

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

**APPLICATIONS OF PERMIAN RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case Nos. 25050-25052

**APPLICANT'S MOTION TO STRIKE ENTRY OF APPEARANCE
AND OBJECTION TO PROCEEDING BY AFFIDAVIT and DISALLOW
INTERVENTION BY AMERICAN ENERGY RESOURCES LLC**

Applicant Permian Resources Operating, LLC ("Applicant" or "Permian") hereby requests that the Division strike the entry of appearance and objection to proceeding by affidavit ("Entry and Objection") filed by American Energy Resources LLC ("American Energy") on January 6, 2025. Application further requests that the Division determine American Energy lacks standing to intervene. American Energy has no interest in the proposed development, is not entitled to notice, and therefore has no standing to appear as of right or to participate by intervention. The Entry and Objection should therefore be struck from the record, any notice of intervention should be disallowed, and the cases allowed to proceed accordingly.

In support, Permian states as follows:

1. Permian filed the above-referenced applications on December 10, 2024, collectively targeting development of minerals underlying the SW/4 of Section 4 and the S/2 of Sections 5 and 6, all in Township 22 South, Range 26 East, in Eddy County, New Mexico ("Subject Minerals"). *See Applications; see also* Self-Affirmed Statement of Collin Christian ¶ 5, attached hereto as Exhibit A.

2. Permian did not provide a well proposal or notice of the applications to American Energy because its record title review at that time revealed no interest held by American Energy

in the proposed unit. Permian is aware of no other information indicating that American Energy has an interest in the proposed unit. *Id.* ¶¶ 6-8.

3. American Energy filed its Entry and Objection on January 6, 2025.¹

4. After American Energy filed its Entry and Objection, Permian engaged a land specialist to again review record title for the subject acreage, specifically requesting a search for the Subject Minerals in which American Energy, Mr. Samaniego, or Blackgold Resources had an interest (“Targeted Title Search”). Exhibit A ¶ 9. The Targeted Title Search revealed no interest held by American Energy, Mr. Samaniego, or Blackgold Resources. *Id.* ¶ 10.

5. Undersigned counsel conferred with Mr. Samaniego regarding the results of the Targeted Title Search. In response, Mr. Samaniego provided a copy of the lease attached hereto as Exhibit B. The lease, dated January 22, 2025 and filed of record on the same date, identifies Blackgold as lessor and American Energy as lessee (“Lease”). *See* Exhibit B. As noted, however, the Targeted Title Search revealed no interest in the Subject Minerals held by Blackgold.

6. Because Blackgold has no interest in the Subject Minerals, as a matter of law, the Lease conveys no interest in the Subject Minerals to American Energy. *See, e.g., Hays v. King*, 1989-NMSC-078, ¶ 10, 109 N.M. 202.

ARGUMENT

I. AMERICAN ENERGY IS NOT ENTITLED TO NOTICE AND THEREFORE NOT ENTITLED TO PARTICIPATE BY ENTERING AN APPEARANCE.

19.15.4.10(A)-(B) NMAC provides as follows:

A. The parties to an adjudicatory proceeding shall include:

(1) the applicant;

¹ American Energy served and purportedly filed a second Entry of Appearance and Objection to Presentation by Affidavit on January 23, 2025.

(2) a person to whom statute, rule or order requires notice (not including those persons to whom 19.15.4.9 NMAC requires distribution of hearing notices, who are not otherwise entitled to notice of the particular application), who has entered an appearance in the case; *and*

(3) *a person who properly intervenes* in the case.

B. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing.

(emphasis added).

Here, American Energy is not entitled to notice. In compulsory pooling applications, “[t]he applicant shall give notice to each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled . . . whose interest is evidenced by a written conveyance document either of record or known to the applicant at the time the applicant filed the application.” 19.15.4.12(A)(1)(a) NMAC. As reflected in the facts stated above, American Energy has no interest evidenced by a written conveyance document of record, or otherwise known to Permian at the time it filed the applications. American Energy is therefore not entitled to appear in these matters unless it can establish that it has a right to intervene. The Entry and Objection should therefore be struck.

II. AMERICAN ENERGY LACKS STANDING TO INTERVENE

Moreover, American Energy lacks standing to properly intervene. Only a person with standing may properly intervene, by filing a written notice of intervention. 19.15.4.11(A) NMAC. The notice of intervention must include “the nature of the intervenor’s interest in the application,” among other things. 19.15.4.11(A)(3) NMAC. In the alternative, the proposed intervenor must show that its participation will contribute substantially to the prevention of waste, protection of correlative rights or protection of public health or the environment. 19.15.4.1(C) NMAC. American Energy has failed to establish that it has an interest in the application. Its only assertion

to date is that it has an interest in a 4-acre tract within the proposed 800-acre unit based on a lease from a lessor without record title.

