

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Coterra Energy Operating E LLC **OGRID Number:** 331595  
**Well Name:** Satellite State Com 301H, 302H, 303H, 304H, 601H, 602H, 603H, 604H, 801H **API:** Various - See Attached C-102s  
**Pool:** WC-025 G-06 S183518A; Bone Spring, Airstrip; Bone Spring, Airstrip, Wolfcamp **Pool Code:** 97930, 960, 970

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling – Storage – Measurement  
 DHC    CTB    PLC    PC    OLS    OLM  
 [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

<b>FOR OCD ONLY</b>
<input type="checkbox"/> Notice Complete
<input type="checkbox"/> Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Phillip G. Levasseur  
 Print or Type Name

Signature

12/2/2025  
 Date

(432) 630 - 1642  
 Phone Number

phillip.levasseur@coterra.com  
 e-mail Address

Satellite State Com

**BEATTY & WOZNAK, P.C.**

ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
SANTA FE, NEW MEXICO 87505  
TELEPHONE 505-983-8545  
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January 8, 2026

**VIA ONLINE FILING**

Albert Chang, Division Director  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resource  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Attention: Sarah Clelland

**Re: Application of Coterra Energy Operating Co., for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units underlying Sections 24, 25, and 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the “Lands”)**

Dear Mr. Chang:

Coterra Energy Operating Co. (OGRID No. 215099) (“Coterra”), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (pool and lease) diversely owned oil and gas production at the **Satellite Central Tank Battery (“CTB”)** *insofar as all existing and future wells drilled in the following spacing units:*

(1) The 360-acre spacing unit comprised of the W/2 W/2 of Sections 24 and 25 and the NW/4 NW/4 of Section 36, T18S R34E, N.M.P.M., Lea County, NM, currently dedicated to the following wells:

- a. **Satellite State Com 301H** (API: 30-025-52737)
  - i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]
  - ii. Lease No.:
    - 1. State: VB-1889-3, VB-1049-5, VB-1877-3, VB-1876-3, & VC-809-1
- b. **Satellite State Com 601H** (API: 30-025-52745)
  - i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06

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S183518A; Bone Spring [97930]

ii. Lease No.:

1. State: VB-1889-3, VB-1049-5, VB-1877-3, VB-1876-3, & VC-809-1

(2) The 360-acre spacing unit comprised of the E/2 W/2 of Sections 24 and 25, and the NE/4 NW/4 of Section 36, T18S R34E, N.M.P.M., Lea County, NM, currently dedicated to the following wells:

a. **Satellite State Com 302H** (API: 30-025-52738)

- i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]

ii. Lease No.:

1. State: VB-1049-5, VB-1877-3, VB-1876-3, VC-809-1, & L0-4883-8

b. **Satellite State Com 602H** (API: 30-025-52746)

- i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]

ii. Lease No.:

1. State: VB-1049-5, VB-1877-3, VB-1876-3, VC-809-1, & L0-4883-8

(3) The 360-acre spacing unit comprised of the W/2 E/2 of Sections 24 and 25, and the NW/4 NE/4 of Section 36, T18S R34E, N.M.P.M., Lea County, NM, currently dedicated to the following wells:

a. **Satellite State Com 303H** (API: 30-025-52739)

- i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]

ii. Lease No.:

1. State: VB-1049-5, VB-1877-3, VB-1876-3, L0-4883-7, & VC-1188-1

b. **Satellite State Com 603H** (API: 30-025-52747)

- i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]

ii. Lease No.:

1. State: VB-1049-5, VB-1877-3, VB-1876-3, L0-4883-7, & VC-1188-1

(4) The 360-acre acre spacing unit comprised of the E/2 E/2 of Sections 24 and 25, and the NE/4 NE/4 of Section 36, T18S R34E, N.M.P.M., Lea County, NM, currently dedicated to the following wells:

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- a. **Satellite State Com 304H** (API: 30-025-52740)
  - i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]
  - ii. Lease No.:
    - 1. State: VB-1049-5, VB-1877-3, VB-1876-3, L0-4883-7, & VC-1188-1
- b. **Satellite State Com 604H** (API: 30-025-52748)
  - i. Pool: Airstrip; Bone Spring [960] & WC-025 G-06 S183518A; Bone Spring [97930]
  - ii. Lease No.:
    - 1. State: VB-1049-5, VB-1877-3, VB-1876-3, L0-4883-7, & VC-1188-1

(5) The 360-acre spacing unit comprised of the W/2 W/2 of Sections 24 and 25, and the NW/4 NW/4 of Section 36, T18S R34E, N.M.P.M., Lea County, NM, currently dedicated to the following well:

- a. **Satellite State Com 801H** (API: 30-025-52392)
  - i. Pool: Airstrip; Wolfcamp [970]
  - ii. Lease No.:
    - 1. State: VB-1889-3, VB-1049-5, VB-1877-3, VB-1876-3, & VC-809-1

(6) Pursuant to 19.1.100.53.C.(5), commingling from the associated pool and leases will not adversely impact royalties due to the State of New Mexico or federal government, nor will any loss accrue to the state or federal government as a result of the proposed operation.

(7) Pursuant to 19.15.12.10.C(4)(g), *from all future additions of pools, leases, or leases and pools to the Satellite Central Tank Battery* with notice provided only to the owners of interests to be added.

Oil and gas production from these spacing units will be commingled and sold at the **Satellite Central Tank Battery** located in the NW/4 of Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, NM. Production from the wells will be part of a bulk and test measurement system where each well flows through dedicated manifolds before going to three-phase separators and metering.

**Exhibit 1** is a lease table and a land plat showing Coterra's current development plan, well pad and the off-lease facility measurement point. The plat also identifies the wellbores and lease/spacing unit boundaries.

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*Energy in the Law*<sup>®</sup>

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**Exhibit 2** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107B, that includes a statement from Andrew Hanson, Production Engineer, with Avant, identifying the facilities and the measurement devices to be utilized, an impacted lease map (Exhibit 1 above) and a detailed schematic (PFD) of the surface facilities (Exhibit A to the statement). Allocation details for oil, gas, and water are also provided.

**Exhibit 3** is a C-102 for each of the wells currently permitted or drilled within the existing spacing units.

**Exhibit 4** includes relevant communitization agreements, MSRPs, and PUNs (if applicable).

Ownership is diverse between the above-described spacing units, each of which are either subject to a pooling agreement or a pooling order and are therefore considered “leases” as defined by 19.15.12.7(C) NMAC. **Exhibit 5** is a list of interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the New Mexico State Land Office (“SLO”) since state lands are involved.

Thank you for your time and attention to this matter. Please let me know if you require additional information.

Very truly yours,

BEATTY & WOZNIAK, P.C.



Miguel Suazo

Jacob L. Everhart

*Attorney(s) for Avant Operating LLC.*

# Exhibit 1



**Application for Commingling and Allocation Approval**

**Exhibit 1**

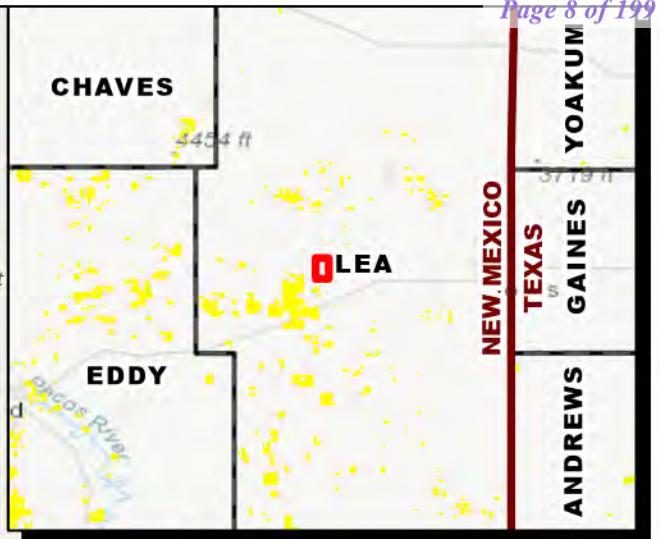
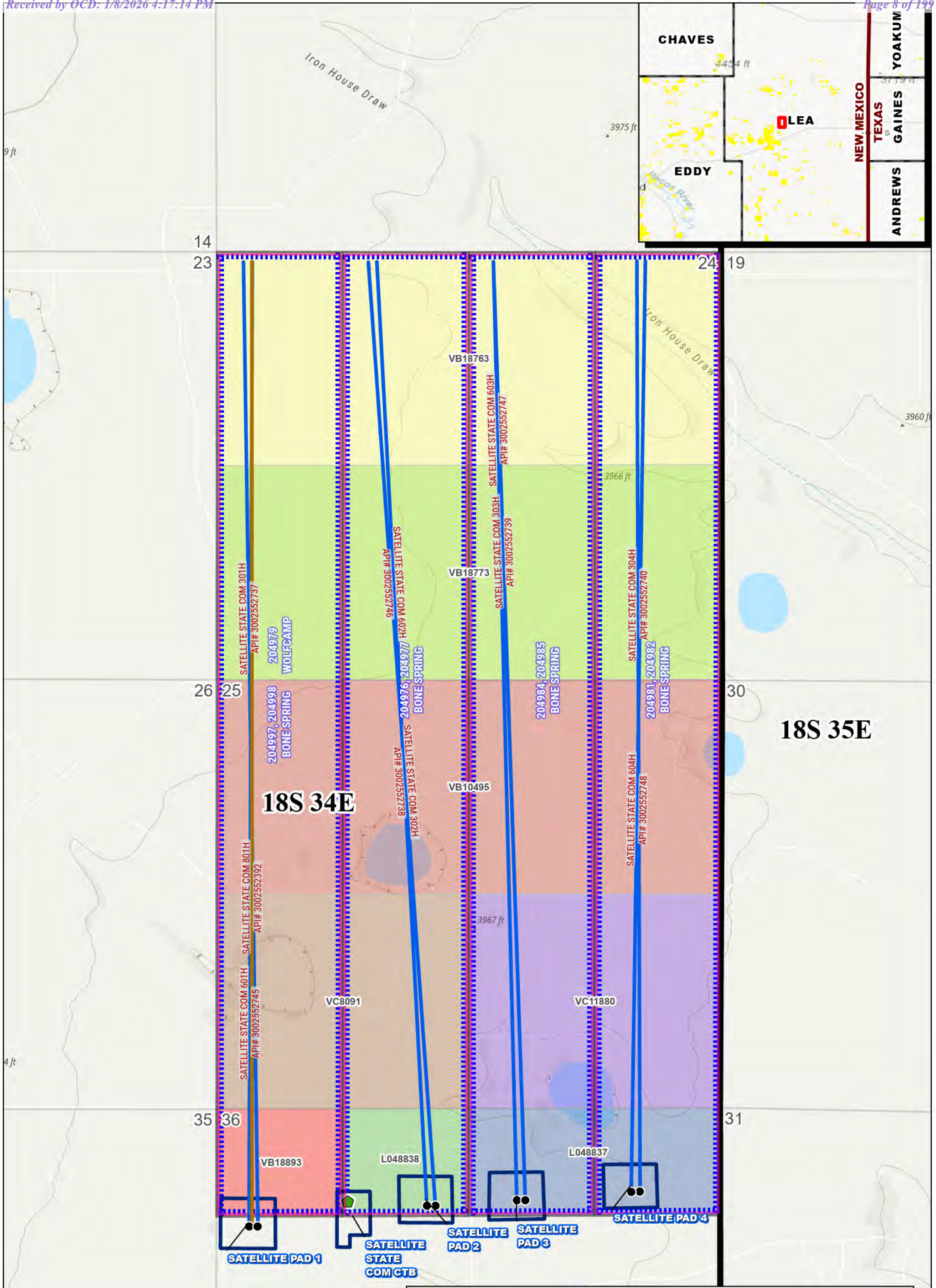
**Lease Table**

**SATELLITE STATE COM WELLS**

**Sections 24, 25 and 36, Township 18 South, Range 34 East, Lea County, NM**

Source	Legal Description	Field; Formation	Well Name	Well Number	API	Comm Agreement Status	Interest Type	Lease(s)	Royalty Rate	Acres Committed in CA	% of Interest in Communitized Area	Product(s) Commingled
1	W2W2 SEC. 24 AND 25, NWNW SEC. 36, T18S, R34E, LEA COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONESPRING (97930); AIRSTRIP; BONESPRING (960)	SATELLITE STATE COM 301H SATELLITE STATE COM 601H	301H 601H	30-025-52737 30-025-52745	AGREEMENT: 204997, 204998	STATE	VB-1889-3 VB-1049-5 VB-1877-3 VB-1876-3	3/16	280.00	77.7780%	Oil, Gas, Water
								VC-809-1	1/5	80.00	22.2220%	
2	E2W2 SEC. 24 AND 25, NENW SEC. 36, T18S, R34E, LEA COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONESPRING (97930); AIRSTRIP; BONESPRING (960)	SATELLITE STATE COM 302H SATELLITE STATE COM 602H	302H 602H	30-025-52738 30-025-52746	AGREEMENT: 204976, 204977	STATE	VB-1049-5 VB-1877-3 VB-1876-3	3/16	240.00	66.6670%	Oil, Gas, Water
								VC-809-1	1/5	80.00	22.2220%	
								LO-4883-8	1/8	40.00	11.1110%	
3	W2E2 SEC. 24 AND 25, NWNW SEC. 36, T18S, R34E, LEA COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONESPRING (97930); AIRSTRIP; BONESPRING (960)	SATELLITE STATE COM 303H SATELLITE STATE COM 603H	303H 603H	30-025-52739 30-025-52747	AGREEMENT: 204984, 204985	STATE	VB-1049-5 VB-1877-3 VB-1876-3	3/16	240.00	66.6670%	Oil, Gas, Water
								LO-4883-7	1/8	80.00	22.2220%	
								VC-1188-1	1/5	40.00	11.1110%	
4	E2E2 SEC. 24 AND 25, NENE SEC. 36, T18S, R34E, LEA COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONESPRING (97930); AIRSTRIP; BONESPRING (960)	SATELLITE STATE COM 304H SATELLITE STATE COM 604H	304H 604H	30-025-52740 30-025-52748	AGREEMENT: 204981, 204982	STATE	VB-1049-5 VB-1877-3 VB-1876-3	3/16	240.00	66.6670%	Oil, Gas, Water
								LO-4883-7	1/8	80.00	22.2220%	
								VC-1188-1	1/5	40.00	11.1110%	
5	W2W2 SEC. 24 AND 25, NWNW SEC. 36, T18S, R34E, LEA COUNTY BEING 360 ACRES	AIRSTRIP, WOLFCAMP (970)	SATELLITE STATE COM 801H	801H	30-025-52392	AGREEMENT: 204979	STATE	VB-1889-3 VB-1049-5 VB-1877-3 VB-1876-3	3/16	280.00	77.7780%	Oil, Gas, Water
								VC-809-1	1/5	80.00	22.2220%	

Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil & Gas Corporation on October 1, 2021.



**COTERRA**

**Satellite State Com**  
**301H, 302H, 303H, 304H,**  
**601H, 602H, 603H, 604H, 801H**  
**LEA COUNTY, NM**

Scale: 1:13,000      CRS: NAD 1983 StatePlane New Mexico East  
 Date: 11/9/2025      Author: Holland-LR

● OPERATED WELLS - SL	▭ COMMUNITIZATION AGREEMENT	▭ VB10495	▭ VC8091
— BONE SPRING	▭ C-102	▭ VB18763	
— WOLFCAMP	<b>LEASEHOLD</b>	▭ VB18773	
<b>METER LOCATIONS</b>	▭ L048837	▭ VB18893	
◆ SALES	▭ L048838	▭ VC11880	
<b>FACILITIES</b>	▭ BUILT		

# Exhibit 2

Santa Fe Main Office  
Phone: (505) 476-3441  
General Information  
Phone: (505) 629-6116

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

Online Phone Directory Visit:  
<https://www.emnrd.nm.gov/ocd/contact-us/>

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Coterra Energy Operating Co.  
OPERATOR ADDRESS: 6001 Deauville Blvd 300N Midland, TX 79706  
APPLICATION TYPE:  
 Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:    Fee  State    Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling?  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
WC-025 G-06 S183518A, Bone Spring (97930); Airstrip, Bone Spring (960)	38.3 deg/1.08 btu			\$64.90/bbl (Q3 2025) and \$3.10/mcf (Q3 2025)	2637 BBL/D 3552 MCF/D
Airstrip, Wolfcamp (970)	38.3 deg/1.08 btu	38.3 deg/1.08btu			118 BBL/D 236 MCF/D

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify) Well Testing  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify) Well Testing

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.


**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Regulatory Compliance Manager DATE: 12/2/2025  
TYPE OR PRINT NAME: Phillip Levasseur TELEPHONE NO.: 432-620-1642  
E-MAIL ADDRESS: phillip.levasseur@coterra.com

November 19, 2025

**Andrew Hanson**  
**Production Engineer**

New Mexico Department of Energy, Minerals and Natural Resource  
 1220 South Saint Francis Drive  
 Santa Fe, New Mexico 87505

**Re: Application of Coterra Energy Operating Co. for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units underlying spacing units in Sections 24, 25 and 36, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico (the “Lands”)**

To Whom This May Concern,

Pursuant to this application, Coterra seeks approval to commingle production from the WC-025 G-06 S183518A; Bone Spring (97930); Airstrip, Bone Spring (960) and Airstrip, Wolfcamp (970) formations in Sections 24, 25 and 36, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, as set forth herein.

