

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. 20661
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 8, 2019

Santa Fe, New Mexico

BEFORE: LEONARD LOWE, CHIEF EXAMINER
 MICHAEL McMILLAN, TECHNICAL EXAMINER
 DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Leonard Lowe, Chief Examiner; Michael McMillan, Technical Examiner; and Dana Z. David, Legal Examiner, on Thursday, August 8, 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:

KAITLYN A. LUCK, ESQ.
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EXHIBITS OFFERED AND ADMITTED

Ameredev Operating, LLC Exhibits A through D	7
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1 (1:36 p.m.)

2 EXAMINER LOWE: We'll continue with Case
3 20661.

4 Call for appearances.

5 MS. LUCK: Kaitlyn Luck with the Santa Fe
6 office of Holland & Hart.

7 EXAMINER LOWE: Any other witnesses?

8 MS. LUCK: Today I'm presenting the case by
9 affidavit.

10 So we have our three affidavits in this
11 case. The first affidavit is Exhibit A, the affidavit
12 of Brandon Forteza, the landman for Ameredev. He has
13 previously testified before the Division, and his
14 credentials have been accepted and made a matter of
15 record.

16 He states in his affidavit that he's
17 familiar with this application and the status of the
18 lands in the subject area where Ameredev is seeking an
19 order pooling all uncommitted interests in the Wolfcamp
20 Formation underlying a standard 467.4-acre horizontal
21 spacing unit in Sections 27, 28, 34 and 33, Township 26
22 South, Range 36 East in Lea County, New Mexico.

23 Ameredev is seeking to dedicate this
24 spacing unit to its Amen Corner State Com 121H well.
25 The API number for this well is 30-025-44942. The

1 footages for the well are also noted in paragraph six of
2 the affidavit.

3 His Exhibit A1 is the Form C-102 on file
4 for this well, which notice of the well has been
5 assigned to a wildcat Wolfcamp pool, pool code 98234.
6 Because the completed interval for the well will remain
7 within 330 feet from the section line separating these
8 four sections, Ameredev seeks to incorporate the
9 proximity tracts to create a standard 467.4-acre
10 horizontal spacing unit. The affidavit also notes there
11 is no depth severances in this acreage.

12 Exhibit A2 is the tract map for the
13 portions of the four sections involved that show the
14 tracts, as well as the percentage of ownership that
15 Ameredev is seeking to pool. The working interest
16 owners that Ameredev is pooling in this case are noted
17 with an asterisk on this exhibit.

18 His Exhibit A3 is the AFE, along with the
19 well-proposal letters submitted to the working interest
20 owners in which Ameredev attempted and made good-faith
21 efforts to reach an agreement with the uncommitted
22 interest owners. He also notes that Ameredev is seeking
23 approval of overhead and administrative costs of \$7,000
24 per month while drilling and 700 per month while
25 producing, which is consistent with what other operators

1 in the area are charging for these wells. Ameredev is,
2 finally, requesting that the pooling order include 200
3 percent charge for the risk assumed by Ameredev in
4 drilling this well.

5 Turning to Exhibit B is the affidavit of
6 Ameredev's geologist, Parker Foy. He has also
7 previously testified before the Division and had his
8 credentials accepted.

9 In this case Ameredev is targeting the
10 Wolfcamp Formation with its Amen Corner 121H well. His
11 Exhibit B1 is a map -- project locator map showing
12 Ameredev's acreage in yellow and the path of the
13 proposed Amen Corner well with dashed lines within the
14 yellow acreage.

15 His Exhibit B2 is a subsea structure map
16 that he prepared for the top of the Wolfcamp B
17 Formation, with existing producing wells nearby noted
18 with green dots and straight black lines. The contour
19 interval is 50 feet, and it shows that the structure --
20 the Wolfcamp structure here is gently dipping to the
21 southeast. In his opinion, the structure is consistent
22 across the path of the proposed wellbore, and he does
23 not observe any faulting, pinchouts or geological
24 impediments to horizontal drilling.

25 Mr. Foy's Exhibit B3 is a map showing the

1 location of the wells used to create the stratigraphic
2 cross section on Ameredev Exhibit B4. The three wells
3 form A to A prime are representative of the geology in
4 the area.

5 And his Exhibit B4 is a stratigraphic cross
6 section that he prepared from those three representative
7 Wolfcamp wells denoted from A to A prime. Again, he
8 notes in his affidavit in paragraph eight the cross
9 section demonstrates that the target interval within the
10 Wolfcamp B is consistent in thickness across the entire
11 proposed spacing unit. And you'll see on his Exhibit B4
12 that he notes the target interval down towards the
13 bottom of the exhibit between the Wolfcamp B and the
14 Wolfcamp C on the left-hand side of the page.

15 Finally, my Exhibit C is an affidavit from
16 me noting that our office sent notice of this hearing to
17 all parties to be pooled in this proceeding. And
18 because there was at least one mailing that was not
19 delivered before the time of the hearing, we have also
20 included a Notice of Publication that reflects that
21 notice of hearing was also published in addition to the
22 certified mail that was sent.

23 And with that, I'd ask that Exhibits A, B
24 and C be admitted into the record in this case, along
25 with our corresponding attachments.

1 EXAMINER LOWE: Exhibits A, B and C in Case
2 20661 are admitted to this case.

3 (Ameredev Operating, LLC Exhibits A, B and
4 C are offered and admitted into evidence.)

5 MS. LUCK: Thank you.

6 Since we don't have any witnesses here to
7 be cross-examined, I'd ask that the case be taken under
8 advisement at this point, unless there is anything
9 further from the Division.

10 EXAMINER LOWE: Any questions?

11 EXAMINER McMILLAN: What's the first and
12 last take point?

13 MS. LUCK: The first and last take points?
14 Let me see. So that's noted on our C-102, which is A1.

15 EXAMINER McMILLAN: Hold on. So is it safe
16 to say it's 230 feet?

17 MS. LUCK: And this well is --

18 EXAMINER McMILLAN: Can you just send an
19 email because this is a lot of stuff?

20 MS. LUCK: Okay. I can send you the first
21 and last take points.

22 EXAMINER McMILLAN: Yeah. That will be
23 easier for me.

24 MS. LUCK: Yup.

25 EXAMINER LOWE: Yeah. And anytime you

1 submit like this that indicates -- it does say it, but
2 it's all one giant clump, which leaves us guessing. We
3 don't want to guess.

4 MS. LUCK: Okay. Absolutely.

5 EXAMINER LOWE: So you can submit something
6 like this and maybe an attachment or even just blatantly
7 say it, write it out, say what it is.

8 MS. LUCK: Okay. And a lot of times there
9 is a page 2 to the C-102 that notes the first and last
10 take point, and I didn't include it on here. So if they
11 have that page 2, the first and last take point, I'll
12 send that to you. It'll have the hard numbers on the
13 C-102 form.

14 EXAMINER LOWE: Is that good for you?

15 EXAMINER McMILLAN: That's fine. I just
16 didn't --

17 MS. LUCK: I understand.

18 EXAMINER LOWE: And send it to the OCD
19 hearings email and put the case number and "C-102" or
20 "first and last take point."

21 MS. LUCK: I will do that.

22 EXAMINER LOWE: Do you have any questions,
23 sir?

24 EXAMINER DAVID: I have no questions.

25 EXAMINER LOWE: Case Number 20661 will be

1 taken under advisement.

2 MS. LUCK: Thank you.

3 (Case Number 20661 concludes, 1:43 p.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 19th day of August 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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