

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 of Franklin Mountain	Case No. 22116
Energy, LLC, to Amend Order No. 20945	Case No. 22118
Lea County, New Mexico	Case No. 22119

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, SEPTEMBER 9, 2021

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, Kurt Simmons, Technical Examiner, on September 9, 2021, via Webex Virtual Conferencing Platform hosted by New Mexico Department of Energy, Minerals and Natural Resources

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

For Franklin Mountain Energy:

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C O N T E N T S

CASE NOS. 22116, 22118, 22119	PAGE
CASES CALLED:	3
TAKEN UNDER ADVISEMENT:	8

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

No.	DESCRIPTION	ADMITTED
A	Self-Affirmed Declaration of Shelly Albrecht (Landman)	8
A-1	Application	8
A-2	Order No. R-20945	8
A-3	August 27, 2020 OCD Order granting extension	8
A-4	Excerpt from Spur Hearing Testimony	8
A-5	Notice Affidavit	8
A-6	Proposed Revised Exhibit A	8

1 (Time noted 9:24 a.m.)

2 EXAMINER BRANCARD: With that we will call Cases
3 22116, 22118, 22119, Franklin Mountain Energy.

4 MS. BENNETT: Deana Bennett on behalf of
5 Franklin Mountain, and I'm hoping you can hear me better
6 and my lips are moving with the video. I have switched to
7 headphones, so Ms. Macfarlane, if this is better, let me
8 know.

9 (Note: The reporter responded.)

10 MS. BENNETT: Thanks for alerting me to the
11 problem. I appreciate it.

12 EXAMINER BRANCARD: Well,.

13 A. Thank you for dealing with the issue.

14 Are there any other interested persons in
15 Cases 22116, -118, -119? (Note: Pause.)

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

17 MS. BENNETT: Thank you.

18 In these cases Franklin Mountain Energy is
19 seeking an extension of time to commence drilling the
20 wells under three Orders that were previously issued by
21 the Division. Those are Order Nos. R-20945, R-20942 and
22 R-20943.

23 I have submitted exhibits, and in the
24 exhibit packets are -- the exhibit packets are virtually
25 identical. They include the affidavit of -- excuse me,

1 the Self-Affirmed Declaration of Shelly Albrecht. And Ms.
2 Albrecht is a land professional who has previously
3 testified before the Division and her credentials have
4 been accepted as a matter of record.

5 Behind her Declaration I have included the
6 application that was submitted in this case, Order No.
7 209 -- the Order for each case that was previously
8 admitted -- excuse me, entered -- and then the OCD Order
9 granting the first extension in these cases.

10 So this is a request for a second
11 extension.

12 I have also included behind Ms. Albrecht's
13 Declaration the expert testimony in a Spur hearing where
14 the Division granted a similar second extension request
15 for the same reasons that Ms. Albrecht identifies, or
16 similar reasons that Ms. Albrecht identifies in her
17 affidavit.

18 Finally I have included a Notice Affidavit,
19 and then I have also included a Proposed Revised
20 Exhibit A, which I will discuss in a moment.

21 But before getting to that, I just did want
22 to point out to the Division, in Ms. Albrecht's
23 Self-Affirmed Declaration she does discuss the reasons why
24 Franklin Mountain Energy is seeking a second extension of
25 time. There is multiple reasons for that. One is, of

1 course, the disruption that all operators have encountered
2 based on Covid and the change in market conditions. In
3 addition, though, Franklin has determined to batch drill
4 its wells and so has decided that will be more efficient,
5 and so is seeking an extension of time to facilitate the
6 batch drilling.

7 And finally, in three cases which are not
8 being heard today but are now set for the September 23rd
9 hearing, Franklin Mountain Energy is asking to pool -- to
10 add another unit to this set of units, and also asking to
11 add two wells to existing Orders, again for the purpose of
12 batch drilling. So because of those changes to the
13 Drilling Plan, Franklin Mountain Energy is also seeking
14 the second extension.