Specifically, Coterra requests approval to commingle oil and gas production from nine (9) wells on the lands listed as follows:

**COTERRA**  
 Application for Commingling and Allocation Approval  
 Exhibit 1  
 Lease Table  
 SATELLITE STATE COM WELLS  
 Sections 24, 25 and 36, Township 18 South, Range 34 East, Lea County, NM

Source	Legal Description	Field/Formation	Well Name	Well Number	API	Comm Agreement Status	Interest Type	Lease(s)	Royalty Rate	Acres Committed In CA	% of Interest in Commingled Area	Product(s) Commingled			
1	W2W2 SEC. 24 AND 25, NW/4 SEC. 36, T18S, R34E, L1A COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONE SPRING (97930); AIRSTrip; BONE SPRING (960)	SATELLITE STATE COM 301H SATELLITE STATE COM 601H	301H 601H	80-025-52787 80-025-52785	AGREEMENT: 204997/ 204998	STATE	VB-3289-1 VB-3049-5 VB-1877-1 VB-3278-3	1/10	280.00	77.780%	Oil, Gas, Water			
								VC-809-1					1/5	80.00	22.220%
2	E1/4 SEC. 24 AND 25, NW/4 SEC. 36, T18S, R34E, L1A COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONE SPRING (97930); AIRSTrip; BONE SPRING (960)	SATELLITE STATE COM 302H SATELLITE STATE COM 602H	302H 602H	80-025-52788 80-025-52786	AGREEMENT: 204976/ 204977	STATE	VB-3049-5 VB-1877-1 VB-3278-3	1/10	240.00	66.667%	Oil, Gas, Water			
								VC-808-1					1/5	80.00	22.220%
								LD-4883-8					1/8	40.00	11.110%
3	W2E2 SEC. 24 AND 25, NW/4 SEC. 36, T18S, R34E, L1A COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONE SPRING (97930); AIRSTrip; BONE SPRING (960)	SATELLITE STATE COM 303H SATELLITE STATE COM 603H	303H 603H	80-025-52789 80-025-52787	AGREEMENT: 204994/ 204995	STATE	VB-3049-5 VB-1877-1 VB-3278-3	1/10	240.00	66.667%	Oil, Gas, Water			
								LD-4883-7					1/8	80.00	22.220%
								VC-1186-1					1/5	40.00	11.110%
4	E1/4 SEC. 24 AND 25, NW/4 SEC. 36, T18S, R34E, L1A COUNTY BEING 360 ACRES	WC-025 G-06 S183518A; BONE SPRING (97930); AIRSTrip; BONE SPRING (960)	SATELLITE STATE COM 304H SATELLITE STATE COM 604H	304H 604H	80-025-52790 80-025-52788	AGREEMENT: 204981/ 204982	STATE	VB-3049-5 VB-1877-1 VB-3278-3	1/10	240.00	66.667%	Oil, Gas, Water			
								LD-4883-7					1/8	80.00	22.220%
								VC-1188-1					1/5	40.00	11.110%
5	W2W1 SEC. 24 AND 25, NW/4 SEC. 36, T18S, R34E, L1A COUNTY BEING 360 ACRES	AIRSTrip; WOLF CAMP (970)	SATELLITE STATE COM 801H	801H	80-025-52792	AGREEMENT: 204979	STATE	VB-3889-1 VB-3049-5 VB-1877-1 VB-3278-3	1/10	280.00	77.780%	Oil, Gas, Water			
								VC-809-1					1/5	80.00	22.220%

This request for commingling will not negatively affect the royalty revenue of the federal or state government. Coterra will utilize electronic automated measurements at the wellhead to measure oil, gas, and water separately from each well prior to commingling the production. The allocation meters will meet the relevant regulations and standards as outlined below. Commingling the reserve is the most effective means of production.

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Oil & gas production from these spacing units will be commingled and sold at the **Satellite Central Tank Battery** (“CTB”), which is located in the N2 of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, NM. The oil and gas metering point for the units is located on-lease at the CTB.

Subject wells will be part of a bulk and test measurement system where wells will flow through dedicated manifolds before going to three-phase separators and metering as shown on the Production Flow Diagram attached (**Attachment A**). Production from all of the subject wells is commingled prior to the sales meter. Gas production from the separator will be individually metered with a calibrated orifice meter that is manufactured to meet AGA specifications and API 14.3.2 standards. Coterra certifies that gas sales will occur via a connected natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the wells(s) commencing on the date of anticipated commingling, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the gathering system. Oil production from the separator will be separately metered using Coriolis meters that meet industry standards.

All primary and secondary Electronic Flow Measurement (“EFM”) equipment is tested and calibrated in accordance with industry specifications.

Gas samples are obtained at the time of the meter testing and calibration, and the composition and heating value are determined by a laboratory in accordance with the American Petroleum Institute (“API”) specifications to ensure accurate volume and energy (MMBTU) determinations.

The **Satellite Central Tank Battery CTB** requires no additional surface disturbance. The OCD will be notified of any changes to the CTB.

In conclusion, all the oil and gas produced on the Lands is and will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Very truly yours,

Coterra Energy Operating Co.

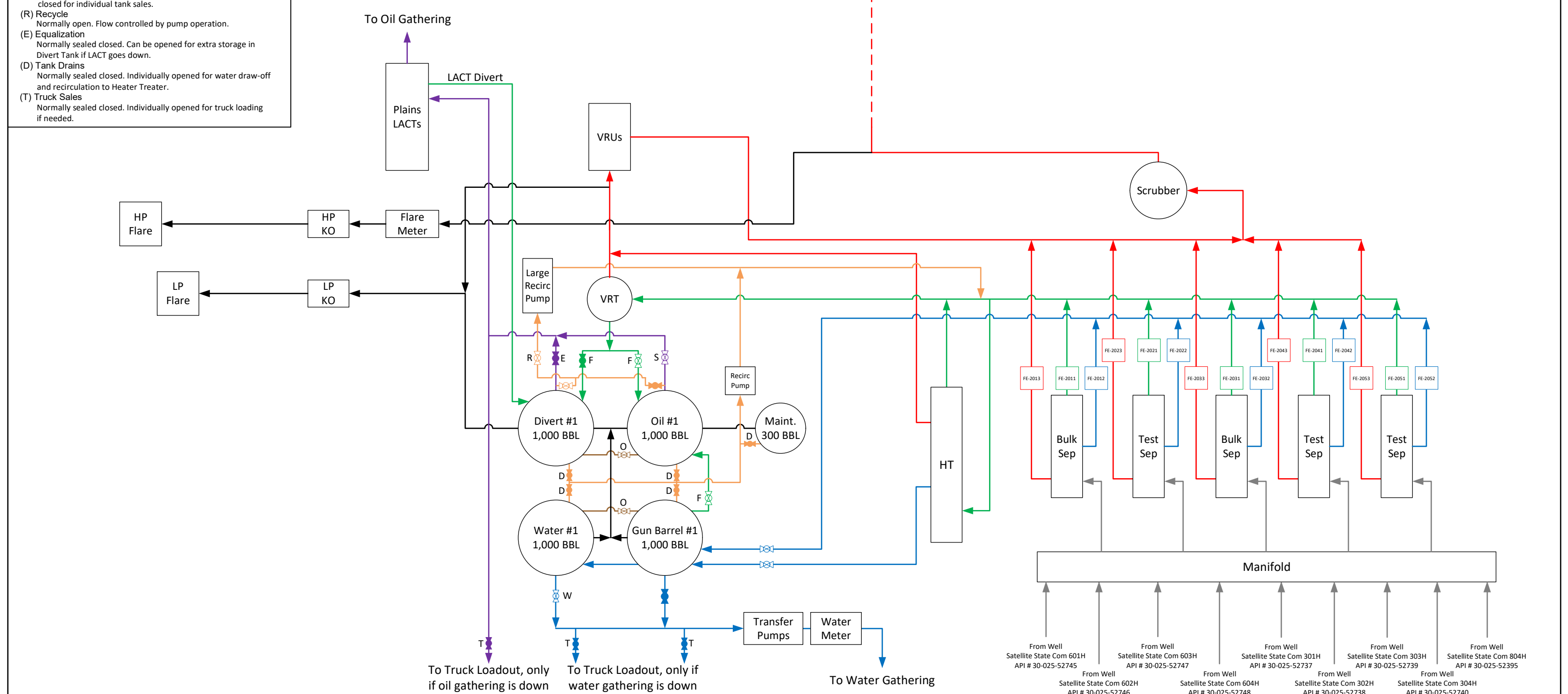
*Andrew Hanson*

Andrew Hanson  
Production Engineer  
12/2/2025



- DIAGRAM KEY**
- ☒ Normally Closed
  - Seal closed except when needed
  - (F) Fill Valves  
Normally open to Oil Tank, sealed closed as needed for individual tank sales.
  - (S) Sales Valves  
Open during production from Oil tanks to LACTs. Either Sales Valve or Equalization Valve is open for individual tank loadout to truck in the event oil gathering is down.
  - (W) Water Takeaway  
Open for production from Water Tank to Water Pipeline.
  - (O) Tank Overflow  
Normally open. Valve is located at top of tank; flow through valve only to prevent loss of containment. Valves sealed closed for individual tank sales.
  - (R) Recycle  
Normally open. Flow controlled by pump operation.
  - (E) Equalization  
Normally sealed closed. Can be opened for extra storage in Divert Tank if LACT goes down.
  - (D) Tank Drains  
Normally sealed closed. Individually opened for water draw-off and recirculation to Heater Treater.
  - (T) Truck Sales  
Normally sealed closed. Individually opened for truck loading if needed.

- LEGEND**
- Flowline
  - Sales Gas
  - - - Sales Gas (Below Ground)
  - Flare Gas
  - Recycle
  - Produced Oil
  - Oil Sales
  - Produced Water
  - Overflow Line



FRANKLIN MOUNTAIN ENERGY – SATELLITE CTB  
 COORDINATES: 32°42'28.83"N 103°31'04.31"W  
 LEA COUNTY, NEW MEXICO

**FUEL FOR USE**

Heater Treater Burner 2 MMBtu/hr each burner operated 24 hrs/day  
 2,000,000 Btu/hr ÷ 2104 Btu/SCF x 24 hrs ÷ 1,000 = 22.8 MSCFD  
 X 2 if 2 burners in use = 45.6 MSCFD

2104 Btu/SCF determined by gas analysis taken on 08/24/21  
 All pumps are electric driven and not subject to royalty-free

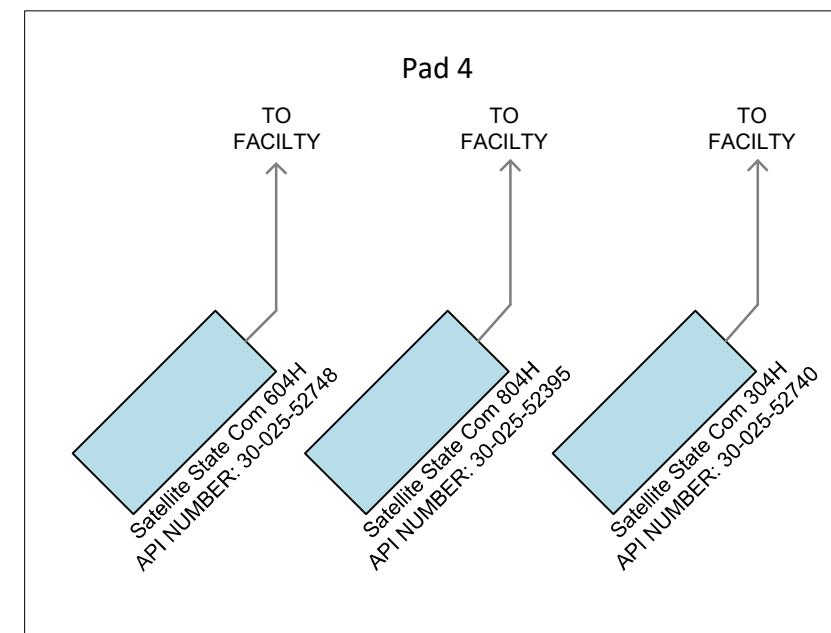
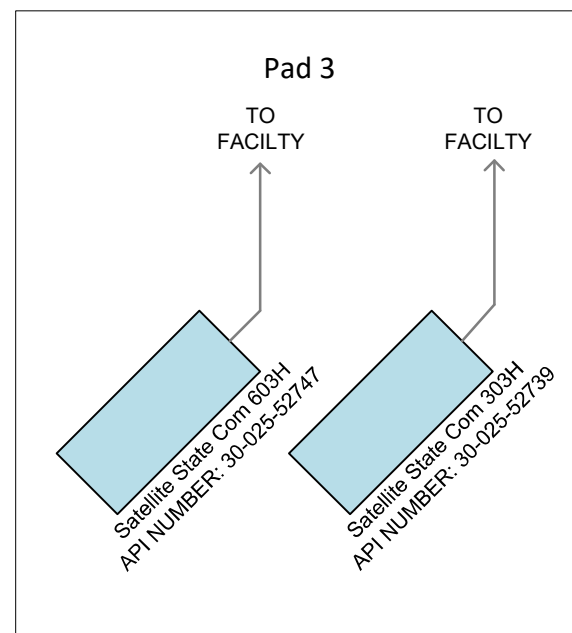
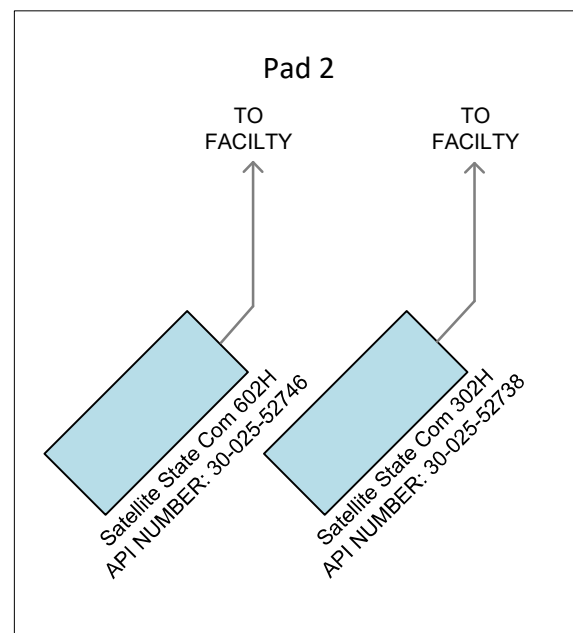
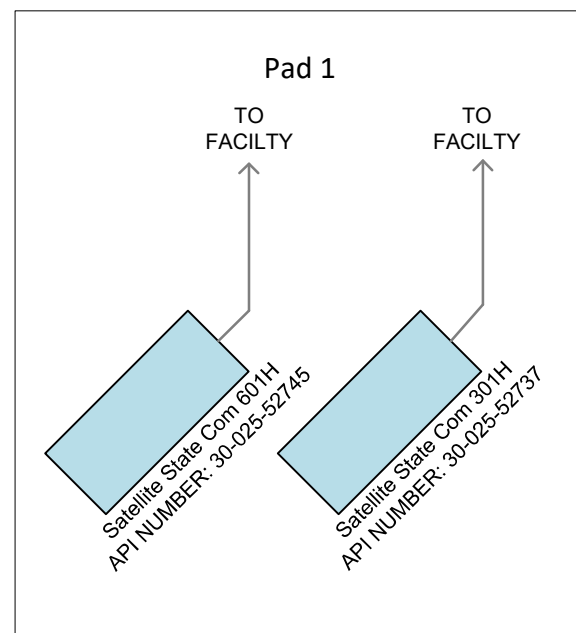
REVISIONS					
REV.	DESCRIPTION	DATE	BY	CHECK	APPROVED
A	ISSUED FOR RECORD	01/14/25	IRM	RVH	JNW

**HALKER**  
 ENGINEERED SOLUTIONS

FRANKLIN MOUNTAIN ENERGY  
 SATELLITE CTB  
 SITE FACILITY DIAGRAM

Page 1 of 2





FRANKLIN MOUNTAIN ENERGY – SATELLITE CTB  
 PAD 1 COORDINATES: 32°42'27.03"N 103°31'15.60"W  
 PAD 2 COORDINATES: 32°42'29.60"N 103°30'53.92"W  
 PAD 3 COORDINATES: 32°42'30.27"N 103°30'42.93"W  
 PAD 4 COORDINATES: 32°42'31.31"N 103°30'29.68"W  
 LEA COUNTY, NEW MEXICO

FUEL FOR USE

REVISIONS

REV	DESCRIPTION	DATE	BY	CHECK	APPROVED
A	ISSUED FOR RECORD	01/14/25	IRM	RVH	JNW



FRANKLIN MOUNTAIN ENERGY  
 SATELLITE CTB  
 SITE FACILITY DIAGRAM



**NAME:** SATELLITE STATE COM

**Well Name:**

**Number:**

SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM  
SATELLITE STATE COM

604H  
801H  
301H  
302H  
303H  
304H  
601H  
602H  
603H



Coterra Energy Inc.  
6001 Deauville Blvd  
Midland, TX 79706

T 432-571-7800  
F 432-571-7832  
coterra.com

Satellite Central Tank Battery  
Allocation Details – Oil – Gas – Water  
Prorated Allocation  
Gas Allocation Details – Exhibit 4

This CTB has FMP meters that measure gas coming onto and leaving the CTB for final sales and production volumes. Each well has allocation meters, separator meter and a GL meter that measure produced volumes and injected volumes at the wellhead.

