

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 NOS. 20775,
ENERGY, LLC FOR COMPULSORY POOLING, 20776
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 5, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
KATHLEEN MURPHY, TECHNICAL EXAMINER
DYLAN ROSE-COSS, TECHNICAL EXAMINER
DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner; Kathleen Murphy and Dylan Rose-Coss, Technical Examiners; and Dana Z. David, Legal Examiner, on Thursday, September 5, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

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APPEARANCES

FOR APPLICANT FRANKLIN MOUNTAIN ENERGY, LLC:
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1 (5:17 p.m.)

2 EXAMINER JONES: Okay. So let's call Cases
3 20775 and 20776, application of Franklin Mountain
4 Energy, LLC for compulsory pooling, Lea County, New
5 Mexico.

6 Call for appearances.

7 MS. BENNETT: Good afternoon. My name is
8 Deana Bennett, and this is Nicole Russell, on behalf of
9 Franklin Mountain Energy.

10 And I have the same two witnesses that we
11 had a moment ago, so I'd like to recall those witnesses
12 subject to them already having been sworn in.

13 EXAMINER JONES: Okay. Let the record show
14 they've already been sworn, and you can start with the
15 first witness.

16 And you've got Nicole Russell as
17 co-counsel.

18 And so are you new to Modrall?

19 MS. RUSSELL: Yes, as of last September, so
20 almost a year now.

21 MS. BENNETT: Nicole is going to be helping
22 me with -- helping us, our team, with compulsory pooling
23 cases going forward, so you might see her for Marathon
24 or FME or otherwise.

25 EXAMINER JONES: Okay. What happened to

1 Zoe?

2 MS. BENNETT: She jumped ship, so we don't
3 talk about her anymore. Just kidding (laughter).

4 (Laughter.)

5 MS. BENNETT: She went to work for Xcel
6 Energy. They opened a Santa Fe office, and so she's
7 their Santa Fe in-house counsel now.

8 EXAMINER JONES: Okay.

9 SHELLY ALBRECHT,
10 after having been previously sworn under oath, was
11 questioned and testified as follows:

12 DIRECT EXAMINATION

13 BY MS. BENNETT:

14 Q. Will you please state your name for the record?

15 A. Shelly Albrecht.

16 Q. Who do you work for and in what capacity?

17 A. Franklin Mountain Energy, LLC as operator and
18 Franklin Mountain Energy 2, LLC as nonoperator, and I'm
19 the director of land.

20 Q. And you previously testified before the
21 Division, right, a moment ago?

22 A. Yes.

23 Q. And your credentials were accepted as a matter
24 of record?

25 A. That's correct.

1 Q. Are you familiar with the application that have
2 been filed in these two cases?

3 A. Yes.

4 Q. And these are Cases 20775 -- I'm sorry -- 20775
5 and 20776, correct?

6 A. Correct.

7 Q. And are you familiar with the status of the
8 lands that are the subject of these applications?

9 A. Yes, I am.

10 Q. Does your area of responsibility include the
11 area of Lea County, New Mexico where these wells are
12 proposed?

13 A. Yes, it does.

14 MS. BENNETT: At this time I'd like to
15 tender Ms. Albrecht as an expert in petroleum land
16 matters.

17 EXAMINER JONES: She's so qualified.

18 Q. (BY MS. BENNETT) We talked about the
19 development plan a moment ago, so we're just going to
20 skip that exhibit, but you've included it here for the
21 sake of completeness?

22 A. Yes. That's correct.

23 I will just point out that there are two
24 Bone Spring slots identified at the proration unit on
25 the east half, and we are only seeking to pool

1 uncommitted owners in the west half of the east half.
2 The other one, everyone is committed and the JOA signed,
3 so that one will not be addressed in these cases.

4 EXAMINER MURPHY: It's the Golden?

5 THE WITNESS: The Breckenridge.

6 Q. (BY MS. BENNETT) East half-east half?

7 A. East half of the east last.

8 Q. Okay. Let's look at Exhibit 2. Is Exhibit 2
9 the -- we have two tabs within Exhibit 2, is that right,
10 Tab A and Tab B?

