

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 NO. 20222  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

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  
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APPEARANCES

FOR APPLICANT AMEREDEV OPERATING, LLC:

JULIA BROGGI, ESQ.  
HOLLAND & HART, LLP  
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EXHIBITS OFFERED AND ADMITTED

Ameredev Operating, LLC Exhibit  
Letters A through D (Attached)

1 (9:55 a.m.)

2 EXAMINER DAWSON: Okay. So at this point,  
3 we'll go to Case Numbers 20222 and 20256, which are  
4 applications of Ameredev Operating, LLC for compulsory  
5 pooling, Lea County, New Mexico.

6 Please call for appearances.

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

10 EXAMINER DAWSON: Any witnesses?

11 MS. BROGGI: No, Mr. Examiner. We will be  
12 presenting this case by affidavit.

13 EXAMINER DAWSON: Okay. And there are no  
14 other parties appearing in this case, so you may  
15 continue when you're ready, Ms. Broggi.

16 MS. BROGGI: Mr. Examiner, this format  
17 follows the format in the prior case I presented.

18 The affidavit of the landman is attached as  
19 Exhibit A. In this case Ameredev is seeking to pool all  
20 uncommitted interests in the Wolfcamp Formation in the  
21 640-acre spacing unit comprised of the west half-west  
22 half of Sections 27 and 34 and the east half-east half  
23 of Sections 28 and 33, Township 25 South, Range 36 East,  
24 Lea County, New Mexico. And Ameredev is seeking to  
25 dedicate that spacing unit to the proposed Juniper Fed

1 Com 25 36 34 #111H well.

2 And the C-102 for this proposed well is  
3 attached as Exhibit A1 to the affidavit. You'll see  
4 that Ameredev is incorporating proximity tracts and that  
5 using those proximity tracts, the completed interval  
6 complies with the Division setback requirements. There  
7 are no depth severances in the Wolfcamp Formation.

8 Exhibit A2 is the land exhibit that was  
9 prepared by Ameredev. Again, it shows the tracts and  
10 the ownership interest and identifies the parties that  
11 Ameredev is seeking to pool in this case. In this case  
12 there are two working interest owners, and it's Sharbro  
13 Energy, LLC and OXY Y-1 Company. There are no unleased  
14 mineral interest owners and no overriding royalty  
15 interest owners to be pooled either.

16 Ameredev sent a well-proposal letter to the  
17 two working interest owners that it's seeking to pool.  
18 That is attached as Exhibit A3 to the affidavit, and it  
19 includes an AFE.

20 Ameredev has made an estimate of the  
21 overhead and administrative costs, 7,000 a month while  
22 drilling and 700 a month while producing, and Ameredev  
23 requests that that be incorporated in any order issued  
24 by the Division.

25 In this instance all parties were

1 locatable. Exhibit C is an affidavit from our law firm  
2 showing that notice was provided to the parties that  
3 Ameredev is seeking to pool.

4 And notwithstanding that all the parties  
5 were locatable, out of an abundance of caution, you will  
6 find a Notice of Publication attached as Exhibit D to  
7 this package.

8 And Exhibit B is an affidavit by the  
9 geologist. He testifies that Ameredev is targeting the  
10 Wolfcamp Formation.

11 Exhibit B1 to that affidavit is a locator  
12 map. It shows Ameredev's acreage, as well as the  
13 proposed wellbore for the Juniper Fed Com 25 36 34 #111H  
14 well.

15 Exhibit B2 to the geologist's affidavit is  
16 a subsea structure map. It shows the Wolfcamp gently  
17 dipping to the west-southwest. And the geologist  
18 testifies that he observes no faulting, pinch-outs or  
19 other geologic impediments to horizontal drilling.

20 Exhibit A3 [sic] to the geologist's  
21 affidavit is a map that shows the three wells from A to  
22 A prime that are used in the stratigraphic cross  
23 section -- excuse me -- the stratigraphic cross section,  
24 which is the next exhibit.

25 Exhibit B4 is that stratigraphic cross

1 section, which was prepared displaying the open-hole  
2 logs run over the Wolfcamp for those three wells, A to A  
3 prime. For each of the wells in the cross section, the  
4 exhibit shows logs for gamma ray, resistivity and  
5 porosity, and the geologist testifies -- oh, the target  
6 interval is also marked on that A4 [sic]. And he  
7 testifies that it's consistent in thickness across the  
8 entire proposed spacing unit.

9 And ultimately he testifies that in his  
10 opinion, the granting of Ameredev's application would be  
11 in the best interest of conservation, the prevention of  
12 waste and the protection of correlative rights.

13 We did file an amended application on  
14 Tuesday to correct a mistake that was made identifying  
15 the spacing unit, so we're going to need to continue the  
16 case until March 7th to notice amended application.

17 EXAMINER DAWSON: So that request for  
18 continuance to March 7th is on both cases?

19 MS. BROGGI: Just this case, just the  
20 Juniper Fed Com case.

21 EXAMINER DAWSON: Okay. So your request is  
22 March 7th?

23 EXAMINER MURPHY: But that's new cases,  
24 right?

25 EXAMINER DAWSON: Yes. That's the new

1 cases date, so it would have to be -- your request would  
2 have to be March 21st.

3 EXAMINER MURPHY: Or first available  
4 docket.

5 EXAMINER DAWSON: Or first available docket  
6 if it's full.

7 MS. BROGGI: Mr. Examiner, if -- since it's  
8 an amended application, would that be considered a new  
9 case, and that could get us onto that March 7th docket?

