

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: 21510 - 21512

APPLICATION OF FRANKLIN MOUNTAIN ENERGY LLC  
TO AMEND ORDER NO R-21170  
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

NOVEMBER 5, 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 DYLAN ROSE-COSS on  
Thursday, November 5, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253  
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A P P E A R A N C E S

For the Applicant:

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For Tap Rock:

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I N D E X

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

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1                   HEARING EXAMINER ORTH: Let's then move to the  
2 next set of cases. I believe it makes sense to call all  
3 four of these at once, please clarify if not. These are  
4 21510, 21511, 21512 and 21519. Franklin Mountain Energy is  
5 the applicant in each of these cases which seeks compulsory  
6 pooling and also the amendment of orders that have been  
7 entered previously. There were a number of different well  
8 names, but apparently they are all part of the Carnival well  
9 group.

10                   Ms. Bennett, are you here for the applicant?

11                   MS. BENNETT: Good morning, Madam Examiner. This  
12 is Deana Bennett on behalf of the applicant, Franklin  
13 Mountain Energy LLC. And just to clarify, I would like to  
14 consolidate Case Numbers 21510, 21511 and 21512 for hearing,  
15 and then I would like to separately discuss Case Number  
16 21519.

17                   HEARING EXAMINER ORTH: Thank you for that.

18                   MS. BENNETT: If that's agreeable with you.

19                   HEARING EXAMINER ORTH: Yes. Thank you very  
20 much. And I saw an entry of appearance on behalf of Tap  
21 Rock by Montgomery & Andrews. Ms. Shaheen, are you here for  
22 Tap Rock?

23                   MS. SHAHEEN: Yes, I am, Madam Examiner.

24                   HEARING EXAMINER ORTH: All right. Let me pause  
25 for a moment to see if there are any other entries this

1 morning.

2 (No audible response.)

3 HEARING EXAMINER ORTH: I hear nothing. Ms.  
4 Shaheen, do you object to Franklin Mountain proceeding by  
5 affidavit?

6 MS. SHAHEEN: Tap Rock does not object to  
7 Franklin Mountain proceeding by affidavit. The parties have  
8 been working on an agreement and have entered an appearance  
9 -- Tap Rock has entered an appearance solely for the purpose  
10 of appealing if necessary.

11 HEARING EXAMINER ORTH: All right, thank you. If  
12 you would, please, Ms. Bennett.

13 MS. BENNETT: Thank you, Madam Examiner. In  
14 Cases 21510, 21511 and 21512, Franklin Mountain Energy is  
15 seeking to amend -- to reopen and asking the Division to  
16 amend three previously entered orders, and those orders are  
17 R-21170, 21171 and 21172.

18 And the primary reason -- well, there is three  
19 reasons that Franklin Mountain Energy is seeking to have  
20 these cases reopened and the orders amended, and that's to  
21 conform to the current order template. These three orders  
22 do not conform to the current order template.

23 The second reason is to extend the date for  
24 commencing of drilling.

25 And the third reason relates only to Case Number

1 21170 which I will discuss separately in a moment. But  
2 before I get too much further into the request that Franklin  
3 Mountain Energy has, I do want to briefly go through the  
4 exhibit packet.

5 The exhibit packet that I prepared does have a  
6 table of contents, and a couple of weeks ago Mr. Lowe asked  
7 that I bookmark PDFs, so I have done that in the two exhibit  
8 packets that I presented to the Division.

9 So in this particular case or in these three  
10 cases, Tab 1 is the affidavit of Shelly Albrecht who is the  
11 landman for Franklin Mountain Energy, and she has previously  
12 testified before the Division, and her credentials have been  
13 accepted as matter of record.

14 The exhibit behind -- the exhibits labeled 1-A  
15 through 1-C are the three applications that I filed for  
16 these three cases.

17 Exhibit 2 is the OCD April 9 letter, and that's  
18 the letter that identifies the differences between what I  
19 call the interim order template and the new or the amended  
20 order template.

21 And Franklin Mountain Energy's cases were not  
22 identified, or the orders that I'm asking to be reopened  
23 today were not identified on that list that the Division  
24 sent out, but when you review the Franklin Mountain order or  
25 Franklin Mountain Energy orders against the amended

1     template, it's clear that they do not conform to the amended  
2     template.

3                 Exhibits 3-A through 3-C are the orders that we  
4     are seeking to reopen for the Division's convenience.

5                 Exhibit 4 is a revised compulsory pooling  
6     checklist for Case Number 21510, which I will discuss in a  
7     moment.

8                 And then behind Exhibit 5 are the notice  
9     affidavits that I prepared one for each case because there  
10    are slightly different notice parties for each case.

11                My notice affidavit does show that all parties  
12    were sent notice. There are a number of -- well, we also  
13    published in this case, and publication was done timely.

14                So, as I mentioned a moment ago, all three cases  
15    we seek or Franklin Mountain Energy seeks to reopen the  
16    order to conform to the amended template. I think that's  
17    pretty straightforward.

18                Also, in all three cases Franklin Mountain Energy  
19    seeks to reopen the orders to extend the time for drilling  
20    the wells by one year. These orders were issued February  
21    26, 2020, and in the applications Franklin Mountain Energy  
22    is seeking an extension of time through 2-26-22, I think. I  
23    don't have that right in front of me, I will find it in a  
24    minute.

25                But anyway they are seeking a one-year extension

1 of time for drilling, and the reason for that is because of  
2 Covid-19 and impacts on Franklin Mountain Energy's drilling  
3 schedule, and you will see that outlined in the affidavit  
4 prepared by Shelly Albrecht.

5 The final change that Franklin Mountain Energy is  
6 requesting is to Case Number -- or to Order Number 21170.  
7 As you will see in Ms. Albrecht's affidavit, the Order 21170  
8 was originally granted by the Division to cover two wells,  
9 the Beauty Queen 604H Well and Parade State 603H Well.

10 And as Ms. Albrecht testified in her affidavit,  
11 Franklin Mountain Energy's development plans have changed,  
12 and Franklin Mountain Energy now wants the Parade State 603H  
13 well to have its own spacing unit, which is Case Number  
14 21519 that we will be discussing in a moment.

15 And so Franklin Mountain Energy is requesting  
16 that the Parade State 603H well be removed from the order,  
17 Order 21170, and that that order be limited to the Beauty  
18 Queen Fed Com 604H. And that is why I have prepared an  
19 updated compulsory pooling checklist for Order Number 21170,  
20 and that updated compulsory pooling checklist is updated  
21 only for the purpose of removing the Parade State 603H well  
22 from the compulsory pooling checklist.

23 That, I think, should address -- let me take a  
24 look at my notes. Yes, that addresses everything that I  
25 wanted to discuss with the hearing examiner, and I'm

1 prepared to stand for any questions if the examiners have  
2 any questions or if there is anything I can answer for Ms.  
3 Shaheen. Thank you.

4 HEARING EXAMINER ORTH: All right. Thank you,  
5 Ms. Bennett. Ms. Shaheen, do you have questions related to  
6 the first three matters to 21510, 11 and 12?

7 MS. SHAHEEN: I do not. Thank you.

8 HEARING EXAMINER ORTH: All right. Thank you.  
9 Mr. Rose-Coss, any questions?

10 TECHNICAL EXAMINER COSS: At this point, no, but  
11 certainly I will reach out should anything arise upon a  
12 deeper dive into the material.

13 (Exhibits admitted.)

14 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

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

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

17 Dated this 5th day of November 2020.

18

/s/ Irene Delgado

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

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