11 A. That's correct.

12 Q. Is Tab 2A the exhibit for the application for
13 Case Number 20775 for the Golden Fed Com 603H?

14 A. That's correct.

15 Q. Are you seeking to pool all uncommitted mineral
16 interests in the Bone Spring horizontal spacing unit
17 underlying the west half-east half of Sections 9 and 4
18 of --

19 A. That's correct.

20 Q. -- Township 24 South, Range 35 East?

21 A. Yes.

22 Q. Is Tab B the application that you filed or that
23 was filed on your behalf by me in Case Number 20776?

24 A. That's correct.

25 Q. Is that spacing unit going to be dedicated to

1 the Breckenridge Fed Com 705H, 706H and the Golden Fed
2 Com 704H?

3 A. Yes.

4 Q. And are you seeking to pool the uncommitted
5 mineral interest owners within a Wolfcamp horizontal
6 spacing unit underlying the entire east half of Sections
7 9 and 4?

8 A. Yes. That's correct.

9 Q. Let's look at Exhibit 3. Does Exhibit 3
10 contain the C-102s for these wells?

11 A. Yes, it does.

12 Q. And are the C-102s -- or the C-102 on page 10,
13 is that the C-102 for 603H well?

14 A. Yes, it is.

15 Q. And is that -- is the pool for that the Ojo
16 Chiso; Bone Spring Pool?

17 A. Correct.

18 Q. And that's pool code 96553?

19 A. That's correct.

20 Q. Let's turn to Tab B. Is Tab B the C-102s --
21 does that contain the C-102s for the proposed Wolfcamp
22 wells?

23 A. That's correct.

24 Q. Is that the 705H, 706H and the Golden 704H?

25 A. Yes.

1 Q. And has the Division identified a pool name and
2 pool code for those wells?

3 A. Yes, it has.

4 Q. For that pool, I should say.

5 And is that WC-025-G09S253502D wildcat
6 Upper Wolfcamp pool?

7 A. It is, yes.

8 Q. Are you relying on the proximity tract pool
9 here to pool the entire east half?

10 A. Yes, we are. The proximity well will be the
11 Breckenridge Fed Com 705H well.

12 Q. Great.

13 Again -- and I sort of skipped through
14 this, but the C-102s don't identify the first take
15 point, do they?

16 A. No, they don't.

17 Q. So let's really quickly run through the first
18 take points for these wells. Let's start with the 603H
19 well. What is the first take point for that well?

20 A. So for the 603H, the take point, we have -- we
21 will be 479 feet from the south line, 1,791 feet from
22 the east line of Section 9.

23 Q. And I see that you're reading off of a
24 screenshot there. Can I get a copy of that, and I can
25 email or include this with my exhibits for the

1 **examiners?**

2 EXAMINER JONES: That works.

3 THE WITNESS: Sure.

4 **Q. (BY MS. BENNETT) And so for the 705H, what are**
5 **the -- I'm sorry -- first take point?**

6 A. So it's 630 feet from the south line, 1,336
7 feet from the east line of Section 9.

8 **Q. And the 706H?**

9 A. The 706H well will be 794 feet from the south
10 line, 464 feet from the east line of Section 9 for the
11 first take point.

12 **Q. And the 704H?**

13 A. The 704H will be 773 feet from the south line,
14 2,064 feet from the east line of Section 9 for the first
15 take point.

16 **Q. And is the Ojo Chiso and the wildcat Upper**
17 **Wolfcamp pool, are they subject to the Division's**
18 **statewide horizontal well rules?**

19 A. Yes.

20 **Q. Will these rules you're proposing comply with**
21 **the setback requirements in the statewide horizontal**
22 **well rules?**

23 A. Yes, they will.

24 **Q. Let's turn to Exhibit 4. Exhibit 4 has the**
25 **lease tract map for the two proposed spacing units, and**

1 **that's behind Tab A. And then behind Tab B is the**
2 **summary of interests; is that right?**

3 A. That's correct.

4 **Q. Could you just briefly describe the two pages**
5 **behind 4A?**

6 A. Yes. So 4A, which is on page 14 and the
7 following, page 15, are lease tract maps. You can see
8 that we've tried to depict the different leases by the
9 patterns and the labels that you'll see. These are all
10 federal minerals, and they're leased. The red outlines
11 on page 14 and page 15 indicate the proration unit
12 boundary that we are seeking approval for under these
13 pooling applications.