- Facility Measurement Point Meters (FMP)
  - CTB Gas Sales - Sales meter that measures the volume of gas that leaves the CTB.
  - HP Flare meter measures the volume of HP gas that is flared at the CTB.
  - LP Flare meter measures the volume of LP gas that is flared at the CTB.
  - Net CTB Gas Sales = CTB Gas Sales volume – Buy Back meter volume.
  
- Allocation Meters
  - Separator (Sep) meters measures the volumes of oil, gas, and water coming off the separators.
  - Gas Lift (GL) meter measures the volume of gas that was injected into the well for gas lift.

Allocation process:

- Separate meters measure the well production.
- Theoretical % is used for the allocation of sales. Allocation % calculated by Sep meter for each well/total Sep meter for all wells (CTB).
- Net CTB Gas Sales is volume of gas for royalty purposes, off lease gas is netted out of FMP meter volume. This gives you the volume of gas for royalty purposes that was sold from the CTB.
- Net Well Gas Sales - Theoretical % for each well is multiplied by the Net CTB Gas Sales.
- GL Meter - Measures the volume of gas that was injected into the well for gas lift.
- GL Theoretical % used for the allocation of gas lift. Allocation % calculated by GL meter for each well/total GL meters.
- HP Flare is volume of high-pressure gas flared from the CTB, allocated to wells by Theoretical % for each well multiplied by the HP Flare Meter volume.
- LP Flare is volume of low-pressure gas flared from the CTB. LP Meter: VRU measured gas from the oil and water tanks.
  - LP Flare volumes are allocated based on allocated oil production for each well, such that LP Flare = Meter multiplied by the theoretical % of oil produced.
  - Each well's Coriolis meter (CM, for oil) measured volume/by sum of all CM measured volumes = Theoretical % oil volume.
- Well Allocated Production is all gas produced by the well and is calculated by adding Net Well Gas sales volume + HP Flare + LP Flare.
- CTB Allocated Production is gas produced by adding CTB gas sales + HP Flare meter + LP Flare meter.
- Total Net FMP Volumes is Net CTB Gas Sales + HP Flare meter + LP Flare meter.



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Satellite Central Tank Battery  
Commingle Details – Oil – Gas – Water  
Prorated Allocation  
Oil Allocation Details – Exhibit 4

Each well has a Coriolis oil meter (CM) measuring the volume of oil produced by the well. This volume is used as the allocation point to prorate Allocated Production back to each well. The Theoretical % Available Sales volume is used as the allocation point to prorate CTB oil Sales (FMP) back to each well.

- Beginning Inventory comes from the previous accounting periods Ending Inventory for each well.
- Ending Inventory for each well is calculated by adding Beginning Inventory + Allocated Production – Total Sales volume.
- Beginning Tank Inventory – Wells Ending Inventory from previous accounting period.
- Ending Tank Inventory - CTB Ending Inventory multiplied by Theoretical %.
- CTB Beginning Inventory – CTB Ending Inventory from previous accounting period.
- CTB Ending Inventory – oil inventory not sold at accounting month close.
- CTB Oil Sales is the volume of oil sold through the FMP meter calculated by adding available for sale to the Beginning Inventory for each well.
- CTB Allocated production is volume of oil produced by the CTB and is calculated by Ending Tank Inventory + CTB Oil Sales (FMP) – Beginning Tank Inventory.
- CTB Available Oil for Sale is calculated by CTB Oil Sale (FMP) + Beginning Tank Inventory.
- CM measures the wells oil production.
- Theoretical % is calculated by dividing each oil meter volume into the sum of oil meters.
- Well Allocated Production is the Theoretical % for each well multiplied by CTB Allocated Production.
- Well Available Sales is calculated by Well Allocated Production + Beginning Tank Inventory.
- Theoretical % Available Sales is calculated by dividing Well Available Sales/CTB Available Sales.



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Satellite Central Tank Battery  
Commingle Details – Oil – Gas – Water  
Prorated Allocation  
Water Allocation Details – Exhibit 4

Each well has a water meter (WM) measuring the volume of water produced by the well. This volume is used as the allocation point to determine each wells allocated SW transferred off lease and Ending Inventory. There is also a meter on the SWD transfer pumps to measure volume sent to the water disposal system through the gathering system.

- CTB Beginning Inventory comes from previous accounting period's Ending Inventory.
- CTB Ending Inventory is calculated by adding CTB beginning inventory + Allocated Production – Total SW Transfer Volume.
- CTB SW Transfer meter – measures the volume of produced water that leaves the CTB.
- CTB Allocated Production is volume of water produced by the CTB and is calculated by CTB Ending Tank Inventory + CTB SWD Transfer – CTB Beginning Tank Inventory.
- WM measures the wells water production.
- Theoretical % is calculated WM volume / Sum of WM volume.
- Well Allocated Production is the calculated by Ending Tank Inventory + Well Allocated SW – Beginning Tank Inventory.
- Well Allocated SW is calculated by Theoretical % multiplied by CTB SW Transfer.
- Beginning Inventory comes from previous accounting period's allocated Ending Inventory for each well.
- Ending Inventory for each well is CTB Ending Inventory multiplied by Theoretical %.

		<b>SATELLITE STATE COM</b>	
<b>Allocated Gas Volumes for OGOR</b>		<b>Allocation Methodology Example</b>	
<b>Meter ID</b>		<b>Exhibit 3</b>	
<b>FMP</b>	Facility Measurement Point	Unique ID number	
<b>CTB</b>	Central Tank Battery	BLM approved point of royalty measurement	
<b>WH Meter</b>	Wellhead Meter	Group of wells producing into the same FMP	
		Volume from the orifice meter measuring the gas produced from each individual well	
<b>Net Wellhead</b>		WH meter - GL Meter/Well Gas Injection volume	
<b>Theoretical %</b>		Allocation % calculated by Well Meter for each well/total wellhead production for CTB	
<b>Net Well Gas Sales</b>		Theoretical % * Net CTB Gas Sales	
<b>Well HP Flare</b>	High Pressure Flare	Measures high pressure flare volume, allocation based on Theoretical % *HP Flare Meter volume (FMP)	
<b>Well LP Flare</b>	Low Pressure Flare	Measures the gas from the VRT - oil tanks, allocation based on theoretical % from oil allocation *LP Flare Meter volume (FMP)	
<b>Well Allocated Production</b>		Net Well Gas Sales + HP flare + LP Flare	
<b>CTB Gas Sales</b>		Gas Sales, meter that measures the gas volume that leaves the CTB	
<b>HP Flare Meter</b>		Measures high pressure flare volume	
<b>LP Flare Meter</b>		Measures low pressure flare volume	
<b>CTB Allocated Production</b>		CTB Gas Sales + HP flare + LP Flare	
<b>Total Net FMP Volumes</b>		Total Volume sold by Net CTB Gas Sales + HP Flare + LP Flare	

*Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil & Gas Corporation on October 1, 2021.*

Well Name	Meter ID	WH Meter	GL Meter/Well Gas Injection	Net Wellhead	Theoretical %	Net Well Gas Sales	Well HP Flare	Well LP Flare	Well Allocated Production
SATELLITE STATE COM	604HXXXXG	270		270	0.05	458.61	0.49	0.49	459.58
SATELLITE STATE COM	801HXXXXG	580		580	0.10	985.16	1.05	1.05	987.26
SATELLITE STATE COM	301HXXXXG	280		280	0.05	475.60	0.51	0.51	476.61
SATELLITE STATE COM	302HXXXXG	570		570	0.10	968.18	1.03	1.03	970.23
SATELLITE STATE COM	303HXXXXG	870		870	0.16	1477.74	1.57	1.57	1480.88
SATELLITE STATE COM	304HXXXXG	1050		1050	0.19	1783.48	1.90	1.90	1787.27
SATELLITE STATE COM	601HXXXXG	520		520	0.09	883.25	0.94	0.94	885.13
SATELLITE STATE COM	602HXXXXG	1120		1120	0.20	1902.38	2.02	2.02	1906.43
SATELLITE STATE COM	603HXXXXG	280		280	0.05	475.60	0.51	0.51	476.61
		0		0	0.00	0.00	0.00	0.00	0.00
		0		0	0.00	0.00	0.00	0.00	0.00
<b>Well(s) Total</b>		<b>5540</b>		<b>5540</b>	<b>1.00</b>	<b>9410</b>	<b>10</b>	<b>10</b>	<b>9430</b>

Meter Info	Meter ID	Volume	SUMMARY	
<b>CTB Gas Sales (FMP)</b>	XXX CTBG	9410	5540	WH Meter: sum of the volume from the orifice meter measuring the gas produced from each individual well
<del>BuyBack Meter (FMP)</del>				Meter/Well Gas Injection: measures the volume of gas that was injected into the well for gas lift
<b>Net CTB Gas Sales</b>	XXXNG	9410	5540	Net WH: WH meter less GL Meter/Well Gas Injection volume (calculated number Gross Sales-Buy Back)
<b>HP Flare Meter</b>	XXXHPF	10	1.0	Theoretical%: Allocation % calculated by WH Meter for each well/total WH production for CTB (calculated number)
<b>LP Flare Meter</b>	XXXVRT	10	9410	Net Well Gas Sales: Theoretical % multiplied by Net CTB Gas Sales (calculated number)
<b>CTB Allocated Production</b>		9430	10	Well HP Flare: measures high pressure flare volume (input volume meter reading)
<b>Total Net FMP Volumes</b>		9430	10	Well LP Flare: measures low pressure flare volume (input volume meter reading)
			9430	CTB Allocated Production: CTB Gas Sales plus HP flare plus LP Flare(calculated number)

COTERRA		SATELLITE STATE COM					
Allocated Oil Volumes for OGOR		Allocation Methodology Example					Exhibit 3
Meter ID		Unique ID number					
CM	Coriolis Meter	Measures the oil from the separator on each individual well. Used as a basis for prorating CTB Allocated Production.					
CTB	Central Tank Battery	Group of wells producing into the same FMP					
FMP	Facility Measurement Point	BLM approved point of royalty measurement					
Theoretical %		Allocation % calculated by CM volume for each well/total CM volume for all wells					
Well Allocated Production		Ending Inventory + Well Allocated Oil Sales - Beginning Inventory					
Well Allocated Oil Sales	LACT Unit Sales	Theoretical % * CTB Oil Sales					
Beginning Inventory		Ending Inventory from previous accounting month					
Ending Inventory		Theoretical % * CTB Ending Inventory					
CTB Beginning Inventory		CTB Ending Inventory from previous accounting month					
CTB Ending Inventory		CTB Oil Inventory on hand at accounting month closing					
CTB Oil Sales (FMP)	LACT Unit Sales	CTB Oil Sales, meter that measures the oil volume that leaves the CTB - FMP					
CTB Oil Production		CTB Ending Inventory + CTB Oil Sales - CTB Beginning Inventory					
<i>Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil &amp; Gas Corporation on October 1, 2021.</i>							
Well Name	Meter ID	Oil Meter	Theoretical %	Well Allocated Production	Well Allocated Oil Sales	Beginning Tank Inventory	Ending Tank Inventory
SATELLITE STATE COM	604HXXXXP	670	0.11	490.70	690.70	220	20
SATELLITE STATE COM	801HXXXXP	720	0.12	712.24	742.24	140	110
SATELLITE STATE COM	301HXXXXP	640	0.10	589.77	659.77	150	80
SATELLITE STATE COM	302HXXXXP	770	0.13	783.79	793.79	110	100
SATELLITE STATE COM	303HXXXXP	780	0.13	804.10	804.10		0
SATELLITE STATE COM	304HXXXXP	650	0.11	670.08	670.08		0
SATELLITE STATE COM	601HXXXXP	680	0.11	701.01	701.01		0
SATELLITE STATE COM	602HXXXXP	620	0.10	639.15	639.15		0
SATELLITE STATE COM	603HXXXXP	620	0.10	639.15	639.15		0
		0	0.00	0.00	0.00		0
		0	0.00	0.00	0.00		0
<b>Well(s) Total</b>		<b>6150</b>	<b>1.00</b>	<b>6030</b>	<b>6340</b>	<b>620</b>	<b>310</b>
CTB Summary		SUMMARY					
CTB Beginning Inventory	620	6150	Oil Meter: sum of all individual well meters for the commingled facility.				
CTB Ending Inventory	310	1.00	Theoretical %: individual wells percentage of total production for the month this is the basis for allocation (calculated number)				
CTB Oil Sales	6340	6030	Well Allocated Production: sum of Ending Inventory plus Well Allocated Oil Sales less Beginning Inventory				
CTB Oil Production	6030		Ending Inventory: sum of Beginning Inventory plus Well Allocation Production less Well Allocation Oil Sales				
			Well Allocated Oil Sales: Total Sales from the month				
			Beginning Inventory: Ending Inventory from previous accounting month				
		6340	Well Allocated Oil Sales: sum of all final sales for the facility (CTB Oil Sales) this is then allocated to each well based on the Theoretical %.				

COTERRA		SATELLITE STATE COM					
Allocated Water Volumes for OGOR		Allocation Methodology Example				Exhibit 3	
Meter ID		Unique ID number					
WM	Water Meter	Measures the water from the separator on each individual well. Used as a basis for prorating CTB Allocated Production.					
CTB	Central Tank Battery	Group of wells producing into the same facility					
Theoretical %		Allocation % calculated by WM volume for each well/total WM volume for all wells					
Well Allocated Production		Well Allocated SW volume + ending inventory - beginning inventory					
Well Allocated SW		Theoretical % * CTB SW					
Beginning Inventory		Ending Inventory from previous accounting month					
Ending Inventory		Theoretical % * Ending Inventory					
CTB Beginning Inventory		CTB Ending Inventory from previous accounting month					
CTB Ending Inventory		CTB Inventory on hand at accounting month closing					
CTB SW Transfer Meter	SWD Volume	CTB Water to Disposal, measures the water volume that leaves the CTB					
CTB Allocated Production		CTB Theoretical production for the CTB (Sales +Ending Inventory-Beginning Inventory)					
<i>Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil &amp; Gas Corporation on October 1, 2021.</i>							
Well Name	Meter ID	Water Meter	Theoretical %	Well Allocated Production	Well Allocated SW	Beginning Tank Inventory	Ending Tank Inventory
SATELLITE STATE COM	604HXXXXW	600	0.15	560.00	600.00	140	100
SATELLITE STATE COM	801HXXXXW	440	0.11	390.00	440.00	140	90
SATELLITE STATE COM	301HXXXXW	340	0.08	320.00	340.00	80	60
SATELLITE STATE COM	302HXXXXW	340	0.08	310.00	340.00	60	30
SATELLITE STATE COM	303HXXXXW	560	0.14	510.00	560.00	90	40
SATELLITE STATE COM	304HXXXXW	350	0.08	280.00	350.00	110	40
SATELLITE STATE COM	601HXXXXW	550	0.13	480.00	550.00	180	110
SATELLITE STATE COM	602HXXXXW	410	0.10	320.00	410.00	160	70
SATELLITE STATE COM	603HXXXXW	540	0.13	480.00	540.00	200	140
		0	0.00	0.00	0.00	0	0
		0	0.00	0.00	0.00	0	0
<b>Well(s) Total</b>		<b>4130</b>	<b>1.00</b>	<b>3650</b>	<b>4130</b>	<b>1160</b>	<b>680</b>
CTB Summary		SUMMARY					
CTB Beginning Inventory	1160	4130	Water Meter: measures the water from the separator for each well				
CTB Ending Inventory	680	1.00	Theoretical %: Allocation % calculated by WH volume for each well/total WH volume for all wells				
CTB SW Transfer	4130	3650	Well Allocated Production: sum of Well Allocation SW volume plus Ending Inventory less Beginning Inventory				
CTB Allocated Production	3650		Ending Tank Inventory: Theoretical % multiplied by CTB Ending Inventory				
			Well Allocated SW: Theoretical % multiplied by CTB SW Transfer				
			Beginning Tank Inventory: Ending Inventory from previous accounting month				
		4130	Well Allocated Oil Sales: sum of all final sales for the facility (CTB Oil Sales) this is then allocated to each well based on the Theoretical %.				

