

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:

CASE NOS: 22678, 22679,
22680

APPLICATIONS OF AMEREDEV OPERATING, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
APRIL 21, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on
Thursday, April 21, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

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I N D E X

CASE CALLED

TAKEN UNDER ADVISEMENT 16

REPORTER CERTIFICATE 17

E X H I B I T I N D E X

Admitted

Exhibits and Attachments 16

1 HEARING EXAMINER BRANCARD: With that I will call
2 Items 35 -- no, I will just call Item 35. Case 22678,
3 Ameredev Operating.

4 MR. RANKIN: Good morning, Mr. Examiner, may it
5 please the Division, Adam Rankin appearing on behalf of the
6 applicant in this case. Mr. Examiner, we have filed an
7 updated -- we filed a prehearing exhibit requesting that
8 this case be heard with the next two cases on the docket
9 altogether, so at your discretion we would request that we
10 present all three cases at one time.

11 HEARING EXAMINER BRANCARD: So I will also call
12 then Cases 22679 and 22682. With that I have entries of
13 appearance from Burlington Resources Oil & Gas LP.

14 MS. RYAN: Good morning, Mr. Examiner, Beth Ryan
15 appearing on behalf of Burlington Resources in these cases,
16 and we have no objection to these cases proceeding today.

17 HEARING EXAMINER BRANCARD: Thank you. Franklin
18 Mountain Energy?

19 MS. BENNETT: Good morning, Mr. Examiner. Deana
20 Bennett on behalf of Franklin Mountain Energy, and Franklin
21 Mountain Energy does not have object to these cases going by
22 affidavit today, but has entered its appearance to preserve
23 its rights.

24 HEARING EXAMINER BRANCARD: I also have for two
25 of these cases an entry from Realeza del Spear.

1 (No audible response.)

2 HEARING EXAMINER BRANCARD: Any other entries of
3 appearance for Cases 22678, 679, 680?

4 (No audible response.)

5 HEARING EXAMINER BRANCARD: Hearing none, Mr.
6 Rankin, you may proceed.

7 MR. RANKIN: Thank you, Mr. Examiner. Just by
8 way of purposes of the record, Ameredev did reach an
9 agreement with Realeza del Spear in cases in which it has an
10 interest and is no longer seeking to pool that party as
11 reflected in our updated pooling exhibits.

12 Mr. Examiner, in these cases, Ameredev is seeking
13 and targeting -- seeking to pool and is targeting the Bone
14 Spring Formation in the first two cases and the Wolfcamp
15 Formation in the third case.

16 In the first two cases, 22678 and 9, Ameredev is
17 seeking to create spacing units 320 acres in size in the E/2
18 E/2 of Section 29 and 32 and Township 25 South, Range 32
19 East, and in the W/2 E/2 of the same sections.

20 Each will be a 320 acre spacing unit. These are
21 non-proximity tract spacing units. In the first case the
22 spacing unit will be dedicated to the Red Bud 25-36-32 State
23 Com 96H Well.

24 In the second case the spacing unit will be
25 dedicated to the proposed initial Red Bud 25-36-32 State Com

1 98H well.

2 In third case, Ameredev will be targeting the
3 Wolfcamp, and that acreage involves the E/2 E/2 of Sections
4 32 and 29, in Township 25 South, Range 26 East and the W/2
5 W/2 of Sections 33 and 28 in the same township.

6 This Wolfcamp spacing unit is proposed to be a
7 640 acre spacing unit and will be developed in the proximity
8 tracts. It will be dedicated to two initial wells, the Red
9 Bud -- and I will skip over the -- the Red Bud 7H well and
10 118H well. The 118H well will be the proximity tract well
11 that is within 330 feet of the center line of the proposed
12 spacing unit allowing the adjacent tracts to be
13 incorporated.

14 The exhibit packet that we filed on Tuesday
15 contains the table of contents that reviews each of the
16 exhibits and attachments. Exhibit A is the compulsory
17 pooling checklist that identifies each of the elements, the
18 pooled acreage, and the wells and so forth that are required
19 to be pooling. And the applications are filed in each of
20 the cases.

21 Exhibit C is the affidavit of Brandon Forteza.
22 He is a landman with Ameredev and has previously testified
23 and had his credentials accepted as a matter of record.
24 Mr. Forteza, in his affidavit, reviews the proposed pooling
25 and spacing units for each of these cases, identifying each

1 of the wells that will be dedicated to them, and then
2 reviews the C-102 plats for each of the wells identifying
3 the designated acreage for each of the wells. There are no
4 depth severances in either of these pools within the acreage
5 proposed.

