

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. 22447  
Energy for Compulsory Pooling,  
Lea County, New Mexico

Application of Franklin Mountain                      Case No. 22448  
Energy for Compulsory Pooling,  
Lea County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, JANUARY 6, 2022

STATUS CONFERENCE

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. 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  
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A P P E A R A N C E S

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C O N T E N T S

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CASES CALLED:	3
SET FOR CONTESTED HEARING MARCH 3, 2022:	8

1 (Time noted 8:51 a.m.)

2 EXAMINER BRANCARD: I think we are down to our  
3 last status conference, but you never know. We are on  
4 Items 24 and 25. These are Cases 22447, 22448, Franklin  
5 Mountain Energy.

6 MS. BENNETT: Good morning, Mr. Examiner. Deana  
7 Bennett from Modrall Sperling on behalf of Franklin  
8 Mountain Energy.

9 EXAMINER BRANCARD: I have an entry of  
10 appearance from Tap Rock Resources.

11 MS. SHAHEEN: Correct, Mr. Examiner. Sharon  
12 Shaheen of Montgomery & Andrews on behalf of Tap Rock  
13 resources.

14 EXAMINER BRANCARD: All right. Any other  
15 interested persons for Cases 22449 and 22448? Hearing  
16 none.

17 My notes have it that you-all are chatting  
18 with each other, your clients are, so where are we on  
19 this? I'll start with you, Ms. Bennett.

20 MS. BENNETT: Thank you, Mr. Examiner.

21 Yes, Franklin Mountain Energy has reached  
22 out to Tap Rock several times and is trying to work  
23 through Tap Rock's full issue, which is about the JOA --  
24 at least that's what I understand the issue to be about --  
25 and they are still in discussions. I'm not sure what the

1 status of those discussions are as of today, but in the  
2 event we do have to set a contested hearing, I think it  
3 would be a very short contested hearing because the only  
4 issue would be really about the JOA, which I don't even  
5 know is within the Division's jurisdiction. But that  
6 would be only issue. There's nothing else I am aware of  
7 that's an issue in the cases. So even if we do need to go  
8 to a contested hearing, it would be very short, and  
9 hopefully even we could stipulate some -- perhaps the  
10 geology being presented by affidavit. Again we can talk  
11 about those details offline, but just to give you a sense  
12 the case would be being very short if we have to go to  
13 hearing.

14 EXAMINER BRANCARD: Ms. Shaheen, your sense?

15 MS. SHAHEEN: First of all I need to, uh, fall  
16 on my sword here. I overlooked filing an Entry of  
17 Appearance in a related case. That's Case 22446. That's  
18 also a Franklin Mountain Energy case. That's the Prevail  
19 well.

20 And I understand that those are related,  
21 perhaps the same acreage; I haven't taken that close a  
22 look. But Tap Rock also objects to Case No. 22446 going  
23 forward by affidavit. Those are the Prevail wells, these  
24 are the Elevate wells.

25 I believe in my communications, and I

1 apologize, Deana, if I overlooked this, but I believe in  
2 my communications with the (inaudible), I did refer to the  
3 Prevail wells, so I don't think this is a complete  
4 surprise, should not be complete surprise to Franklin  
5 Mountain Energy.

6 But that's my first threshold issue.

7 EXAMINER BRANCARD: Let me just stop you there.  
8 There's four other Franklin Mountain cases scheduled for  
9 later today: 22445, -446, -449, -450. Those are the  
10 Master Triumph and Prevail wells.

11 Are you only objecting to 22446?

12 MS. SHAHEEN: That's my understanding. We've no  
13 objection to --

14 MS. BENNETT: Mr. Examiner?

15 EXAMINER BRANCARD: Ms. Bennett?

16 MS. BENNETT: Mr. Examiner, if I could just  
17 clarify a couple of things.

18 First of all -- not that it really matters  
19 what I am about to say, but it did take me by surprise  
20 that Ms. Shaheen is objecting to 22446. The Prevail wells  
21 are a well group and it's not uncommon for someone to  
22 object to certain wells in a well group and not other  
23 wells, so I had no the idea until just now that 22446 when  
24 at issue. But beyond that, in Case No. 22446 Franklin  
25 Mountain Energy is not seeking to pool Tap Rock, as we

1 did. In that case you will see that it's only overrides.  
2 So there's no basis for Tap Rock to object to that case  
3 going by affidavit today.

4 Tap Rock was not noticed in that case.

5 MR. BRANCARD: Tap Rock -- is Tap Rock an  
6 uncommitted interest owner in 22446?

7 MS. BENNETT: No. In 22446, the -- let me take  
8 a look at the interest breakdown.

9 Franklin Mountain Energy and its related  
10 affiliates have 100 percent of the interests in Case No.  
11 22446. There are no uncommitted interest owners in that  
12 case.

13 EXAMINER BRANCARD: Okay. My notes show that  
14 you indicate that that is royalty interest and unleased  
15 acreage in those cases.

16 MS. BENNETT: That's -- in 22449, 22445 and  
17 22450 there is unleased federal minerals but in 22446 it's  
18 a pretty straightforward case, overrides only. No federal  
19 minerals.

20 EXAMINER BRANCARD: Ms. Shaheen?

21 MS. SHAHEEN: Thank you, Mr. Examiner I need to  
22 confer with my client, and I will do in between now and  
23 the time that 22446 comes up.

24 But one other issue for Tap Rock and these  
25 wells is their percentage of interest. I understand that

1 Franklin Mountain believes that their percentage of  
2 interest is minimal, but Tap Rock does believe that their  
3 interest is greater than that represented by Franklin  
4 mountain. So that's another issue aside from the JOA  
5 issue.

6 So I think that percentage of interest  
7 issue may have pertain as well to 22446, but I will  
8 endeavor to clear that up between now and the time that  
9 case comes up.

10 EXAMINER BRANCARD: That's a good endeavor. We  
11 have everything else here: Prevail, Master, Triumph.

12 Okay. We will hold 22446 where it is on  
13 the calendar. Hopefully, Ms. Shaheen, you will have more  
14 clarification when we get there.

15 So it seems like while this may get  
16 resolved, it may not. It may be a contested hearing, but  
17 it might be a limited contested hearing. Sounds like it  
18 might be a fight between landmen as to who owns what.

19 And you may be fighting over a JOA but the  
20 JOA gets replaced by the terms of our Compulsory Pooling  
21 Order, so find out the terms of our Compulsory Pooling  
22 Order.

23 So why don't we set this for March 3rd in  
24 hopes that you all can possibly work things out, maybe.

25 For now we are just dealing with two cases,

1 22447 and 22448. Is that okay with you. Any objections?

2 MS. SHAHEEN: Thank you, Mr. Examiner.

3 MS. BENNETT: Thank you.

4 EXAMINER BRANCARD: So with that 22447 and  
5 22448, are there any other interested persons?

6 Going once, twice.

7 These will be set for a contested hearing  
8 on March 3rd, and on 22446 we will burn that bridge when  
9 was get there.

10 So thank you.

11 (Time noted 9:00 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,

8

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

9

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

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.

18

/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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