

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,  
to amend Order R-22058, Lea County,  
New Mexico

Case No. 22750

TRANSCRIPT OF PROCEEDINGS

May 5, 2022

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 May 5th, 2022 via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

REPORTED BY: SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC  
CCR No. 275  
PAUL BACA COURT REPORTERS  
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A P P E A R A N C E S

For Ameredev Operating, LLC:

HINKLE, SHANOR, LLP  
P.O. Box 2068  
Santa Fe, NM 87504-2068  
(505) 982-4554  
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BY: ADAM RANKIN

I N D E X

Case called	3:1
Summary of case and exhibits	3:10
Taken under advisement	10:5
Court Reporter's Certificate	11:1

1 (Time noted as 10:21 a.m.)

2 EXAMINER BRANCARD: With that, we are on Item 55  
3 of today's docket, Case 22750, Ameredev Operating, LLC.

4 MR. RANKIN: Mr. Examiner, Adam Rankin, with the  
5 Santa Fe office of Holland & Hart, appearing on behalf of  
6 the applicant in this case.

7 EXAMINER BRANCARD: Thank you.

8 Are there any other interested persons for Case 22750?  
9 Hearing none, Mr. Rankin, you may proceed.

10 MR. RANKIN: Thank you, Mr. Examiner. In this  
11 case, Red Bud is -- sorry. Ameredev is seeking to amend a  
12 prior order pooling acreage in the Wolfcamp formation; that  
13 is Order R-22058. The acreage was previously pooled by the  
14 Division under an order, and as a result of some issues with  
15 federal leases that are included in the acreage, Ameredev is  
16 unable to drill the wells that were previously dedicated to  
17 this spacing unit due to those issues and, therefore, is  
18 seeking to amend the order to include new alternate initial  
19 wells that it will be able to drill, and those wells are the  
20 Red Bud Fed Com 25 36 32 104H -- I'm sorry; Red Bud Fed Com  
21 25 36 32 103H well, and the 113H well, and those will  
22 replace the wells that were previously identified in the  
23 order.

24 Exhibit A -- we filed a set of exhibits in this case  
25 to accomplish that. Exhibit A is a copy of the pooling

1 checklist that identifies the formation that had previously  
2 been pooled, the acreage, and the new initial wells that  
3 we're seeking to be dedicated to that acreage under the  
4 pooling order. Exhibit B is the application that was filed;  
5 C is the affidavit of Mr. Brandon Forteza, who has  
6 previously testified, and he reviews in this case, in his  
7 affidavit, the reasons for their inability to proceed with  
8 the originally dedicated wells and, therefore, reflects that  
9 they have sought the amendment of the order to identify and  
10 dedicate these other initial wells.

11 His affidavit includes Exhibit C1, which are the  
12 C-102s for each of the new wells, reflecting that they will  
13 comply with the setback requirements under the Statewide  
14 rules, and that the wells will be assigned to the Jal  
15 Wolfcamp West Pool. C2 is an exhibit he prepared reflecting  
16 the separate tracts that comprise the proposed -- the  
17 existing spacing unit that were under the pooling order and  
18 the interests in each of the tracts that require to be  
19 pooled. Exhibit C3 is a well proposal letter that was sent  
20 out to each of those owners of a working interest.  
21 Exhibit C4 is his chronology of contacts reflecting his  
22 effort to reach out and identify these parties who we've  
23 already previous pooled under the existing order, giving  
24 them notice that we're seeking to rededicate these other  
25 wells to the acreage. Exhibit D is a copy of the notice

1 affidavit that we prepared reflecting that we gave notice to  
2 the parties under -- under the notice letter that's included  
3 on the date that's provided, and that we updated the  
4 certified mail tracking information report for the notice as  
5 of April 27th. That is also included. And then we caused a  
6 notice in the newspaper to be published on April 17th, which  
7 is reflected in Exhibit F, which is the -- I'm sorry;  
8 Exhibit E, which is the affidavit of publication provided to  
9 us by the newspaper.

10 So with that, Mr. Examiner, we would -- I would move  
11 Exhibits A through E be admitted to the record and we ask  
12 that the case be taken under advisement. I'm happy to try  
13 and address any questions that you may have.

14 EXAMINER BRANCARD: Thank you.

15 Mr. McClure?

16 TECHNICAL EXAMINER McCLURE: Yeah, Mr. Brancard, I  
17 was going to say I'm having some technical difficulties. I  
18 don't know if you can hear me or not.

19 EXAMINER BRANCARD: We can hear you. We can't see  
20 you. We can hear you.

21 TECHNICAL EXAMINER McCLURE: Yeah, I tried turning  
22 off my video there. I was going to say I'm only hearing  
23 about every tenth word of what Mr. Brancard was saying --  
24 Rankin, excuse me, was saying. Essentially, the main thing  
25 we are looking at the cases here is we're just changing the

1 wells as initially in the initial orders; is that correct?

2 MR. RANKIN: That is correct, Mr. McClure, and the  
3 acreage has already been pooled and subject to a pooling  
4 order, we're just changing the wells that are dedicated to  
5 it.

6 TECHNICAL EXAMINER McCLURE: Okay. Sounds good.  
7 That's what I was gathering from the exhibits. I just  
8 wasn't able to hear what you were saying, so I just wanted  
9 to confirm.

10 Anyway, I have -- I have no questions on this case,  
11 Mr. Brancard.

12 EXAMINER BRANCARD: Thank you, Mr. McClure.

13 Okay. So how does this work, then, Mr. Rankin, with  
14 the folks who are already committed? Don't you have to send  
15 them a new well proposal also?

