

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. 22562 22563 22564

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 06

REPORTER CERTIFICATE 07

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

Admitted

All Exhibits and Attachments 06

1 HEARING EXAMINER BRANCARD: I will now call Cases
2 22562, 22563 and 22564, Franklin Mountain Energy.

3 MR. SMITH: Good morning, Mr. Examiner. Bryce
4 Smith with Modrall Sperling appearing on behalf of the
5 applicant Franklin Mountain Energy LLC.

6 HEARING EXAMINER BRANCARD: Thank you. Are there
7 any other interested persons for Cases 22562, 563 or 564?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: Hearing none,
10 Mr. Bryce -- Mr. Smith, you may proceed.

11 MR. SMITH: Thank you, Mr. Examiner. These cases
12 are similar to the last grouping, but they all relate to the
13 E/2 of Sections 25 and 36. And again, Franklin owns 100
14 percent of this working interest in the proposed spacing
15 unit and is seeking to pool the overrides only.

16 So first in Case 22562, Franklin is seeking an
17 order from the Division pooling the overrides in a 320 acre
18 Bone Spring horizontal spacing unit underlying the W/2 of
19 the E/2 of Sections 25 and 36.

20 In Case 22563, Franklin seeks an order pooling
21 the overrides in a 320 acre Bone Spring horizontal spacing
22 unit underlying the E/2 of the E/2 of Section 25 and 36.

23 And then finally in Case 22564, Franklin seeks an
24 order from the Division pooling the overrides in a 640 acre
25 Wolfcamp horizontal spacing unit underlying the entire E/2

1 of Section 25 and 36. And in this latter case, 22564, the
2 completed interval for the El Paso Fed Com 705H Well will be
3 less than 330 feet from the adjoining tracts, and the
4 Division's rules allow for the inclusion of proximity tracts
5 within this proposed spacing unit.

6 You will see that Franklin timely filed its
7 exhibits in these three cases on Tuesday, March 1, 2022.
8 First you will find Tab A is the compulsory pooling
9 checklist for these cases.

10 And Tab B is the declaration of professional
11 landman Lee Zink. Mr. Zink has previously testified before
12 the Division and his credentials have been accepted as a
13 matter of record. Behind his declaration you will find the
14 applications in these cases, along with the C-102s for these
15 wells. And behind that is a lease tract map and summary of
16 interests owned by the parties sought to be pooled, again
17 Franklin owning 100 percent of the working interest and is
18 seeking to pool the overrides into these cases.

19 Included as well is the notice affidavit prepared
20 by this firm which shows notice was timely mailed on
21 February 4 of 2022, and notice by publication, which is
22 shown on the affidavit of publication from the Hobbs Sun
23 News shows publication occurred on February 6, 2022. And
24 the same issue here with BLM not accepting the mail, and so
25 we publish as a matter of course, and that publication was

1 timely.

2 Lastly is Tab C which is the declaration of
3 Franklin's expert petroleum geologist, Mr. Ben Kessel, and
4 Mr. Kessel has previously testified before the Division and
5 his credentials have been accepted as a matter of record.

6 Included with Mr. Kessel's declaration is the
7 usual suite of geology exhibits including the locator map
8 showing the wells in relation to the Capitan Reef, the
9 wellbore schematic showing Franklin's development plan and
10 the geology study performed for these wells. Along with
11 that is the stress orientation justification for this area
12 based on the Snee Zoback paper showing the N/W orientation
13 is optimal.

14 So with that, Mr. Examiner, I would ask that the
15 exhibits in Cases 22562, 22563 and 22564 be admitted into
16 the record and that the cases be taken under advisement.
17 And with that I stand for questions.

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

20 TECHNICAL EXAMINER McCLURE: I have no questions
21 regarding these three cases.

22 HEARING EXAMINER BRANCARD: Thank you. And
23 neither do I. And with that -- are there any other
24 interested persons, let me ask first, for Cases 22562, 563
25 or 564?

1 (No audible response.)

2 HEARING EXAMINER BRANCARD: Hearing none, Cases
3 22562, 563 and 22564, the exhibits will be admitted into the
4 record and these cases will be taken under advisement.

5 Thank you.

6 MR. SMITH: Thank you, Mr. Examiner.

7 (Exhibits admitted.)

8 (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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