

STATE OF NEW MEXICO.

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

Application of FRANKLIN MOUNTAIN	Case No. 22445
ENERGY, LLC for Compulsory Pooling,	Case No. 22449
Lea County, New Mexico	Case No. 22450

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, JANUARY 6, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Hearing Examiner, John Garcia Technical Examiner, on Thursday, January 6, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

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, LLC:

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C O N T E N T S

CASE NOS.	22445, 22449, 22450	PAGE
CASE CALLED:		3
TAKEN UNDER ADVISEMENT:		7

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

FRANKLIN MOUNTAIN ENERGY EXHIBITS		ADMITTED
A	Compulsory Pooling Checklist	7
B	Declaration of Lee Zink (Landman)	7
	1 Development Overview	7
	2 Overview	7
	3 C-102	7
	4 Lease Tract Map/Summary of Interests	7
	5 Notice Affidavit	7
C	Affidavit of Ben Kessel (Geologist)	7
	6 Locator Map	7
	7 Wellbore Schematic	7
	8 Prevail Fed Com 602H Geology Study	7
	9 Regional Stress Orientation Justification.	7

1 (Time noted 11:05 a.m.)

2 EXAMINER BRANCARD: So now you want to handle
3 -445, -449 and 450 as one?

4 MS. BENNETT: Yes, please.

5 EXAMINER BRANCARD: All right. Calling Case
6 Nos. 22445, -449, -450. Any other persons interested in
7 these cases?

8 Hearing none, you may proceed, Ms. Bennett.
9 Thank you.

10 MS. BENNETT: Thank you. These are three cases
11 where Franklin Mountain Energy is seeking to pool mineral
12 interests in two Bone Spring units and a Wolfcamp unit.
13 And I timely submitted the exhibits for these cases on
14 January 4th. I included in the exhibit testimony in each
15 of the three case packets, the Compulsory Pooling
16 Checklist, the Declaration of Lee Zink, who has previously
17 testified before the Division and whose credentials have
18 been accepted as a matter of record, and the Declaration
19 of Ben Kessel the geologist for Franklin Mountain Energy,
20 who has also previously testified before the Division.

21 The issue, or the things I wanted to point
22 out in these three cases are: First, in the Wolfcamp case
23 which is Case No. 22445, Franklin Mountain Energy is
24 seeking to dedicate the well to a 640-acre spacing unit,
25 and in that case the proximity tract well is the 705H well

1 which is within 330 feet of the adjoining tract, which
2 allows the inclusion of the proximity tract in the spacing
3 unit.

4 And that's identified in the Compulsory
5 Pooling Checklist, as well as in Mr. Zink's Declaration.

6 In terms of all three cases when the
7 Applications were prepared and the Declaration was
8 prepared, at that time Franklin Mountain Energy thought
9 there were working interest owners that needed to be
10 pooled, but it has since come to light that at this point
11 Franklin Mountain Energy is the only working interest
12 owner in these cases, and so at this point Franklin
13 Mountain Energy is only seeking to pool overriding royalty
14 interest owners. And you will see that discussed or
15 identified in Tab 4, which is the Lease Tract Map and Unit
16 Recapitulation, as well as the Breakdown of Interests.
17 And there you will see in each case that Franklin Mountain
18 Energy or Franklin Mountain Energy and its affiliate
19 Franklin Mountain Energy II are the only working interest
20 owners, and that's the only parties right now that
21 Franklin Mountain Energy is seeking to pool overriding
22 royalty interest owners.

23 There is a tract in these cases that is BLM
24 minerals, and Franklin Mountain Energy is working with BLM
25 to work through the process of understanding what BLM is

1 going to require for those minerals.

2 With that I would ask that the exhibits in
3 Case No. 22445, 22449 and 22450 be admitted into the
4 record and that these cases be taken under advisement.

5 EXAMINER BRANCARD: Thank you.

6 Mr. Garcia?

7 EXAMINER GARCIA: No questions.

8 EXAMINER BRANCARD: So, Ms. Bennett, we have, it
9 looks like 120 acres of unleased federal minerals here?

10 MS. BENNETT: I'm not sure about the acreage but
11 I'm sure you're right about the acres. Tract 2 is, right,
12 120 acres.

13 EXAMINER BRANCARD: So what happens with that?

14 MS. BENNETT: Well, Franklin Mountain Energy is
15 in discussion right now with BLM about what's going to
16 happen with that, and Franklin Mountain Energy is not
17 relying on the Pooling Order in any way to have any impact
18 on those discussions, it's just that it needs to pool the
19 overrides for the purpose of the com agreement if one is
20 entered into.

21 So this is steps that we were already in
22 the path of taking when it turned out that the federal
23 minerals were unleased, so we wanted to continue down this
24 path of getting the Pooling Orders for the overrides,
25 since we were already well into this process, and Franklin

1 Mountain Energy is working with the BLM. Even as we
2 speak, they are in constant communication with them in
3 order to get an understanding of how BLM wants them to
4 proceed.

5 EXAMINER BRANCARD: Okay. So if BLM leases it
6 to somebody else are you going to have to come back in
7 here to pool them?

8 MS. BENNETT: Theoretically yes. If that other
9 party doesn't enter into the JOA we would have to come
10 back and pool. But that's, you know, down the road.

11 EXAMINER BRANCARD: You're hoping to lease those
12 federal minerals?

13 MS. BENNETT: I don't have a lot of detail as to
14 what Franklin Mountain Energy's discussions with BLM have
15 been, but I did call Franklin Mountain Energy this week to
16 confirm they are in active discussions with the BLM.

17 EXAMINER BRANCARD: So for this Order we are
18 only going to pool overriding royalty interests.

19 MS. BENNETT: For all the Orders in these three
20 cases it's just overriding royalty.

21 EXAMINER BRANCARD: Mr. Garcia, any follow up?

22 EXAMINER GARCIA: No questions.

23 EXAMINER BRANCARD: Any other interested
24 persons, then, for Cases 22445, 22449, 22450?

25 Hearing none, these cases will be taken

1 under advisement.

2 MS. BENNETT: Thank you very much. Happy New
3 Year.

4 EXAMINER BRANCARD: Thank you.

5 (Time noted 11:10 a.m.)

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1 STATE OF NEW MEXICO)

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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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January 6, 2022, the proceedings in the above-captioned

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matter were taken; that I did report in stenographic

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shorthand the proceedings set forth herein, and the

11

foregoing pages are a true and correct transcription to

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the best of my ability and control.

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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

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that I have no interest whatsoever in the final

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disposition of this case in any court.

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/s/ Mary MacFarlane

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MARY THERESE MACFARLANE, CCR

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NM Certified Court Reporter No. 122

License Expires: 12/31/2022

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