16 MR. RANKIN: Yeah, everyone got the well proposal.  
17 Everyone's got a well proposal. And so in this case, we're  
18 just pooling those who have not committed to these wells or  
19 to the acreage.

20 EXAMINER BRANCARD: Okay. So your landman's  
21 affidavit says the AFEs were sent to all uncommitted  
22 interest owners, but you're saying they went to everyone.

23 MR. RANKIN: Yeah, yeah. That's my understanding,  
24 it went to everybody, because every would have to elect  
25 under the new wells.

1 EXAMINER BRANCARD: Correct.

2 MR. RANKIN: Yeah.

3 EXAMINER BRANCARD: Okay. I mean, were there any  
4 changes? Did some people who had committed before say --  
5 these are expensive wells by the way.

6 MR. RANKIN: Not that I'm aware of, Mr. Examiner.  
7 I'd have to -- I'm not aware that there are any changes in  
8 the commitments of the parties.

9 EXAMINER BRANCARD: Okay. So looking at your  
10 chronology of contacts, C4 --

11 MR. RANKIN: Uh-huh.

12 EXAMINER BRANCARD: -- so other than the two  
13 biggies here, Burlington and Devon, you've got five other  
14 parties, and at least four out of five are not even  
15 returning the green cards on their AFEs.

16 MR. RANKIN: Yeah. And I -- you know, I don't  
17 know. I'm speaking for myself, Mr. Examiner, and my own  
18 experience. We have had significant delays in getting  
19 returns on our certified mailings, and so it's not  
20 personally surprising to me that -- so, for example, I think  
21 if you even look -- I think I checked this, if you looked at  
22 Dittmer, we did get a green card returned -- it did get a  
23 green card returned at the end of March. I believe we still  
24 haven't gotten one back on Dittmer yet, and it's the same  
25 address. So it's just -- I don't understand why there are

1 delays, but there are delays. So it's not surprising to me  
2 and I don't know the reason why sometimes they come back and  
3 sometimes they're still outstanding.

4 EXAMINER BRANCARD: Okay. But looking at C4,  
5 green card not returned doesn't mean address unknown.

6 MR. RANKIN: No, it just means that they didn't  
7 get confirmation of the -- that it was accepted, signed for.

8 EXAMINER BRANCARD: Okay. All right. It may  
9 not -- you know, when we have these discussions about  
10 getting notice out to people, it seems to me that when you  
11 send your AFEs out and then you start getting things  
12 returned, you know, unreturnable -- undeliverable, sorry,  
13 that's a good idea, then, to start looking for other  
14 addresses for that person, but that doesn't seem like what's  
15 going on here, is that --

16 MR. RANKIN: That's not my -- number one, that is  
17 my instruction to our clients, always, 100 percent of the  
18 time; number two, that is not what's happening here. They  
19 just haven't been confirmed as returned -- as delivered at  
20 this time, yeah.

21 EXAMINER BRANCARD: Okay. All right. The only  
22 other thing is -- and this is -- I'll have to admit this  
23 was -- somebody else in the Division pointed this out to me,  
24 and I don't know where I can find it, but there's a -- the  
25 notice that went with this, that was published, is that in

1 any of your exhibits?

2 MR. RANKIN: The notice -- it should be E,  
3 Mr. Examiner, that's the publication affidavit.

4 EXAMINER BRANCARD: Oh, yeah, we could try that.  
5 I was looking at the notice that was in our docket, but it  
6 should be the same, right?

7 MR. RANKIN: Yeah.

8 EXAMINER BRANCARD: Yeah, there it is. So we're  
9 looking at Page 32, last page, last line of your notice.  
10 The last sentence of your notice says, "said area's located  
11 approximately 9 miles southeast of Carlsbad." No, it's not.  
12 It's got to be 50, 60 miles from Carlsbad. We're way --  
13 we're way in Lea County, all the way to the corner of the  
14 state here.

15 MR. RANKIN: I'll have to take your word for it  
16 because I don't -- I don't have my map up, and I'd have to  
17 do the calculation, so I'd have to take your word for it.

18 EXAMINER BRANCARD: Anyway, so just be careful  
19 about those --

20 MR. RANKIN: Yeah.

21 EXAMINER BRANCARD: I don't know how many people  
22 rely on that, but -- obviously, Mr. Griswold, who's looking  
23 for anything near Carlsbad does.

24 MR. RANKIN: Mr. Examiner, that's more than five  
25 miles outside of the -- so --

1                   EXAMINER BRANCARD: Thank you.

2                   All right. Are there any other interested persons  
3 with questions or comments on Case 22750, Ameredev  
4 Operating?

5                   Hearing none, your exhibits will be admitted into the  
6 record and the case will be taken under advisement. I mean,  
7 I guess -- Mr. Rankin, I guess I would like you to -- if you  
8 could, amend your landman affidavit, just to let us know  
9 that, in fact, the committed interest owners received an  
10 AFE. I guess I'm not just willing to take your word for it.

11                   MR. RANKIN: Okay.

12                   EXAMINER BRANCARD: Is that -- that seems pretty  
13 important when moving these wells around.

14                   MR. RANKIN: Will do.

15                   (Proceedings concluded at 10:33 a.m.)

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1 STATE OF NEW MEXICO  
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REPORTER'S CERTIFICATE

I, SHANON R. MYERS, New Mexico Certified Court Reporter, CCR #275, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

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

I FURTHER CERTIFY that the virtual proceeding was of extremely poor to good quality.

Dated this 2nd day of June 2022.

/s/ Shanon R. Myers  
\_\_\_\_\_  
SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC  
License Expires: 12/31/22