6 Exhibit C-2 is the land plat identifying each of
7 the tracts that comprise each of the spacing units for all
8 three cases, along with the ownership interest breakdown on
9 a tract basis and on a unit-wide basis.

10 The exhibit identifies the parties that Ameredev
11 is seeking to pool by including an asterisk next to each of
12 the parties that it's pooling.

13 Exhibit C-3 is a copy of the well proposal
14 letters that were sent to each of the parties that Ameredev
15 is seeking to pool. And Mr. Examiner, some of these
16 interest owners are a mix of working interest, unleased
17 mineral interest owners. Mr. Forteza reviews the fact that
18 he offers the unleased interest owners to participate as
19 well as lease their interest. So Exhibit C is a copy of the
20 well proposal letters that were sent seeking their
21 participation in the wells.

22 Exhibit C-4 is a list of the efforts and the
23 dates by which Mr. Forteza reached out to each of the
24 parties attempting to make voluntarily agreement.

25 Exhibit D is a copy of the affidavit prepared by

1 Ameredev's geologist, Mr. Parker Foy. Mr. Foy has
2 previously testified before and had his credentials as an
3 expert in petroleum geology accepted. He reviews the
4 exhibits for each case.

5 D-1 is a copy of an overview showing the location
6 of the proposed spacing unit and that well interval within
7 the spacing unit proposed.

8 Exhibit D-2 is a copy of a structure map for
9 either the Bone Spring or the Wolfcamp Formation depending
10 on the case. It shows that there are -- Mr. Foy's
11 testimony demonstrates there are no faulting or pinchouts or
12 other impediments with the proposed wells in the acreage.

13 Exhibit D-3 is a cross section location map
14 identifying three wells who identify as being representative
15 of the geology in the area used to create (inaudible)
16 exhibit which is a cross section map, stratigraphic cross
17 section map which identifies the south of the Third Bone
18 Spring which is the target of the 96H and the top of the
19 Wolfcamp. The exhibits show the target intervals for each
20 of the proposed wells in each case, either the Bone Spring
21 or the Wolfcamp.

22 Exhibit E is a copy of our affidavit reflecting
23 that we provided notice of the application and the hearing
24 on the dates of the letters identified in the notice
25 letters.

1 The spreadsheet attached to the notice affidavit
2 contains the names of the parties who notice is provided,
3 and the spreadsheet reflects the status of the United States
4 Postal Service tracking certified mail as of April 19, which
5 is the date that the updated tracking information was
6 generated.

7 Exhibit F is a copy of the affidavit of notice
8 that was provided to us by the newspaper, Hobbs News Sun,
9 where notice of these applications was published identifying
10 each of the parties by name.

11 With that, Mr. Examiner, we would ask that these
12 cases be taken under advisement and that Exhibit A through F
13 be accepted into the record.

14 HEARING EXAMINER BRANCARD: Thank you. Mr.
15 Rose-Coss?

16 TECHNICAL EXAMINER ROSE-COSS: Yes. Good
17 morning, Mr. Rankin. How are you today? So like a quick
18 question on the C-102 plats under Case 22678, roughly Page
19 28 of 96, there is a lot of like text message bubbles on
20 this C-102. Is there -- is that supposed to signify
21 anything?

22 MR. RANKIN: You may have broken up, Mr. Coss, I
23 couldn't quite hear what you said. Is it bubble?

24 TECHNICAL EXAMINER ROSE-COSS: There's text
25 message bubbles in my copies. Is that happening in

1 everyone's copies of exhibits?

2 MR. RANKIN: I don't see any.

3 TECHNICAL EXAMINER ROSE-COSS: Okay, I mean --

4 MR. RANKIN: You mean, when you move your cursor
5 across it?

6 TECHNICAL EXAMINER ROSE-COSS: It's just a symbol
7 for a text bubble over the C-102s. When I move my cursor
8 across it, things pop up. Well, that's irrelevant then.

9 Moving on, can you -- and for my edification on
10 these -- there's a lot of small interest owners in these.
11 Is the landman out I think (inaudible) numbers and digits,
12 or is that somehow compiled?

