

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:

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

CASE NOS. 22447 & 22448

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
MARCH 3, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on
Thursday, March 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

DEANA BENNETT
MODRALL SPERLING ROEHL HARRIS & SISK PA
500 4th Street, NW, Suite 1000
Albuquerque, NM 87102

For Tap Rock:

SHARON SHAHEEN
MONTGOMERY & ANDREWS
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Santa Fe, NM 87501

I N D E X

CASE CALLED	
SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	07
REPORTER CERTIFICATE	08

E X H I B I T I N D E X

	Admitted
All Exhibits and Attachments	07

1 HEARING EXAMINER BRANCARD: Okay. With that we
2 come to Cases 22447, 22448, Items 59 and 60, Franklin
3 Mountain Energy.

4 MS. BENNETT: Good morning, Mr. Examiner. Deana
5 Bennett with Modrall Sperling on behalf of Franklin Mountain
6 Energy.

7 HEARING EXAMINER BRANCARD: And I have an entry
8 of appearance here for Tap Rock LLC.

9 MS. SHAHEEN: Thank you, Mr. Examiner. Sharon
10 Shaheen, Montgomery & Andrews on behalf of Tap Rock
11 Resources LLC.

12 HEARING EXAMINER BRANCARD: Okay. Franklin
13 Mountain claims that you all are okay with his going ahead
14 by affidavit. Is that correct for Tap Rock?

15 MS. SHAHEEN: That is correct, Mr. Examiner. If
16 you'll allow me, I would like to make a few points about the
17 agreement that they have reached and have that in the
18 record. It hasn't been executed yet, but we think we have a
19 final version here.

20 HEARING EXAMINER BRANCARD: Okay. That's fine.
21 Are there any other interested persons for Cases 22447,
22 22448?

23 (No audible response.)

24 HEARING EXAMINER BRANCARD: Hearing none, I
25 guess, if you would go ahead, Ms. Bennett, and then Ms.

1 Shaheen can follow.

2 MS. BENNETT: Great, thank you. These two cases
3 are companion cases with cases that were heard on the
4 January 6 docket and for which orders have already been
5 issued.

6 These cases were, like the other companion cases,
7 set for January 6 but at Tap Rock's request were continued
8 to today's date to allow the parties to reach an agreement,
9 which, as Ms. Shaheen noted, has happened.

10 The materials that I -- I timely submitted
11 exhibits on Tuesday in both cases. And Case Number 22447 is
12 a Bone Spring case, and Case 22448 is a Wolfcamp case. And
13 Case 22447 involves the W/2 W/2 of Sections 14 and 23, and
14 Case Number 22448, which is the Wolfcamp case, involves the
15 W/2 of those two sections, 14 and 23.

16 So in each -- the exhibits packets are
17 substantially similar. In each exhibit packet there is an
18 affidavit -- well, a compulsory pooling checklist, first of
19 all, and then an affidavit or self-affirmed declaration from
20 Lee Zink who has previously testified before the Division
21 and his credentials have been accepted as a matter of
22 record.

23 And behind his declaration are the usual land
24 exhibits including C-102s, lease tract map identifying the
25 parties to be pooled, as well as the summary of contacts

1 with working interest owners and unleased mineral interest
2 owners, proposal letters and AFEs.

3 That's followed by my notice affidavit, which
4 includes the dates upon which we sent the notice letters and
5 the publication dates as well as the back-up documentation.

6 And behind that is the declaration of Ben Kessel,
7 and Mr. Kessel has previously testified before the Division.
8 He is the geologist, and his credentials have been accepted
9 as a matter of record. And his declaration has as exhibits
10 the usual suite of geology exhibits, including a locator
11 map, wellbore schematic, the structure map, a cross section
12 locator map, the cross sections themselves, and an isochore
13 or isopach demonstrating the geology in the area.

14 And with that, I would ask that the exhibits in
15 Cases 22447 and 22448 be admitted into the record and these
16 cases be taken under advisement.

17 HEARING EXAMINER BRANCARD: Thank you. Ms.
18 Shaheen? I believe you are muted.

19 MS. SHAHEEN: Thank you. Tap Rock understands
20 that the agreement between Tap Rock and Franklin Mountain is
21 reflected in the draft that was circulated by Tap Rock to
22 Franklin Mountain last night. We understand that that
23 draft, that redline will be the basis for the final executed
24 agreement.

25 It includes a few points, in particular it

1 includes the agreement that there shall be no (inaudible)
2 cause for any wells drilled under those orders for Tap Rock,
3 and that Tap Rock is entitled to well data, including daily
4 reports for all wells in which it participates and is
5 current on its (inaudible) and that the agreement will be
6 fully assignable by either party.

7 And if Ms. Bennett has a different understanding,
8 I'm sure she'll correct me.

9 HEARING EXAMINER BRANCARD: Ms. Bennett?

10 MS. BENNETT: No, I don't have a different
11 understanding. I do think that the, based on e-mails that I
12 have been seeing this morning, I think that the agreement is
13 in final and may have even been signed by both parties at
14 this point, but I don't want to speak for Tap Rock. But
15 there is -- either way, the parties are in substantial
16 agreement and there is letter agreement covering the points
17 that Ms. Shaheen just spelled out.

18 HEARING EXAMINER BRANCARD: Thank you. Mr.
19 McClure, questions?

20 TECHNICAL EXAMINER McCLURE: No, Mr. Brancard, I
21 don't have any questions.

22 HEARING EXAMINER BRANCARD: Are there any other
23 interested persons for Cases 22447 or 22448?

24 (No audible response.)

25 HEARING EXAMINER BRANCARD: Hearing none, cases

1 22447 and 22448, the exhibits will be admitted into the
2 record and the cases will be taken under advisement.

3 MS. BENNETT: Thank you.

4 (Exhibits admitted.)

5 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

5 I, IRENE DELGADO, New Mexico Certified Court
6 Reporter, CCR 253, do hereby certify that I reported the
7 foregoing virtual proceedings in stenographic shorthand and
8 that the foregoing pages are a true and correct transcript
9 of those proceedings to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties or attorneys in this case
12 and that I have no interest in the final disposition of this
13 case.

14 I FURTHER CERTIFY that the Virtual Proceeding was
15 of extremely poor to good quality.

16 Dated this 3rd day of March 2022.

17

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-22

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