15 So in Ms. Albrecht's Declaration she does
16 detail the reasons for the extension requests, all three of
17 those reasons.

18 I also just wanted to point out I did
19 attach a Revised Exhibit A for these three cases, and the
20 reason for attaching that Revised Exhibit A is because as
21 Ms. Albrecht was preparing for the hearing in these
22 matters, she noticed that the Pool and Pool Code had been
23 changed on the APD, and so what was originally Third
24 Bone Spring and a Bone Spring Pool has been changed to a
25 Wolfbone Pool.

1 So to address the difference between the
2 Compulsory Pooling Order on the one hand and the APDs on
3 the other, I prepared Revised Proposed Exhibit A to update
4 the Compulsory Pooling Order to match the APDs. I did
5 that out of an abundance of caution, or sort of belts and
6 suspenders, for the Division's records, but if the
7 Division has a different way they would like to address
8 that change to the Pool Code for Exhibit A, I'm more than
9 happy to address that however the Division sees fit, and
10 I'm definitely open for questions on those changes.

11 But the changes to the Pool Code do not
12 impact the request for the extension of time, so my
13 primary request here, and Franklin Mountain Energy's
14 primary request is to extend the time for Franklin
15 Mountain Energy to drill the initial wells under these
16 Orders for a year, which would be through the end of
17 October, 2022.

18 With that I'll stop my presentation, and
19 again I stand for questions.

20 EXAMINER BRANCARD: Thank you.

21 Mr. Simmons, I know Ms. Bennett has chatted
22 with Mr. Garcia on these Pool Code issues a little bit,
23 so...

24 EXAMINER SIMMONS: No, I don't have any
25 questions.

1 I guess do you want an amended exhibit
2 attached to the Order reflecting that new Pool Code? Is
3 that what your intention is, Deana?

4 MS. BENNETT: That's right. That's what I was
5 thinking would be the most efficient way to address this.
6 The other option I thought of myself was submitting a
7 motion nunc pro tunc asking the Division to amend the
8 Exhibit A, but while we were having this hearing today, I
9 thought it might just be more efficient to just take care
10 of this today versus in a subsequent administrative
11 proceeding.

12 EXAMINER SIMMONS: Yes, nunc pro tunc is an
13 anthem with Mr. Brancard. So yes, we will try to handle
14 it informally through just appending the amended exhibit,
15 if we can. Thank you.

16 MS. BENNETT: Thank you very much.

17 With that I would ask, before I forget,
18 that the exhibits in Case No. 22116, Case No. 22118, and
19 Case No. 22119 be admitted into the record, and that these
20 cases be taken under advisement.

21 EXAMINER BRANCARD: Thank you.

22 And so are there any other interested
23 persons for Cases 22116, 22118, 22119? (Note: Pause.)

24 Hearing none, these cases will be taken
25 under advisement and the exhibits will be admitted into

1 the record. Thank you.

2 And I think you have opened a little bit of
3 a box of Pandora's by bringing up these Pool Code issues
4 with us, so...

5 MS. BENNETT: Yes. I look forward to closing
6 that box September 23rd when our hearing of the next three
7 cases are coming up for hearing.

8 EXAMINER BRANCARD: Seems that people who deal
9 with Pool Codes aren't necessarily talking or
10 communicating with the people doing Pooling Orders; nor do
11 our I.T. systems communicate with each other. So we may
12 have a little bit of work to do there. Thank you for
13 bringing up that issue, actually.

14 MS. BENNETT: Thank you very much. Thanks for
15 your consideration of the issue. Much appreciated.

16 (Time noted 9:31 a.m)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

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CCR No. 122, DO HEREBY CERTIFY that on Thursday,

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September 9, 2021, the proceedings in the above-captioned

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matter were taken before me; that I did report in

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stenographic shorthand the proceedings set forth herein,

11

and the foregoing pages are a true and correct

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transcription to the best of my ability and control.

13

I FURTHER CERTIFY that I am neither employed by

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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
License Expires: 12/31/2021

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