



Ameredev II, LLC

## INDEPENDENCE AGI #1

# Ameredev II Overview

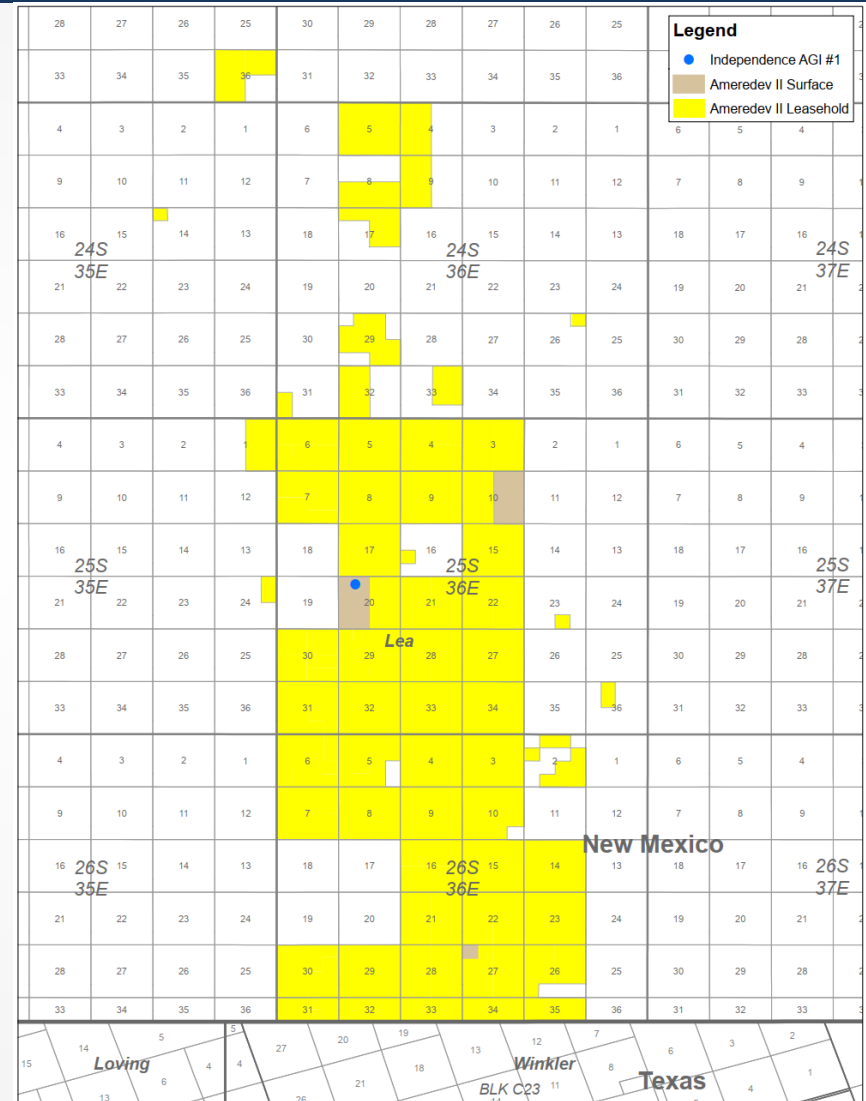
## Background

- Ameredev II is an Austin, TX based independent E&P company engaged in the development of oil and gas properties in the northern Delaware Basin
- Backed by a capital commitment from the Management team and Encap Investments L.P.
- Ameredev Operating, LLC (OGRID No. 372224), a wholly owned subsidiary of Ameredev II, is bonded and insured to operate in New Mexico
- Operates the largest contiguous privately-held acreage position in the northern Delaware Basin
- Operations are focused entirely in Lea Co. NM.

## Infrastructure Highlights

- 21 horizontal wells drilled in New Mexico to date
- 6 Central Tank Batteries support full development of resources
- Water gathering and recycling system including 20+ miles of HDPE lines, 2 MMbbls recycle impoundment, and 50 Kbbbls/d of produced water recycling capacity
- 2 crude oil sales points with associated infrastructure
- 3 gas sales points with associated infrastructure
- Residue gas connection and natural gas power generation with private distribution lines and fuel gas lines throughout field
- Austin-based control room with real-time telemetry, HD video feeds, and control devices monitored 24-hours/day.

