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with SES on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

Brandon Forteza
737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #105H Well Proposal (AFE# 2018-009)

_____ SES elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-009.

_____ SES elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ SES elects to sell its interest in the Contract Area as set forth in alternative 2 above.

S.E.S. Resources, LLC

By:

Its:



Ameredev II, LLC

Lea County, New Mexico
Township 26 South, Range 36 East
SHL: Section 27, 200' FNL, 2360' FEL
BHL: Section 15, 200' FNL, 2318' FEL

Magnolia State Com 26-36-22 105H
AFE # 2018-009
Capital Expenditure

March 27, 2018



Authorization For Expenditure

Company Entity
Ameredev Operating, LLC

Date Prepared
March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	10SH	Delaware_WC	40523	2018-009

Location	County	State	Type Well								
26S-36E Section 27 200' FNL & 2360' FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1 ●			22,000'
Revised Estimate	○	August 15, 2018	September 23, 2018	Wolfcamp
Supplemental Estimate	○			11,600'

Project Description

Drill and Complete Wolfcamp 2 Mile Lateral Well with Allocated Battery.

Total Cost

\$12,741,672

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.

☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
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TOTAL		\$3,937,585	\$8,804,087	\$12,741,672

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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

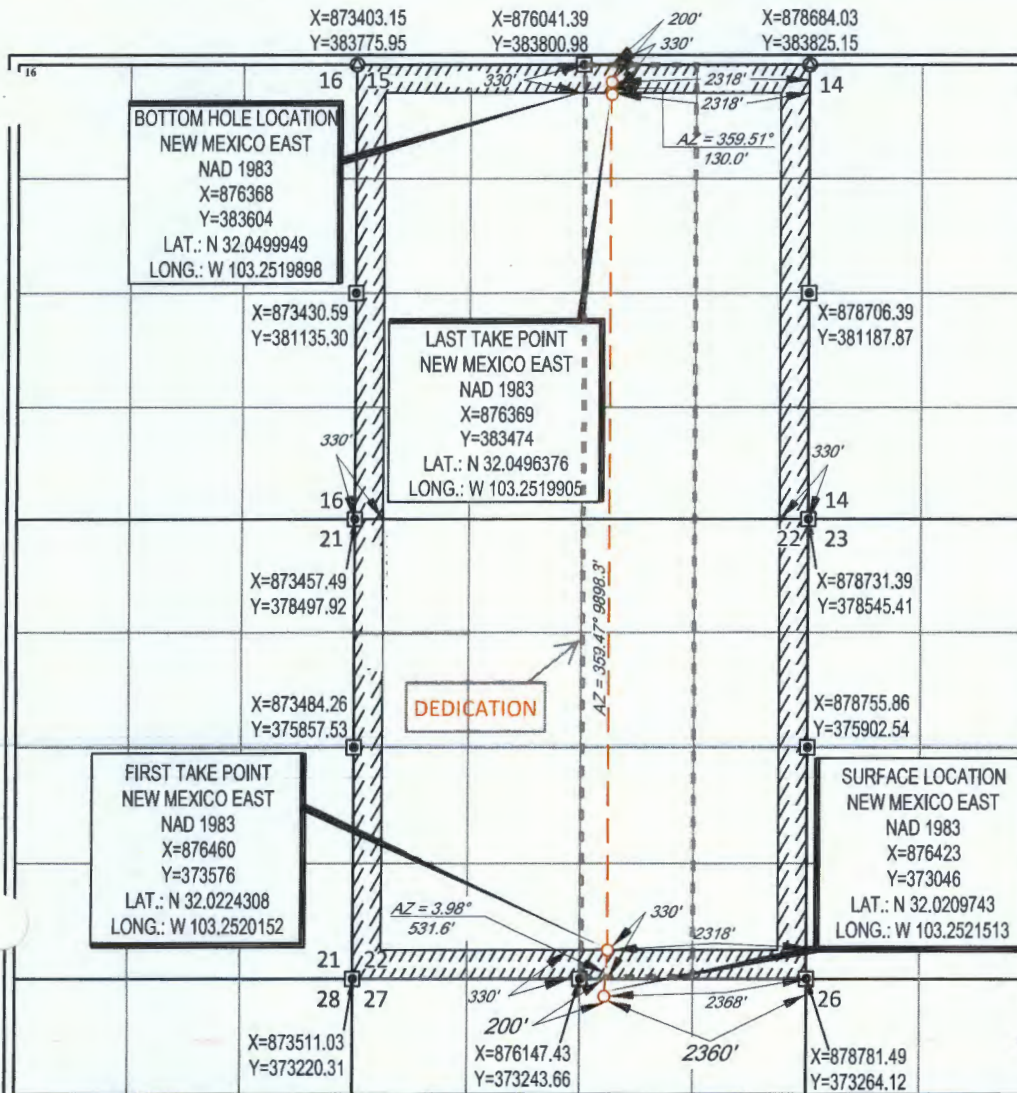
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-		² Pool Code		³ Pool Name					
⁴ Property Code		⁵ Property Name MAGNOLIA STATE COM 26 36 22			⁶ Well Number 105H				
⁷ OGRID No.		⁸ Operator Name AMEREDEV OPERATING, LLC.			⁹ Elevation 2906'				
¹⁰ Surface Location									
UL or lot no. B	Section 27	Township 26-S	Range 36-E	Lot Idn -	Feet from the 200'	North/South line NORTH	Feet from the 2360'	East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. B	Section 15	Township 26-S	Range 36-E	Lot Idn -	Feet from the 200'	North/South line NORTH	Feet from the 2318'	East/West line EAST	County LEA
¹² Dedicated Acres 320		¹³ Joint or Infill		¹⁴ Consolidation Code C		¹⁵ 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.



¹⁷ 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.	
Signature	Date
Printed Name	
E-mail Address	
¹⁸ 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.	
Date of Survey 03/23/2018	Signature and Seal of Professional Surveyor
Certificate Number	

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



March 28, 2018

Petratis Oil & Gas, LLC
PO Box 10886
Midland, TX 79702

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #105H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 200' FNL & 2,360' FEL Section 27; BHL: 200' FNL & 2,318' FEL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #105H Well (the "Well") on or about August 1, 2018, to test the Wolfcamp formation to a total vertical depth of 11,600' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$12,741,672 as outlined in the enclosed authority for expenditure ("AFE #2018-009"). Ameredev's records indicate Petratis Oil & Gas, LLC ("Petratis") owns a 1.40470294% working interest in the Well, and Petratis's estimated costs associated with the Operation are approximately \$178,982.64.

