

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application Franklin Mountain
Energy, to Amend Order No.
R-20944,
Lea County, New Mexico

Case No. 22120
Order No. R-20944
(Re-Open)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, SEPTEMBER 23, 2021

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
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

FOR FRANKLIN MOUNTAIN ENERGY:

Deana M. Bennett, Esq.
Modrall, Sperling,
Roehl, Harris & Sisk.
Post Office Box 2168.
Albuquerque, NM 87103-2168
deana.bennett@modrall.com

C O N T E N T S

CASE NO. 22120	PAGE
CASE CALLED:	3
INQUIRY BY EXAMINER LOWE:	6
INQUIRY BY EXAMINER BRANCARD:	9
TAKEN UNDER ADVISEMENT:	10

I N D E X O F E X H I B I T S

FRANKLIN MOUNTAIN ENERGY EXHIBITS:	PAGE
A Declaration of Shelly Albrecht (Land professional)	10
1 Application	10
2 Order R-20944	10
3 C-102	
4 Lease Tract Map/Summary of Interests	10
5 August 2021 OCD Order granting extension	10
6 Relevant excerpts of Spur Hearing transcript	10
7 Notice Affidavit	10
8 Proposed Revised Exhibit A	10
9 Propossed Compulsory Pooling Checklist	10
B Declaration of Ben Kessel (Geologist)	10
10 Locator Map	10
11 Wellbore Schematic	10
12 Geology Study	10
13 Regional Stress Orientation Justification	10

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

2 EXAMINER BRANCARD: All right. So Item 17 on
3 today's agenda is Case 22120.

4 MS. BENNETT: Thank you. Mr. Examiner.

5 EXAMINER BRANCARD: Are there any other parties
6 here on Case 22120? (Note: Pause.)

7 Hearing none, you may proceed, Ms. Bennett.

8 MS. BENNETT: Thank you, Mr. Examiner. Again,
9 Deana Bennett on behalf OF Franklin Mountain Energy, LLC.

10 Case No. 22120 is a companion case to Case
11 No. 22117 which I just put on, and is also a companion
12 case to the three other cases that were heard two weeks
13 ago.

14 In Case No. 22120 Franklin Mountain Energy
15 is requesting two things from the Division. Franklin
16 Mountain Energy is asking to add an additional well to the
17 unit, which is the Golden Fed. Com 303H well, and is also
18 seeking an extension of time within which to commence
19 drilling the initial well.

20 On Tuesday I filed the exhibits for this
21 case, and like Case No. 22117 there was a mistake in the
22 Compulsory Pooling Checklist, so we filed an updated
23 Compulsory Pooling Checklist yesterday. And I take to
24 heart your suggestions for how to handle that in the
25 future and really appreciate it.

1 In the exhibit packet that I have given, or
2 that I submitted, there is a Declaration of Shelly
3 Albrecht, who is a land professional at Franklin Mountain
4 Energy. As I mentioned a moment ago, Ms. Albrecht has
5 previously testified before the Division and her
6 credentials have been accepted as a matter of record.

7 I have also included behind Ms. Albrecht's
8 Declaration the Order that Franklin Mountain Energy is
9 seeking to amend, which is Order No. 20944. Then again
10 Franklin Mountain Energy is seeking to amend that Order in
11 two ways in this hearing. First to add an additional
12 well, and second for an extension of time to commence
13 drilling the well under the Order.

14 Exhibit 3 is the C-102 for the additional
15 well that Franklin Mountain Energy seeks to add, which is
16 the Golden Fed Com 303H well.

17 And Exhibit 4 is lease tract map and a
18 summary of interests. And here again Franklin Mountain
19 Energy is only seeking to pool the overriding royalty
20 interest owners. As you can see from Exhibit 4, Franklin
21 Mountain Energy has obtained commitments from all of the
22 working interest owners.

23 So this is pooling the override into the
24 new well, and also an extension of time for drilling the
25 initial well.

1 Behind Exhibit 7 is a Notice Affidavit
2 prepared by me, which shows that Notice of this hearing
3 was timely mailed to the affected parties, as well as we
4 timely published Notice of the hearing.

5 Because we are seeking to add an additional
6 well to the existing Order, I prepared a Proposed Revised
7 Exhibit A. Again, these cases went to hearing before the
8 new form of Order was used with the Compulsory Pooling
9 Checklist, so the original Order has an Exhibit A and not
10 a Compulsory Pooling Checklist. So for the Division's
11 convenience I prepared a Proposed Revised Exhibit A and
12 alternatively I prepared a Proposed Compulsory Pooling
13 Checklist which also adds the new well to the Compulsory
14 Pooling Checklist, so those are included for alternatives
15 for the Division's preference.

16 Tab B is the Declaration of Ben Kessel, the
17 geologist for Franklin Mountain Energy and, as I mentioned
18 a moment ago, Mr. Kessel has previously testified before
19 the Division and his credentials have been accepted as a
20 matter of record.