10 EXAMINER MURPHY: You should ask  
11 Mr. Warnell.

12 EXAMINER WARNELL: No, I don't think so,  
13 because my idea of a continuance is if you're on one  
14 docket and you go to another docket, it's a continuance  
15 regardless of what it's for.

16 MS. BROGGI: Even though it's an amended  
17 application?

18 That's fine. So that second docket in  
19 March is what you're saying?

20 EXAMINER DAWSON: Yes, March 21st. We'll  
21 pencil it down as your request for March 21st, but if  
22 that's not available, March 21st, if the docket's too  
23 large at that point, it'll be -- it will be continued  
24 until April -- do you know that date in April?

25 EXAMINER WARNELL: No, I don't.

1 EXAMINER DAWSON: The second docket in  
2 April.

3 EXAMINER BROOKS: I'm reluctant to speak to  
4 this issue because the director has established certain  
5 policies, but I believe that if you do not continue it  
6 to a certain date -- well, you're going to be renoticing  
7 everybody anyway, right?

8 MS. BROGGI: Yes, sir.

9 EXAMINER BROOKS: Everybody that was  
10 noticed for the original proceeding will receive a new  
11 notice for the amended application?

12 MS. BROGGI: Yes.

13 EXAMINER BROOKS: Okay. Then I don't have  
14 a problem with it. I don't have a problem with what you  
15 said.

16 As a general matter, I think it's  
17 necessary -- I think, under the rules, a continuance by  
18 the examiner, to be sure that it's valid, you need to  
19 make it to a specific date. But if you are going to  
20 renotice anyway, that doesn't come into play, because  
21 the reason it's -- in order for it to be a valid  
22 continuance by the examiner, the effect of that is that  
23 then you don't have to renotice. But you have to  
24 renotice anyway, since you're changing the boundaries of  
25 the -- specified boundaries of the spacing unit, right?

1 MS. BROGGI: Yes.

2 EXAMINER BROOKS: Okay. Sorry for the long  
3 explanation.

4 MS. BROGGI: So we will ask that Case  
5 Number 20222 be continued until that March 21st docket.

6 EXAMINER DAWSON: Okay.

7 MS. BROGGI: Thank you.

8 EXAMINER DAWSON: And your other request is  
9 for Case Number 20256 to be taken under advisement,  
10 correct?

11 MS. BROGGI: Is that Magnolia?

12 EXAMINER DAWSON: Yes.

13 MS. BROGGI: Yeah. I haven't presented  
14 that yet, but that will be -- at the conclusion of that,  
15 I will ask that it be taken under advisement.

16 Mr. McMillan has the next --

17 EXAMINER DAWSON: Hang on a second. We may  
18 have some questions.

19 David, do you have a question?

20 EXAMINER BROOKS: I do have a question.  
21 We're talking about the case involving the Juniper Fed  
22 Com 25 36 34 #111H?

23 EXAMINER DAWSON: Correct.

24 EXAMINER BROOKS: Okay. And the spacing  
25 unit for that well depicted on Exhibit A1 is the west

1 half-west half of Sections 27 and 34 and the east  
2 half-east half of Sections 28 and 33? Is that the  
3 correct --

4 MS. BROGGI: Yes. It's Sections 28 and 33.  
5 And that's what --

6 EXAMINER BROOKS: 28 and 33. It's the west  
7 half-west half of 27 and 34 and the east half-east half  
8 of 28 and 33, right?

9 MS. BROGGI: So it's correct in the C-102  
10 attached as Exhibit A1.

11 EXAMINER BROOKS: Okay. And what is the --  
12 what was it in the original application?

13 MS. BROGGI: Off top of my head -- there  
14 was that second one, the east half-east half of Section  
15 33, but we didn't write 28. We wrote something else.  
16 So we're amending the application to be consistent.

17 EXAMINER BROOKS: I just want to make clear  
18 that Exhibit A1 is correct.

19 MS. BROGGI: Exhibit A1 is correct, and the  
20 testimony in the affidavit by the landman is also  
21 correct.

22 EXAMINER BROOKS: Thank you.

23 MS. BROGGI: Yes.

24 EXAMINER DAWSON: Do you have any  
25 questions, Mr. Warnell?

1 EXAMINER WARNELL: No questions.

2 EXAMINER DAWSON: Ms. Murphy?

3 EXAMINER MURPHY: No questions.

4 EXAMINER DAWSON: I have one request of the  
5 geologist. On the stratigraphic cross section, being  
6 Exhibit Number B4, can he put a line in the target  
7 interval as to where within that Wolfcamp that the  
8 landing zone will be --

9 MS. BROGGI: Yes.

10 EXAMINER DAWSON: -- and send that to us so  
11 we can have a better -- a more clear picture of where  
12 that landing area is within the Wolfcamp?

13 MS. BROGGI: Yes.

14 EXAMINER MURPHY: Can he include the  
15 thickness?

16 MS. BROGGI: Yes.

17 EXAMINER DAWSON: The total thickness of  
18 the zone or the thickness of the landing area?

19 EXAMINER MURPHY: Of the landing zone.

20 EXAMINER DAWSON: So ask him also to  
21 include the thickness of the landing zone within the  
22 Wolfcamp.

23 MS. BROGGI: Okay. I will do that and  
24 provide that.

25 EXAMINER DAWSON: Okay. So at this time,

1 Case Number 20222 will be continued to March 21st.

2 Thank you very much.

3 (Case Number 20222 concludes, 10:07 a.m.)

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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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