

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF AMEREDEV OPERATING, LLC CASE NOS. 16394,
FOR COMPULSORY POOLING, LEA COUNTY, 16395
NEW MEXICO. (Amended and
Readvertised)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
KATHLEEN MURPHY, TECHNICAL EXAMINER
TERRY WARNELL, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Scott Dawson, Chief Examiner; Kathleen Murphy and Terry Warnell, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, February 7, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT AMEREDEV OPERATING, LLC:

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EXHIBITS OFFERED AND ADMITTED

Ameredev Operating, LLC Exhibit
Numbers A through D (and 1 through 8) (Attached)

1 (9:07 a.m.)

2 EXAMINER DAWSON: Moving on down the list,
3 we're going to number eight on the list at this time,
4 which is Ameredev Operating, LLC for compulsory pooling.
5 This is amended and readvertised, and it's for the Pine
6 Straw Fed Com 25 36 08 #101H.

7 Call for appearances.

8 MS. BROGGI: Julia Broggi, with Holland &
9 Hart, on behalf of the Applicant, Ameredev Operating,
10 LLC.

11 EXAMINER DAWSON: Do you have any
12 witnesses?

13 MS. BROGGI: No. We're going to be
14 presenting these cases by affidavits.

15 EXAMINER BROOKS: What is the case number
16 in this case?

17 EXAMINER DAWSON: The case number in this
18 case is 16395. It's number eight on the docket.

19 EXAMINER BROOKS: Oh, I see it's on here,
20 Case 16395.

21 EXAMINER DAWSON: These are consolidated,
22 16394 and 16395. Let me find out where 16394 is.

23 MS. BROGGI: I can help you with that.

24 EXAMINER WARNELL: Page 5?

25 MS. BROGGI: Yes. It's case 67 on page 5.

1 EXAMINER DAWSON: 16349 is also the Pine
2 Straw Federal Com 25 36 8 #91H, and 16395 is the Pine
3 Straw Federal Com 25 36 8 #101H. So these two will be
4 consolidated.

5 MS. BROGGI: Thank you.

6 And we are presenting these by affidavits.

7 So Exhibit A is an affidavit from the
8 landman. And as you noted, these cases were amended and
9 readvertised. Both case numbers, 16394 and 16395, were
10 originally presented by affidavit on September 6th,
11 2018. But since then, Ameredev filed amended
12 applications to include proximity tracts in the spacing
13 unit, so that's why we're re-presenting the case today.

14 In Case Number 16394, Ameredev is seeking
15 to pool all of the uncommitted mineral interests in the
16 Bone Spring Formation underlying the approximately
17 640-acre spacing unit comprised of the west half-west
18 half of Section 5 and the west half-west half of Section
19 8, the east half-east half of Section 6 and the east
20 half-east half of Section 7, Township 25 South, Range 36
21 East, Lea County, New Mexico. And we are seeking to
22 dedicate the spacing unit to the proposed Pine Straw Fed
23 Com 25 26 08 #91H well.

24 EXAMINER BROOKS: And where is the -- where
25 is the C-102?

1 MS. BROGGI: They are both -- for that
2 case, that's attached as A1 to the affidavit of the
3 landman, and that's a revised C-102.

4 EXAMINER BROOKS: Okay.

5 MS. BROGGI: And then in the second case,
6 Case Number 16395, Ameredev is seeking to pool all
7 uncommitted mineral interests in the Wolfcamp Formation
8 underlying the approximately 640-acre spacing unit
9 comprised of the west half-west half of Section 5 and
10 the west half-west half of Section 8, the east half-east
11 half of Section 6 and the east half-east half of Section
12 7, Township 25 South, Range 36 East, Lea County, New
13 Mexico, and seeking to dedicate this spacing unit to the
14 proposed Pine Straw Fed Com 25 36 08 #101H well.

15 And the C-102 -- the filed C-102 is
16 attached as Exhibit A2 to the affidavit of the landman.

17 We've also attached land exhibits for each
18 of the cases, and those are Exhibits A3 and A4. Those
19 show the tracts of land and the ownership interests, and
20 they identify the parties that Ameredev is seeking to
21 pool in both of these cases. And as you will see in the
22 affidavit, these are both working interest owners and
23 unleased mineral interest owners.

24 A well-proposal letter was sent to both the
25 working interest owners and the unleased mineral

1 interest owners. So for Case 16394, that's found at
2 Exhibit A5, and there is an AFE included with that. And
3 then the well-proposal letter for the second case, Case
4 Number 16395, that's found at Exhibit A6, and that
5 includes an AFE as well.

6 Ameredev has made an estimate of overhead
7 and administrative costs. That's 7,000 a month for
8 drilling and 700 a month while producing, and they ask
9 that these figures be incorporated into any order.

10 There are also no depth severances in
11 either of these formations with respect to these cases.

12 And then finally, Ameredev provided the
13 names and last known addresses of the pool parties to
14 our law firm. And while not all parties were locatable,
15 we did publish notice, and that can be found in
16 affidavit -- sorry -- Exhibit D, which is the Notice of
17 Publication.

18 And then Exhibit C is an affidavit from our
19 office showing evidence that notice of the hearing was
20 mailed out.

21 And Exhibit B is the affidavit of the
22 geologist. Amending these applications did actually
23 change the exhibits -- the geology exhibits, but the
24 geologist did execute a second affidavit and
25 reincorporated the corresponding geology exhibits, and,

1 again, you know, testified that in his opinion drilling
2 would be the most efficient method to develop this
3 acreage and in the best interest of conservation, the
4 prevention of waste and the protection of correlative
5 rights.

6 EXAMINER DAWSON: Okay. Thank you.

7 Mr. Brooks, do you have any questions?

8 EXAMINER BROOKS: No questions.

9 EXAMINER DAWSON: Mr. Warnell?

10 EXAMINER WARNELL: No questions.

11 EXAMINER DAWSON: Ms. Murphy?

12 EXAMINER MURPHY: Are these stacked?

13 MS. BROGGI: Oh, yes. They are stacked,
14 because one is targeting the Bone Spring. That is the
15 first case, I believe, and then the second case is
16 targeting the Wolfcamp.

17 EXAMINER MURPHY: Okay. Thank you.

18 MS. BROGGI: And if there are no further
19 questions, we would ask that Case Numbers 16394 and
20 16395 be taken under advisement.

21 EXAMINER DAWSON: Okay. At this point
22 16394 and 16395 will be taken under advisement.

23 Thank you very much.

24 MS. BROGGI: Thank you very much.

25 (Case Number 16394 and 16395 conclude, 9:15

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 7th day of March 2019.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

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