14 **Q. Thank you.**

15 **And then turning to Tab B, Tab B has the**
16 **summary of interests?**

17 A. Yes. So Tab B on pages 16 and 17 are a summary
18 of interests for Case Numbers 20775, Case 20776,
19 respectively. And the first one on page 16, Franklin
20 Mountain interests combined, we have around 72 percent
21 working interest, and then you'll see the other
22 committed working interest owners with their percentages
23 outline. And then I'll note that the only uncommitted
24 working interest owner in both cases is Chevron USA,
25 Inc.

1 Q. And have you been working with Chevron to
2 negotiate the terms of the JOA?

3 A. Yes, we have.

4 Q. And are you still negotiating with Chevron?

5 A. We are.

6 Q. And you'll continue to negotiate with them?

7 A. That's correct.

8 Q. In your opinion, has FME made a good-faith
9 effort to obtain voluntary joinder in the well?

10 A. Yes, we have.

11 Q. Let's look at Exhibit 5. Does Exhibit 5, A and
12 B, include examples of the well-proposal letters that
13 were sent out?

14 A. Yes, it does.

15 Q. And does the -- does your well-proposal letter
16 identify the surface-hole location and the bottom-hole
17 location, as well as the approximate TVD?

18 A. Yes. So the surface-hole and bottom-hole
19 locations are detailed in the Regarding portion towards
20 the top of the letters, and then the TVDs are identified
21 in the first paragraph of the proposal letters.

22 Q. And do your proposal letters also identify the
23 approximate estimated costs associated with drilling and
24 completing the wells?

25 A. Yes, they do.

1 **Q. And in addition, did you send an AFE to every**
2 **working interest owner?**

3 **A. We did. Each well-proposal packet included**
4 **copies of proposals letters, AFEs for each well and then**
5 **a JOA for the given proximity of the well -- I mean**
6 **proration unit.**

7 **Q. And behind Tab 6, are those the AFEs that you**
8 **included with the proposal letters when you sent them**
9 **out?**

10 **A. Yes, they are.**

11 **Q. And the AFEs here, I've highlighted the well**
12 **name and the total costs on each AFE. Do you see that**
13 **on pages 26 through 29?**

14 **A. Yes.**

15 **Q. So rather than reading these off, what is the**
16 **cost for the 603 Bone Spring well?**

17 **A. So for the 603 3rd Bone Spring well, the**
18 **estimated total costs for drilling and completing and**
19 **equipping the well are \$10,561,225.**

20 **Q. And then the cost for the three Wolfcamp wells,**
21 **the estimated costs are the same, right?**

22 **A. Yes. That's correct.**

23 **Q. And what about the estimated costs?**

24 **A. 10,911,225.**

25 **Q. And that's the estimated cost for each well?**

1 A. That's correct.

2 Q. And earlier you testified that you'd seen AFEs
3 and estimated costs for other horizontal wells drilled
4 to this length and depth in this area of New Mexico; is
5 that right?

6 A. Yes.

7 Q. And in your opinion, are the costs that FME is
8 estimating for these wells in line or similar to the
9 cost of other horizontal wells drilled to this length
10 and depth?

11 A. Yes, they are.

12 Q. Who should be appointed operator of the well?

13 A. Franklin Mountain Energy, LLC.

14 Q. Do you have a recommendation for the amounts
15 which FME should be paid for overhead and administration
16 expenses?

17 A. Yes. So 7,000 for drilling and 700 for
18 producing well rates on a per-month basis.

19 Q. In your opinion, are those amounts equivalent
20 to those normally charged by FME and other operators in
21 this area for horizontal wells of this length and depth?