13 MR. RANKIN: I don't know the answer to that
14 question, Mr. Examiner. I, I think -- I would certainly
15 hope they have some method of, you know, tabulating these
16 interests so that some (inaudible) doesn't have to manually
17 enter each of the interests to the nth integer.

18 TECHNICAL EXAMINER ROSE-COSS: It really is point
19 zero something, something, something.

20 MR. RANKIN: I don't know the answer. I will
21 have to ask the (inaudible).

22 TECHNICAL EXAMINER ROSE-COSS: Okay. Well, those
23 are my two questions.

24 HEARING EXAMINER BRANCARD: Thank you, Mr.
25 Rose-Coss. All right. Let me start with the landman's

1 affidavit, land person here, Mr. Forteza. (Inaudible) says
2 Ameredev has been able to locate contact information for all
3 the parties it seeks to pool. Is your landman claiming that
4 everyone is locatable?

5 MR. RANKIN: Mr. Examiner, my understanding is
6 they have been able to identify an address for all the
7 parties. I'm not sure they have been able to reach all of
8 them, but my understanding is that he has been able to
9 identify an address for each of the parties that they are
10 seeking to pool.

11 HEARING EXAMINER BRANCARD: Okay. Because when
12 we get to your affidavit and your list -- your USPS, there
13 is a number of returned to sender, address unknown on there.

14 MR. RANKIN: Right. Well, I think, Mr. Examiner,
15 I mean, my understanding is that an unlocatable address is
16 where they have been unable to find in the record an address
17 of record. So for each of these parties, we have identified
18 an address, and in each case we have gotten some returned.

19 So that is why we published, to confirm notice --
20 Mr. Forteza has undertaken a diligent effort to identify all
21 of the addresses using public databases and public records.
22 So sometimes you do get returns, not sure why that is, but
23 nevertheless, Mr. Forteza was able to identify an address
24 for each of the parties.

25 HEARING EXAMINER BRANCARD: Well, that's why if

1 you listened to other testimony today, some folks are
2 sending it to multiple addresses for the same people, and
3 that's helpful to do that. I think you would find out when
4 send out your AFEs things are not coming back, you might
5 then try to find better addresses.

6 So Mr. Forteza also referred to his chronology of
7 contacts on Exhibit C-4, but all I see on Exhibit C-4, if I
8 can find it here, is the dates when they mailed out letters.
9 That's all it says.

10 MR. RANKIN: Mr. Examiner, I believe that the
11 first attempt was the AFEs, and the second attempt was a
12 follow-up either by phone or e-mail or whatever method of
13 contact information he has for those parties. In some cases
14 it would be just an address.

15 HEARING EXAMINER BRANCARD: Right. But there is
16 no, no narrative in here like you normally get of actual
17 contacts of people, it's just dates that a letter was sent
18 out, or, I don't know.

19 All right. Let's look at Exhibit -- I think it's
20 D-2, your list of parties, and it breaks it down by
21 each spacing unit, and you indicate by an asterisk what's
22 being force pooled. Okay?

23 I look at Page 32, your first spacing unit, it
24 appears that you are force pooling everybody except
25 yourself. Okay? When you go look at the next exhibit, the

1 other units, you have a lot of the same interest owners, but
2 in those cases you are indicating that you are not force
3 pooling these individuals. So is that correct that you are
4 force pooling somebody for one spacing unit and not another?

5 MR. RANKIN: Mr. Examiner, these were updated
6 between the time when these cases were first presented or
7 were first scheduled to be presented -- between the time
8 that these -- the last month Mr. Forteza provided me an
9 updated list of the parties that they are seeking to pool,
10 and those numbers have dropped.

11 And I can confirm with him that in the first case
12 it's an accurate reflection of the parties that they are
13 seeking to pool, but I did confirm with him in the process
14 of preparing the exhibits that these were the updated and
15 correct list of parties that they are seeking to pool or are
16 no longer seeking to pool.

17 HEARING EXAMINER BRANCARD: So this is an
18 example. There are a number of members in what appears to
19 be perhaps two related families, the Hubbards and Deans who
20 are all shown as being force pooled in your first spacing
21 unit, but when you get down into a later spacing unit, most
22 are being shown as not being force pooled.

23 So that's, you know, I didn't sit there and go
24 through every one of them and figure out, but that's just
25 the ones that caught my eye.