# Exhibit 3

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
 AMENDED REPORT  
SHL Change

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52737		<sup>2</sup> Pool Code 960		<sup>3</sup> Pool Name [960] AIRSTRIP; BONESPRING	
<sup>4</sup> Property Code 335014		<sup>5</sup> Property Name SATELLITE STATE COM			<sup>6</sup> Well Number 301H
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC			<sup>9</sup> Elevation 3970.2'

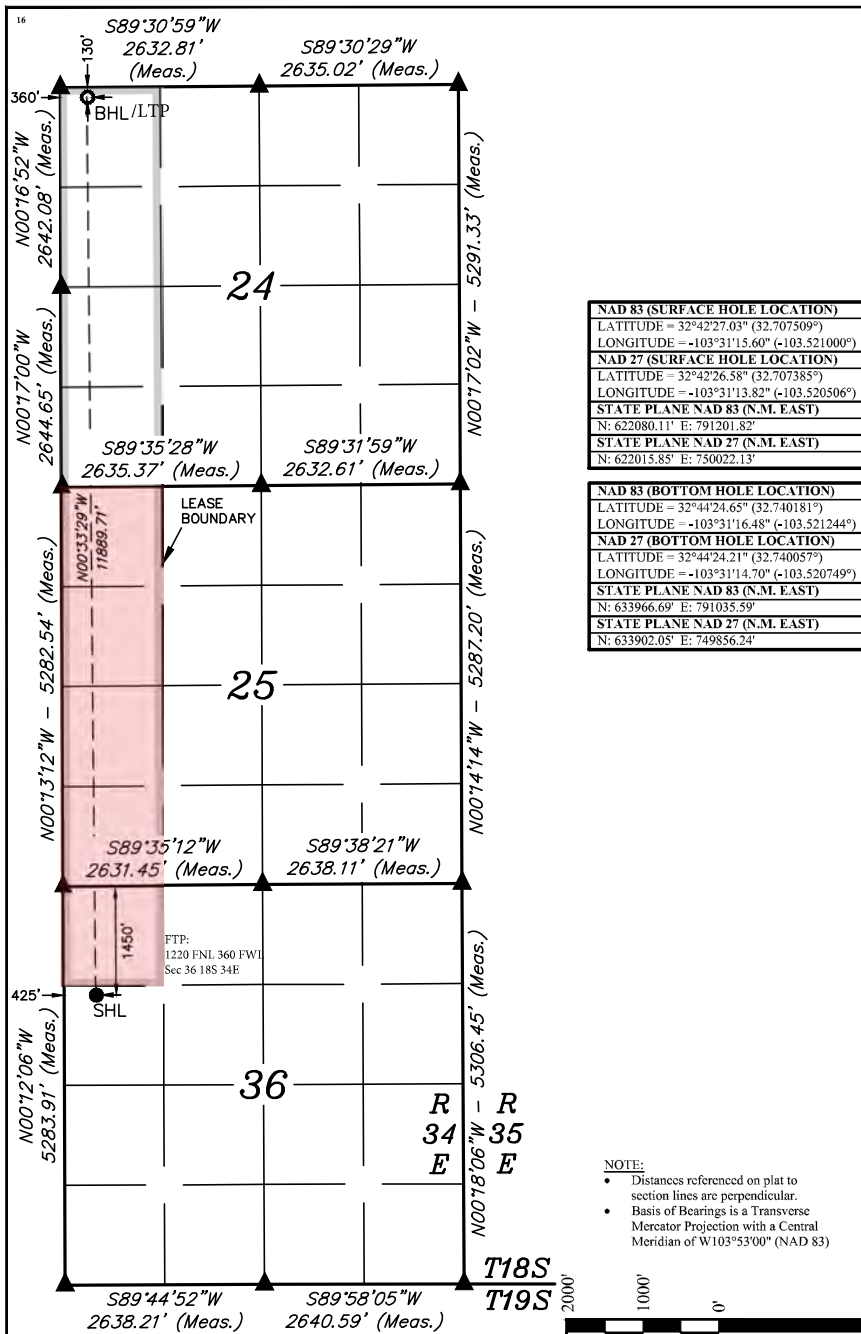
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	18S	34E		1450	NORTH	425	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	18S	34E		130	NORTH	360	WEST	LEA
<sup>12</sup> Dedicated Acres 200		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey*  
Signature  
5/20/2024  
Date

Rachael Overbey  
Printed Name  
roverbey@finelc.com  
E-mail Address

<b>NAD 83 (SURFACE HOLE LOCATION)</b>	
LATITUDE = 32°42'27.03" (32.707509°)	
LONGITUDE = -103°31'15.60" (-103.521000°)	
<b>NAD 27 (SURFACE HOLE LOCATION)</b>	
LATITUDE = 32°42'26.58" (32.707385°)	
LONGITUDE = -103°31'13.82" (-103.520506°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 622080.11' E: 791201.82'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 622015.85' E: 750022.13'	
<b>NAD 83 (BOTTOM HOLE LOCATION)</b>	
LATITUDE = 32°44'24.65" (32.740181°)	
LONGITUDE = -103°31'16.48" (-103.521244°)	
<b>NAD 27 (BOTTOM HOLE LOCATION)</b>	
LATITUDE = 32°44'24.21" (32.740057°)	
LONGITUDE = -103°31'14.70" (-103.520749°)	
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 633966.69' E: 791035.59'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 633902.05' E: 749856.24'	

<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 03, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



NOTE:  
• Distances referenced on plat to section lines are perpendicular.  
• Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

SCALE  
DRAWN BY: N.R. 10-26-23  
REV: 1 L.T.T. 05-01-24  
(SHL CHANGE)

District I  
1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT  
SHL Change

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52737	<sup>2</sup> Pool Code 97930	<sup>3</sup> Pool Name 97930  WC-025 G-06 S183518A; BONESPRING
<sup>4</sup> Property Code 335014	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	
	<sup>6</sup> Well Number 301H	<sup>9</sup> Elevation 3970.2'

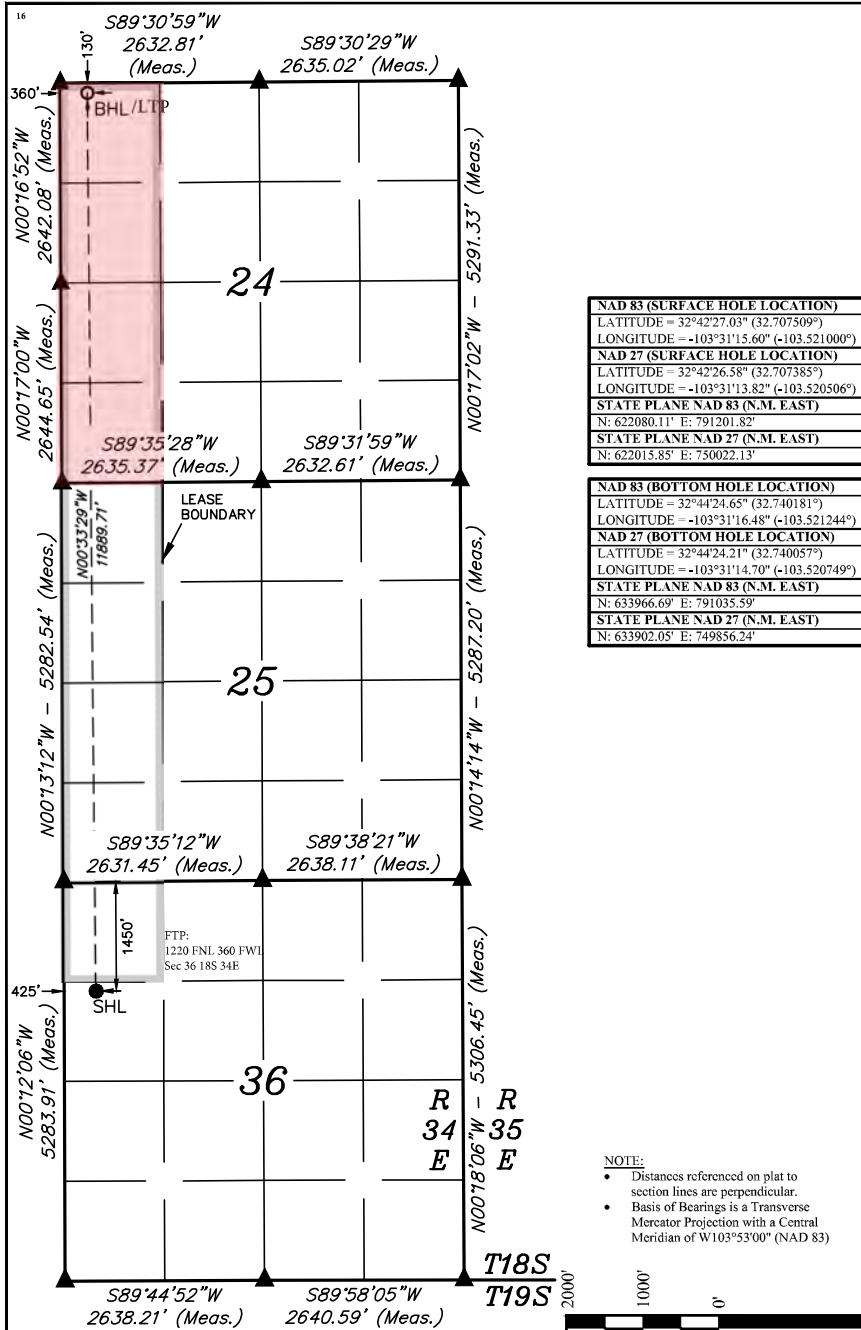
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	18S	34E		1450	NORTH	425	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	18S	34E		130	NORTH	360	WEST	LEA
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED

<b>NAD 83 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°42'27.03" (32.707509°) LONGITUDE = -103°31'15.60" (-103.521000°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°42'26.58" (32.707385°) LONGITUDE = -103°31'13.82" (-103.520506°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 622080.11' E: 791201.82'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 622015.85' E: 750022.13'
<b>NAD 83 (BOTTOM HOLE LOCATION)</b> LATITUDE = 32°44'24.65" (32.740181°) LONGITUDE = -103°31'16.48" (-103.521244°)
<b>NAD 27 (BOTTOM HOLE LOCATION)</b> LATITUDE = 32°44'24.21" (32.740057°) LONGITUDE = -103°31'14.70" (-103.520749°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 633966.69' E: 791035.59'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 633902.05' E: 749856.24'

**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  
  
5/20/2024  
Date  
Rachael Overbey  
Printed Name  
roverbey@fmelle.com  
E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  
October 03, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



NOTE:  
• Distances referenced on plat to section lines are perpendicular.  
• Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

SCALE  
DRAWN BY: N.R. 10-26-23  
REV:1 L.T.T. 05-01-24  
(SHL CHANGE)

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
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1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

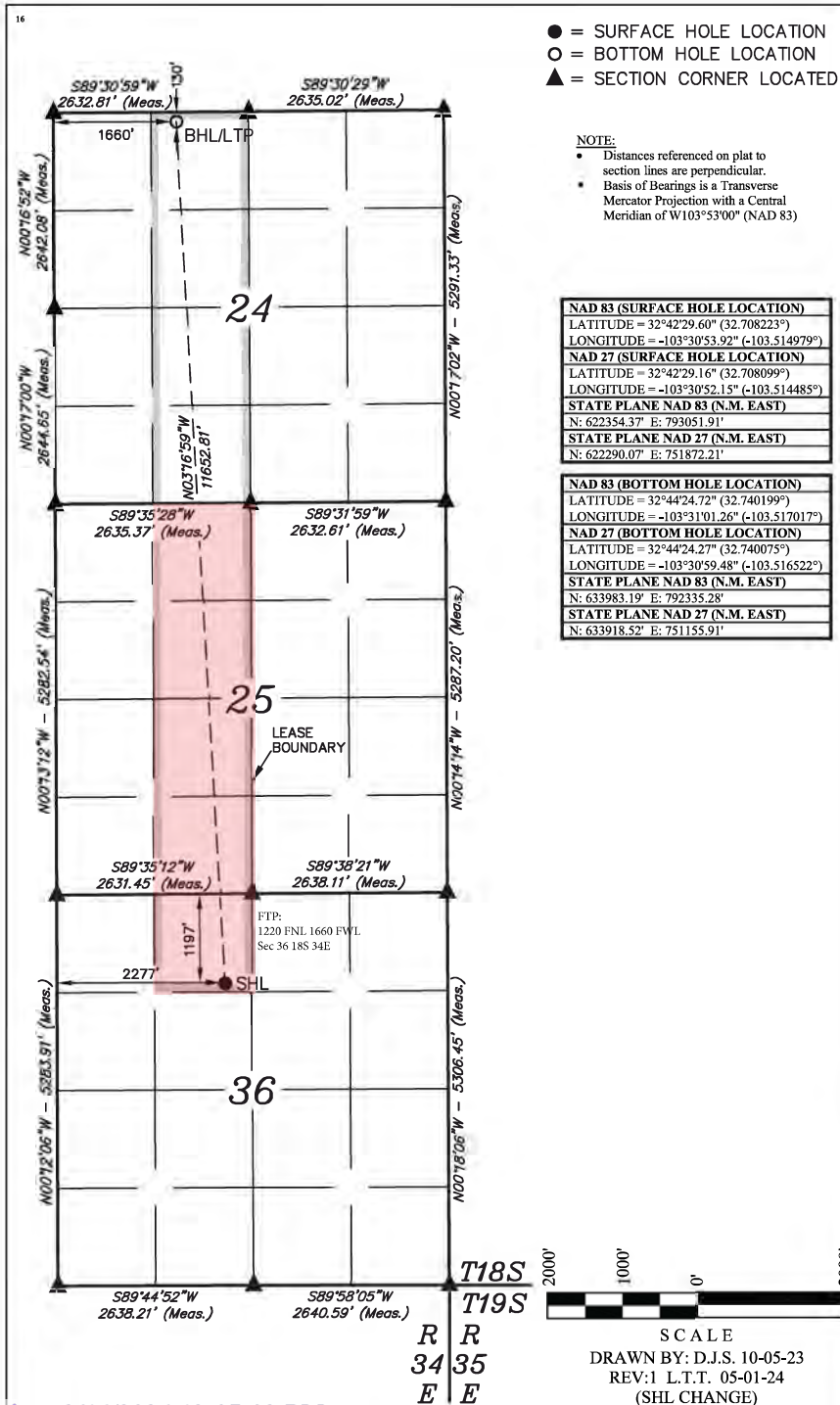
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52738		<sup>2</sup> Pool Code 960		<sup>3</sup> Pool Name AIRSTRIP; BONESPRING	
<sup>4</sup> Property Code 335014		<sup>5</sup> Property Name SATELLITE STATE COM		<sup>6</sup> Well Number 302H	
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		<sup>9</sup> Elevation 3965.0'	

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	18S	34E		1197	NORTH	2277	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	24	18S	34E		130	NORTH	1660	WEST	LEA
<sup>12</sup> Dedicated Acres 200		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey* 5/2/2024  
Signature Date

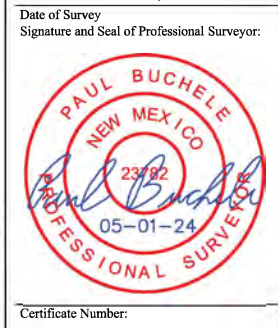
Rachael Overbey  
Printed Name

roverbey@fmc.com  
E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 3, 2023  
Date of Survey

Signature and Seal of Professional Surveyor:



District I  
1625 N. French Dr., Hobbs, NM 88240  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

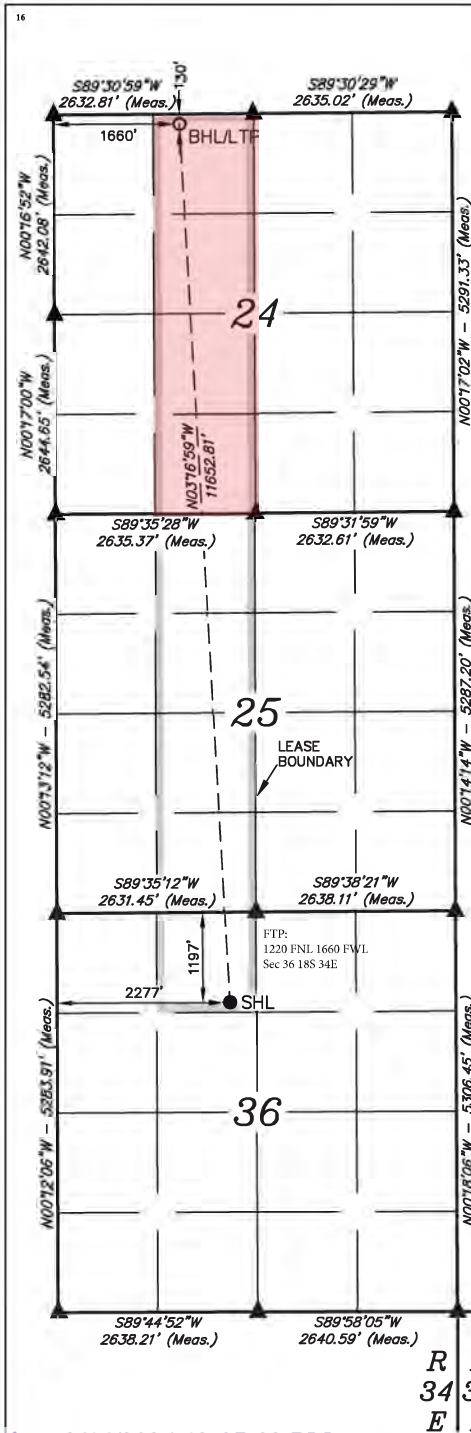
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52738	<sup>2</sup> Pool Code 97930	<sup>3</sup> Pool Name WC-025 G-06 S183518A; BONESPRING
<sup>4</sup> Property Code 335014	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>6</sup> Well Number 302H <sup>9</sup> Elevation 3965.0'

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	18S	34E		1197	NORTH	2277	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	24	18S	34E		130	NORTH	1660	WEST	LEA
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED