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2E2 & Section 15 W2E2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should Petratis choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. Petratis executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 0.35117573% working interest in the Well upon 100% payout.
2. Petratis to sell its entire leasehold interest in the Contract Area to Ameredev for \$5,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with Petratis on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

Brandon Forteza
737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #105H Well Proposal (AFE# 2018-009)

_____ Petraitis elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-009.

_____ Petraitis elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ Petraitis elects to sell its interest in the Contract Area as set forth in alternative 2 above.

Petraitis Oil & Gas, LLC

By:

Its:



Ameredev II, LLC

Lea County, New Mexico
Township 26 South, Range 36 East
SHL: Section 27, 200' FNL, 2360' FEL
BHL: Section 15, 200' FNL, 2318' FEL

Magnolia State Com 26-36-22 105H
AFE # 2018-009
Capital Expenditure

March 27, 2018

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	105H	Delaware_WC	40523	2018-009

Location	County	State	Type Well								
26S-36E Section 27 200' FNL & 2360' FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1 ●	August 15, 2018	Wolfcamp	22,000'
Revised Estimate	○			TVD
Supplemental Estimate	○			11,600'

Project Description

Drill and Complete Wolfcamp 2 Mile Lateral Well with Allocated Battery.

Total Cost **\$12,741,672**

Comments on Associated Costs

Water disposal not included.

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.

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Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

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FORM C-102

Revised August 1, 2011

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code	⁵ Property Name MAGNOLIA STATE COM 26 36 22		⁶ Well Number 105H
⁷ OGRID No.	⁸ Operator Name AMEREDEV OPERATING, LLC.		⁹ Elevation 2906'

¹⁰Surface Location

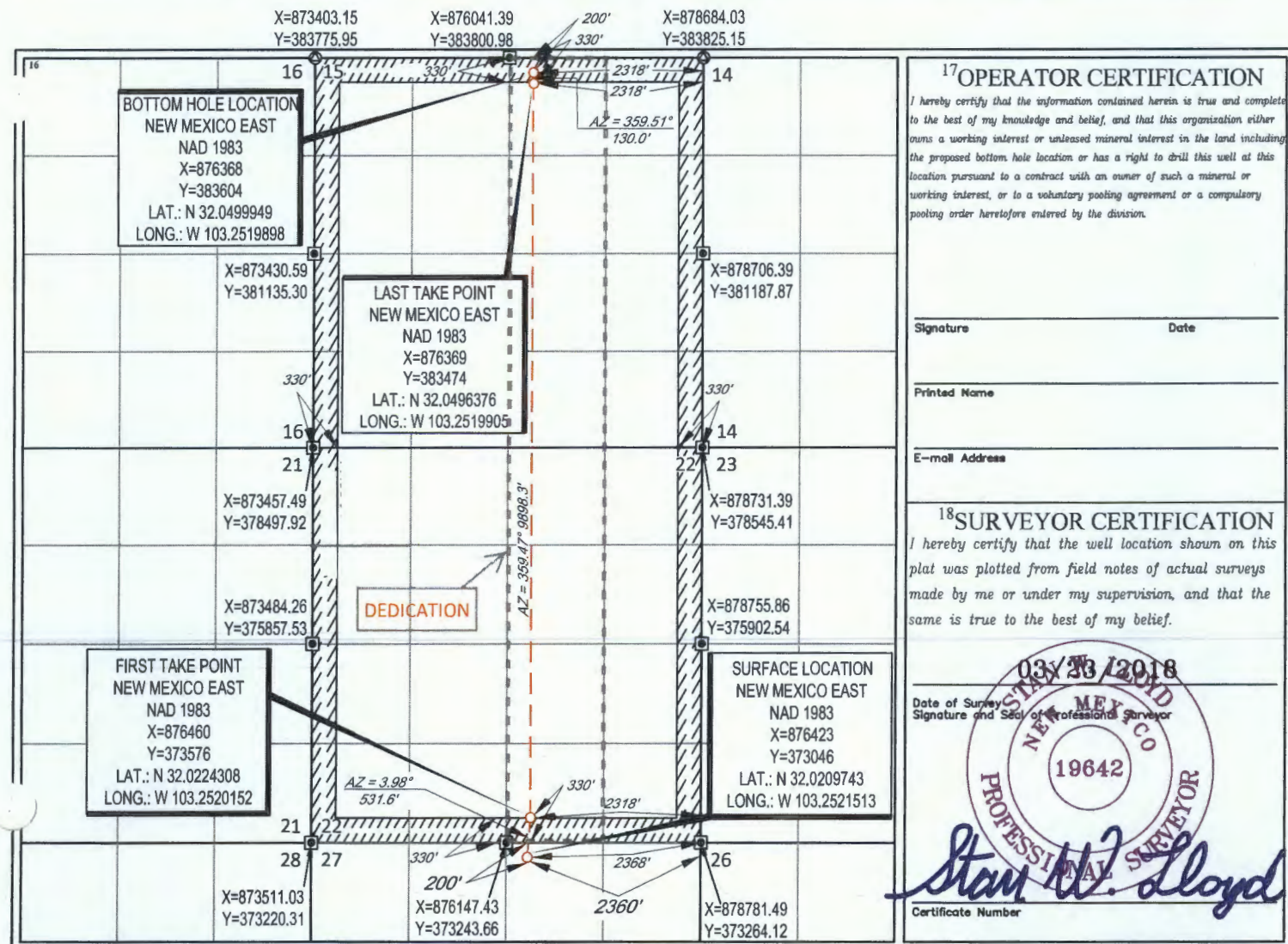
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B	27	26-S	36-E	-	200'	NORTH	2360'	EAST	LEA

¹¹Bottom 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
B	15	26-S	36-E	-	200'	NORTH	2318'	EAST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ 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.



