

State of New Mexico
Energy, Minerals and Natural Resources Department

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Ms. Deana M. Bennett
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ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL – 8783

Franklin Mountain Energy 3, LLC [OGRID 331595]
Tag State Com Well No. 703H
API No. 30-025-52727

Reference is made to your application received on June 25th, 2024.

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	266 FNL & 2055 FEL	B/2	02	20S	35E	Lea
First Take Point	100 FNL & 2290 FEL	B/2	02	20S	35E	Lea
Last Take Point/ Terminus	100 FSL & 2290 FEL	O	11	20S	35E	Lea

Proposed NSL Horizontal Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 Section 11	320.0	Lea; Wolfcamp (Gas)	80060

It was presented that the complete Horizontal Spacing Unit encompasses a total acreage of 641.27 acres, establishing the E/2 of Sections 02 and the E/2 of Section 11. This location comprises of two pools. Pool One: Pearl; Wolfcamp, South (Code 49870) and Pool Two: Lea; Wolfcamp (Gas) (Code 80060). The unorthodox encroachment pertains to the latter portion of the producing area, Pool Two, as described above.

You have requested to drill this horizontal well at an unorthodox well location described above in the referenced pool and formation. 19.15.16.15(B)(3)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal **gas** well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well’s completed interval penetrates, each of which consists of a governmental quarter section or equivalent. 19.15.16.15(C)(1)(a) NMAC governs the distance in the horizontal plane from any point in the completed interval to any outer boundary of the horizontal spacing unit, measured along a line

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perpendicular to the completed interval or to the tangent thereof, shall be a minimum of 660 feet for a **gas** well. 19.15.16.15(C)(1)(b) NMAC governs the first and last take point of a horizontal well shall be no closer than 330 feet for a **gas** in the horizontal plane, to any outer boundary of the horizontal spacing unit.

The request to deviate from an orthodox location has met all requirements of 19.15.16.15 (C)(5)(a) NMAC. It is understood that you are seeking this exception in order to create a non-standard location in reference to the Last Take Point referenced above within the described Horizontal Spacing Unit.

This well's completed interval is as close as 350 feet to the western edge and 100 feet to the southern edge of the proposed horizontal spacing unit. Encroachment will impact the following tract(s).

Section 11, encroachment to the W/2
Section 14, encroachment to the NE/4

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location in order to prevent waste within the Wolfcamp formation of the total Horizontal Spacing Unit acreage underlying the E/2 of Section 02 and the E/2 of Section 11. The unorthodox location pertains to the latter producing zone of the spacing unit within the Lea; Wolfcamp (gas) pool formation.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102 submitted with the Authorization to Transport, to place this well into production.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



Gerasimos Razatos
Division Director (Acting)
GR/lrl

Date: 9/6/2024

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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CONDITIONS

Action 384028

CONDITIONS

Operator: Franklin Mountain Energy 3, LLC 44 Cook Street Denver, CO 80206	OGRID: 331595
	Action Number: 384028
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	9/16/2024