

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: 21444

APPLICATION OF FRANKLIN MOUNTAIN ENERGY LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

OCTOBER 8, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, HEARING OFFICER FELICIA ORTH and TECHNICAL EXAMINERS LEONARD LOWE and KURT SIMMONS on Thursday, October 8, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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1 A P P E A R A N C E S

2 For the Applicant:

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6

7

8 I N D E X

9 CASE CALLED

10 SUMMARY OF CASE AND EXHIBITS 03

11 TAKEN UNDER ADVISEMENT 07

12 REPORTER CERTIFICATE 08

13

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

15

16 Admitted

17 All Exhibits and Attachments 07

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1 HEARING EXAMINER ORTH: Let's move then to 21444.

2 The applicant, again, is Franklin Mountain. This is a
3 compulsory pooling application. The well name is Bus
4 Driver. Ms. Bennett, I trust you will remain counsel here?

5 MS. BENNETT: Yes. Thank you very much, Madam
6 Examiner. Deana Bennett on behalf of Franklin Mountain
7 Energy LLC.

8 HEARING EXAMINER ORTH: All right. Let me ask if
9 there are any other appearances this morning.

10 (No audible response.)

11 HEARING EXAMINER ORTH: No. If you would then,
12 please, go ahead.

13 MS. BENNETT: Thank you, Madam Examiner. Case
14 Number 21444 is a companion case to Cases 21439, 21440 and
15 21442.

16 This case involves the pooling application filed
17 by Franklin Mountain Energy seeking to pool interest in a
18 Wolfcamp spacing unit to be ded -- and the two wells will be
19 the Bus Driver Fed Com 2H well and the Katson Fed Com 703H
20 wells.

21 In this case the spacing unit will be the W/2 E/2
22 and the E/2 W/2 of Sections 1 and 12, and the NW/4 of NE/4
23 and the NE/4 of the NW/4 of Section 13, Township 26, Range
24 35 East, Lea County. And it's a 720-acre standard spacing
25 unit.

1 Again, if you look at Page -- in this packet
2 it's Page 10 of the materials, you can see the spacing unit.
3 It's the Wolfcamp Unit, and that gives you the visual of the
4 spacing unit as it overlaps Section 13.

5 This one is a little more interesting than the
6 last two that I presented because this one involves a
7 proximity tract. The Katson Fed Com 703H well is less than
8 330 feet from the adjoining tract which allows Franklin
9 Mountain Energy to include the proximity tracts in the
10 spacing unit.

11 This case also involves an overlapping spacing
12 unit. Franklin Mountain Energy 720-acre spacing unit will
13 overlap a COG spacing unit that is devoted to or dedicated
14 to Ushanta well, and you can see that on -- actually, let me
15 just find the page where you can see that but it is -- it
16 overlaps part of the Ushanta well, and for that reason we
17 provided additional notice. We provided notice to the
18 operator of that well, as well as the working interest owner
19 that's required under Rule 19.15.16.15B9.

20 Irene, I'm sorry about all of this. I'll try to
21 speak slower.

22 So the affidavit of Shelly Albrecht is included,
23 and behind her affidavit she includes the usual materials,
24 the application, the C-103, the lease tract map, and the
25 lease recapitulation, as well as her summary of contacts

1 with working interest owners, and the proposal letter, as
2 well as the AFEs for these wells.

3 Behind her affidavit is my notice affidavit, and
4 you will see that on Page -- beginning on Page 26. And you
5 will see in my notice affidavit I specifically testify that
6 I provided notice to the operator of the Ushante well unit
7 which is COG Operating LLC, as well as to the working
8 interest owners in that unit.

9 Behind -- starting on Page 38 is Mr. Kessel's set
10 of exhibits. And Mr. Kessel is the geologist for Franklin
11 Mountain Energy, previously been qualified to testify and
12 his credentials were accepted.

13 His materials include the same slides that were
14 previously discussed, the locator map, a gunbarrel, as well
15 as a structure map. He identifies the cross section wells
16 that he used for the cross section, and then the isochore
17 map, as well as finally the Snee Zoback slide justifying the
18 orientation for the well.

19 On the -- on his Case Number 43, which is
20 Exhibit B-10, you can see that Ushanta Fed 23H well is
21 called out by a red star burst, and that's the well that's
22 the COG well that is subject to an order by the Division
23 allowing, a compulsory pooling order, which is why we ended
24 up providing notice to COG and the working interest owners
25 known to Franklin at the time the application was filed.

1 As you saw from the lack of entries of appearance
2 in this case, no parties have entered their appearance. COG
3 has not entered its appearance, nor have any of the working
4 interest owners that we notified, and therefore it appears
5 that they do not object to the Bus Driver 702H, Katson 703H
6 well for the spacing unit that would partially overlap with
7 the COG spacing unit.

8 With that I ask that the exhibits for Case Number
9 21444 be admitted into the record.

10 HEARING EXAMINER ORTH: Thank you, Ms. Bennett.
11 Your exhibits for Case 21444 are admitted. Let me see if
12 the technical examiners have any questions. Mr. Simmons?

13 TECHNICAL EXAMINER SIMMONS: So these are
14 Wolfcamp wells in the area that's overlapping the Ushanta
15 that COG operates, is that a shallower well. Am I to
16 understand you correctly?

17 MS. BENNETT: I'm sorry, it's a Wolfcamp well as
18 well.

19 TECHNICAL EXAMINER SIMMONS: It is.

20 MS. BENNETT: Uh-huh.

21 TECHNICAL EXAMINER SIMMONS: So will Franklin
22 Mountain be draining the same acreage, or how are you going
23 to prevent draining the same acreage that COG is producing
24 there?

25 MS. BENNETT: So I may have to get additional, a

1 supplemental affidavit from Mr. Kessel for you, but my
2 understanding is the way the well is laid out, there won't
3 be any drainage. I can supplement the record with a slide
4 showing the location of the Ushanta well in relation to the
5 two Wolfcamp wells.

6 But they're a good distance apart from the
7 Ushanta well. And the Ushanta well is a much shorter well.
8 I want to say it's a 1-mile lateral or a 1.5-mile lateral,
9 so it's a much shorter well, also.

10 TECHNICAL EXAMINER SIMMONS: Okay. Well, as we
11 get into it, I guess we can answer those questions. There
12 is nothing more to answer today. I appreciate your answer.
13 Thank you.

14 HEARING EXAMINER ORTH: Thank you, Mr. Simmons.
15 Mr. Lowe?

16 TECHNICAL EXAMINER LOWE: I have no questions at
17 this time.

18 HEARING EXAMINER ORTH: All right. Thank you.
19 Thank you, Ms. Bennett. The matter will be taken under
20 advisement, and if you have a document to supplement the
21 record with in answering Mr. Simmons' question, if you would
22 submit that.

23 MS. BENNETT: I will. Thank you.

24 (Exhibits admitted.)

25 (Taken under advisement.)

1 STATE OF NEW MEXICO

2
3 COUNTY OF BERNALILLO

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5 REPORTER'S CERTIFICATE

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7 I, IRENE DELGADO, New Mexico Certified Court
8 Reporter, CCR 253, do hereby certify that I reported the
9 foregoing virtual proceedings in stenographic shorthand and
10 that the foregoing pages are a true and correct transcript
11 of those proceedings to the best of my ability.

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

16 I FURTHER CERTIFY that the Virtual Proceeding was
17 of poor to good quality.

18 Dated this 8th day of October 2020.

19 /s/ Irene Delgado

20 _____
21 Irene Delgado, NMCCR 253
22 License Expires: 12-31-20
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