

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:

Kaitlyn A. Luck, Esq  
Holland & Hart  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501  
(505) 988-4421  
kaluck@hollandhart.com

C O N T E N T S

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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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STATE OF NEW MEXICO )

: ss

COUNTY OF TAOS )

REPORTER'S CERTIFICATE

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

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

/s/Mary Macfarlane\_\_\_\_\_

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