22 A. Yes. That's what we see on all proposals that
23 come in.

24 Q. Do you request that these rates be adjusted
25 periodically as provided by the COPAS accounting

1 procedure?

2 A. Yes.

3 Q. Does FME request the maximum cost plus a 200
4 percent risk charge if any pooled working interest owner
5 fails to pay its share of costs for drilling, completing
6 and equipping the well?

7 A. Yes, we do.

8 Q. Are there overriding royalty interest owners
9 that FME is requesting to pool in these applications?

10 A. Additional?

11 Q. Are there overriding royalty interest owners
12 that FME is seeking to pool other than the overriding
13 royalty interest owners in Section 9?

14 A. No. Yes. Sorry. We have sent notice to the
15 override owners that we are aware of in our title that
16 we have to date.

17 Q. But there might still be some -- there are
18 still some lingering title issues that you're working
19 out with respect to the east half?

20 A. Yes. That's correct.

21 Q. The same issue that we discussed in the earlier
22 cases?

23 A. That's correct.

24 Q. Does FME request that it be allowed a period of
25 one year between when the wells are drilled and when the

1 first well is completed under the order?

2 A. Yes, we do.

3 Q. Are you under the same sort of drilling
4 schedule for these two wells as we talked about for the
5 prior three wells?

6 A. Yes. That's correct. We would -- to the
7 extent we can, we'd like to batch drill them to minimize
8 impacts to offsetting proration units.

9 Q. And so these are on the same schedule in terms
10 of anticipating BLM approval by December of 2019 and
11 hopefully a similar time frame for approval from the OCD
12 if possible?

13 A. Yes. As far as we know, the same. Yeah.

14 Q. Okay. And were Exhibits 1 through 6 prepared
15 by you or under your supervision or compiled from
16 company business records?

17 A. Yes, they were.

18 MS. BENNETT: At this time I'd like to move
19 the admission of Exhibits 1 through 6.

20 EXAMINER JONES: Exhibits 1 through 6 will
21 be admitted in these two cases.

22 (Franklin Mountain Energy, LLC Exhibit
23 Numbers 1 through 6 are offered and
24 admitted into evidence.)

25 MS. BENNETT: Thank you.

1 I have no further questions of
2 Ms. Albrecht.

3 EXAMINER JONES: Any land questions?

4 EXAMINER MURPHY: No questions.

5 EXAMINER COSS: No questions.

6 EXAMINER JONES: I'm sorry. I don't have
7 any questions.

8 EXAMINER DAVID: You're off the hook.

9 MS. BENNETT: Great. At this time I'd like
10 to call my SECOND witness, Mr. Ben Kessel.

11 BEN KESSEL,
12 after having been previously sworn under oath, was
13 questioned and testified as follows:

14 DIRECT EXAMINATION

15 BY MS. BENNETT:

16 Q. Mr. Kessel, you testified a moment ago in FME's
17 earlier cases; is that right?

18 A. Yes.

19 Q. Would you just state your name again for the
20 record?

21 A. Ben Kessel. I'm the director of geology for
22 Franklin Mountain Energy, LLC.

23 Q. A moment ago when you testified, were your
24 credentials accepted as a matter of record?

25 A. Yes.

1 Q. Does your area of responsibility at FME include
2 the area of Lea County, New Mexico?

3 A. Yes.

4 Q. Are you familiar with the applications that FME
5 filed in these cases?

6 A. Yes.

7 Q. Are you familiar with the status of the lands
8 that are the subject of these applications?

9 A. Yes, I am.

10 Q. Are you familiar with the drilling plan for the
11 wells that are the subject of these applications?

12 A. Yes.

13 Q. Did you conduct a geologic study of the area
14 embracing the proposed spacing units for these wells?

15 A. Yes.

16 MS. BENNETT: At this time I'd like to
17 tender Mr. Kessel as an expert in petroleum geology
18 matters.

19 EXAMINER JONES: He is qualified in
20 New Mexico as a petroleum geologist.

21 MS. BENNETT: Thank you.

22 Q. (BY MS. BENNETT) Mr. Kessel, as with the prior
23 cases, you prepared a separate set of slides for each
24 case; is that right?

