

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 ENERGY, LLC
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

Case No. 22818, 22819,
22820, 22821

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 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
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

For Franklin Mountain Energy, LLC:

MODRALL SPERLING ROEHL HARRIS & SISK PA
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BY: BRYCE H. SMITH
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EXHIBITS

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1 HEARING OFFICER BRANCARD: Now we have
2 Cases 22818, 22819, 22820, 22821, Franklin Mountain
3 Energy.

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

7 HEARING OFFICER BRANCARD: Thank you.

8 I have an entry in one of Marathon Oil
9 Permian, LLC.

10 MR. SMITH: Mr. Examiner, I think it
11 probably makes sense to break those cases apart just
12 because there's -- the ownership isn't quite uniform
13 across the four cases, but with regard to 22821, we
14 have been in communication with Marathon's counsel
15 and our understanding is that they don't oppose
16 presentation in that case by affidavit.

17 HEARING OFFICER BRANCARD: Well, they're
18 not here, so I guess not. How would you like to
19 present the cases, then, Mr. Smith?

20 MR. SMITH: Individually, if that works,
21 Mr. Examiner.

22 HEARING OFFICER BRANCARD: Okay. So let's
23 start, then, with Case 22818.

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

25 Again, Bryce Smith with Modrall Sperling

1 appearing on behalf of the applicant Franklin
2 Mountain Energy, LLC.

3 And while these cases are similar, as I
4 mentioned, there are differences, but each of these
5 cases is companion to previous orders that the
6 Division has that are active orders the Division
7 issued for the Bone Spring and Wolfcamp formations
8 in this exact same acreage.

9 But in this specific case, 22818 Franklin
10 is seeking an order from the Division pooling all
11 uncommitted mineral interests in a 320-acre Leonard
12 horizontal spacing unit underlying the west half of
13 the west half of Sections 1 and 12, in Township 26
14 South, Range 35 East at Lea County.

15 You'll see in exhibits that were timely
16 filed on this Tuesday, May 31st. With the exhibit
17 packet we've included Tab A, which is the compulsory
18 pooling checklist.

19 After that is Tab B, which is the
20 declaration of Ilona Hoang. Ms. Hoang has not
21 previously testified before the Division. Her
22 credentials are discussed in her declaration, but
23 she has a BA in business administration and energy
24 management from the Western Colorado University and
25 she worked as a professional landman since 2019.

1 And I refer the Division to Ms. Hoang's
2 resume, which is Exhibit B9 to her declaration, and
3 with that, I would ask that Ms. Hoang's credentials
4 as an expert land professional be accepted as a
5 matter of record.

6 HEARING OFFICER BRANCARD: Thank you.

7 Her credentials are so accepted and she is
8 an expert.

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

10 With Ms. Hoang's declaration you'll find
11 the applications and the C102s for this well.
12 You'll also find the lease tract maps, summary of
13 interest and a list of the parties to be pooled.

14 One change with respect to that exhibit
15 which is D4 is that Franklin just very recently
16 entered into a voluntary agreement with COG
17 Operating, LLC, and so COG will no longer be a party
18 to be pooled in this case or any of the other cases.
19 And so we'll be submitting a revised Exhibit B4
20 without COG Operating LLC shown as a party to be
21 pooled.

22 Additionally, there's a summary of
23 contacts between Ms. Hoang and the working interest
24 owners along with copies of the proposal letter, a
25 sample proposal letter and the AFEs.

1 Lastly behind Ms. Hoang's affidavit is a
2 notice affidavit prepared by this firm, which shows
3 notice was timely mailed on May 12th and out of an
4 abundance of caution Franklin has also published
5 notice and there is an affidavit of publication from
6 the newspaper attached as well.

7 In Tab C you'll find the declaration of
8 expert petroleum geologist Ben Kessel. Mr. Kessel
9 has previously testified before the Division, and
10 his credentials have been accepted as a matter of
11 record.

12 Included with Mr. Kessel's declaration is
13 the usual suite of geology exhibits including a
14 locator map, the well bore schematic, the geology
15 study performed for the well and the optimal stress
16 orientation justification showing that north-south
17 is optimal in this location.

18 With that, Mr. Examiner, I'll stand for
19 questions. And I would ask that the exhibits in
20 Case Number 22818 be admitted into the record and
21 that this case is taken under advisement.

22 HEARING OFFICER BRANCARD: Thank you.

23 Mr. Garcia, any questions?

24 TECHNICAL HEARING OFFICER GARCIA: No
25 questions.

1 HEARING OFFICER BRANCARD: All right.

2 Thank you.

3 The exhibits will be admitted into the
4 record. You know, I'm going to wait to make a
5 decision on taking this under advisement until we
6 hear the other three cases.

7 MR. SMITH: Okay. Thank you,
8 Mr. Examiner.

9 (Matter concluded.)

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REPORTER'S CERTIFICATE

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I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
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