

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

**APPLICATIONS OF FRANKLIN MOUNTAIN
ENERGY LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 23659, 23660, 23661

**APPLICATIONS OF MRC PERMIAN COMPANY,
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 23811, 23812, 23813

CONSOLIDATED PRE-HEARING STATEMENT

Franklin Mountain Energy, LLC (“FME”) submits this Consolidated Pre-Hearing Statement for the above-referenced cases pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

FRANKLIN MOUNTAIN ENERGY, LLC

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OTHER PARTIES

**Matador Production Company
MRC Permian Company**

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STATEMENT OF CASES

The above captioned cases involve partially overlapping competing development plans. In its cases, FME seeks orders from the Division pooling all uncommitted interests within Bone Spring and Wolfcamp horizontal spacing units underlying the W/2 of Sections 29 and 32, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico (“New Yeller Development Area”). These spacing units will be dedicated to FME’s New Yeller wells. MRC Permian, LLC’s (“MRC”) cases seek orders from the Division pooling uncommitted interests within Bone Spring and Wolfcamp horizontal spacing units underlying the W/2 of Sections 29 and 20, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico. FME’s and MRC’s development plans overlap with respect to Section 29.

FME’s applications should be granted and MRC’s denied. FME has higher working interest control and higher working interest than MRC across FME’s proposed New Yeller units. FME will also demonstrate at the contested hearing in these matters that FME’s development plan is superior to MRC’s development plan because FME is targeting four different formations, while MRC is only targeting two. In addition, FME is proposing more wells in each formation than MRC, and FME’s chosen well density is consistent with development in the area. Because FME is targeting more formations, with more wells, FME’s development plan protects correlative rights and prevents waste, while MRC’s development negatively impacts correlative rights and will result in waste.

In addition, FME’s proposal will allow each party to develop two-mile laterals, where as MRC’s proposal allows MRC to develop two-mile laterals, leaving FME with only one-mile laterals in Section 32. MRC has acreage in Section 17, immediately to the North of Section 20,

and could develop Section 17 and 20 as two-mile laterals, and FME could develop Sections 29 and 32 as two-mile laterals. If MRC's applications are granted, Section 32 could only be developed as one-mile laterals due to existing development to the South. Two sets of two-mile laterals is more desirable than a two-mile/one-mile development due to the amount of reserves that can be accessed in a more efficient, effective development plan.

The issue to be resolved at the contested hearing in these matters is who should be designated operator of the acreage and units at issue. FME believes that the following facts are undisputed and are material to the issue presented in these consolidated cases:

1. FME has higher working interest and working interest control than MRC across the New Yeller units.
2. There are no faults, pinch outs or other geologic impediments to developing the Bone Spring and Wolfcamp formations.
3. FME is proposing a total of nine wells—two First Bone Spring, two Third Bone Spring, two Wolfcamp A, and three Wolfcamp B.
4. MRC is only proposing three wells—one Third Bone Spring, and two Wolfcamp B.
5. FME has contracts in place for gas, oil, and water takeaway and applied for federal APDs in August.

The testimony and evidence at the hearing will address disputed facts and issues relating to the Division's evaluation of competing applications.

SUMMARY OF FME CASES

In Case No. 23659, FME seeks an order from the Division pooling all uncommitted mineral interests within a 640-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Sections 29 and 32, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

This spacing unit will be dedicated to the **New Yeller Fed Com 701H; New Yeller Fed Com 702H; New Yeller Fed Com 703H; New Yeller Fed Com 801H; and the New Yeller Fed Com 802H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The completed interval for the New Yeller Fed Com 702H well is expected to be less than 330 feet from the adjoining tracts, thereby allowing for the inclusion of the proximity tracts within the Unit. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles northwest of Jal, New Mexico.

In Case No. 23660, FME seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2W/2 of Sections 29 and 32, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **New Yeller Fed Com 301H and New Yeller Fed Com 601H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles northwest of Jal, New Mexico.

In Case No. 23661, FME seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2W/2 of Sections 29 and 32, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **New Yeller Fed Com 302H and New Yeller Fed Com 602H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles northwest of Jal, New Mexico.

PROPOSED EVIDENCE

FME has filed affidavits for the following witnesses and intends to call them at the hearing in these consolidated matters:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Don Johnson	Approx. 45 minutes	Approx. 30

Geologist: Ben Kessel	Approx. 45 minutes	Approx. 20
Reservoir Engineer: Cory McCoy	Approx. 45 minutes	Approx. 10

PROCEDURAL ISSUES

Pursuant to the Pre-Hearing Order entered in these matters, FME has filed affidavits containing the direct testimony for each witness, the exhibits discussed in those affidavits, and the hearing notice affidavits and exhibits.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Deana M. Bennett

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on February 8, 2024.

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 312805

QUESTIONS

Operator: Franklin Mountain Energy LLC 44 Cook Street, Suite 1000 Denver, CO 80206	OGRID: 373910
	Action Number: 312805
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>