¹⁷OPERATOR 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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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.

Date of Survey **03/23/2018**
Signature and Seal of Professional Surveyor

NEW MEXICO
19642
PROFESSIONAL SURVEYOR

Certificate Number

Stan W. Lloyd

Ameredev II, LLC
5707 Southwest Parkway
Building 1, Suite 275
Austin, Texas 78735



March 28, 2018

Petraitis Oil & Gas, LLC
PO Box 10886
Midland, TX 79702

VIA Email and Certified Mail

RE: Magnolia State Com 26-36-22 #115H Well Proposal
Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico
SHL: 200' FNL & 2,380' FEL Section 27; BHL: 200' FNL & 2,318' FEL Section 15

Dear Working Interest Owner:

Ameredev Operating, LLC ("Ameredev"), as Operator, hereby proposes to commence to drill and complete the Magnolia State Com 26-36-22 #115H Well (the "Well") on or about August 1, 2018, to test the Wolfcamp formation to a total vertical depth of 11,891' and a total measured depth of 22,000' ("Operation"). The estimated costs associated with the Operation are \$13,786,660 as outlined in the enclosed authority for expenditure ("AFE #2018-007"). Ameredev's records indicate Petraitis Oil & Gas, LLC ("PETRAITIS") owns a 1.40470294% working interest in the Well, and PETRAITIS's estimated costs associated with the Operation are approximately \$193,661.62. Ameredev also proposes to drill and log a pilot hole in the Well as outlined in the enclosed authority for expenditure ("AFE #2018-008"), estimated associated costs with the pilot hole are \$868,398. Should PETRAITIS elect to participate in the pilot hole, it agrees to pay 50% of the associated costs, being \$434,199.

In addition, Ameredev proposes the Operation to be governed by the terms of the 2015 Horizontal AAPL Form 610 Operating Agreement ("OA") with the following terms:

- Contract Area consisting of Township 26 South, Range 36 East, Section 22: W2E2 & Section 15 W2E2, with Ameredev listed as the Operator ("Contract Area")
- 100%/200%/200% non-consent risk penalties
- \$7,000/\$700 drilling and producing overhead rates

Should PETRAITIS choose not to participate in Ameredev's proposed Operation, Ameredev proposes the following alternatives:

1. PETRAITIS executes a farmout agreement of its leasehold interest in the Contract Area, delivering to Ameredev all of its working interest and leasehold interest, reserving an overriding royalty interest equal to the positive difference, if any, between twenty-five percent (25%) and existing leasehold burdens, subject to proportionate reduction, with the option to convert said overriding royalty interest to a 0.35117573% working interest in the Well upon 100% payout.
2. PETRAITIS to sell its entire leasehold interest in the Contract Area to Ameredev for \$5,500 per acre, reserving the difference between twenty-five percent (25%) and existing leasehold burdens as an overriding royalty interest, delivering a seventy-five percent (75%) net revenue interest to Ameredev.

Ameredev looks forward to working with PETRAITIS on this matter. Please feel free to contact me at the information provided below with any questions. Please be advised that Ameredev may file for compulsory pooling in the near future, as such please indicate your election below and return to Brandon Forteza at bforteza@ameredev.com at your earliest convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "B Forteza", written over a horizontal line.

Brandon Forteza
737-300-4721

Election Ballot for the Magnolia State Com 26-36-22 #115H Well Proposal (AFE# 2018-007)

_____ PETRAITIS elects to participate in the proposed Operation by paying its proportionate share of the costs outlined in the AFE 2018-007.

_____ PETRAITIS elects to farmout its interest in the Contract Area as set forth in alternative 1 above.

_____ PETRAITIS elects to sell its interest in the Contract Area as set forth in alternative 2 above.

Petratis Oil & Gas, LLC

By:

Its:

Election Ballot for the Magnolia State Com 26-36-22 #115H Pilot Hole (AFE# 2018-008)

_____ PETRAITIS elects to participate in the pilot hole by paying 50% of the costs outlined in AFE 2017-008.

_____ PETRAITIS elects to **not** participate in the pilot hole outlined in AFE 2018-008.

Petratis Oil & Gas, LLC

By:

Its:



Ameredev II, LLC

Lea County, New Mexico
Township 26 South, Range 36 East
SHL: Section 27, 200' FNL, 2380' FEL
BHL: Section 15, 200' FNL, 2318' FEL

Magnolia State Com 26-36-22 115H

Pilot Hole

AFE # 2018-007

AFE # 2018-008

Capital Expenditure

March 27, 2018

5707 Southwest Parkway

Ameredev Operating, LLC
Building I, Suite 275

Austin, Texas 78735



Authorization For Expenditure

Company Entity	Date Prepared
Ameredev Operating, LLC	March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22	115H	Delaware_WC	40524	2018-007

Location	County	State	Type	Well
26S-36E Section 27 200' FNL & 2380' FEL	Lea	NM	Oil	x
			Gas	Prod

Estimate Type		Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	1 ●	July 1, 2018	August 15, 2018	Wolfcamp	22,000'
Revised Estimate	○				TVD
Supplemental Estimate	○				11,891'

Project Description

Drill and Complete Wolfcamp 2 Mile Lateral Well and Build Full Unit Battery.

Total Cost \$13,786,660

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.

☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.

