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

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

CASE NO. 20416

AMEREDEV OPERATING LLC'S PREHEARING STATEMENT

Ameredev Operating LLC ("Ameredev") (OGRID No. 372224) submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

ATTORNEY

Ameredev Operating LLC

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APPLICANT'S STATEMENT OF CASE

In this case Ameredev seeks an order (1) pooling all uncommitted interests in the Wolfcamp formation (Jal; Wolfcamp West, Pool Code 33813) in a 640-acre, more or less, spacing unit comprised of the E/2 W/2 and W/2 E/2 of Sections 5 and 8 in Township 26 South, Range 36

East, NMPM, Lea County, New Mexico, and (2) dedicating the above-referenced horizontal spacing unit to the following proposed wells:

- Holly Fed Com 26-36-05 124H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8;
- Holly Fed Com 26-36-05 103H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8; and
- Holly Fed Com 26-36-05 113H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8.

The completed interval for the proposed Holly Fed Com 26-36-05 124H Well will be within 330' of the quarter-quarter line separating the W/2 E/2 from the E/2 E/2 of Sections 5 and 8 to allow inclusion of this acreage into a standard 640-acre horizontal spacing unit.

The completed interval for the proposed Holly Fed Com 26-36-05 103H Well and Holly Fed Com 26-36-05 113H Well will remain within the standard offsets required by statewide rule.

Since the proposed wells will be simultaneously drilled and completed, Ameredev requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

APPLICANT'S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|----------------------------|----------------|-----------|
| Brandon Forteza – Landman | Via Affidavit | Approx. 5 |
| Parker Foy – Geologist | Via Affidavit | Approx. 3 |

PROCEDURAL MATTERS

If unopposed, Ameredev anticipates presenting this case by affidavits.

Respectfully submitted,

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