1 MR. RANKIN: I can ask him again, but they are
2 different spacing units. Maybe in some cases they reached
3 agreement in one of the spacing units and haven't yet done
4 done so for the other.

5 So all I know is what I was provided, Mr.
6 Examiner, and my understanding is that these are updated and
7 correct as of Monday.

8 HEARING EXAMINER BRANCARD: All right. If you
9 could just check on that, I mean, I think your explanation
10 is probably correct and that maybe two of them were updated
11 and the third wasn't, that may be what happened here. So if
12 you need to update those lists, please provide us with an
13 updated list.

14 MR. RANKIN: Will do. I will confirm with
15 Mr. Forteza.

16 HEARING EXAMINER BRANCARD: Okay. And as I
17 mentioned earlier, we're having these cases lately with lots
18 of parties, and it would be sure good if you could show us
19 that you are actually getting out there and cutting deals
20 with people even if they have small interests.

21 MR. RANKIN: You will see, Mr. Examiner, I
22 believe -- I find that they are making progress in reaching
23 agreement with parties between the time that we originally
24 prepared this case and they updated them on Monday, a number
25 of parties have dropped off.

1 So I can tell you, just based on my observation
2 they are making agreements with even the small interest
3 owners.

4 HEARING EXAMINER BRANCARD: It does look true for
5 the second and third spacing units, it's the first one
6 that's just out there with no one making a deal. So that's
7 just -- anyway. All right, if could you check on that, Mr.
8 Rankin, that would be appreciated.

9 Oh, yes, your affidavit, it makes no notice of
10 the fact that you did publication.

11 MR. RANKIN: Well, I guess --

12 HEARING EXAMINER BRANCARD: -- included a
13 publication, which is fine. In the future, your affidavit
14 should do both mailing and just list it as we did a
15 newspaper of publication on the attached.

16 MR. RANKIN: Yeah, I guess, you know, we can
17 definitely do that if that's what you -- you know, I guess
18 the affidavit itself of the publication (inaudible) but if
19 you want us to take that step, we can certainly put a
20 paragraph if necessary.

21 HEARING EXAMINER BRANCARD: Well, the attorneys'
22 affidavit should be sort of a lead-in to all the
23 documentation that you are -- pretty simple, compared to Ms.
24 Hardy's, but it should be sort of a lead-in, this is what we
25 did, sent the notice letters out, and when we did this

1 publication, this is what is in the publication, see
2 attachment.

3 MR. RANKIN: Okay.

4 HEARING EXAMINER BRANCARD: Okay. Thank you, any
5 other interested parties on Cases 22678, 679 and 680? And I
6 forgot to check with Ms. Ryan if you have any questions.

7 MS. RYAN: No questions, thank you.

8 HEARING EXAMINER BRANCARD: Ms. Bennett?

9 MS. BENNETT: No questions, thank you.

10 HEARING EXAMINER BRANCARD: With that, the
11 exhibits for Cases 22678, 679, 680 will be admitted into the
12 record, and these cases will be taken under advisement with
13 the record left open to see if we need to update the
14 exhibits on the pooled parties.

15 MR. RANKIN: Thank you, Mr. Examiner. One thing
16 I need to mention, and I understand that the Division has
17 its hands full with remaining operators and requests for
18 orders, in this case, Ameredev does have a drilling schedule
19 for May, and we would request and would appreciate if the
20 Division were able to review this case and issue an order
21 within that time frame. And we will turn around and confirm
22 whether we need to update any of the exhibits quickly so
23 that you can -- so that the Division can attend to that, we
24 appreciate your consideration.

25 HEARING EXAMINER BRANCARD: All right. I'm

1 always impressed by how quickly the engineers can turn
2 around a lot of these orders. In fact, there is a whole
3 slew going out today. So we will look at them. Thank you.

4 MR. RANKIN: Thank you.

5 (Exhibits admitted.)

6 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

5

6 I do hereby certify that I reported the
7 foregoing virtual proceedings in stenographic shorthand and
8 that the foregoing pages are a true and correct transcript
9 of those proceedings to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties or attorneys in this case
12 and that I have no interest in the final disposition of this
13 case.

14 I FURTHER CERTIFY that the Virtual Proceeding was
15 of poor to good quality.

16 Dated this 21st day of April 2022.

17

/s/ Irene Delgado

18

Irene Delgado, NMCCR 253
License Expires: 12-31-22

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