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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

TANGIBLES	Code	Dry Hole Cost	After Casing Point Cost	Total Cost
DAMAGES	0.001	\$25,000.00	\$0.00	\$25,000.00
MISC PREPARATION COSTS	0.004	\$15,000.00	\$0.00	\$15,000.00
RESTORATION	0.008	\$0.00	\$4,000.00	\$4,000.00
DRILLING RIG	0.010	\$624,000.00	\$32,500.00	\$656,500.00
COIL TUBING	0.012	\$0.00	\$60,000.00	\$60,000.00
FUEL	0.016	\$180,000.00	\$5,400.00	\$185,400.00
TRAILER, CAMP & CATERING	0.018	\$31,900.00	\$14,285.00	\$46,185.00
WATER & SEPTIC	0.020	\$10,800.00	\$4,800.00	\$15,600.00
SURFACE RENTALS	0.024	\$26,900.00	\$56,150.00	\$83,050.00
DRILL BITS	0.028	\$103,000.00	\$7,000.00	\$110,000.00
DOWNHOLE RENTALS	0.030	\$0.00	\$96,000.00	\$96,000.00
DIRECTIONAL DRILLING	0.032	\$176,000.00	\$0.00	\$176,000.00
COMPOSITE PLUGS	0.034	\$0.00	\$72,200.00	\$72,200.00
BOTTOM HOLE ASSEMBLY INSPECTION	0.038	\$1,320.00	\$0.00	\$1,320.00
BOTTOM HOLE ASSEMBLE REPAIR	0.040	\$420.00	\$0.00	\$420.00
TUBULAR INSPECTIONS	0.042	\$17,250.00	\$0.00	\$17,250.00
TUBUING REPAIR	0.044	\$8,437.50	\$0.00	\$8,437.50
TUBING RENTALS	0.046	\$0.00	\$38,500.00	\$38,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$23,100.00	\$71,400.00	\$94,500.00
BOP TESTING	0.050	\$7,000.00	\$0.00	\$7,000.00
WELL TESTING	0.052	\$0.00	\$123,825.00	\$123,825.00
MUD & ADDITIVES	0.060	\$280,000.00	\$61,700.00	\$341,700.00
PUMPING CHARGES (FRAC STIMULATION)	0.061	\$0.00	\$5,100,000.00	\$5,100,000.00
WATER FOR DRILLING RIG/WATER RIGHTS	0.062	\$3,750.00	\$11,425.00	\$15,175.00
STIMULATION WATER / TRANSFER / STORAGE	0.064	\$3,250.00	\$867,870.00	\$871,120.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$58,100.00	\$0.00	\$58,100.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$157,400.00	\$25,630.00	\$183,030.00
CASING CREWS 7" and larger	0.070	\$37,750.00	\$0.00	\$37,750.00
CMTNG, THRU INTERMED CASING & FLOAT EQUIP	0.072	\$144,000.00	\$0.00	\$144,000.00
FLOAT EQUIPMENT / CASING & LINER EQUIP	0.074	\$5,500.00	\$0.00	\$5,500.00
ROADS & LOCATION PREPARATION	0.080	\$65,000.00	\$75,000.00	\$140,000.00
MOBILIZE & DEMOBILIZE	0.086	\$280,000.00	\$0.00	\$280,000.00
SUPERVISION / CONTRACT	0.094	\$115,200.00	\$47,700.00	\$162,900.00
ENGINEERING/CONSULTANT	0.102	\$0.00	\$8,500.00	\$8,500.00
JOOR - ROUSTABOUT CO.	0.103	\$0.00	\$171,000.00	\$171,000.00
SAFETY AND EMERGENCY RESPONSE	0.124	\$4,200.00	\$0.00	\$4,200.00
CONSTRUCTION FOR FLOW LINES & GASLIFT LINES	0.144	\$0.00	\$125,000.00	\$125,000.00
FLOW TESTIN / EQUIP	0.194	\$0.00	\$3,500.00	\$3,500.00
OPEN HOLE LOGGING	0.200	\$0.00	\$416,200.00	\$416,200.00
POWERLINES & SUBSTATION	0.242	\$0.00	\$16,830.00	\$16,830.00
SECONDARY CONTAINMENTS	0.254	\$0.00	\$85,000.00	\$85,000.00
FACILITY ELECTRICAL & AUTOMATION	0.258	\$0.00	\$6,500.00	\$6,500.00
SWD CONNECTION	0.262	\$0.00	\$17,500.00	\$17,500.00
CRANE FOR CONSTRUCTION	0.278	\$0.00	\$9,000.00	\$9,000.00
MAJOR INSTRUMENTATION	0.292	\$0.00	\$85,000.00	\$85,000.00
ELECTRICAL	0.296	\$0.00	\$120,000.00	\$120,000.00
OIL TREATING	0.356	\$0.00	\$120,000.00	\$120,000.00
SALTWATER DISPOSAL COST	0.380	\$0.00	\$3,500.00	\$3,500.00
CONTINGENCY	5%	\$183,295	\$436,330	\$619,625.16
Tax	6.25%	\$229,119	\$545,413	\$774,531.45
TOTAL INTANGIBLE COST		\$2,816,692	\$8,944,658	\$11,761,349
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$5,500.00	\$0.00	\$5,500.00
SURFACE CASING	0.210	\$215,125.00	\$0.00	\$215,125.00
INTERMEDIATE CASING	0.212	\$375,000.00	\$0.00	\$375,000.00
PRODUCTION CASING	0.216	\$632,500.00	\$0.00	\$632,500.00
TUBING	0.217	\$0.00	\$40,000.00	\$40,000.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$33,500.00	\$18,500.00	\$52,000.00
ISOLATION PACKER	0.222	\$0.00	\$15,625.00	\$15,625.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$24,187.50	\$24,187.50
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$6,250.00	\$6,250.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$134,248.13	\$134,248.13
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$61,875.00	\$61,875.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$61,875.00	\$61,875.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$110,500.00	\$110,500.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$45,000.00	\$45,000.00
PIPELINE TO SALES	0.270	\$0.00	\$10,625.00	\$10,625.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$10,000.00	\$10,000.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$225,000.00	\$225,000.00
TOTAL TANGIBLES		\$1,261,625	\$763,686	\$2,025,311
TOTAL		\$4,078,317	\$9,708,343	\$13,786,660



Authorization For Expenditure

Company Entity

Ameredev Operating, LLC

Date Prepared

March 12, 2018

AFE Type	Project Name	Well No.	Prospect or Field Name	Property Number	Operation AFE No.
Capital	Magnolia State Com 26-36-22 Pilot Hole	115H	Delaware_WC	40524	2018-008

Location	County	State	Type Well								
26S-36E Section 27 200' FNL & 2380 FEL	Lea	NM	<table><tr><td>Oil</td><td>x</td><td>Expl</td><td>x</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	x	Expl	x	Gas		Prod	
Oil	x	Expl	x								
Gas		Prod									

Estimate Type		Est. Start Date	Est. Comp Date	Formation	MD
Original Estimate	<input checked="" type="radio"/>	July 28, 2018	August 31, 2018	Wolfcamp	22,000'
Revised Estimate	<input type="radio"/>				TVD
Supplemental Estimate	<input type="radio"/>				11,891'

Project Description

Drill Wolfcamp Pilot Hole.