NOTE:  
 • Distances referenced on plat to section lines are perpendicular.  
 • Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'29.60" (32.708223°)	LONGITUDE = -103°30'53.92" (-103.514979°)
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'29.16" (32.708099°)	LONGITUDE = -103°30'52.15" (-103.514485°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 622354.37' E: 793051.91'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622290.07' E: 751872.21'	
NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.72" (32.740199°)	LONGITUDE = -103°31'01.26" (-103.517017°)
NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.27" (32.740075°)	LONGITUDE = -103°30'59.48" (-103.516522°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 633983.19' E: 792335.28'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633918.52' E: 751155.91'	

<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey* 5/2/2024  
Signature Date

Rachael Overbey

Printed Name

overbey@fmc.com

E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

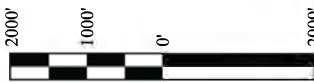
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 3, 2023

Date of Survey  
Signature and Seal of Professional Surveyor:



Certificate Number:



SCALE  
DRAWN BY: D.J.S. 10-05-23  
REV: 1 L.T.T. 05-01-24  
(SHL CHANGE)

District I  
1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

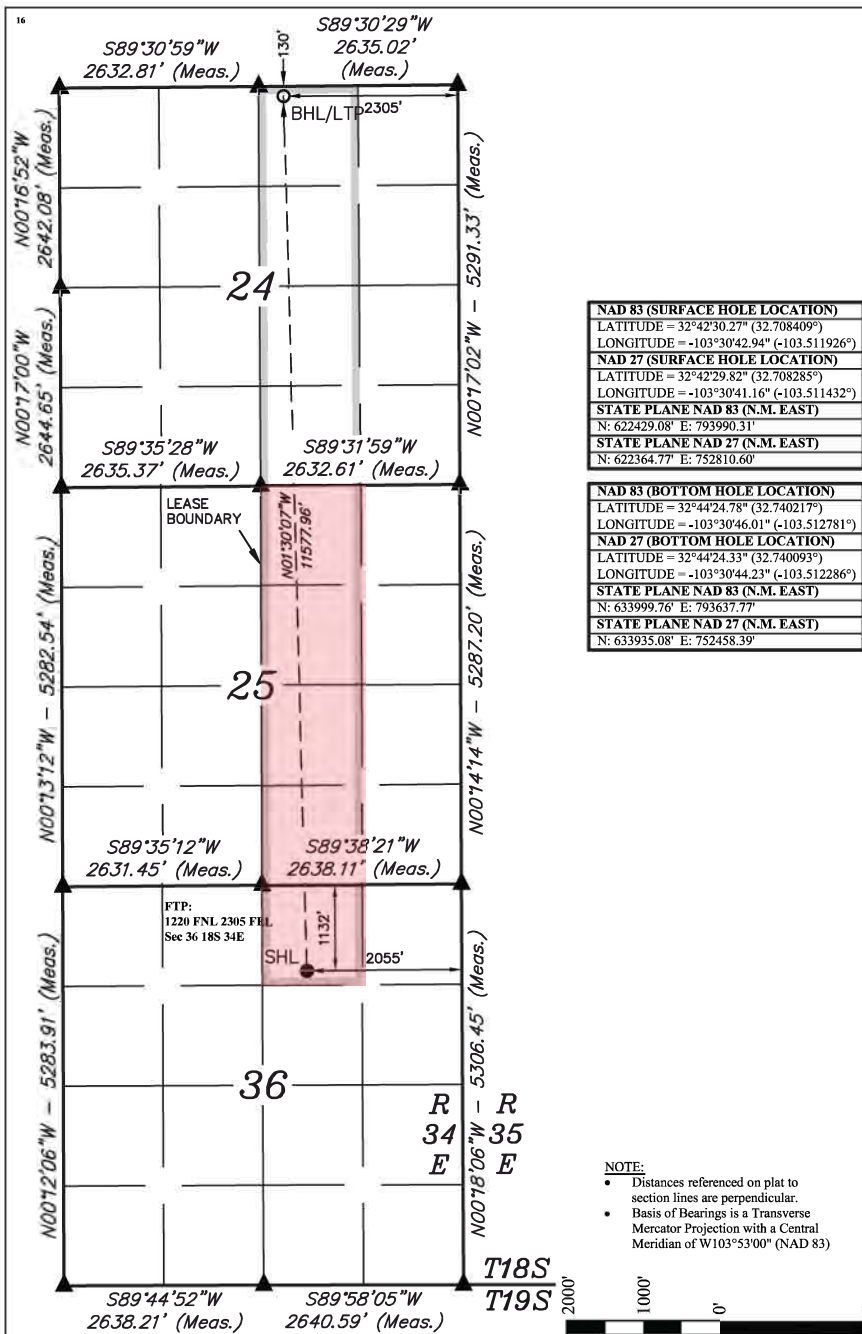
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52739		<sup>2</sup> Pool Code 960		<sup>3</sup> Pool Name AIRSTRIP; BONESPRING	
<sup>4</sup> Property Code 335014		<sup>5</sup> Property Name SATELLITE STATE COM		<sup>6</sup> Well Number 303H	
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		<sup>9</sup> Elevation 3961.4'	

<sup>10</sup> Surface Location									
UL or lot no. B	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1132	North/South line NORTH	Feet from the 2055	East/West line EAST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. B	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 2305	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acres 200		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
Signature <i>Rachael Overbey</i>	Date 5/20/2024
Printed Name Rachael Overbey	
E-mail Address roverbey@fmellc.com	
NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'30.27" (32.708409°)	
LONGITUDE = -103°30'42.94" (-103.511926°)	
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'29.82" (32.708285°)	
LONGITUDE = -103°30'41.16" (-103.511432°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 622429.08' E: 793990.31'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622364.77' E: 752810.60'	
NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.78" (32.740217°)	
LONGITUDE = -103°30'46.01" (-103.512781°)	
NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.33" (32.740093°)	
LONGITUDE = -103°30'44.23" (-103.512286°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 633999.76' E: 793637.77'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633935.08' E: 752458.39'	

**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Rachael Overbey* Date: 5/20/2024  
Printed Name: Rachael Overbey  
E-mail Address: roverbey@fmellc.com

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 04, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



NOTE:  
• Distances referenced on plat to section lines are perpendicular.  
• Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

SCALE  
DRAWN BY: N.R. 10-19-23  
REV: 1 L.T.T. 05-01-24 (SHL CHANGE)

● = SURFACE HOLE LOCATION  
○ = BOTTOM HOLE LOCATION  
▲ = SECTION CORNER LOCATED

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District IV
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

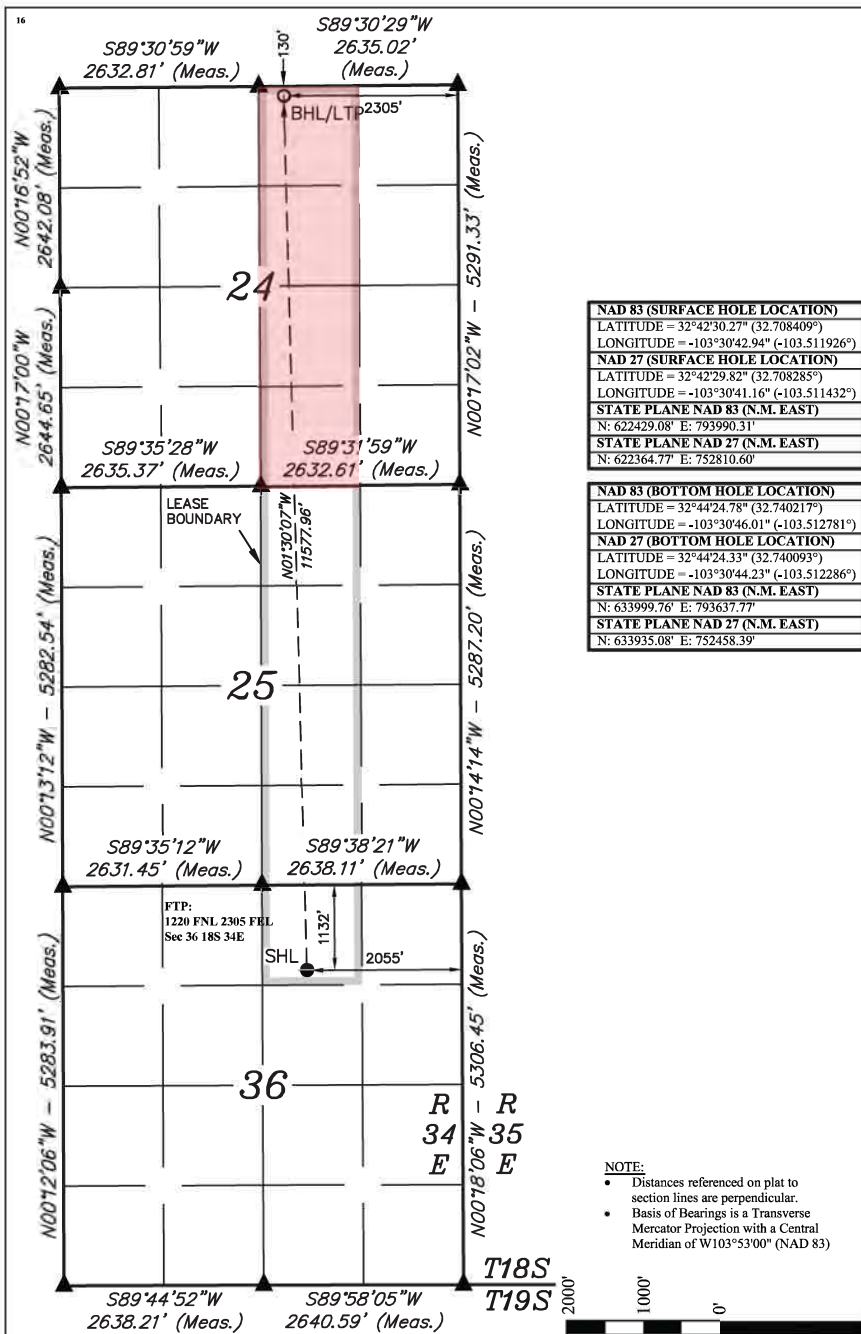
WELL LOCATION AND ACREAGE DEDICATION PLAT

Table with 4 columns: API Number, Pool Code, Pool Name, Property Code, Property Name, Well Number, OGRID No., Operator Name, Elevation.

Table with 10 columns: UL or lot no., Section, Township, Range, Lot Idn, Feet from the, North/South line, Feet from the, East/West line, County.

Table with 10 columns: UL or lot no., Section, Township, Range, Lot Idn, Feet from the, North/South line, Feet from the, East/West line, County. Includes sub-tables for Dedicated Acres, Joint or Infill, Consolidation Code, and Order No.

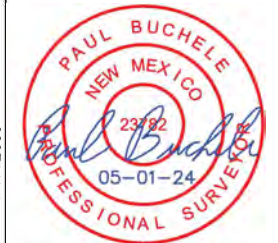
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Tables for NAD 83 and NAD 27 coordinates for Surface Hole Location and Bottom Hole Location, including State Plane NAD 83 and NAD 27 coordinates.

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief...
Signature: Rachael Overbey
Date: 5/20/2024
E-mail Address: roverbey@fmellc.com

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision...
Date of Survey: October 04, 2023
Signature and Seal of Professional Surveyor:



Page 2 of 2

District I  
1625 N. French Dr., Hobbs, NM 88240  
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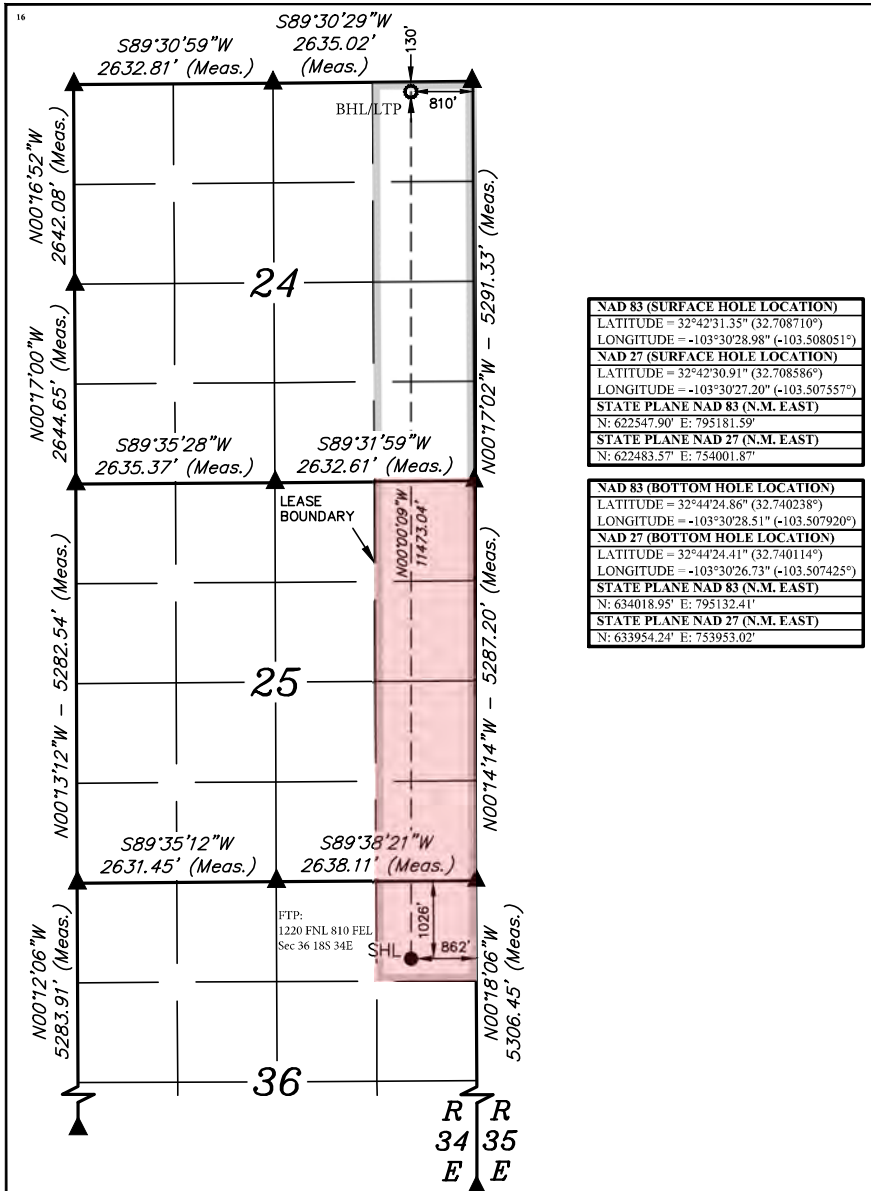
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52740		<sup>2</sup> Pool Code 960		<sup>3</sup> Pool Name AIRSTRIP; BONESPRING	
<sup>4</sup> Property Code 335014		<sup>5</sup> Property Name SATELLITE STATE COM			<sup>6</sup> Well Number 304H
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC			<sup>9</sup> Elevation 3958.1'

<sup>10</sup> Surface Location									
UL or lot no. A	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1026	North/South line NORTH	Feet from the 862	East/West line EAST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 810	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acres 200		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'31.35" (32.708710°)	LONGITUDE = -103°30'28.98" (-103.508051°)
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'30.91" (32.708586°)	LONGITUDE = -103°30'27.20" (-103.507357°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 622547.90' E: 795181.59'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622483.57' E: 754001.87'	
NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.86" (32.740238°)	LONGITUDE = -103°30'28.51" (-103.507920°)
NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.41" (32.740114°)	LONGITUDE = -103°30'26.73" (-103.507425°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 634018.95' E: 795132.41'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633954.24' E: 753953.02'	

**<sup>17</sup> OPERATOR CERTIFICATION**  
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*Rachael Overbey*  
Signature  
5/2/2024  
Date

Rachael Overbey  
Printed Name  
roverbey@fmllc.com  
E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 05, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



- NOTE:**
- Distances referenced on plat to section lines are perpendicular.
  - Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED



SCALE  
DRAWN BY: N.R. 10-19-23  
REV: 1 Z.T. 05-01-24 (SHL CHANGE)

Certificate Number:

Received by OCD: 6/13/2024 1:22:07 PM

Released to Imaging: 6/14/2024 8:26:15 AM

Page 3 of 0

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

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Revised August 1, 2011  
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AMENDED REPORT