In Order No. R-11775-B, *In re Application of Richardson Op'g Co. to Establish a Special Infill Well Area* (Dec. 19, 2002), the Commission discussed standing to intervene and circumstances that rise to the level of an interest sufficient to sustain intervention. The Commission relied on New Mexico appellate cases regarding court proceedings, recognizing that “[i]n order to obtain standing for judicial review in New Mexico, litigants must allege that a direct injury might occur as a result of the court proceeding.” *Id.* ¶ 68 (citing, *inter alia*, *N.M. Right to Choose/NARAL v. Johnson*, 1999-NMSC-005, ¶ 61, 126 N.M. 788 and *City of Las Cruces v. El Paso Elec. Co.*, 1998-NMSC-6, ¶ 16, 124 N.M. 640). The Commission concluded that the proposed intervenor there, operator of the San Juan Coal Mine, could be injured by the applicant’s request to increase well density in the same area where coal mining would occur, because it would make coal mining more difficult and expensive and because hydraulic fracturing would compromise mine safety. *Id.* ¶¶ 8, 68.

More recently, in Case Nos. 24432-24439, the Division considered whether a third party salt water disposal well operator (Goodnight Midstream Permian LLC) had a sufficient interest to intervene in several applications concerning salt water disposal well operators Rice Operating and OWL/Pilot Water Solutions. The Division concluded that Goodnight had a sufficient interest to allow intervention because its similar operations in the same area could be affected by the outcome in Case Nos. 24432-24439. *See* Case No. 24432, Tr. at 82:20-24, 96:8-11 (May 16, 2024).

Thus, a party with standing to intervene is different from a party who enters an appearance because they are entitled to notice. The circumstances here stand in stark contrast to the circumstances in which parties have intervened historically. American Energy cannot establish

the type of injury that gives it standing to intervene. Moreover, American Energy cannot demonstrate that its participation will contribute substantially to the prevention of waste, protection of correlative rights, or protection of public health or the environment.

Under these circumstances, intervention by American Energy should be disallowed because (1) American Energy cannot show that it has standing, and (2) American Energy cannot show that its participation will contribute substantially to the prevention of waste, protection of correlative rights or protection of public health or the environment.

WHEREFORE, Applicant requests that the Division strike the Entry and Objection filed by American Energy, find that American Energy lacks standing to intervene, disallow the filing of a notice of intervention, and allow the cases to proceed accordingly.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on February 7, 2025 the foregoing was emailed to the following counsel:

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SELF-AFFIRMED STATEMENT OF LANDMAN COLLIN CHRISTIAN

I, Collin Christian, make the following self-affirmed statement:

1. I am over the age of 18, and have the capacity to execute this affirmation, which is based on my personal knowledge.

2. I am employed as a Landman with Permian Resources Operating, LLC (“Permian” or “Applicant”), and I am familiar with the subject applications and the lands involved.

3. This statement is submitted in support of Permian’s Motion to Dismiss Entry of Appearance and Objection to Proceeding by Affidavit Filed by American Energy Resources LLC.

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

5. The applications collectively target for development the minerals underlying 800 acres in the SW/4 of Section 4 and the S/2 of Sections 5 and 6, all in Township 22 South, Range 26 East, in Eddy County, New Mexico (“Subject Minerals”).

6. Prior to proposing this development, Permian directed a search of Eddy County records for persons with an interest in the Subject Minerals (“Title Search”).

7. The Title Search revealed no interest held by American Energy. Consequently, Permian did not submit a well proposal to American Energy or provide it with notice of these applications.

EXHIBIT A

8. Permian is aware of no other information indicating that American Energy has an interest in the proposed unit.

9. When American Energy filed its Entry and Objection, Permian directed another search of the Subject Minerals in Eddy County records, specifically requesting a search for any interests held by American Energy, for its related entity Blackgold Developers LLC ("Blackgold"), and for its representative Jonathan Samaniego ("Targeted Title Search").


10. The Targeted Title Search revealed no interests held by American Energy, Blackgold, or Mr. Samaniego.

11. Moreover, the legal description in the Lease refers to a different range (Township 27 East) than in the legal description for the Subject Minerals (Township 26 East). *See* Exhibit B (describing a 4-acre tract in Section 6, Township 22 South, Range 27 East).