Total Cost

\$868,398

Comments on Associated Costs

Water disposal not included.

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.

☐ 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.

☐ elect to take my gas in kind.☐ elect to market my gas with Ameredev pursuant to the terms and conditions of its contracts.**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.

American Resource Development LLC Approval

Prepared by	Operations Supt.	VP Land	VP Geology	COO	CEO
Julia Steger	Zachary Boyd	Noah Bramble	Eric Rhoden	Floyd Hammond	Parker Reese

Joint Interest Approval

Company	By	Date

INTANGIBLES	Code	Geology Pilot Hole	Geology Coring	Total Cost
DRILLING RIG	0.010	\$120,000.00	\$0.00	\$120,000.00
FUEL	0.016	\$22,500.00	\$0.00	\$22,500.00
TRAILER, CAMP & CATERING	0.018	\$4,200.00	\$0.00	\$4,200.00
WATER & SEPTIC	0.020	\$21,600.00	\$0.00	\$21,600.00
SURFACE RENTALS	0.024	\$9,210.00	\$0.00	\$9,210.00
DRILL BITS	0.028	\$34,000.00	\$0.00	\$34,000.00
DOWNHOLE RENTALS	0.030	\$2,500.00	\$0.00	\$2,500.00
WELL CONTROL-EQUIP/SERVICES	0.048	\$7,500.00	\$0.00	\$7,500.00
BOP TESTING	0.050	\$1,200.00	\$0.00	\$1,200.00
MUD & ADDITIVES	0.060	\$65,100.00	\$0.00	\$65,100.00
SOLIDS CONTROL-EQUIP/SERVICES	0.066	\$2,550.00	\$0.00	\$2,550.00
MUD / FLUIDS DISPOSAL CHARGES	0.068	\$6,222.22	\$0.00	\$6,222.22
REMEDIAL CEMENTING	0.076	\$15,000.00	\$0.00	\$15,000.00
MUD LOGGING	0.198	\$24,000.00	\$0.00	\$24,000.00
OPEN HOLE LOGGING	0.200	\$347,000.00	\$0.00	\$347,000.00
FISHING & SIDETRACK SERVICES	0.203	\$98,000	\$0.00	\$98,000.00
CONTINGENCY	5%	\$39,029.11	\$0	\$39,029.11
Tax	6.25%	\$48,786.39	\$0	\$48,786.39
TOTAL INTANGIBLE COST		\$868,398	\$0	\$868,398
TANGIBLES - WELL EQUIPMENT				
CONDUCTOR PIPE	0.206	\$0.00	\$0.00	\$0.00
SURFACE CASING	0.210	\$0.00	\$0.00	\$0.00
INTERMEDIATE CASING	0.212	\$0.00	\$0.00	\$0.00
PRODUCTION CASING	0.216	\$0.00	\$0.00	\$0.00
PIPE	0.217	\$0.00	\$0.00	\$0.00
WELLHEAD, TREE CHOKES (BEFORE CASING POINT)	0.218	\$0.00	\$0.00	\$0.00
ISOLATION PACKER	0.222	\$0.00	\$0.00	\$0.00
DOWNHOLE LIFT EQUIPMENT	0.234	\$0.00	\$0.00	\$0.00
TANGIBLES - LEASE EQUIPMENT				
LINE PIPE	0.238	\$0.00	\$0.00	\$0.00
TANKS, TANKS STEPS, STAIRS	0.244	\$0.00	\$0.00	\$0.00
BATTERY (HEATER TREATERS)	0.246	\$0.00	\$0.00	\$0.00
BATTERY (SEPARATOR)	0.248	\$0.00	\$0.00	\$0.00
BATTERY (GAS TREATING EQUIPMENT)	0.250	\$0.00	\$0.00	\$0.00
BATTERY (MISC EQUIP)	0.252	\$0.00	\$0.00	\$0.00
PIPELINE TO SALES	0.270	\$0.00	\$0.00	\$0.00
METERS AND METERING EQUIPMENT	0.274	\$0.00	\$0.00	\$0.00
VALVES, FITTINGS, PRODUCTION INSTRUMENTATION	0.282	\$0.00	\$0.00	\$0.00
TOTAL TANGIBLES		\$0	\$0	\$0
TOTAL		\$868,398	\$0	\$868,398

**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

AFFIDAVIT


STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Adam G. Rankin, attorney in fact and authorized representative of Ameredev Operating, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 2nd day of May, 2018 by Adam G. Rankin.



Notary Public



10931256_1

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: **AMEREDEV OPERATING, LLC**
Hearing Date: May 3, 2018

HOLLAND & HART LLP



Adam G. Rankin
Associate

Phone (505) 988-4421

Fax (505) 983-6043

agrankin@hollandhart.com

April 9, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Ameredev Operating, LLC for a non-standard spacing and
proration unit and compulsory pooling, Lea County, New Mexico.
Magnolia State Com 26-36-22 No. 115H Well
Magnolia State Com 26-36-22 No. 105H Well**

Ladies & Gentlemen:

This letter is to advise you that Ameredev Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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 by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Brandon Forteza at (737) 300-4721 or bforteza@ameredev.com.

Sincerely,

Adam G. Rankin

ATTORNEY FOR

AMEREDEV OPERATING, LLC

HOLLAND & HART^{LLP}



Adam G. Rankin
Associate

Phone (505) 988-4421

Fax (505) 983-6043

agrankin@hollandhart.com

April 9, 2018

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSETTING LESSEES AND OPERATORS

Re: Application of Ameredev Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.

Magnolia State Com 26-36-22 No. 115H Well

Magnolia State Com 26-36-22 No. 105H Well

This letter is to advise you that Ameredev Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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 by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Brandon Forteza at (737) 300-4721 or bforteza@amerdev.com.

