

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
for Compulsory Pooling
Lea County, New Mexico Case No. 22247

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, NOVEMBER 4, 2021

EXAMINER HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Dean McClure
Technical Examiner, on Thursday, November 4, 2021,
via Webex Virtual Conferencing Platform hosted
by the New Mexico Department of Energy, Minerals and
Natural Resources

Reported by: Mary Therese Macfarlane.
New Mexico CCR #122
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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A P P E A R A N C E S.

FOR AMEREDEV OPERATING, LLC:

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1 (Time noted 9:40 a.m.)

2 MR. BRANCARD: All right. With that I will call
3 Case 22247, Ameredev Operating. Holland and Hart.

4 MS. LUCK: Good morning again. This is Kaitlyn
5 Luck with the Santa Fe office of Holland & Hart for the
6 Applicant in these cases, or in this case, Ameredev
7 Operating.

8 EXAMINER BRANCARD: So you're just proceeding
9 with this one case by itself and then the other cases
10 separately?

11 MS. LUCK: 22249 and -50 are consolidated but
12 this case is going separately.

13 EXAMINER BRANCARD: Are there any interested
14 persons for Case 22247? (Note: Pause.) Hearing none,
15 you may proceed, Ms. Luck.

16 MS. LUCK: Thank you. Ameredev understood there
17 would be no objection to this case proceeding by affidavit
18 today and filed a standard set of exhibits with the
19 Division on Tuesday.

20 Included in the exhibit packet is the
21 Compulsory Pooling Application Checklist as Exhibit A,
22 followed by Exhibit B, which is a copy of this
23 Application.

24 Next in the package is the Affidavit of
25 Brandon Forteza. He is the landman for Ameredev and his

1 affidavit is included as Exhibit C. He provides that
2 Ameredev is seeking to pool all interests in the Wolfcamp
3 Formation underlying a standard 640-acre spacing unit in
4 the west half of Sections 20 and 17. This is all in
5 Township 25 South, Range 36 East, in Lea County, New
6 Mexico.

7 The initial well for this spacing unit will
8 be the Dogwood Fed Com 25 36 20 112H well, and the
9 particulars of the surfacehole and bottomhole locations
10 are set forth in the affidavit.

11 The C-102 is also included as Exhibit C-1,
12 and it reflects that the Dogwood well is a proximity tract
13 well to create a spacing unit comprised of the entire west
14 half of these two sections.

15 Ameredev also included the standard land
16 rehab, which includes a map with the tracts included in
17 the spacing unit, together with the interest owners in
18 each tract that Ameredev is seeking to pool as Exhibit
19 C-2.

20 Then Exhibit C-3 is a copy of the Well
21 Proposal Letter.

22 And finally Exhibit C-4 is a short summary
23 of Ameredev's contact with the uncommitted working
24 interest owners in this case.

25 The next exhibit in the packet is the

1 affidavit of Parker Foy. That's included as Exhibit D in
2 this case, and he is Ameredev's geologist for the spacing
3 unit. He also includes with his affidavit the standard
4 set of geology exhibits, including a Project Locator Map
5 which shows the spacing unit in relation to the overall
6 Capitan Reef, followed by a Structure Map, Cross Section
7 Map, and the Cross Section for the Wolfcamp in this
8 spacing unit, and provides his opinion that this spacing
9 unit is appropriate for horizontal well development.

10 Finally in the application packet are
11 Exhibits E and F, which are the Notice of Hearing
12 information, which both include a copy of the letter that
13 was sent to the interest owners to be pooled, as well as
14 the Notice of Publication.

15 So with that I move admission of Ameredev's
16 Exhibits A through F and request that this case be taken
17 under advisement.

18 EXAMINER BRANCARD: Thank you.

19 Mr. McClure, any questions?

20 EXAMINER McCLURE: Yes. Just one quick
21 question.

22 On your admin costs for drilling and
23 operating, there seems to be a discrepancy between your
24 Notice in your checklist and your testimony from, I think
25 the landman, perhaps, since in your testimony you're asked

1 for 10,000 a day during drilling and 1,000 a day during
2 operating, but in the checklist and your Notice I believe
3 it's 7,000 and 700 --

4 MS. LUCK: Okay. And --

5 EXAMINER McCLURE: -- for all four of these
6 cases.

7 MS. LUCK: Excuse me. Sorry.

8 It might be that the checklist and
9 affidavit have a discrepancy, but I don't know that
10 information would have been included in our Notice, so we
11 will just submit an amended checklist which reflects the
12 correct overhead and administrative costs as 10,000 and
13 1,000.

14 EXAMINER BRANCARD: And what it looked like, the
15 letters that were sent out, the cover letter, maybe I was
16 incorrect in reading it, but it seemed like the cover
17 letter had included it. Maybe I'm incorrect there,
18 though.

19 MS. LUCK: No, our cover letter doesn't include
20 our overhead and administrative rates. Those just say we
21 are asking for a 200 percent risk penalty. So we will
22 submit an amended checklist following the hearing that
23 reflects the 10,000/1,000 numbers that are provided in the
24 Affidavit for each of the cases.

25 EXAMINER McCLURE: Now, looking at what, uh --

1 oh, it says -- page 17 of 34 is what the header is for the
2 submittal for the exhibits for the OCD here. You know
3 that little header that the system on our side
4 automatically puts on. It looks like it says Dear Owner,
5 Ameredev...

6 Anyway, if you scroll down there, the third
7 bullet point down within there has the \$7,000/\$700
8 drilling and producing overhead rate.

9 MS. LUCK: Oh, okay. Yeah. Excuse me. I'm
10 sorry. I didn't realize you were talking about the Well
11 Proposal Letter, not our Notice of Hearing Letter.

12 EXAMINER McCLURE: I'm sorry. Go ahead.

13 MS. LUCK: I'll clarify if it's supposed to be
14 the 7- or the \$10,000 and then we'll confirm with the
15 Division either way whether the checklist is correct or
16 the affidavit is correct.

17 But I understand what you're saying now.

18 EXAMINER McCLURE: Okay. Sounds good.

19 And then I'm assuming that the transcript
20 is going to be separate for whichever cases all work
21 separately, so if you could just address it I guess in
22 these other cases so we have it on the transcript.

23 Were you just intending to follow up with
24 us by email, then, was the thought process, and submit any
25 additional paperwork we need, then?

1 MS. LUCK: That would be the preference. I will
2 just follow up after the hearing on all four cases, but
3 I'll mention it in the following three cases that are
4 coming up on the record, as well.

5 EXAMINER McCLURE: Sounds good. Thank you. I
6 don't have any other questions.

7 EXAMINER BRANCARD: Thank you.

8 Okay. And 10,000, I don't know we've seen
9 10,000 often in these cases. It's a little high, but no
10 one is objecting, I guess.

11 Anyway, so are there any other persons
12 interested in Case 22247, Ameredev Operating? (Note:
13 Pause.)

14 Hearing none, your exhibits will be
15 admitted into the record and the case will be taken under
16 advisement, but with the proviso that you will provide
17 information or corrections necessary to get us one set of
18 charges for this case.

19 MS. LUCK: Understood. Thank you.

20 (Time noted 9:40 a.m.)

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1 STATE OF NEW MEXICO).

2 : ss

3 COUNTY OF TAOS)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
8 November 4, 2021, the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 transcription to the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18

19 /s/Mary Macfarlane_____

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2021

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