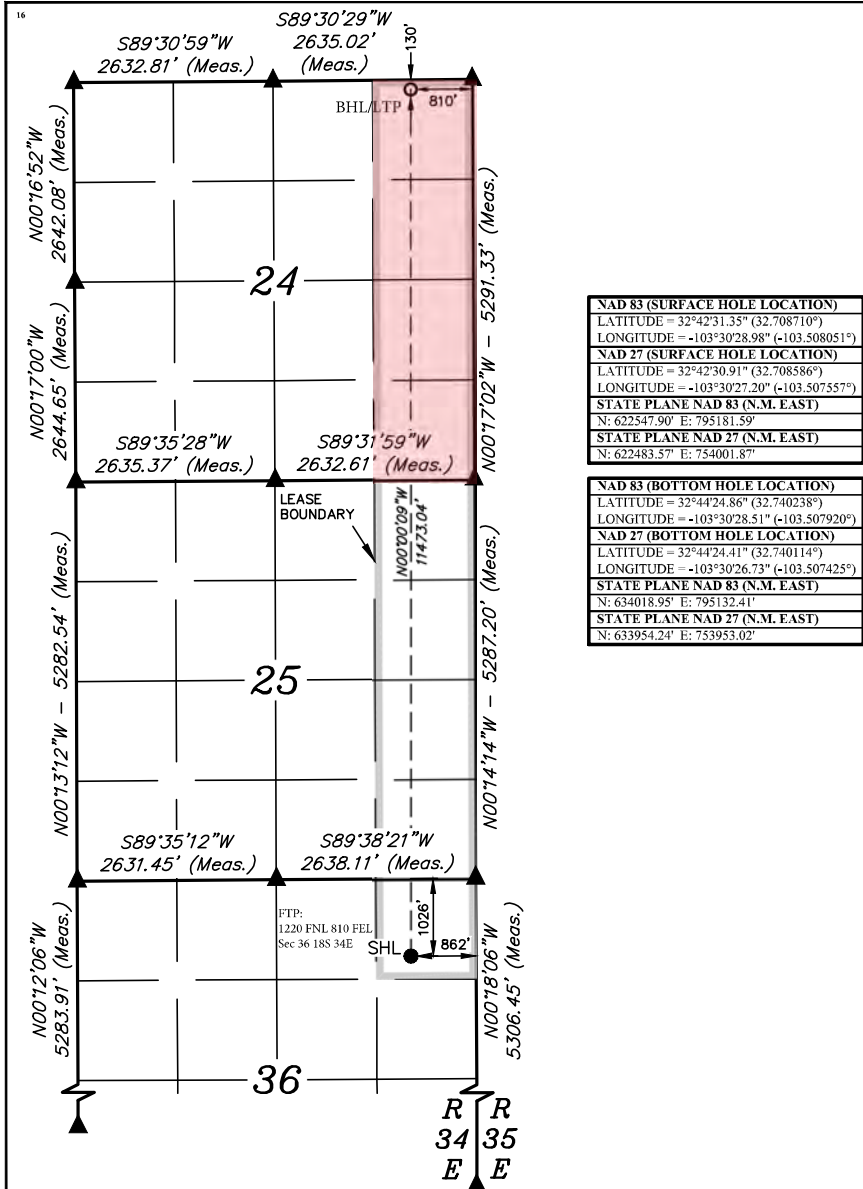
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-52739		<sup>2</sup> Pool Code 97930		<sup>3</sup> Pool Name [97930] WC-025 G-06 S183518A; BONESPRING	
<sup>4</sup> Property Code 335014		<sup>5</sup> Property Name SATELLITE STATE COM		<sup>6</sup> Well Number 304H	
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		<sup>9</sup> Elevation 3958.1'	

<sup>10</sup> Surface Location									
UL or lot no. A	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1026	North/South line NORTH	Feet from the 862	East/West line EAST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 810	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'31.35" (32.708710°)	LONGITUDE = -103°30'28.98" (-103.508051°)
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'30.91" (32.708586°)	LONGITUDE = -103°30'27.20" (-103.507357°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 622547.90' E: 795181.59'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622483.57' E: 754001.87'	

NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.86" (32.740238°)	LONGITUDE = -103°30'28.51" (-103.507920°)
NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.41" (32.740114°)	LONGITUDE = -103°30'26.73" (-103.507425°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 634018.95' E: 795132.41'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633954.24' E: 753953.02'	

**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey* 5/2/2024  
Signature Date

Rachael Overbey  
Printed Name  
roverbey@fmllc.com  
E-mail Address

**18 SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 05, 2023  
Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number:

Received by OCD: 6/13/2024 1:22:07 PM

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

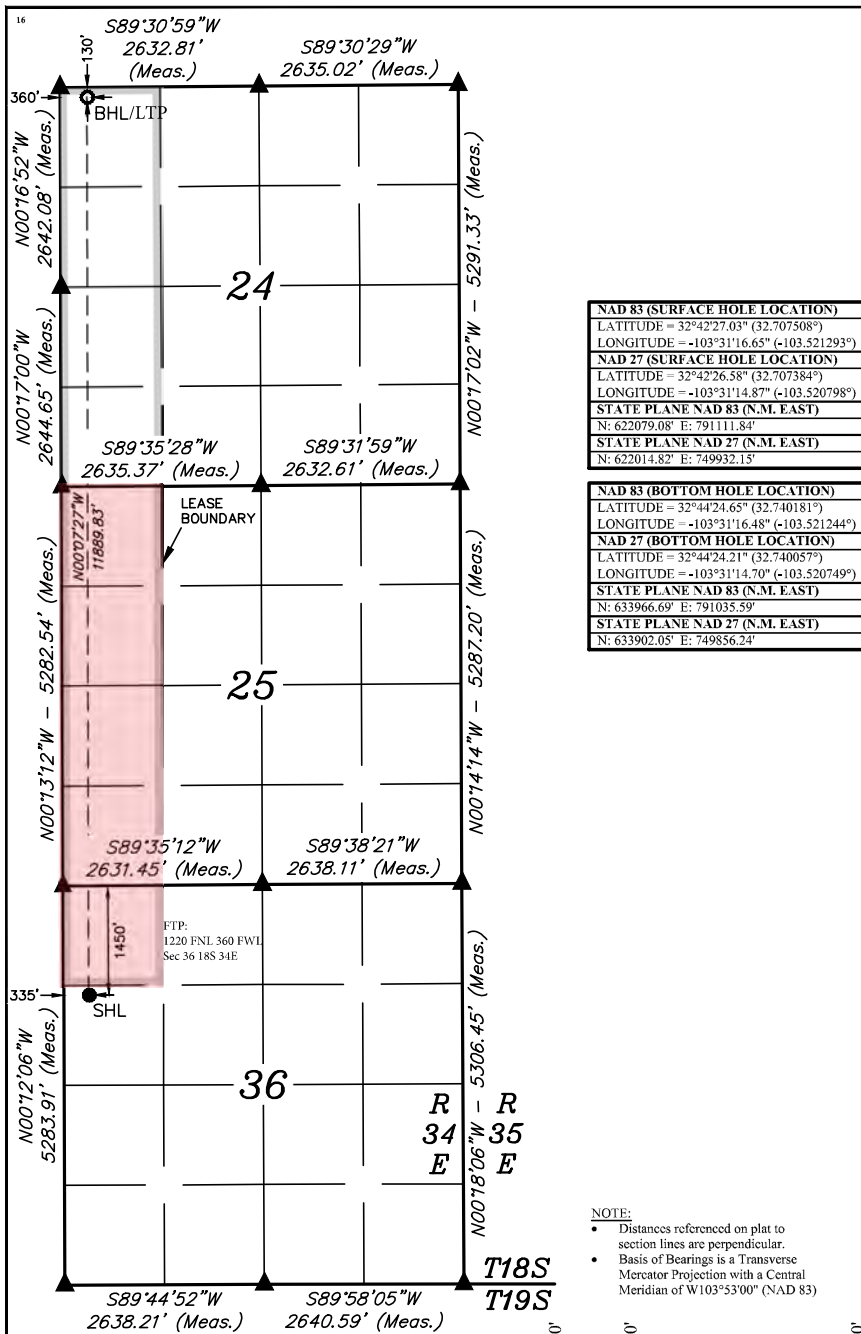
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 960	<sup>3</sup> Pool Name AIRSTRIP; BONESPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>6</sup> Well Number 601H <sup>9</sup> Elevation 3970.4

<sup>10</sup> Surface Location									
UL or lot no. E	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1450	North/South line NORTH	Feet from the 335	East/West line WEST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. D	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 360	East/West line WEST	County LEA
<sup>12</sup> Dedicated Acres 200		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>16</sup> NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'27.03" (32.707508°)	LONGITUDE = -103°31'16.65" (-103.521293°)
<sup>17</sup> NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'26.58" (32.707384°)	LONGITUDE = -103°31'14.87" (-103.520798°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 622079.08' E: 791111.84'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622014.82' E: 749932.15'	
<sup>18</sup> NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.65" (32.740181°)	LONGITUDE = -103°31'16.48" (-103.521244°)
<sup>19</sup> NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.21" (32.740057°)	LONGITUDE = -103°31'14.70" (-103.520749°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 633966.69' E: 791035.59'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633902.05' E: 749856.24'	

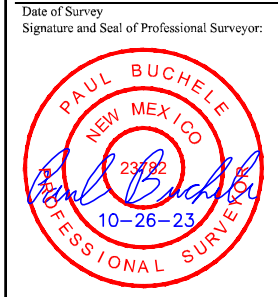
**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey*  
Signature  
11/10/2023  
Date

Rachael Overbey  
Printed Name  
roverbey@finelc.com  
E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 03, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



**NOTE:**  
• Distances referenced on plat to section lines are perpendicular.  
• Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)



SCALE  
DRAWN BY: N.R. 10-26-23

- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED

District I  
1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 97930	<sup>3</sup> Pool Name WC-025 G-06 S183518A; BONESPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>6</sup> Well Number 601H <sup>9</sup> Elevation 3970.4

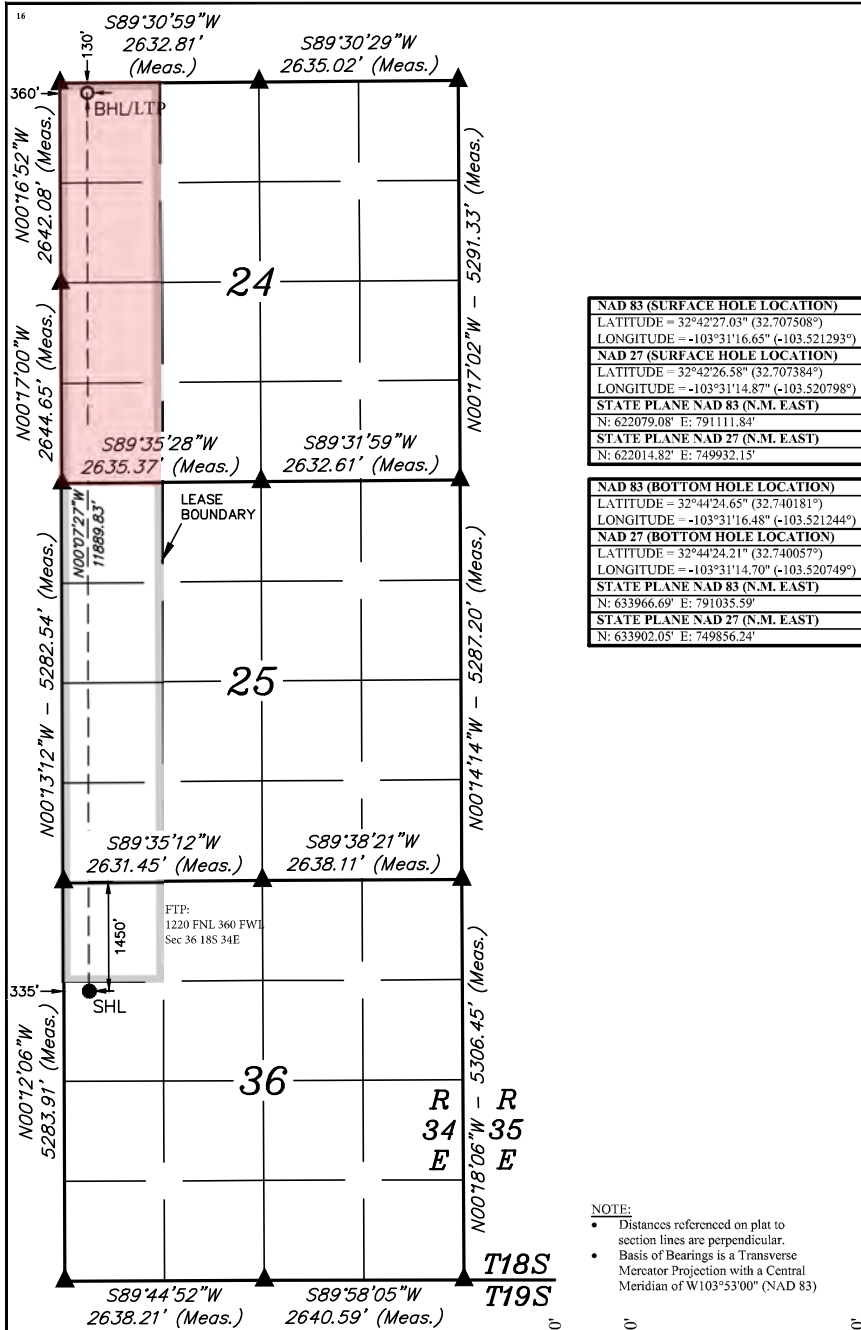
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	18S	34E		1450	NORTH	335	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	18S	34E		130	NORTH	360	WEST	LEA
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<b>NAD 83 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°42'27.03" (32.707508°) LONGITUDE = -103°31'16.65" (-103.521293°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°42'26.58" (32.707384°) LONGITUDE = -103°31'14.87" (-103.520798°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 622079.08' E: 791111.84'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 622014.82' E: 749932.15'
<b>NAD 83 (BOTTOM HOLE LOCATION)</b> LATITUDE = 32°44'24.65" (32.740181°) LONGITUDE = -103°31'16.48" (-103.521244°)
<b>NAD 27 (BOTTOM HOLE LOCATION)</b> LATITUDE = 32°44'24.21" (32.740057°) LONGITUDE = -103°31'14.70" (-103.520749°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 633966.69' E: 791035.59'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 633902.05' E: 749856.24'

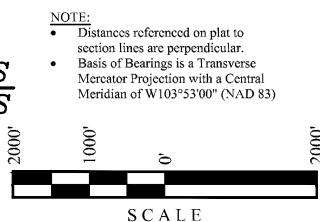
**<sup>17</sup> OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey*  
 Signature Date: 11/10/2023

Rachael Overbey  
 Printed Name  
 roverbey@finelc.com  
 E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 03, 2023  
 Date of Survey  
 Signature and Seal of Professional Surveyor:



● = SURFACE HOLE LOCATION  
 ○ = BOTTOM HOLE LOCATION  
 ▲ = SECTION CORNER LOCATED

Page 2 of 2

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
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AMENDED REPORT

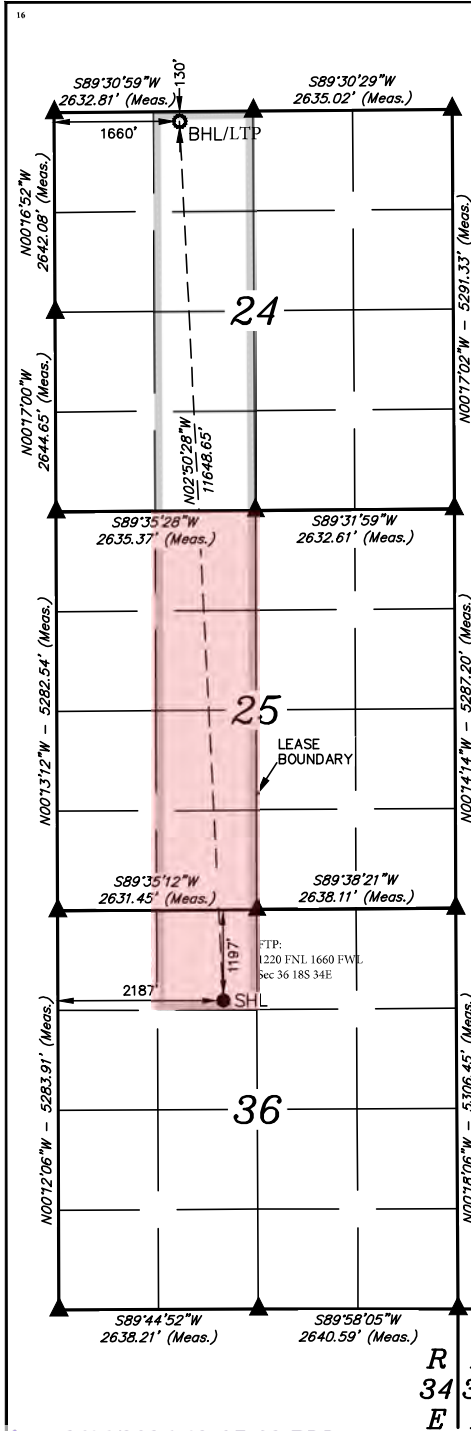
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 960		<sup>3</sup> Pool Name AIRSTRIP; BONESPRING	
<sup>4</sup> Property Code		<sup>5</sup> Property Name SATELLITE STATE COM		<sup>6</sup> Well Number 602H	
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		<sup>9</sup> Elevation 3965.5'	

<sup>10</sup> Surface Location									
UL or lot no. C	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1197	North/South line NORTH	Feet from the 2187	East/West line WEST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. C	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 1660	East/West line WEST	County LEA
<sup>12</sup> Dedicated Acres 200		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



- = SURFACE HOLE LOCATION
  - = BOTTOM HOLE LOCATION
  - ▲ = SECTION CORNER LOCATED
- NOTE:
- Distances referenced on plat to section lines are perpendicular.
  - Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