Sincerely,

Adam G. Rankin

ATTORNEY FOR

AMEREDEV OPERATING, LLC



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

20180409 - Ameredev Operating, LLC
Magnolia 115H & 105H Wells PP List
CM#100091.0001

Shipment Date: 04/09/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	3
Total	3

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

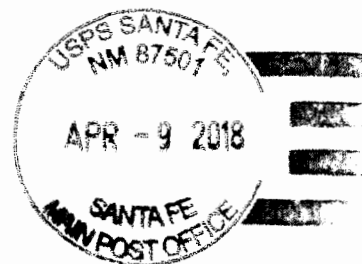
1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0007 9223 28





Firm Mailing Book For Accountable Mail

Name and Address of Sender
Holland & Hart LLP
110 N Guadalupe St # 1
Santa Fe NM 87501

Check type of mail or service

- ☐ Adult Signature Required ☐ Priority Mail Express
☐ Adult Signature Restricted Delivery ☐ Registered Mail
☒ Certified Mail ☐ Return Receipt for Merchandise
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation
☐ Collect on Delivery (COD) ☐ Signature Confirmation Restricted Delivery
☐ Insured Mail
☐ Priority Mail

Affix Stamp Here

(if issued as an international
certificate of mailing or for
additional copies of this receipt).
Postmark with Date of Receipt.

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
9214 8901 9403 8305 4061 03	EOG Resources Inc Attention: Wendy Dalton PO BOX 10886 Midland TX 79702	0.49	3.45	Handling Charge - if Registered and over \$50,000 in value							1.50			
9214 8901 9403 8305 4061 10	Petrillis Oil & Gas LLC Attn: Wes Perry PO BOX 10886 Midland TX 79702	0.49	3.45								1.50			
9214 8901 9403 8305 4061 27	S E S Resources LLC PO BOX 10886 Midland TX 79705	0.49	3.45								1.50			
								Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
Total Number of Pieces Sent by Sender 3	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)												



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Barcode	Recipient	Status	DL	Custom
9214 8901 9403 8305 4061 27	S E S Resources LLC	Delivered		
	PO BOX 10886	Signature	No	
	Midland TX 79705	Received		
9214 8901 9403 8305 4061 10	Petrolis Oil & Gas LLC Attn: Wes Perry	Delivered		
	PO BOX 10886	Signature	No	
	Midland TX 79702	Received		
9214 8901 9403 8305 4061 03	EOG Resources Inc Attention: Wendy Dalton	Delivered		
	PO BOX 10886	Signature	No	
	Midland TX 79702	Received		

6/27/2018 10:41 AM
10/1/2018



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

20180409 - Ameredev Operating, LLC
Magnolia 115H & 105H Wells Offset List
CM#100091.0001 -

Shipment Date: 04/09/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

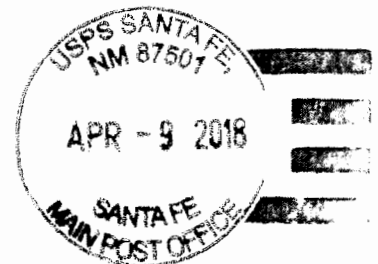
1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

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USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0007 9224 10





Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt).</i> Postmark with Date of Receipt.													
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1. 9214 8901 9403 8305 4063 01		Blackbeard Operating LLC ATTN: Chris Gonzales 201 W Wall Street Suite 903 Midland TX 79701		0.49	3.45	Handling Charge - if Registered and over \$50,000 in value							1.50				
Total Number of Pieces Listed by Sender		Total Number of Pieces Received at Post Office		Postmaster, Per (Name of receiving employee)													
1																	



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Barcode	Recipient	Status	DL	Custom
9214 8901 9403 8305 4063 01	Blackbeard Operating LLC ATTN: Chris Gonzales 201 W Wall Street Suite 900 Midland TX 79701	Delivered Signature Received	No	

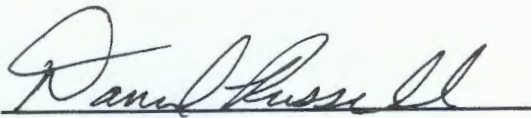
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Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

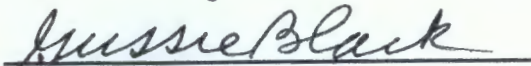
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
April 13, 2018
and ending with the issue dated
April 13, 2018.



Publisher

Sworn and subscribed to before me this
13th day of April 2018.



Business Manager

My commission expires

January 29, 2019

(Seal)



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

LEGAL NOTICE April 13, 2018

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **May 3, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **April 23, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including: EOG Resources Inc; Petralis Oil & Gas, LLC; S.E.S. Resources, LLC; Blackbeard Operating, LLC.

Case No. 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 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. 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. #32698