21 Mr. Kessler provides a suite of exhibits
22 showing the geology for the new well, which is the Golden
23 Fed Com 303H well. And so he includes with the geology
24 study a locator map, the wellbore schematic, which again
25 identifies all of the wells within this well family. And

1 behind Exhibit 12 is the geology study, which includes the
2 usual suite of geology exhibits.

3 And Exhibit 13 is the Regional Stress
4 Orientation justification, where Mr. Kessel includes an
5 excerpt from to Snee, Zoback paper.

6 Again this case is a companion to the cases
7 that went two weeks ago in which the Division granted an
8 extension of time, and Ms. Albrecht's Declaration
9 identifies the reasons for Franklin's request for a second
10 extension of time, which is both due to Covid and a change
11 in market conditions, as well as adding this initial well
12 and determining to batch drill all of wells.

13 So those are the reasons why Franklin
14 Mountain Energy is seeking a second request for an
15 extension of time.

16 With that I ask that the exhibits in Case
17 No. 22120 be accepted into the record, and I stand for
18 questions and comments on the exhibits.

19 EXAMINER BRANCARD: Thank you.

20 Mr. Lowe, questions.

21 EXAMINER LOWE: I have a few questions.

22 Ms. Bennett, what's the additional well
23 that you're adding onto this previously approved Pooling
24 Order?

25 (Note: External drilling sounds.)

1 What's --

2 (Note: Reporter inquiry.)

3 EXAMINER LOWE: Can you hear me now?

4 EXAMINER BRANCARD: Could be my construction
5 here.

6 EXAMINER LOWE: Oh. My question was: Which
7 one is the additional well that's being added on?

8 MS. BENNETT: Thank you. The additional well is
9 the Golden Fed Com 303H well.

10 EXAMINER LOWE: And the 303 is basically in the
11 same spacing unit as the initial well? Is that what I'm
12 seeing here on the exhibits?

13 MS. BENNETT: Yes, exactly. It is in the same
14 unit as the original well, which is the 603H well.

15 EXAMINER LOWE: So the 603H well was under a
16 compulsory pooling previously and was approved, and
17 then -- I'm just trying to get an understanding of what's
18 being asked here.

19 So at sometime later on, was there -- a
20 request was made to extend the spudding of this initial
21 well; is that correct?

22 MS. BENNETT: That's right. Franklin Mountain
23 Energy requested that the Division grant an extension of
24 time to spud the initial well, and that extension of time
25 was granted and that was granted through October 31st,

1 2021. And I included as an exhibit Exhibit 5, OCD's
2 approval of that initial request for extended time to
3 commence drilling the 603H well.

4 EXAMINER LOWE: Okay. And then now in this
5 particular case, right now, you're requesting that an
6 additional well be added to the spacing unit that was
7 initially granted in the Compulsory Pooling Order --

8 MS. BENNETT: That's correct?

9 EXAMINER LOWE: -- and you're also requesting an
10 extension to the spud date of the initial well.

11 MS. BENNETT: Yes, that's correct. Both of
12 these are really great summaries of what Franklin Mountain
13 Energy is seeking here.

14 EXAMINER LOWE: And the reason to extend the
15 spudding of the well is basically the same one that was
16 given initially.

17 MS. BENNETT: It's similar to the reason that
18 was given initially. In our original request for an
19 extension of time, as you recall there was a lot of
20 uncertainty due to Covid, disruptions in market supply,
21 disruptions in the market. That was the primary basis for
22 Franklin Mountain Energy's initial requests for extension
23 of time. But between that time and now Franklin Mountain
24 Energy also has decided to add an initial well and is
25 going to batch drill all of the wells that are the subject

1 of all of these Orders that we've been talking about. And
2 so that is an additional reason for -- those are
3 additional reasons why Franklin Mountain Energy is asking
4 for a second, extension of time.

5 EXAMINER LOWE: And what's the extension of time
6 frame are you requesting here?

7 MS. BENNETT: Franklin is asking an additional
8 year, which would be through October 21, 2022.

9 EXAMINER LOWE: Okay. Thank you for the
10 clarification. That's all I have.

11 MS. BENNETT: Thank you very much, Mr. Lowe.

12 EXAMINER BRANCARD: Thank you.

13 My only question is: Why not just call the
14 other well an in-fill well?

15 MS. BENNETT: That's a good question. And we
16 did discuss that internally, and the reason it's not an
17 in-fill well under the rules is that an in-fill well
18 assumes the existence of an existing well, and here there
19 are no existing drilled wells. These will all be batched
20 drilled, and so would not constitute an in-fill well under
21 the rule.

22 EXAMINER BRANCARD: I'm not sure you actually
23 have to drill the well under the horizontal well rule.

24 Anyway...

25 All right. Well, are there any other

1 comments on Case 22120? Hearing none, your exhibits are
2 admitted into the record and Case 22120 is taken under
3 advisement.

4 (Time noted 9:04 a.m.)

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

4

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

19

20

MARY THERESE MACFARLANE, CCR

21

NM Certified Court Reporter No. 122

22

License Expires: 12/31/2021

23

24

25