25 A. Yes.

1 Q. And Exhibit is the geology exhibit for Case
2 Number 20775, and Exhibit 8 are the geology exhibits for
3 Case Number 20776; is that right?

4 A. Yes.

5 Q. Would you quickly walk us through the materials
6 behind Tab 7 or Exhibit 7?

7 A. The first map is a structure contour map of the
8 3rd Bone Spring Sand at the top subsea TVD showing the
9 spacing unit in purple and the structure contours in the
10 back. You can see kind of a gentle structure moving to
11 the north -- moving updip to the north at about 1-1/2
12 degrees.

13 Q. Is there anything shown on this map or in your
14 study that would interfere with the production of the
15 this acreage to the proposed well?

16 A. No, no observed faults or stratigraphic
17 pinch-outs.

18 MS. BENNETT: I apologize. The slides got
19 slightly out of order here.

20 Q. (BY MS. BENNETT) But is page 32 the wells that
21 you used for your cross section?

22 A. Yes, it is.

23 Q. And do those reference C to C prime?

24 A. Yes, they do.

25 Q. And then is page 31 the cross section that you

1 prepared?

2 A. Yes, it is.

3 Q. And does the cross section identify the
4 producing interval --

5 A. Yes.

6 Q. -- in green?

7 A. It's shown in green.

8 Q. And then the Golden Fed Com 603H is inserted at
9 the bottom -- between the wells you use for the cross
10 section?

11 A. Yes.

12 Q. And what does your cross section show you, or
13 what kind of conclusions do you draw from this cross
14 section about the formation?

15 A. I show a slight overall thinning of the 3rd
16 Bone Spring Sand interval as you move from west to east,
17 but the lower part of the 3rd Bone Spring Sand at the
18 targeted interval stays relatively consistent.

19 Q. And are the wells that you chose for this cross
20 section, in your opinion, representative of the Bone
21 Spring in this area?

22 A. Yes.

23 Q. So the next page is the gross interval isochore
24 map that you prepared?

25 A. Yes.

1 **Q. And does that show -- well, what conclusions**
2 **have you drawn from that slide?**

3 A. The gross interval isochore or the thickness
4 from the 3rd Bone Spring Sand to the top of the Wolfcamp
5 generally thins as you move to the east and to the
6 north-northeast.

7 **Q. And you noted on your slide that the FME wells**
8 **will target the similar 3rd Bone Spring thickness as the**
9 **successful offset laterals?**

10 A. Yes. That's correct.

11 **Q. And is the next page the net porosity height**
12 **that you prepared for this well?**

13 A. Yes, it is.

14 **Q. And what conclusions have you drawn from this**
15 **slide?**

16 A. The net porosity height increases as -- in the
17 3rd Bone Spring Sand as you move to the northeast, but
18 the proposed lateral in the 3rd Bone Spring Sand from
19 Franklin Mountain Energy targets the 3rd Bone Spring net
20 porosity and offset laterals.

21 **Q. Thanks.**

22 And if you could just speak up just a
23 **little bit, that would be great.**

24 A. Oh, sure.

25 **Q. So before we move on to the Wolfcamp slides,**

1 **what conclusions -- I mean, what is the preferred**
2 **orientation for wells in this area?**

3 A. South to north or north to south, and that's
4 based upon the regional stresses as mapped for the
5 maximum horizontal stress.

6 Q. And in your opinion, are there any impediments
7 to a horizontal well in the Bone Spring Formation here?

8 A. No.

9 Q. Do you anticipate that each quarter-quarter
10 section will be productive in the Bone Spring Formation?

11 A. Yes.

12 Q. Do you anticipate that each tract
13 quarter-quarter section will contribute more or less
14 equally to production from the well?

15 A. Yes.

16 Q. Great.

17 Let's turn to Exhibit 8. And is Exhibit 8
18 the geologic study that you prepared for the Wolfcamp
19 wells?

20 A. Yes, it is.

21 Q. And is the first page the structure map that
22 you prepared?

23 A. Yes.

24 Q. And what does the structure map tell you about
25 the gentle dip of the structure here?

1 A. The structure map shows a gentle dip to the
2 north at about 1.2 degrees, and we see no major
3 structures or impediments or pinch-outs that would
4 preclude production from the Wolfcamp interval.