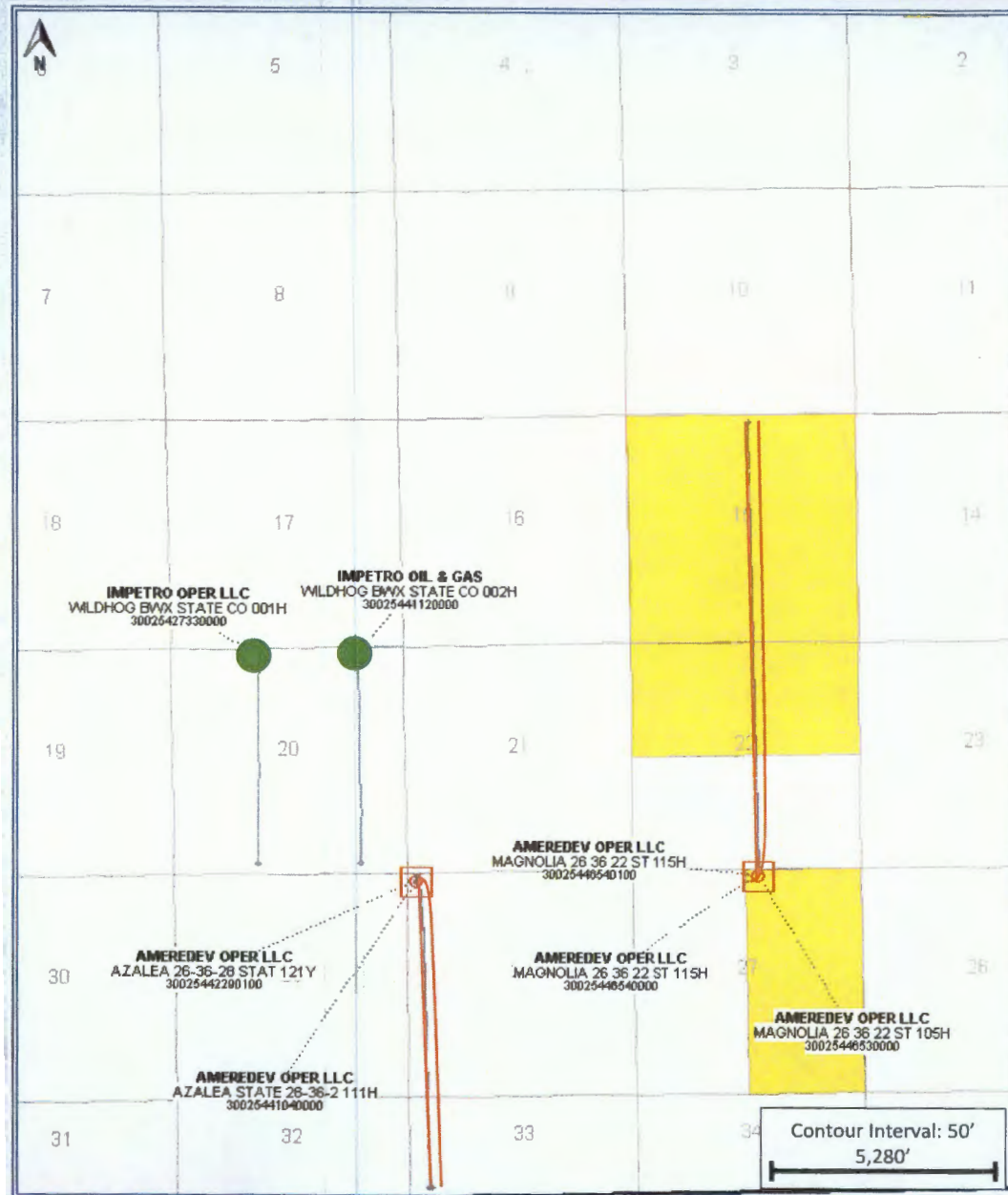
67100754

00210094

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

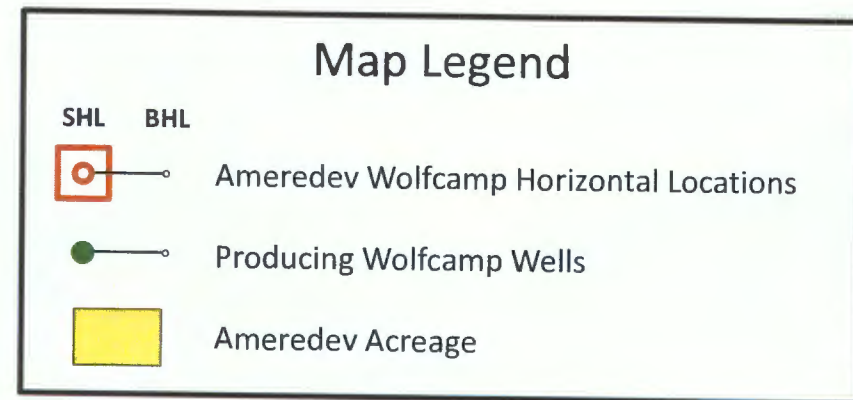
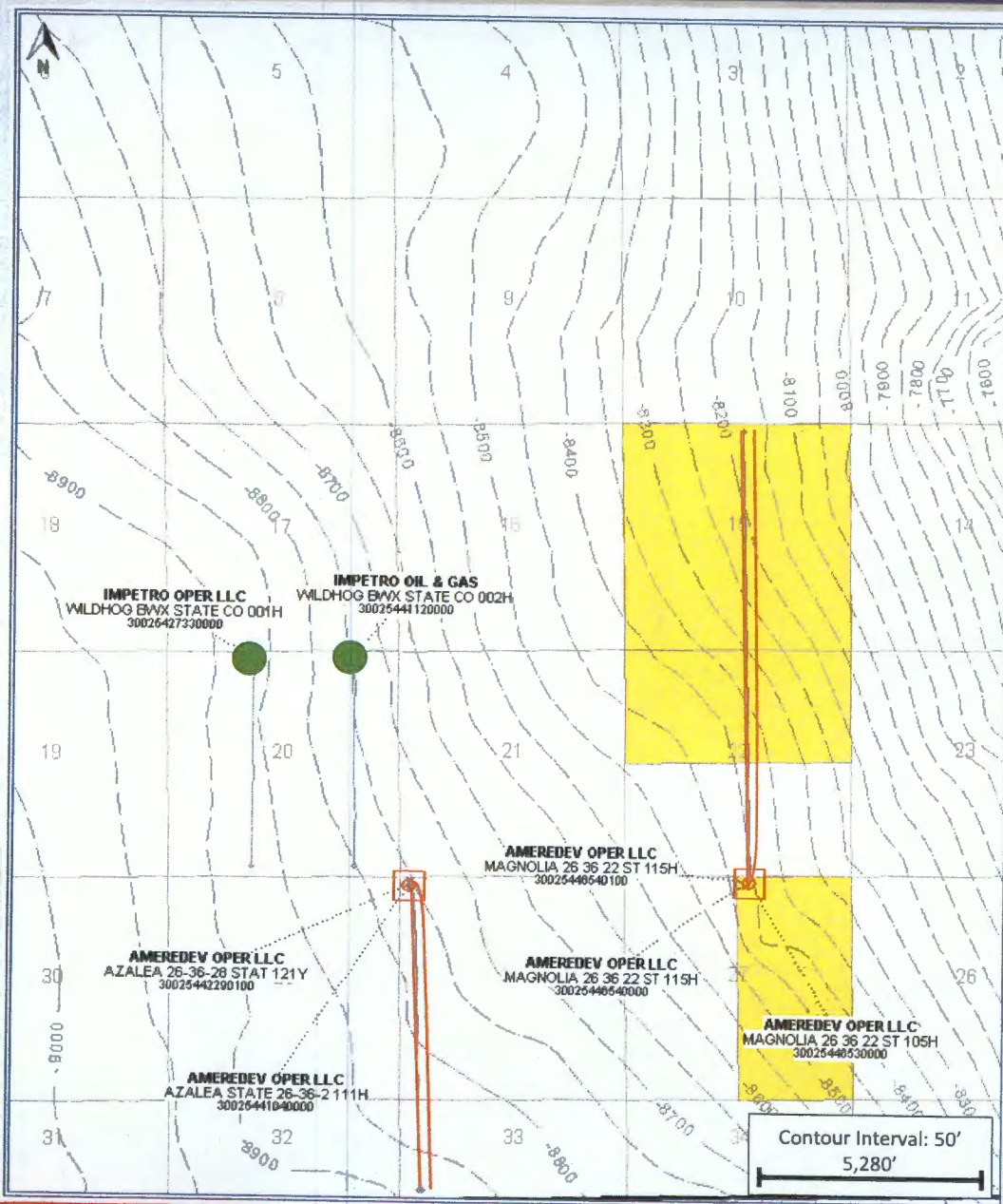
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 6
Submitted by: **AMEREDEV OPERATING, LLC**
Hearing Date: May 3, 2018

