



State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division

CASE NO. 21381

OCD Exhibit 2

OCD's Recommended Specific Conditions of Approval

OCD recommends these specific conditions of approval for Ameredev's Independence AGI Well No. 1.

Redundant Well

1. No later than twelve (12) months after issuance of this Order, Ameredev shall file a C-108 with OCD for approval to construct a redundant AGI well ("Redundant Well") in Devonian-Silurian formations that is capable of receiving volumes of treated acid gas that is equal to or greater than the volumes approved for injection into the Independence AGI Well No. 1. No later than twenty (24) months after issuance of this Order, Ameredev will complete the Redundant Well subject to the Specific and General Conditions of Approval approved in this case. OCD is authorized to review and approve the Redundant Well.

2. If Ameredev fails to timely submit or to diligently prosecute the application for the Redundant Well, fails to construct the Redundant Well by the specified deadline after receiving OCD's approval, or requests an exemption or rescission of the above condition, this permit shall terminate automatically and Ameredev shall plug and abandon the Independence AGI Well No. 1 pursuant to an OCD-approved plan; provided, however, that OCD in its sole discretion may grant an extension of time not to exceed six (6) months to the completion deadline in Condition 1 for good cause shown.



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Well Construction

3. Ameredev shall construct the Independence AGI Well No. 1 in accordance with the design and plan of construction approved by OCD, which shall isolate and protect the Salado and Capitan intervals, including (1) installing and cementing an intermediate casing string through the Salado interval before drilling into the Capitan interval; and (2) cementing the subsequent intermediate casing to protect the Capitan interval from the Delaware Mountain Group.