

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24196 & 24207

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24195 & 24197

CONSOLIDATED PRE-HEARING STATEMENT

Franklin Mountain Energy 3, LLC (“Franklin”) 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 3, LLC

ATTORNEY

Deana M. Bennett
Earl E. DeBrine
Yarithza Peña
MODRALL, SPERLING, ROEHL,
HARRIS & SISK, P.A.
P. O. Box 2168
Albuquerque, New Mexico 87103-
2168
(505) 848-1800

OTHER PARTIES

None.

ATTORNEY

STATEMENT OF CASES

APPLICANT:

In **Case No. 24195**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 E/2 of Sections 20 and 29, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to following wells: the **Ball State Com 703H** well to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 32 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 20; and the **Ball State Com 803H** well to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 32 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 20. 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 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 17 miles west of Hobbs, New Mexico.

In **Case No. 24196**, Franklin Mountain Energy 3, LLC 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/2 E/2 of Sections 20 and 29, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the following wells: the **Ball State Com 303H** well to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 32 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 20; and the **Ball State Com 603H** well to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 32 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 20. The producing area for the wells is expected to be orthodox. The proposed horizontal spacing unit will overlap with the following existing Bone Spring spacing units:

- A 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 20 dedicated to Franklin Mountain Energy 3, LLC's Ironhouse 20 State #001H #001H well (API 30-025-40611); and
- A 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 29 dedicated to Marathon Oil Permian LLC's Nighthawk State Com #003H well (API 30-025-41950).

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 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 17 miles West of Hobbs, New Mexico.

In **Case No. 24197**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2 E/2 of Sections 20 and 29, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Ball State Com 704H** and **Ball State Com 804H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 32 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 20. 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 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 17 miles west of Hobbs, New Mexico.

In **Case No. 24207**, Franklin Mountain Energy 3, LLC 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/2 E/2 of Sections 20 and 29, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Ball State Com 304H** and **Ball State Com 604H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 32 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 20. The producing area for the wells is expected to be orthodox. The proposed horizontal spacing unit will overlap with a 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 20 dedicated to Franklin Mountain Energy 3, LLC's Ironhouse 20 State #002H well (API 30-025-40748). 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 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 17 miles West of Hobbs, New Mexico.

PROPOSED EVIDENCE

APPLICANT:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Don Johnson	Approx. 10 minutes	Approx. 10
Geologist: Ben Kessel	Approx. 10 minutes	Approx. 15

PROCEDURAL ISSUES

If there are no objections to this matter, Franklin intends to present these cases by affidavit.

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Deana M. Bennett

Earl E. DeBrine

Yarithza Peña

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Deana.Bennett@modrall.com

eed@modrall.com

yarithza.pena@modrall.com

Attorneys for Franklin Mountain Energy 3, LLC

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

QUESTIONS

Action 319216

QUESTIONS

Operator: Franklin Mountain Energy 3, LLC 44 Cook Street Denver, CO 80206	OGRID: 331595
	Action Number: 319216
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

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