5 **Q. Thank you.**

6 **Did you prepare a cross section based on**
7 **well logs?**

8 A. Yes.

9 **Q. Are the wells that you chose for your cross**
10 **section identified on page 36?**

11 A. Yes, they are.

12 **Q. And in your opinion, are those the wells that**
13 **you chose representative of the Wolfcamp Formation in**
14 **this area?**

15 A. Yes.

16 **Q. Great.**

17 **And is the cross section that you prepared**
18 **on page 37?**

19 A. Yes, it is.

20 **Q. Does it identify the producing interval in**
21 **green with the words "Producing Interval" on the right?**

22 A. Yes, it does.

23 **Q. And did you insert the Golden and Breckenridge**
24 **wells in the location where they would fall into the**
25 **cross-reference wells?**

1 A. Yes.

2 **Q. And what does the cross-reference or this cross**
3 **section tell you about the proposed target interval?**

4 A. The target interval, as you move to the east,
5 thins slightly and also increases in carbonate solution
6 of the source rock, but the source rock in the proposed
7 lateral stays consistent.

8 **Q. Let's turn to page 38, and that's the gross**
9 **interval isochore that you prepared for the Wolfcamp**
10 **wells?**

11 A. Yes.

12 **Q. And what conclusions have you drawn from these**
13 **slides?**

14 A. That overall the Wolfcamp thickness -- the
15 Wolfcamp thins to the east, but the laterals that
16 Franklin Mountain is proposing target a similar
17 thickness as the offset laterals.

18 **Q. Okay. And then turning to page 39, is that the**
19 **net porosity height study that you prepared for the**
20 **Wolfcamp wells?**

21 A. Yes.

22 **Q. And what conclusions have you drawn from that**
23 **study?**

24 A. Overall, the net porosity height thins in the
25 Upper Wolfcamp to the north and to the northeast, and

1 the proposed laterals for the Wolfcamp from Franklin
2 Mountain's target is a similar net porosity height as
3 other offsetting successful laterals.

4 Q. Thank you.

5 Based on your geologic study of the
6 Wolfcamp, are there any impediments to a horizontal well
7 in the Wolfcamp?

8 A. No.

9 Q. In your opinion, do you anticipate that each
10 quarter-quarter section will be productive in the
11 Wolfcamp?

12 A. Yes.

13 Q. In your opinion, do you anticipate that each
14 tract quarter-quarter section will contribute
15 approximately equally to the production from the
16 Wolfcamp wells?

17 A. Yes.

18 Q. In your opinion, would the granting of FME's
19 two applications that we're talking about here be in the
20 best interest of conservation, the prevention of waste
21 and the protection of correlative rights?

22 A. Yes, it would.

23 Q. Were Exhibits 7 and 8 prepared by you or
24 compiled under your direction and supervision?

25 A. Yes, they were.

1 MS. BENNETT: At this time I'd move the
2 admission of Exhibits 7 and 8.

3 EXAMINER JONES: Exhibits 7 and 8 are
4 admitted.

5 (Franklin Mountain Energy, LLC Exhibit
6 Numbers 7 and 8 are offered and admitted
7 into evidence.)

8 MS. BENNETT: I have no further questions
9 for Mr. Kessel.

10 EXAMINER MURPHY: I actually have a
11 question. I know it's late.

12 CROSS-EXAMINATION

13 BY EXAMINER MURPHY:

14 Q. Companies tend to want to drill the Wolfcamp
15 because you can propose more wells there, but they're
16 wildcat wells. Is it because the pools are spatially
17 not connected, or is it the fault of how we spatially
18 assign pools or --

19 A. I'm not sure I understand your question.

20 Q. That could be true.

21 It's a wildcat pool?

22 MS. BENNETT: Yeah. The designation by
23 the -- by Paul Kautz is wildcat.

24

25

1 REDIRECT EXAMINATION

2 BY MS. BENNETT:

3 Q. Does that have any correlation to the actual
4 pool? Does that mean the pool itself is not
5 contiguous --

6 A. No.

7 Q. -- or is there something interesting about the
8 pool that would suggest why he named it wildcat?

9 A. No, not to my knowledge.

10 EXAMINER MURPHY: But "wildcat" tends to --
11 has the connotation that it's a chance, good luck,
12 right?

13 MS. BENNETT: Yeah.

14 EXAMINER MURPHY: Isn't it?

15 EXAMINER JONES: There is a chance?

16 (Laughter.)

