

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: 21519

APPLICATION OF FRANKLIN MOUNTAIN ENERGY LLC
FOR COMPULSORY POOLING,
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

1 For the Applicant:

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6 For Tap Rock:

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11 I N D E X

12 CASE CALLED

13 SUMMARY OF CASE 03

14 TAKEN UNDER ADVISEMENT 08

15 REPORTER CERTIFICATE 09

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

18 Admitted

19 Exhibits and All Attachments 08

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1 HEARING EXAMINER ORTH: If you would then,
2 please, Ms. Bennett, let's move to matter 21519, Franklin
3 Mountain is the applicant, compulsory application related to
4 the Parade State well. You are here for the applicant. Ms.
5 Shaheen is here for Tap Rock. Go ahead.

6 MS. BENNETT: That's correct. Thank you. And
7 just one final housekeeping note on the three prior cases.
8 I don't think I asked for the exhibits be admitted into the
9 record, so I ask that those exhibits be admitted into the
10 record and cases taken under advisement.

11 HEARING EXAMINER ORTH: All right. Thank you.

12 MS. BENNETT: Thank you.

13 HEARING EXAMINER ORTH: It's done.

14 MS. BENNETT: Thanks. Yes. This is Deana
15 Bennett again on behalf of Franklin Mountain Energy in case
16 Number 21519, and I will let Ms. Shaheen proceed with saying
17 what I think she is going to say, which is, "no objection,"
18 hopefully.

19 MS. SHAHEEN: That is correct. Sharon Shaheen on
20 behalf of Tap Rock. Tap Rock does not object to this case
21 moving forward by affidavit.

22 HEARING EXAMINER ORTH: Thank you very much. Ms.
23 Bennett?

24 MS. BENNETT: Thank you. As I alluded to a
25 moment ago, Case Number 21519 is the application for the

1 Parade State 603H well, and in this case Franklin Mountain
2 Energy is seeking to compulsory pool parties in a spacing
3 unit that covers the W/2 E/2 of Sections 2 and 11, Township
4 25 South, Range 35 East in Lea County, New Mexico.

5 And as I mentioned a moment ago, this case or
6 this well was originally part of the order in 21170, but
7 based on Franklin Mountain Energy's development plan,
8 Franklin Mountain Energy has determined to have this well be
9 dedicated to its own spacing unit.

10 And I should note that originally when we filed
11 or when I filed these applications on behalf of Franklin
12 Mountain Energy, the Parade State 603H well was in a
13 non-standard location and -- or an unorthodox location, and
14 I did request and receive an NSL approval for that well.
15 Franklin Mountain Energy has respaced this well so the
16 non-standard location approval is no longer necessary.

17 In the packet that I prepared, which is also
18 bookmarked for the Division's convenience, we have the
19 compulsory pooling checklist behind Tab A.

20 Tab B is the affidavit of Shelly Albrecht, the
21 landman. Tab B has the usual exhibits behind it. It has
22 the application, the C-102, the lease tract map and interest
23 including the unit recapitulation, the summary of Ms.
24 Albrecht's contacts, sample proposal letter, the AFE and my
25 notice affidavit. And as you will see from the notice

1 affidavit, notice was timely provided.

2 There are a number of -- there are two estates
3 here or two potential estates. And so Franklin Mountain
4 Energy identified, to the extent possible, names and
5 addresses of the potential heirs of those estates and we
6 sent letters to those potential heirs, but we also published
7 and notice was publication was done timely.

8 Tab C contains the affidavit of Ben []Katsell,
9 Franklin Mountain Energy's geologist, and Mr. []Katsell has
10 previously testified before the Division and his credentials
11 were accepted as a matter of record. Behind his affidavit
12 are the usual geology exhibits. Exhibit C-8 is the locator
13 map. C-9 is the wellbore schematic. C-10 is the geology
14 study which includes the structure map, the cross reference
15 well locator map, the cross -- the cross section itself and
16 an isopach or isochore. And Exhibit C-11 is an excerpt from
17 the Snee Zoback paper that supports Franklin Mountain
18 Energy's proposed orientation of the wells in this case.

19 I do want to note a couple of things about this
20 case. The spacing unit for the Parade State 603H well will
21 overlap with Franklin Mountain Energy's spacing unit for the
22 Beauty Queen 604H well that I discussed in the cases a
23 moment ago. And for that reason Franklin Mountain Energy
24 did provide additional notice as required by the horizontal
25 well rules for when there is an overlapping spacing unit.

1 Also there are no other working interest owners
2 in this case. It's only unleased mineral interest owners,
3 and so you will see that in the unit recapitulation.

4 Finally, I don't think this is necessary because
5 the Division has been issuing orders so quickly these days,
6 which we all really appreciate and thank you so much for
7 that, but Franklin Mountain Energy is asking, to the extent
8 necessary, that this order be considered on an expedited
9 fashion.

10 At this point, I would like to ask that the
11 exhibits in Case Number 21519 be admitted into the record,
12 and I am ready to answer any questions if I can be of use to
13 the Division or to Ms. Shaheen.

14 HEARING EXAMINER ORTH: Thank you, Ms. Bennett.
15 Ms. Shaheen, do you have any questions?

16 MS. SHAHEEN: No questions from me.

17 HEARING EXAMINER ORTH: Thank you. Mr.
18 Rose-Coss?

19 TECHNICAL EXAMINER COSS: Thanks, Mrs. Bennett,
20 nice exhibits. I thought I would -- maybe I just got a
21 little confused at the end here. Are these -- there was
22 another set of orders. Is this the one where we need an
23 extension of time as well as an expedited order?

24 MS. BENNETT: Thank you for that question. And,
25 no, this one does not need an extension of time.

1 TECHNICAL EXAMINER COSS: Okay. But it was --
2 was it the Beauty Queen that needed to be extended then?

3 MS. BENNETT: That's correct.

4 TECHNICAL EXAMINER COSS: So this one -- okay,
5 go ahead.

6 MS. BENNETT: I was just going to mention that
7 the likely confusion comes from the fact that this well used
8 to be part of or is currently part of the Beauty Queen Fed
9 Com 604H order, which is Order 21170. And what Franklin
10 Mountain Energy is doing is separating the two wells into
11 two separate spacing units. So the Beauty Com Fed Com 604H
12 well does need an extension of time in one of the cases that
13 I presented a moment ago, but for this well it does not need
14 an extension of time.

15 You will see in Ms. Albrecht's affidavit that she
16 explains that a part of Franklin Mountain Energy's
17 development plan had to be postponed due to Covid, but they
18 have been able to proceed with certain wells, one of which
19 is the Parade State 603H well.

20 So while Covid-19 has impacted Franklin Mountain
21 Energy's overall development scheme, they are continuing to
22 move certain wells and certain development plans forward,
23 and the 603H well is part of the development plan that they
24 are moving forward with this year.

25 TECHNICAL EXAMINER COSS: I see. Well, thanks

1 for that clarification then. I don't have any additional
2 questions.

3 HEARING EXAMINER ORTH: All right. Thank you.
4 Ms. Bennett, your exhibits are admitted, and the matter will
5 be taken under advisement.

6 MS. BENNETT: Thank you very much.

7 (Exhibits admitted.)

8 (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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