12. Notably, the proposed development consists primarily of state and federal minerals. Only one 40-acre tract relates to fee minerals ("Fee Tract"). *See* Exhibit C, attached hereto. The Fee Tract is leased by Earthstone Permian LLC, COG Operating LLC and Concho Oil & Gas LLC. *See* Lease, attached hereto as Exhibit D. Thus, there are no unleased private minerals in the Subject Minerals for which Blackgold, American Energy, or Mr. Samaniego can claim an interest.

13. The foregoing is correct and complete to the best of my knowledge and belief.

I affirm under penalty of perjury under the laws of the State of New Mexico that this statement is true and correct.


Collin Christian

2/7/2025
Date

Document submitted to OCD by
Jonathan Samaniego on 1/22/25
for Case 25050

OIL AND GAS LEASE

Agreement, made and entered into the 22 day of January 2025 by and between BLACKGOLD DEVELOPERS LLC, a New Mexico Limited Liability Company, whose mailing address is P.O. BOX 114 Hagerman, NM 88232, herein after called Lessor (whether one or more), and AMERICAN ENERGY RESOURCES LLC, a New Mexico Limited Liability Company, whose address is P.O. BOX 114 Hagerman, NM 88232, herein after called Lessee:

WITNESSETH: That the said Lessor for and in consideration of Ten and No/100 Dollars cash in hand paid, the receipt of which of which is hereby, acknowledged, and of the covenants and agreements hereinafter contained on part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease, and let unto the said lessee for the sole and only purpose of exploring by geophysical and other methods, mining and operating, for oil and gas, and of laying of pipe lines, and of building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Eddy, State of New Mexico, described as follows, to-wit:

Section 6 - Township 22 South - Range 27 East

THE EAST 47.6 FEET OF LOT F, BLOCK 131 RIVERVIEW TERRANCE

LOT O, BLOCK 131 RIVERVIEW TERRANCE

Of Section 6 Township 22 South Range 27 East and containing 4 acres, more or less,

It is agreed that this lease shall remain in force for a term of 3 years from this date, and as long thereafter as oil or gas or either of them is produced from said land by lessee, or from land pooled herewith.

In consideration of the premises the said lessee covenants and agrees:

1. To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal part 25% of all oil produced and saved from the leased premises.
2. To pay lessee for gas, oil, of whatsoever nature of kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, 25%, at the market price at the well for the gas or oil sold, used off the premises, or in the manufacture of products, there from, provided that on gas or oil sold at the well the royalty shall be 25% of the amount realized from such sale, said payments to be paid monthly.

Where gas or oil from a well producing gas or oil only is not sold or used, Lessee may pay or tender as royalty (\$1.00) dollar per month per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas or oil is being produced within the meaning of the preceding paragraph.

The term "gas from a well producing gas only" shall be construed as a well capable of producing gas and/ or condensate and/ or other gaseous substance in commercial quantities and the term "gas" shall be construed include any such substances.

EXHIBIT B



This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the terms of years first mentioned.

If said lessor owns less interest in the above-described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessor interest estate in this tract is 4 acres minerals, more or less,

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipelines below plow depth.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned – and the privilege of assigning in whole or in part is expressly allowed – the covenants here shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land, or assignments of royalties shall be binding on the lessee until after the lessee has been furnished with certified copies of muniments of title derailing title from lessor.

Lessee may at anytime execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lease held liable in damages, for failure to comply therewith, if compliance is prevented by or if such failure is the result of, any such law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described.

Lessee, as its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases. When in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas, and other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units. The entire acreage so pooled into a tract or until shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if were included in the lease. If

production is found on the pooled acreage, it shall be treated as if production is had from the lease, whether the well or wells be located on the premises covered by the lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

The surface of the land covered by this lease shall not be used by Lessee for drilling operations under the provisions of this lease with-out the prior written consent of the Lessor.

In witness whereof, the undersigned execute this instrument as of the day and year first above written.

WITNESS MY HAND AND SEAL THIS 22 DAY OF JANUARY 2025.



JONATHAN R. SAMANIEGO
AUTHORIZED REPRESENTATIVE OF
BLACKGOLD DEVELOPERS LLC

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
) ss:
COUNTY OF CHAVES)

THE FORGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 22 DAY OF JANUARY 2025, BY JONATHAN R. SAMANIEGO, AUTHORIZED REPRESENTATIVE OF BLACKGOLD DEVELOPERS LLC.

MY COMMISSION EXPIRES:

NOTARY PUBLIC:

12-11-2026