Wolfcamp Pool - Magnolia State Com 26-36-22 105H/115H

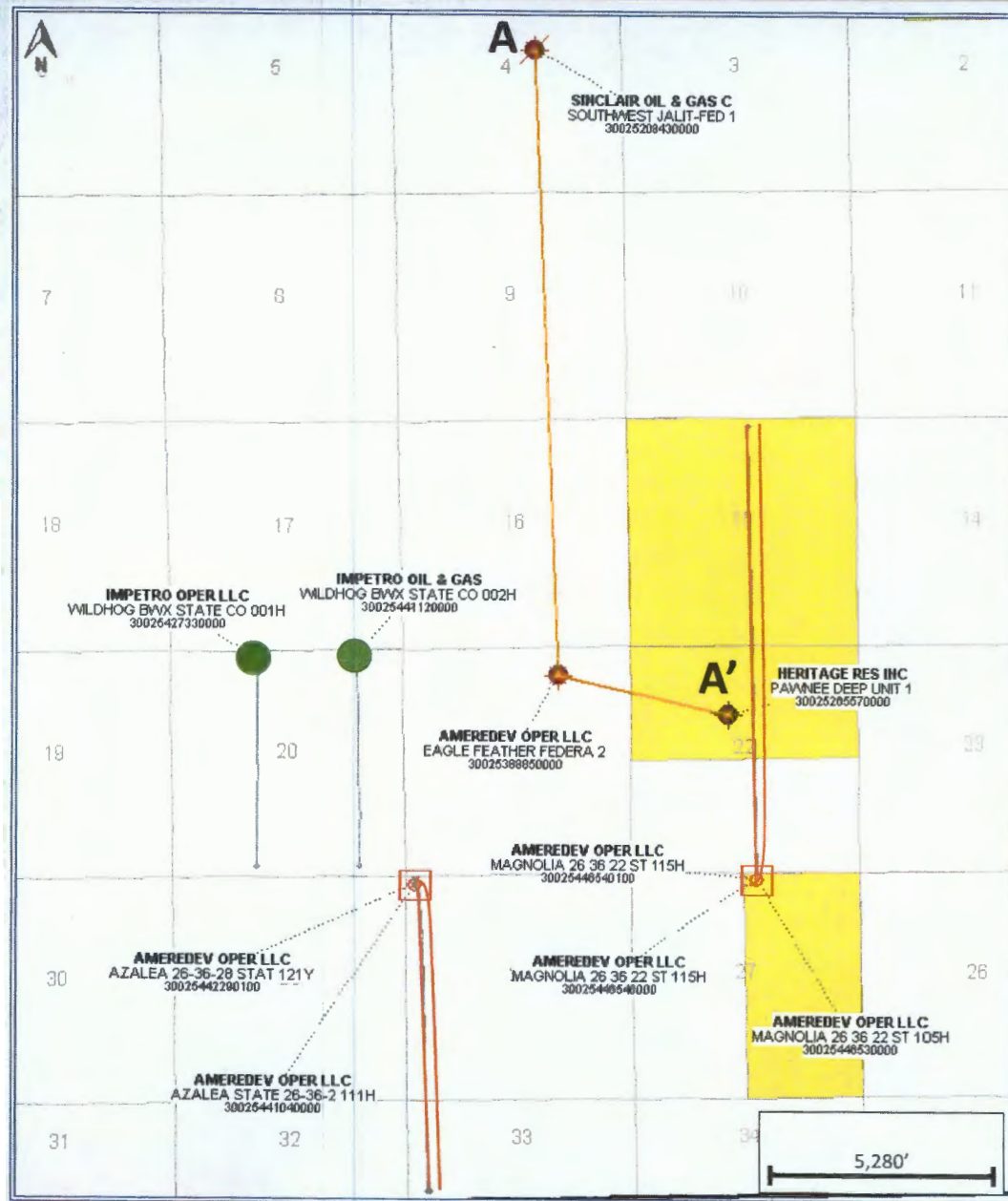


BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by: AMEREDEV OPERATING, LLC
Hearing Date: May 3, 2018

Wolfcamp Pool - Wolfcamp Structure Map (Subsea Depth)



Wolfcamp Pool – Cross Section Map



Map Legend

SHL BHL



Ameredev Wolfcamp Horizontal Locations



Producing Wolfcamp Wells



Cross Section Wells & Transect



Ameredev Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 9

Submitted by: AMEREDEV OPERATING, LLC

Hearing Date: May 3, 2018

Wolfcamp Pool - Stratigraphic Cross Section

SOUTHWEST JALT-FED 1
30025208430300
SINCLAIR OIL & GAS C

EAGLE FEATHER FEDERA 2
30025338850003
COG OPERATING LLC

PAWNEE DEEP UNIT 1
30025265570000
HERITAGE RES INC

A

A'

