

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 Franklin Mountain
Energy, LLC for Compulsory Pooling,
Lea County, New Mexico

Case No 22117

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, SEPTEMBER 23, 2021

EXAMINER HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Leonard Lowe,
Technical Examiner, on Thursday, September 23, 2021,
via Webex Virtual Conferencing Platform hosted
by the New Mexico Department of Energy, Minerals and
Natural Resources

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
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A P P E A R A N C E S

FOR FRANKLIN MOUNTAIN ENERGY:

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1 (Time noted 8:42 a.m.)

2 EXAMINER BRANCARD: With that I call Item 15 on
3 the agenda today, Case 22117, Franklin Mountain Energy.

4 MS. BENNETT: Good morning, Mr. Examiner. Deana
5 Bennett on behalf of Franklin Mountain Energy, LLC

6 EXAMINER BRANCARD: Are you doing this one
7 separate from the next two cases, Ms. Bennett?

8 MS. BENNETT: Yes. Thank you for asking. I
9 would actually like to put these cases on separately,
10 because these cases end up having different details that I
11 would like to walk the Division through.

12 EXAMINER BRANCARD: So are there any other
13 parties or interested persons in Case 22117? (Note:
14 Pause.)

15 Hearing none, please proceed, Ms. Bennett.

16 MS. BENNETT: Thank you.

17 Just out of an abundance of caution, I
18 do have Ms. Albrecht, Shelly Albrecht, with us in case the
19 Division has any questions -- but we can turn to that if
20 there are any questions for her -- and she's a land
21 professional for Franklin Mountain Energy.

22 In Case No. 22117, this is a companion case
23 two other cases we are putting on today and three cases
24 that I put on two weeks ago, and these six cases all
25 involve Franklin Mountain Energy's Colorado Well Group.

1 In the cases that went last week, or two
2 weeks ago, excuse me, Franklin Mountain Energy was seeking
3 extensions of time to drill the wells, and those
4 extensions were granted and Orders were issued yesterday.
5 So this is a companion case to the cases for which Orders
6 were granted yesterday.

7 This case is slightly different, though.
8 In this case Franklin Mountain Energy is seeking to pool
9 only the overriding royalty interest owners in the east
10 half of the east half of Sections 9 and 4, Township 24
11 South, Range 35 East.

12 As noted in Ms. Albrecht's Declaration,
13 Franklin Mountain Energy has 100 percent participation of
14 the working interest owner in this unit, so Franklin
15 Mountain Energy only needs to pool the overriding royalty
16 interest owners.

17 I have included in the packet of materials
18 Ms. Albrecht's Declaration. She has previously been
19 qualified as an expert by the Division, previously
20 testified before the Division, and her exhibits contain
21 the, what I call sort of a summary of the usual -- or
22 condensed version of the usual exhibits. Because Franklin
23 Mountain Energy is only seeking to pool overrides, we did
24 not include the Proposal Letters or AFEs because Franklin
25 Mountain Energy is not asking for any costs or penalties,

1 the risk charge in this case.

2 But I did include the Compulsory Pooling
3 Checklist as Exhibit A. I also included with Ms.
4 Albrecht's Declaration the C-102 for the wells.

5 Franklin Mountain Energy is proposing two
6 wells for this unit, the Breckenridge Fed Com 304H well
7 and the Breckenridge Fed Com 604H well.

8 And I've also included with Ms. Albrecht's
9 Declaration a Notice Affidavit prepared by me that shows
10 that Notice of this hearing was provided to the overriding
11 royalty interest owners that Franklin Mountain Energy is
12 seeking to pool. We sent Notice Letters and also
13 published, out of an abundance of caution, and both the
14 Notice Letters and Publication Notice are behind my
15 affidavit.

16 Also included as Exhibit 4 is the lease
17 tract map, and the lease tract map identifies the leases
18 at issue, as well as identifying the overriding royalty
19 interest owners that Franklin Mountain Energy seeks to
20 pool in this case.

21 The next set of exhibits behind Ms.
22 Albrecht's Declaration are the geology exhibits prepared
23 by Ben Kessel. Ben Kessel is Franklin Mountain Energy's
24 Geologist. He has previously testified before the
25 Division and his credentials have been accepted as a

1 matter of record.

2 Behind his Declaration I have included the
3 usual suite of geology exhibits, including a locator map,
4 a wellbore schematic that shows all of the wells that are
5 part of Franklin Mountain Energy's Colorado unit. And
6 then I've included two geology studies: One for the 304H
7 well, which is a First Bone Spring well, and one for the
8 604H well, which Franklin Mountain identifies as a Third
9 Bone Spring well.

10 So we've included the usual exhibits there,
11 a structure map, cross section locator map, cross section,
12 and a gross isopach.

13 We've also included with Mr. Kessel's
14 exhibits an excerpt from the Snee, Zobach bach paper to
15 justify the orientation of the wells.

16 With that I would ask that the exhibits for
17 Case No. 22117 be accepted into the record, and I will
18 pause for any questions.

