

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

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

**CASE NO. _____
ORDER NO. R-21170
(Re-Open)**

APPLICATION

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-21170 as follows: 1) conforming Division Order No. R-21170 to the amended order template (“Amended Order Template”) described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template);¹ 2) removing the Parade State 603H Well from Order No. R-21170; and 3) amending Order No. R-21170 to allow for an extension of time for drilling the well under the Order. In support of this application, FME states as follows: FME has an interest in the subject lands and has a right to drill and operate a well thereon.

1. Order No. R-21170 is one of six orders relating to FME’s “Carnival” well group.
2. Order No. R-21170 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico (the “E/2 Bone Spring Unit”).

¹ Exhibit 2 to the Division’s April 9 Letter includes a list of orders issued before April 1, 2020. Exhibit 2 does not list FME’s Order Nos. R-21170, R-21171, and R-21172. Nevertheless, these three orders were issued before April 1, 2020 and do not conform to the Amended Order Template.

3. Order No. R-21170 designated FME as the operator of the well and the E/2 Bone Spring Unit.

4. The Division Hearing for Case No. 20982 was held on January 9, 2020, in conjunction with two other FME cases, Case No. 20983 and 20984.

5. The Division entered Order No. R-21170 in Case No. 20982 on February 26, 2020. The Division also entered orders in Case Nos. 20983 and 20984 on February 26, 2020. These three orders were issued under the “interim form of order” and do not conform to the Amended Order Template.

6. Three of the Carnival cases were heard by the Division on December 12, 2019 (Case Nos. 20951, 20952, and 20953) and orders were issued for those three cases July 27, 2020. Those three orders conform to the Amended Order Template.

7. FME requests that Order No. R-21170 be re-opened to conform this order to the terms of the Amended Order Template.

8. FME further requests that Order No. R-21170 be re-opened and amended to remove the Parade State 603H well from the Order.

9. As originally contemplated, FME’s development plans for the E/2 Bone Spring Unit included the Parade State 603H well and the Beauty Queen Fed Com 604H well. The Parade State 603H well was proposed at a non-standard location, which was approved by the Division.

10. FME has reviewed its development plans and has determined to change the location of the Parade State 603H well and, as a result, the Parade State 603H well will be in a standard location and the non-standard location approval is no longer necessary.

11. FME has also determined that the Parade State 603H well should be dedicated to a separate spacing unit and not included in the E/2 Bone Spring Unit.

12. The Beauty Queen Fed Com 604H well remains within the E/2 Bone Spring Unit and holds the E/2 as a proximity tract well.

13. FME will file a compulsory pooling application for the Parade State 603H well.

14. FME further requests that Order No. R-21170 be re-opened and amended to allow FME additional time to commence drilling the Beauty Queen Fed Com 604H well under the Order.

15. Order No. R-21170, ¶ 20 states: “The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.” Order No. R-21170, ¶ 22 states: “This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.”

16. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.” Amended Order Template, ¶ 20.

17. Good cause exists for FME’s request for an extension of time.

18. FME requests this extension because there have been changes in FME’s drilling schedule due to COVID-19 and current market conditions.

19. FME’s operations and drilling activity has been impacted by COVID-19 and oil and gas market conditions.

20. Under Order No. R-21170, FME would be required to commence drilling the well by February 26, 2021.

21. FME asks that the deadline to commence drilling the well be extended for a year from February 26, 2021 to February 26, 2022.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and after notice and hearing as required by law, the Division:

- A. Amend Order No. R-21170 to conform to the terms of the Amended Order Template;
- B. Remove the Parade State 603H well from the Order; and
- C. Amend Order No. R-21170 to extend the time for FME to commence drilling the Beauty Queen Fed Com 604H well under the Order for a year, through February 26, 2022.

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CASE NO. _____: (Re-Open) Application of Franklin Mountain Energy, LLC to Amend Order No. R-21170, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21170 to the amended order template (“Amended Order Template”) described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); 2) removing the Parade State 603H Well from Order No. R-21170; and 3) amending Order No. R-21170 to allow for an extension of time to commence drilling the well under the Order.