## Area Map



# Current and Future Treating Needs

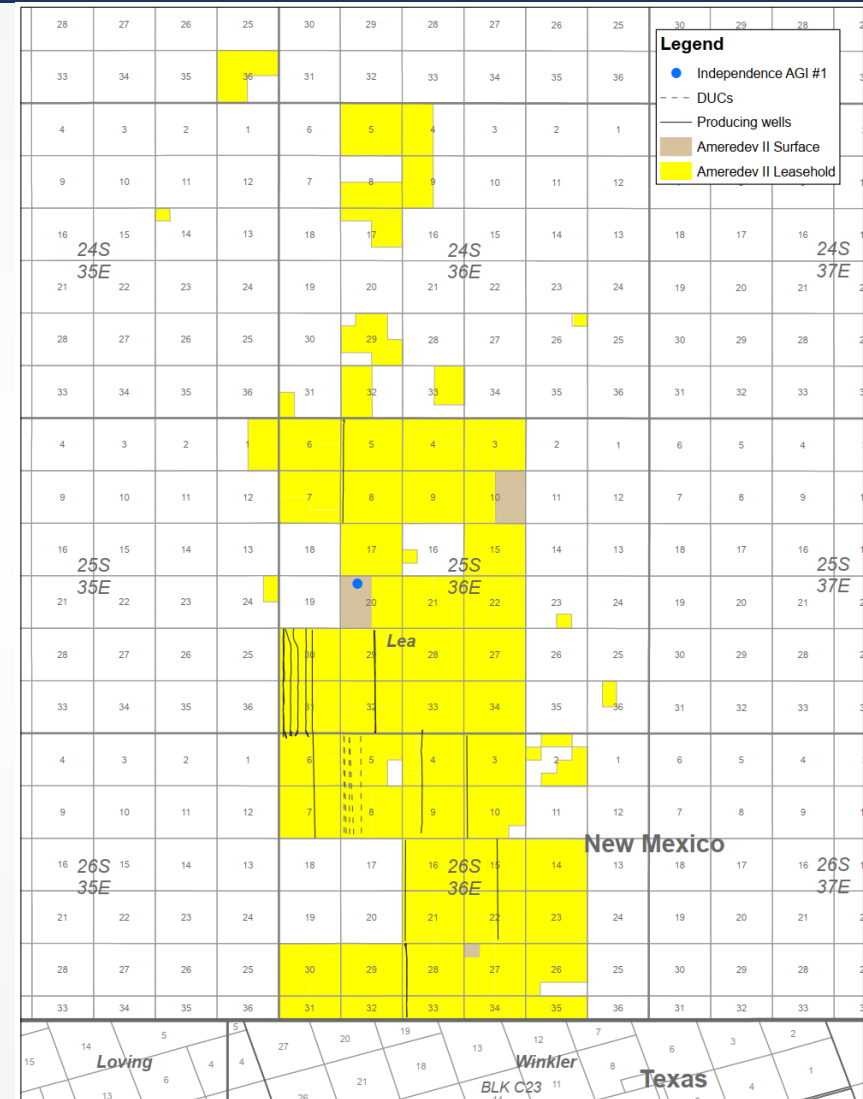
## Existing Wells

- 21 horizontal wells drilled in NM to date
- Over 194,000 lateral feet drilled
- 7,483 BOE (gross) per day (30-day average)

## Reduced Production Due to Treating Constraints

- 30-day average gas production of 11.8 MMcf/d
- 7 wells currently shut in due to lack of gas treating facilities
- 6 wells awaiting completion operations
- 89 approved drilling permits
- 2-year forecast requires 50 MMcf/d of gas treating services

## Ameredev II Wells



# Ameredev's Treating Solution

## AGI Timeline

- Ameredev plans to spud the Independence AGI 3 to 6 months after receiving permission from the Commission.
- Currently finalizing plans and awaiting proposals from third-party service providers.
- Ameredev Operating will drill the AGI and be the initial operator.

## Joint Venture

- Ameredev, through its subsidiaries, will contribute approximately \$15MM, consisting of the completed AGI and surface location, to a joint venture with an experienced operational team that will design, construct, and operate the treating facility.
- Third-party investors have committed approximately \$51MM towards the construction of the treating facility.
- Ameredev will receive an ownership interest in the joint venture and have ongoing input on the planning and operation of the treating facility and AGI.

## Meets Current and Future Needs

- The treating facility will have 80 MMcf/d of treating capacity but will initially be limited to 40 MMcf/d due to compression requirements, which can be expanded with additional compression.
- Ameredev and its joint venture partners are designing the facilities such that they may be expanded in the future to provide additional treating capacity.