19 EXAMINER BRANCARD: Thank you. Mr. Lowe, any
20 questions?

21 EXAMINER LOWE: I do have a question for Ms.
22 Bennett.

23 Good morning, Ms. Bennett.

24 MS. BENNETT: Good morning, Mr. Lowe. Nice to
25 hear you today.

1 EXAMINER LOWE: Nice to hear you, too.

2 I just want to get a clarification to
3 what's going on here. For this particular case you're
4 indicating that you're noticing the overriding royalty
5 interests in the east half of the east half of this
6 location here? Is that what you...

7 MS. BENNETT: That's right.

8 EXAMINER LOWE: Are you just adding it on or did
9 you guys change stuff on your end, or was it just -- how
10 did that come about to the situation?

11 MS. BENNETT: Good question.

12 So these -- the Colorado cases originally
13 went to hearing a couple of years ago, and at that time
14 because Franklin Mountain Energy had all of the working
15 interests committed to the wells, we elected not to pool
16 the override. But upon further reflection, given the fact
17 that we had additional Colorado cases going to hearing
18 again, we determined to pool just the overrides in this
19 case.

20 So that's why this case is a new case, but
21 it's part of a development that has been proposed by
22 Franklin Mountain Energy for a couple of years now.

23 EXAMINER LOWE: Okay. What do you mean by the
24 Colorado case?

25 MS. BENNETT: These cases are part of what

1 Franklin Mountain Energy refers to as their Colorado
2 Cases. The wells all have names of Colorado towns, like
3 Breckenridge and Ouray, Golden. So Franklin Mountain
4 Energy has grouped their development plans by categories,
5 and this is the Colorado Well Group family unit.

6 EXAMINER LOWE: Okay. Thank you for the
7 answers. That's all I have?

8 MS. BENNETT: Thank you, Mr. Lowe.

9 EXAMINER BRANCARD: Thank you, Mr. Lowe.

10 So here is today's first lesson of future
11 practice tips for attorneys.

12 So when I go into the case file, Ms.
13 Bennett, there appears a second filing, which is a
14 checklist, a new checklist, in 22117.

15 MS. BENNETT: Yes. And that is because we filed
16 the exhibits timely on Tuesday, but after we filed the
17 exhibits we noticed there was a typo in the first page of
18 the Compulsory Pooling Checklist. And I coordinated with
19 Ms. Salvidrez about how best to approach the typo and
20 suggested that we would prepare a corrected first page of
21 the compulsory pooling checklist, and this is what's in
22 the file as the, I think that you're referring to. I
23 don't have the well file in front of me, I'll open it up,
24 but I think that's what you're referring to.

25 EXAMINER BRANCARD: So in discussion with the

1 examiners, we decided that if you are going to file
2 something like this, if you're going to file a corrected
3 exhibit, say prior to the hearing, you really need to have
4 a cover sheet, because all that pops up in the well file
5 is this checklist. We have no idea who filed it, why they
6 filed it. Presumably it's designed to replace the exhibit
7 that's already in your listed exhibits. That's fine.
8 Just say that.

9 And it's really helpful if you indicate
10 what the change is, because otherwise we sit here and
11 stare at two versions of the checklist trying to figure
12 out what exactly you changed.

13 So that's just going forward, please any
14 time you submit a document into our well file, into the
15 portal, put a cover sheet on it. Don't just put the
16 document. If we ask you to submit an amended exhibit
17 after the hearing, because these exhibits are part of an
18 Affidavit presentation we would like another short
19 affidavit as the cover document. Okay? That and again
20 just says what it is, what was changed. It doesn't have
21 to be very long. And here we give a gold star to this
22 week Ms. Hardy did just that in response to a request that
23 we had on one of her cases following up on information.
24 It was very simple. It's a changed checklist. She
25 submitted a short, less-than-one-page affidavit, indicated

1 what it was, what got changed. And that was really good.

2 So that will be really helpful to us going
3 forward so when we go back to these files -- and I have to
4 admit it's not necessarily the people who are sitting here
5 like Mr. Lowe who will end up writing the Order. It will
6 often be somebody different helping out or actually
7 writing the Order. So it's particularly helpful to them.

8 Or if we have to go back to a case sometime
9 in the future, then to know what these submittals are.

10 Anyway. So much for that lecture.

11 The other point I noticed in your checklist
12 is, you guys, Franklin really likes to talk about this
13 Colorado Group here, and you refer to the well family as
14 Colorado. I believe the well family is the name of the
15 wells in this case, which I don't know if these are the
16 Breckenridge. So I think Breckenridge is technically the
17 well family.

18 So anyway --

19 MS. BENNETT: Thank you.

20 EXAMINER BRANCARD: -- thank you for all that.

21 Are there any other comments on Case 22117?

22 Hearing none, that case is submitted and
23 taken under advisement, and the exhibits are admitted.

24 Thank you.

25 (Time noted 8:57 a.m.)

1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
8 September 23, 2021, the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 transcription to the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18

/s/ Mary Macfarlane

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MARY THERESE MACFARLANE, CCR
NM Certified Court Reporter No. 122
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