<b>NAD 83 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°42'29.60" (32.708222°)
LONGITUDE = -103°30'54.98" (-103.515271°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b>
LATITUDE = 32°42'29.15" (32.708098°)
LONGITUDE = -103°30'53.20" (-103.514777°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 622353.34' E: 792961.93'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 622289.04' E: 751782.23'
<b>NAD 83 (BOTTOM HOLE LOCATION)</b>
LATITUDE = 32°44'24.72" (32.740199°)
LONGITUDE = -103°31'01.26" (-103.517017°)
<b>NAD 27 (BOTTOM HOLE LOCATION)</b>
LATITUDE = 32°44'24.27" (32.740075°)
LONGITUDE = -103°30'59.48" (-103.516522°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>
N: 635983.19' E: 792335.28'
<b>STATE PLANE NAD 27 (N.M. EAST)</b>
N: 635918.52' E: 751155.91'

**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey* 10/9/2023  
Signature Date

**Rachael Overbey**  
Printed Name  
roverbey@fmellc.com  
E-mail Address

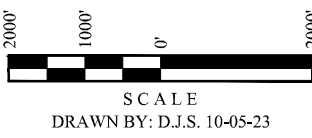
**18 SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 3, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



Certificate Number:



Received by OCD: 4/2/2024 8:59:14 AM

Released to Imaging: 4/4/2024 1:25:46 PM

Page 3 of 3

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1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 97930		<sup>3</sup> Pool Name WC-025 G-06 S183518A; BONESPRING	
<sup>4</sup> Property Code		<sup>5</sup> Property Name SATELLITE STATE COM		<sup>6</sup> Well Number 602H	
<sup>7</sup> OGRID No. 331595		<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		<sup>9</sup> Elevation 3965.5'	

<sup>10</sup> Surface Location

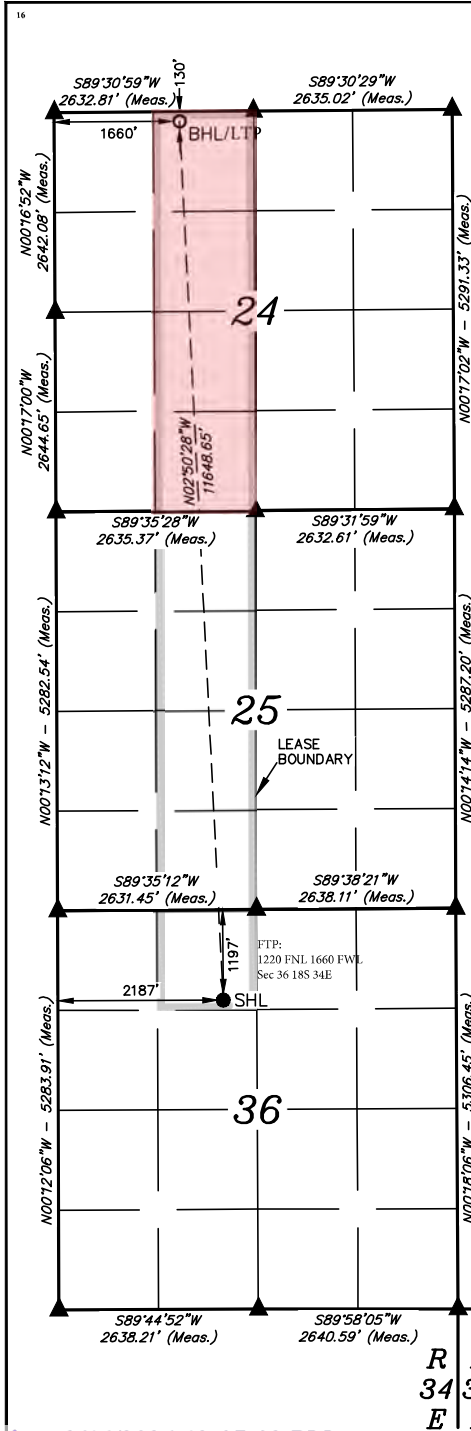
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	18S	34E		1197	NORTH	2187	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	24	18S	34E		130	NORTH	1660	WEST	LEA

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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- = SURFACE HOLE LOCATION
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  - ▲ = SECTION CORNER LOCATED
- NOTE:
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<b>NAD 83 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°42'29.60" (32.708222°) LONGITUDE = -103°30'54.98" (-103.515271°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°42'29.15" (32.708098°) LONGITUDE = -103°30'53.20" (-103.514777°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 622353.34' E: 792961.93'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 622289.04' E: 751782.23'
<b>NAD 83 (BOTTOM HOLE LOCATION)</b> LATITUDE = 32°44'24.72" (32.740199°) LONGITUDE = -103°31'01.26" (-103.517017°)
<b>NAD 27 (BOTTOM HOLE LOCATION)</b> LATITUDE = 32°44'24.27" (32.740075°) LONGITUDE = -103°30'59.48" (-103.516522°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 633983.19' E: 792335.28'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 633918.52' E: 751155.91'

**17 OPERATOR CERTIFICATION**

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*Rachael Overbey* 10/9/2023  
Signature Date

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Printed Name

roverbey@fmellc.com  
E-mail Address

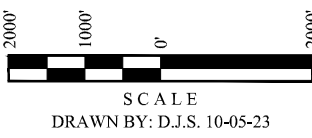
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October 3, 2023  
Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number:



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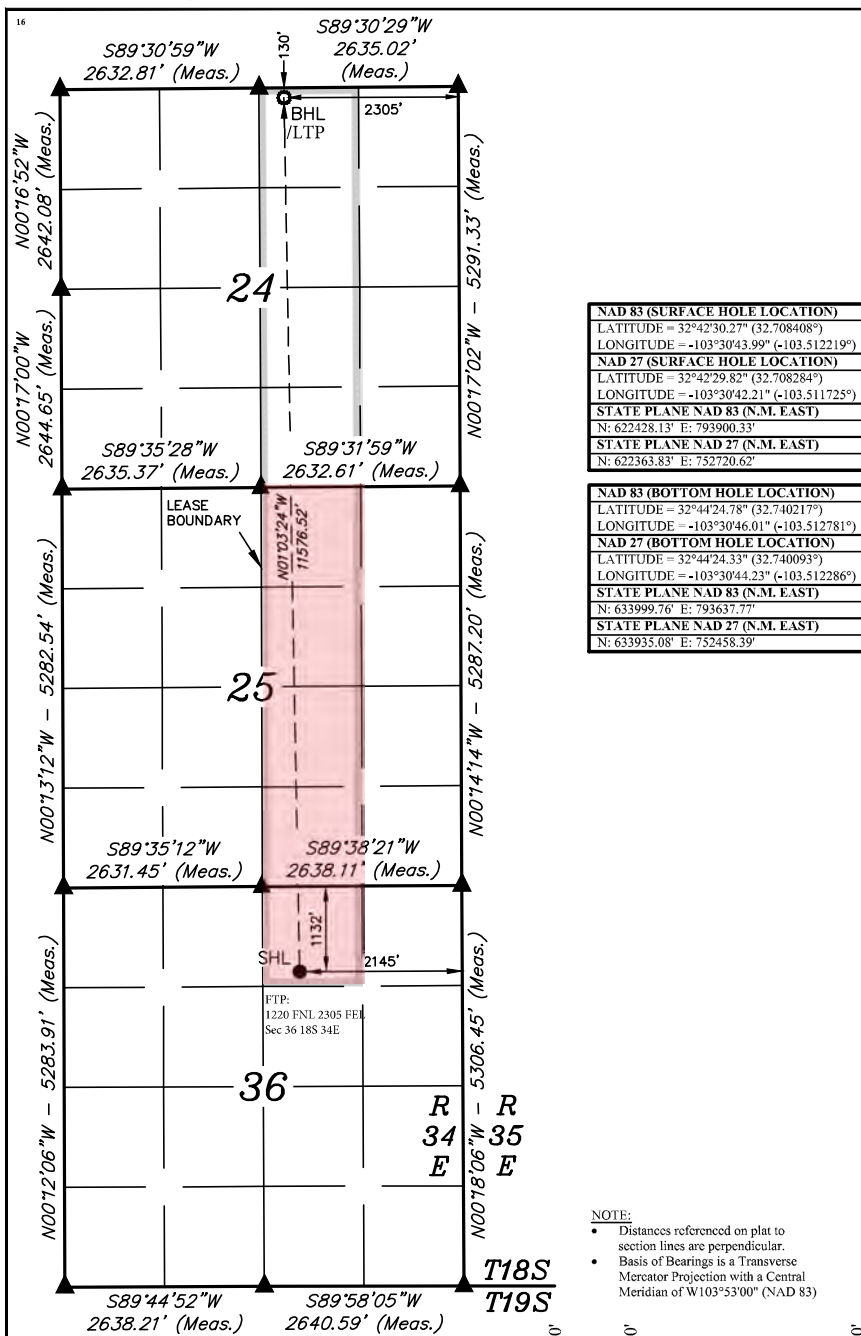
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
	960	AIRSTRIP; BONESPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name	
	SATELLITE STATE COM	
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name	<sup>6</sup> Well Number
331595	FRANKLIN MOUNTAIN ENERGY 3, LLC	603H
		<sup>9</sup> Elevation
		3961.7'

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	36	18S	34E		1132	NORTH	2145	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	18S	34E		130	NORTH	2305	EAST	LEA
<sup>12</sup> Dedicated Acres		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			
200									

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<i>Rachael Overbey</i>	11/6/2023
Signature	Date
Rachael Overbey	
Printed Name	
roverbey@finelc.com	
E-mail Address	
<sup>18</sup> SURVEYOR CERTIFICATION	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
October 04, 2023	
Date of Survey	
Signature and Seal of Professional Surveyor:	



**NOTE:**  
• Distances referenced on plat to section lines are perpendicular.  
• Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)



SCALE  
DRAWN BY: N.R. 10-19-23

Certificate Number:

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
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District III  
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District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

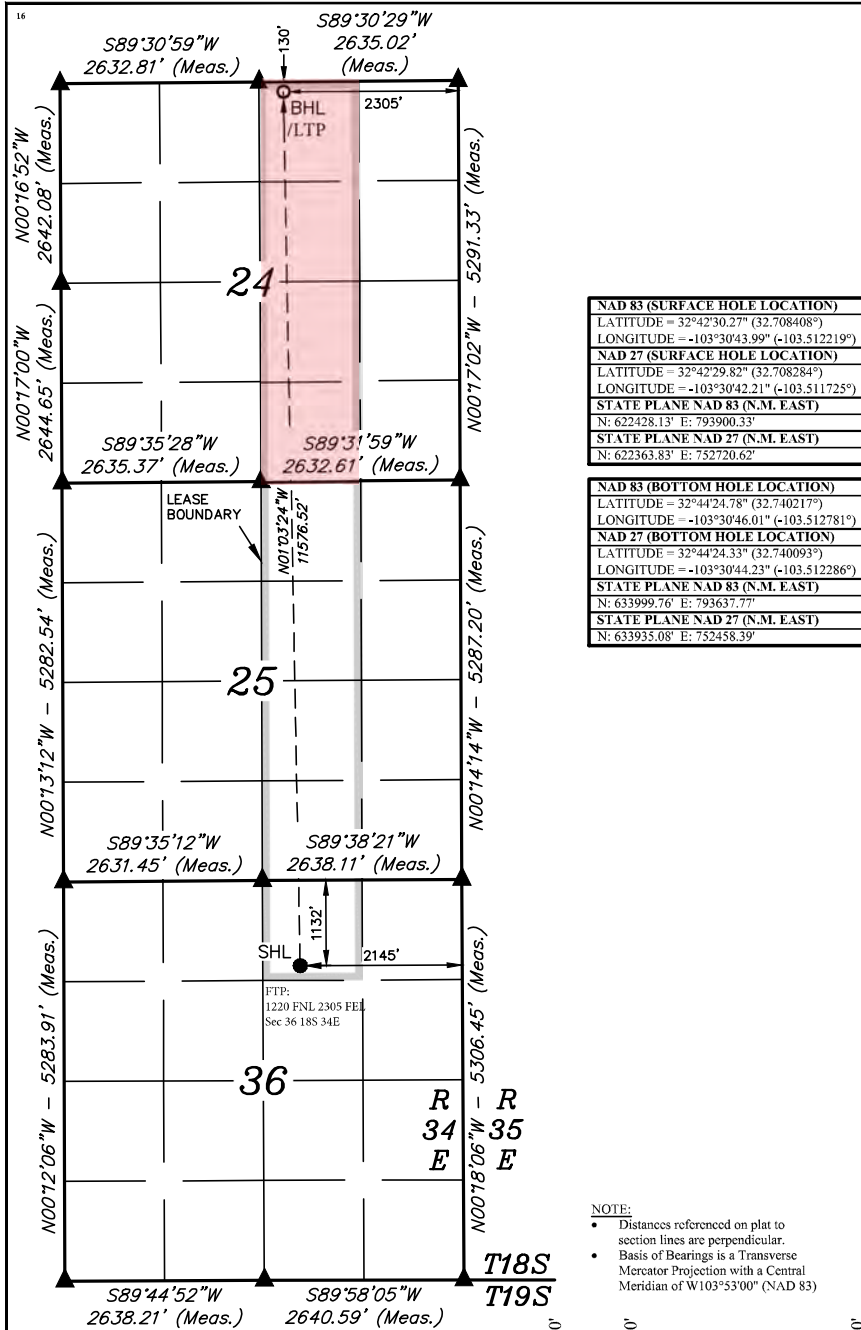
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 97930	<sup>3</sup> Pool Name WC-025 G-06 S183518A; BONESPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>6</sup> Well Number 603H <sup>9</sup> Elevation 3961.7'

<sup>10</sup> Surface Location									
UL or lot no. B	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1132	North/South line NORTH	Feet from the 2145	East/West line EAST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. B	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 2305	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<b>NAD 83 (SURFACE HOLE LOCATION)</b>	
LATITUDE = 32°42'30.27" (32.708408°)	LONGITUDE = -103°30'43.99" (-103.512219°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b>	
LATITUDE = 32°42'29.82" (32.708284°)	LONGITUDE = -103°30'42.21" (-103.511725°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 622428.13' E: 793900.33'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 622363.83' E: 752720.62'	
<b>NAD 83 (BOTTOM HOLE LOCATION)</b>	
LATITUDE = 32°44'24.78" (32.740217°)	LONGITUDE = -103°30'46.01" (-103.512781°)
<b>NAD 27 (BOTTOM HOLE LOCATION)</b>	
LATITUDE = 32°44'24.33" (32.740093°)	LONGITUDE = -103°30'44.23" (-103.512286°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b>	
N: 633999.76' E: 793637.77'	
<b>STATE PLANE NAD 27 (N.M. EAST)</b>	
N: 633935.08' E: 752458.39'	

**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey* 11/6/2023  
Signature Date

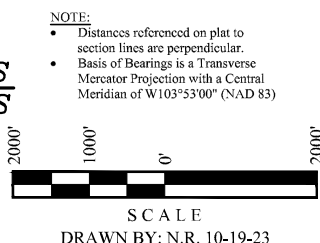
Rachael Overbey  
Printed Name

roverbey@finellic.com  
E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 04, 2023  
Date of Survey

Signature and Seal of Professional Surveyor:



● = SURFACE HOLE LOCATION  
○ = BOTTOM HOLE LOCATION  
▲ = SECTION CORNER LOCATED

Page 2 of 2

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

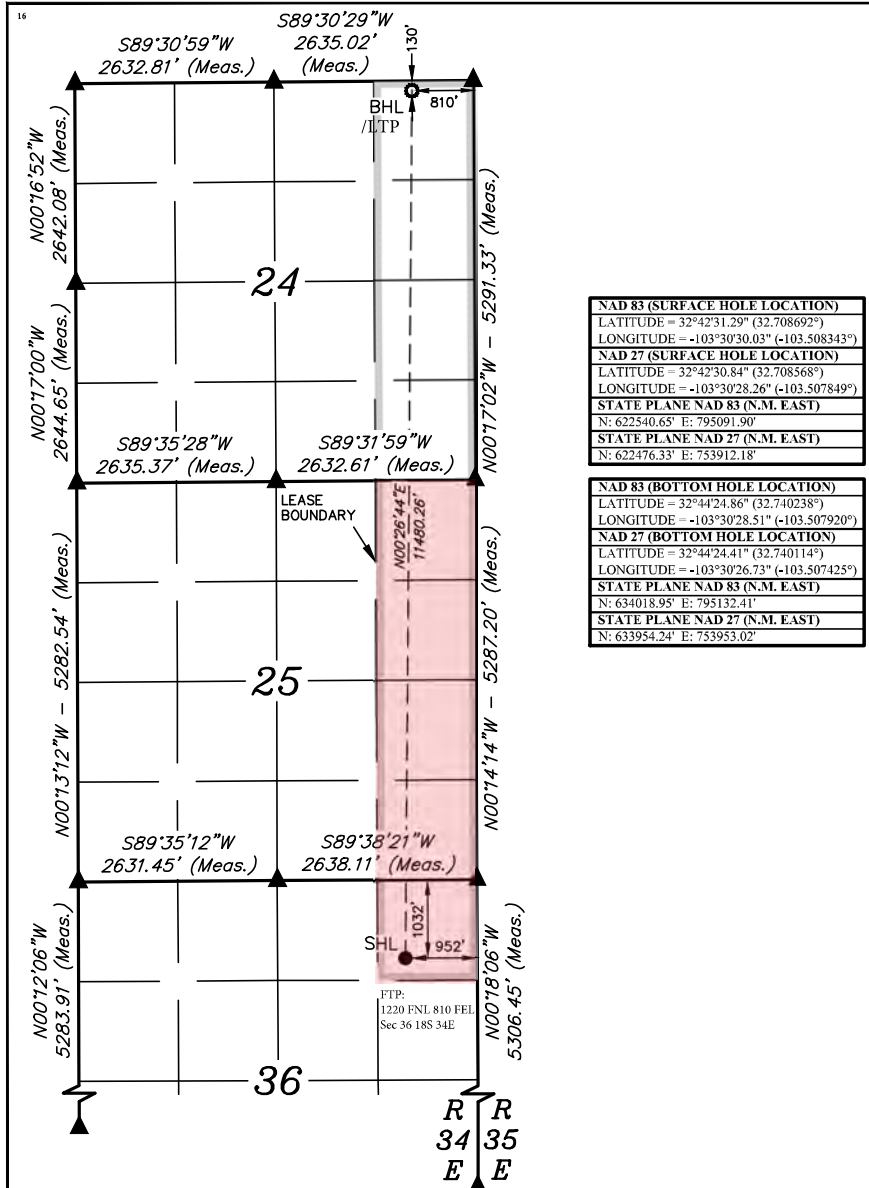
WELL LOCATION AND ACREAGE DEDICATION PLAT

Table with 3 columns: API Number, Pool Code, Pool Name, Property Code, Property Name, Well Number, OGRID No., Operator Name, Elevation.