17 EXAMINER MURPHY: Okay.

18 EXAMINER JONES: No, no. The reason
19 is -- the reason is New Mexico rules say that if you're
20 over a mile from an existing pool or a well that has
21 produced from the Wolfcamp, then you have to name that
22 wildcat starting out, and you can designate a name later
23 and go to a nomenclature hearing, which actually -- the
24 companies could actually bring those cases if they
25 wanted to, hint, hint.

1 EXAMINER MURPHY: I'm just saying that I
2 remember the Purple Sage. There were all sorts of
3 individual pools. Are we starting the same kind of
4 situation?

5 EXAMINER JONES: That's something that you
6 guys could do --

7 EXAMINER MURPHY: Thank you --

8 EXAMINER JONES: -- or the companies could
9 lead the charge on that.

10 EXAMINER COSS: What would be the pros and
11 cons of doing that?

12 EXAMINER MURPHY: Huge. The Purple Sage
13 has 80 different individual pools.

14 EXAMINER JONES: Yeah, over 80 pools that
15 were abolished and made one Purple Sage Pool, consistent
16 setbacks, consistent spacing, everybody knew what's
17 going on, so there is no playing around with all these
18 little individual pools.

19 The problem in Lea County is the Wolfcamp,
20 Upper and Lower Wolfcamp, and then the -- sometimes it
21 breaks the Bone Spring and Lower Bone Spring. And then
22 you've got the Wolfbone sometimes. So you've got to
23 make sure you navigate all those uncharted waters. But
24 working with Paul Kautz in Hobbs is the thing to do.

25 MS. BENNETT: Any other questions?

1 EXAMINER COSS: No questions.

2 EXAMINER JONES: No questions.

3 EXAMINER DAVID: None from me.

4 MS. BENNETT: Great. Well, then --

5 EXAMINER JONES: We appreciate you coming.

6 THE WITNESS: Thank you.

7 MS. BENNETT: I'd also like to just quickly
8 talk about Exhibit 9, which is my Notice of Affidavit
9 and here I've prepared a single Notice of Affidavit.
10 For these two cases, they have the same notice parties.
11 And so the first page of my affidavit, page 40, is my
12 affidavit. The second page, page 41, is my list of the
13 folks to whom we sent notice. Page 42 is our version of
14 the green cards, which shows that all letters were
15 delivered with the exception of the letter to the BLM.
16 And the next page, page 43, is our Affidavit of
17 Publication showing that notice of this hearing was
18 published on August 23rd, 2019.

19 At this time I'd like to move that Exhibit
20 9 be admitted into the record.

21 EXAMINER JONES: Exhibit 9 is admitted.
22 (Franklin Mountain Energy, LLC Exhibit
23 Number 9 is offered and admitted into
24 evidence.)

25 MS. BENNETT: Thank you.

1 At this time, given that we have the same
2 potential for additional overrides to be identified as a
3 result of the finalizing of the title work, I'd ask
4 these two cases be continued to October 17th for notice
5 purposes only.

6 EXAMINER JONES: Okay. The examiner is
7 going to agree with you on that, and we're going to
8 continue them to October 17th.

9 MS. BENNETT: Thank you very much.

10 EXAMINER JONES: And with that, that'll be
11 it for today. We'll come back tomorrow at 9:00 a.m.

12 MS. BENNETT: Thank you. And thank you for
13 taking the time to finish up.

14 (Case Numbers 20775 and 20776 conclude,
15 5:44 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 1st day of October 2019.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

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