

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. 22560, 22561
22565

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:

BRYCE SMITH

MODRALL SPERLING ROEHL HARRIS & SISK PA
500 4th Street, NW, Suite 1000
Albuquerque, NM 87102
505-848-9710

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: This is the March 3,
2 2022 OCD hearings. We are back on the record. Starting off
3 with Item Number 40, Case 22560, mysterious Franklin
4 Mountain Energy. Who is here on behalf of Franklin
5 Mountain?

6 MR. SMITH: Good morning, Mr. Examiner. Bryce
7 Smith with Modrall Sperling on behalf of Franklin Mountain
8 Energy LLC.

9 HEARING EXAMINER BRANCARD: And are there any
10 other interested persons here for Case 22560? And I guess I
11 should ask you, Mr. Smith, how do you want to handle the
12 next six cases?

13 MR. SMITH: We would ask that Cases 22560 and
14 22561 and 565 be heard together and consolidated for
15 hearing. And then the next three cases also be consolidated
16 for hearing, the first set having to do with the W/2 of the
17 sections at issue and second set will deal with the E/2.

18 HEARING EXAMINER BRANCARD: Okay. So if I got
19 that correct, we are now going to hear Cases 22560, 22561
20 and 22565?

21 MR. SMITH: That's correct, Mr. Examiner.

22 HEARING EXAMINER BRANCARD: Are there any other
23 interested persons for these three cases, 22560, 61, 65?

24 (No audible response.)

25 HEARING EXAMINER BRANCARD: Hearing none,

1 Mr. Smith, you may proceed.

2 MR. SMITH: Thank you, Mr. Examiner. As I
3 mentioned, all three of these cases Franklin is seeking
4 spacing units in the W/2 of Sections 25 and 36. And in each
5 case Franklin Mountain Energy owns 100 percent of the
6 working interest and is seeking to pool the overriding
7 royalty interest only.

8 So first in Case 22560, Franklin is seeking an
9 order from the Division pooling the overriding royalty
10 interest in a 320 acre Bone Spring horizontal spacing unit
11 underlying the W/2 of the W/2 of Sections 25 and 36.

12 And in Case 22561, Franklin seeks an order from
13 the Division pooling the overriding royalty interest in a
14 320 acre Bone Spring horizontal spacing unit underlying the
15 E/2 of the W/2 of Section 25 and 36.

16 And then lastly in Case 22565, Franklin seeks an
17 order pooling the overrides in a 640 acre Wolfcamp
18 horizontal spacing unit underlying the entire W/2 of
19 Sections 25 and 36.

20 And in this last case, 22565, the completed
21 interval for the Western Fed Com 702H well is the proximity
22 defining well, and it is less than 330 feet from the
23 adjoining tracts, and the Division's rules allow for the
24 inclusion of proximity tracts within the proposed spacing
25 unit.

1 So Franklin timely filed exhibits this Tuesday,
2 March 1, 2022. And you will find at Tab A first is the
3 compulsory pooling checklist for these three cases.

4 Tab B is the declaration of professional landman
5 Lee Zink with Franklin Mountain Energy. And Lee Zink has
6 previously testified before the Division and his credentials
7 have been accepted as a matter of record.

8 Behind the landman declaration, you will find we
9 have attached the applications in these cases, as well as
10 the C-102s for these wells. You will also find attached a
11 lease tract map and summary of interest owned by the parties
12 sought to be pooled.

13 And again I will mention that Franklin owns 100
14 percent of the working interest in this proposed spacing
15 unit and is only pooling the overriding royalty interest.

16 Also included with the exhibits is the notice
17 affidavit prepared by this firm which shows notice was
18 timely mailed on February 4, 2022, and also with that is the
19 affidavit of publication from the Hobbs News Sun newspaper
20 showing publication occurred on February 6 of 2022.

21 And we publish out of an abundance of caution.
22 You will see on our notice affidavit that we sent notice to
23 the State Land Office and BLM because they own these
24 minerals, and I think BLM refuses to accept certified mail,
25 so we publish as a matter of course and that publication was

1 timely here.

2 And then lastly in Tab C you will find the
3 declaration of Franklin's expert petroleum geologist, Ben
4 Kessel. And Ben Kessel has previously testified before the
5 Division and his credentials have also been accepted as a
6 matter of record.

7 And included with Mr. Kessel's declaration is
8 the usual suite of geology exhibits including the locater
9 map showing the relation of the wells compared to the
10 Capitan Reef; second, the wellbore schematic showing
11 Franklin's development plan, the geology study performed for
12 these wells, and then the stress orientation and
13 justification based on the Snee Zoback paper showing the N/S
14 orientation is possible.

15 With that, Mr. Examiner, I would ask that the
16 exhibits in Cases 22560, 22561 and 22565 be admitted into
17 the record and that these cases be taken under advisement.
18 And with that I will stand for questions.

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

21 TECHNICAL EXAMINER McCLURE: No, sir. I have no
22 questions on these three cases.

23 HEARING EXAMINER BRANCARD: Thank you. Are there
24 any other interested persons for Cases 22560, 561 or 565?

25 (No audible response.)

1 HEARING EXAMINER BRANCARD: Hearing none, Cases
2 22560, 22561, 22565 will have its exhibits admitted into the
3 record and will be taken under advisement.

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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