Table with 10 columns: UL or lot no., Section, Township, Range, Lot Idn, Feet from the, North/South line, Feet from the, East/West line, County.

Table with 10 columns: UL or lot no., Section, Township, Range, Lot Idn, Feet from the, North/South line, Feet from the, East/West line, County. Includes sub-tables for Dedicated Acres, Joint or Infill, Consolidation Code, and Order No.

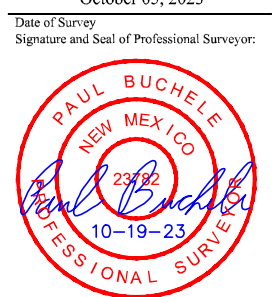
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Tables for NAD 83 and NAD 27 coordinates for Surface Hole Location and Bottom Hole Location.

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief...
Signature: Rachel Overbey
Date: 11/7/2023
Printed Name: Rachel Overbey
E-mail Address: roverbey@fmelle.com

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision...
October 05, 2023
Date of Survey:
Signature and Seal of Professional Surveyor:



NOTE:
Distances referenced on plat to section lines are perpendicular.
Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

Legend:
● = SURFACE HOLE LOCATION
○ = BOTTOM HOLE LOCATION
▲ = SECTION CORNER LOCATED



SCALE
DRAWN BY: N.R. 10-19-23

Received by OCD: 4/2/2024 9:08:18 AM

Page 3 of 3

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1220 South St. Francis Dr.  
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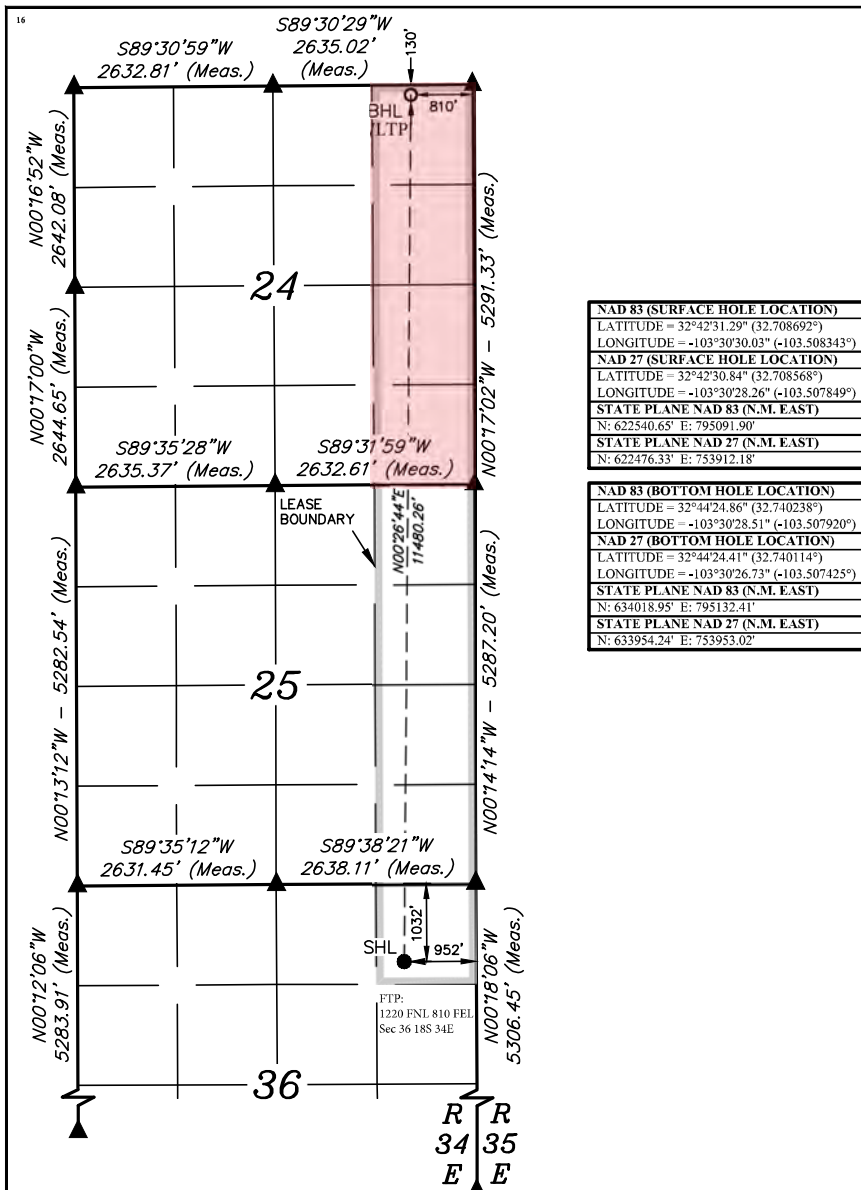
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 97930	<sup>3</sup> Pool Name WC-025 G-06 S183518A; BONESPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	
		<sup>6</sup> Well Number 604H
		<sup>9</sup> Elevation 3958.2'

<sup>10</sup> Surface Location									
UL or lot no. A	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1032	North/South line NORTH	Feet from the 952	East/West line EAST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 810	East/West line EAST	County LEA
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'31.29" (32.708692°)	LONGITUDE = -103°30'30.03" (-103.508343°)
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'30.84" (32.708568°)	LONGITUDE = -103°30'28.26" (-103.507849°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 622540.65' E: 795091.90'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622476.33' E: 753912.18'	

NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.86" (32.740238°)	LONGITUDE = -103°30'28.51" (-103.507920°)
NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.41" (32.740114°)	LONGITUDE = -103°30'26.73" (-103.507425°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 634018.95' E: 795132.41'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633954.24' E: 753953.02'	

**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.

*Rachael Overbey* 11/7/2023  
Signature Date

Rachael Overbey  
Printed Name

roverbey@fmelle.com  
E-mail Address

**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

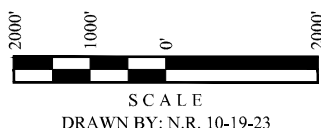
October 05, 2023  
Date of Survey

Signature and Seal of Professional Surveyor:



- NOTE:**
- Distances referenced on plat to section lines are perpendicular.
  - Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED



Received by OCD: 4/2/2024 9:08:18 AM

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State of New Mexico  
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Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

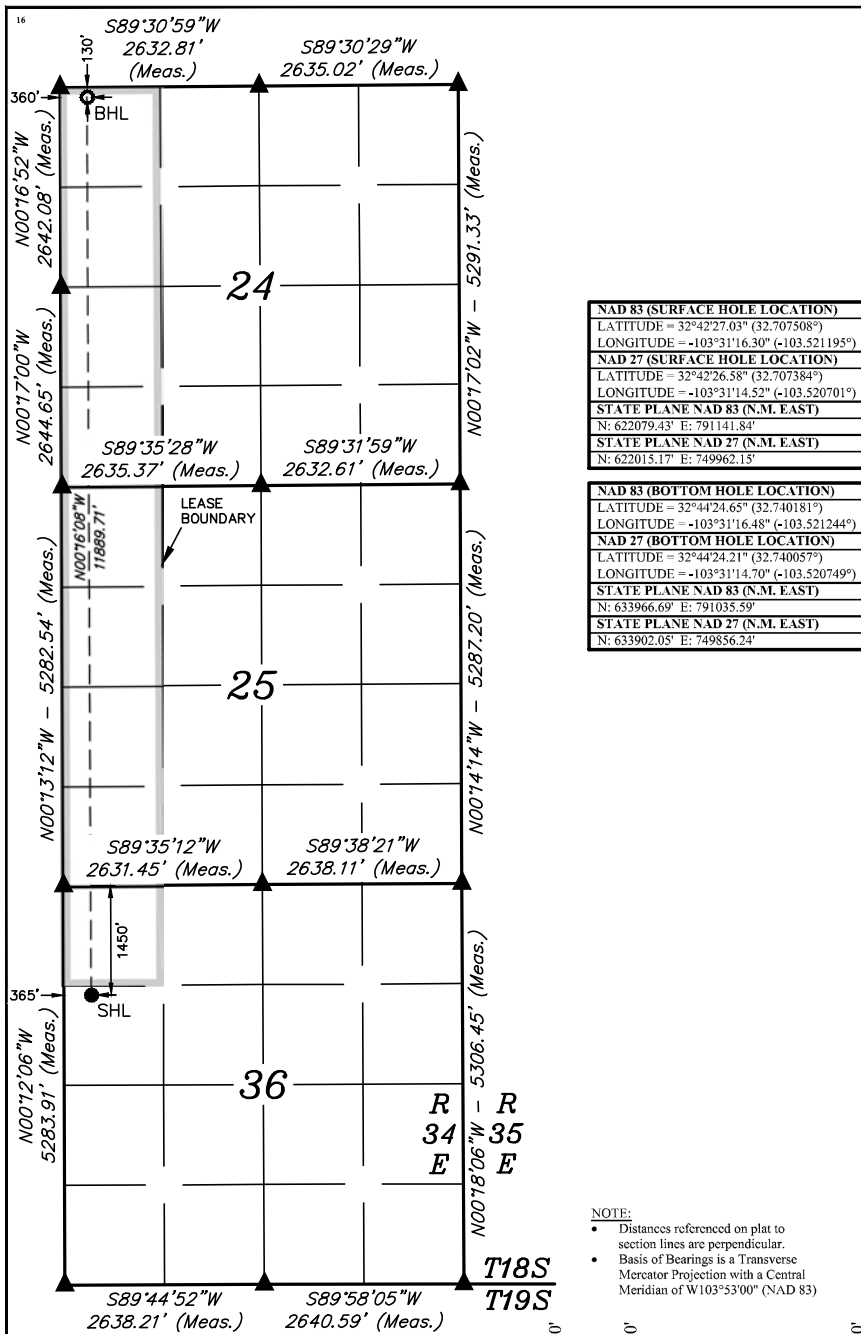
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 970	<sup>3</sup> Pool Name AIRSTRIP; WOLFCAMP
<sup>4</sup> Property Code	<sup>5</sup> Property Name SATELLITE STATE COM	
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>6</sup> Well Number 801H
		<sup>9</sup> Elevation 3970.4

<sup>10</sup> Surface Location									
UL or lot no. E	Section 36	Township 18S	Range 34E	Lot Idn	Feet from the 1450	North/South line NORTH	Feet from the 365	East/West line WEST	County LEA

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. D	Section 24	Township 18S	Range 34E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 360	East/West line WEST	County LEA
<sup>12</sup> Dedicated Acres 360		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>16</sup> NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'27.03" (32.707508°)	
LONGITUDE = -103°31'16.30" (-103.521195°)	
<sup>17</sup> NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°42'26.58" (32.707384°)	
LONGITUDE = -103°31'14.52" (-103.520701°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 622079.43' E: 791141.84'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 622015.17' E: 749962.15'	
<sup>18</sup> NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.65" (32.740181°)	
LONGITUDE = -103°31'16.48" (-103.521244°)	
<sup>19</sup> NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°44'24.21" (32.740057°)	
LONGITUDE = -103°31'14.70" (-103.520749°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 633966.69' E: 791035.59'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 633902.05' E: 749856.24'	

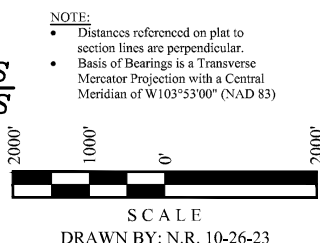
<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Rachael Overbey*  
Signature  
11/10/2023  
Date

Rachael Overbey  
Printed Name  
roverbey@finellic.com  
E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

October 03, 2023  
Date of Survey  
Signature and Seal of Professional Surveyor:



- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED

# Exhibit 4



COMMISSIONER

Stephanie Garcia Richard

*State of New Mexico  
Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #304H  
Vertical Extent: Bone Spring  
Township: 18 South, Range 34 East, NMPM  
Section 24: E2E2  
Section 25: E2E2  
Section 36: NE4NE4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #304H Communitization Agreement for the Bone Spring formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #304H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2E2**  
**Section 25: E2E2**  
**Section 36: NE4NE4**

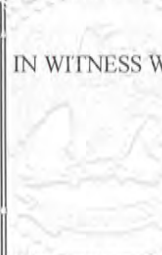
**Lea County, New Mexico**

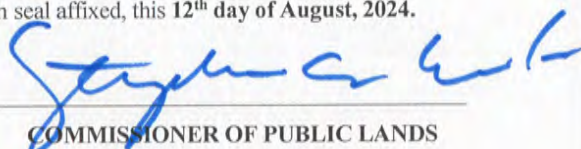
There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC  
Satellite State Com #304H  
Bone Spring  
Township: 18 South, Range: 34 East, NMPM  
Section 24: E2E2  
Section 25: E2E2  
Section 36: NE4NE4**

**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
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NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



*[Handwritten signature]*

**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

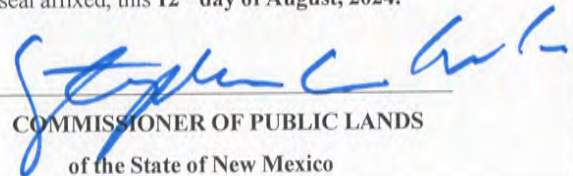
**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #304H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2E2**  
**Section 25: E2E2**  
**Section 36: NE4NE4**  
  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.

  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

2024 JUN - 7 09:52

COMMUNITIZATION AGREEMENT

ONLINE Version

API #: 30-0<sup>25</sup> - 52740

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: E2E2; Section 25: E2E2; Section 36 NENE

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

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4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

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10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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MAY 9: 52

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

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OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

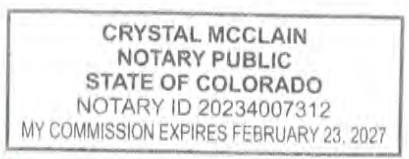
State of Colorado )  
County of Denver )

This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State



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**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024

by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the

Subdivisions : 18S-34E, Section 24: E2E2; Section 25: E2E2; Section 36 NENE

Sect(s): 24,25,26, Twnshp 18S, Rnge: 34E, NMPM Lea \_\_\_\_\_ County, NM

Limited in depth from Top of Bone Spring to Bottom of Bone Spring (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2NE

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea \_\_\_\_\_ County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

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**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2NE

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-1188 Date of Lease: 11/1/2023

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: L0-4883 Date of Lease: 9/15/1970

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NENE

Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 40

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**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
TOTALS	<u>360 acres</u>	<u>100%</u>

	24		
	25		
	36		

Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-1188	22.2222%
5	LO-4883	11.1112%



COMMISSIONER  
Stephanie Garcia Richard

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #302H  
Vertical Extent: Bone Spring  
Township: 18 South, Range 34 East, NMPM  
Section 24: E2W2  
Section 25: E2W2  
Section 36: NE4NW4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #302H Communitization Agreement for the Bone Spring formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #302H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2W2**  
**Section 25: E2W2**  
**Section 36: NE4NW4**

**Lea County, New Mexico**

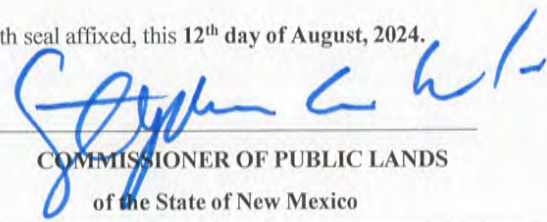
There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024.**



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
**of the State of New Mexico**

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #302H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2W2**  
**Section 25: E2W2**  
**Section 36: NE4NW4**

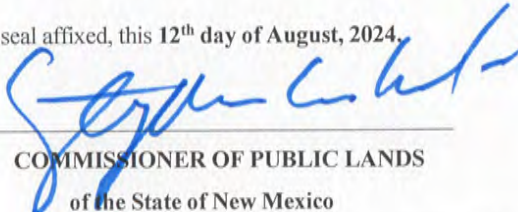
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
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\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #302H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2W2**  
**Section 25: E2W2**  
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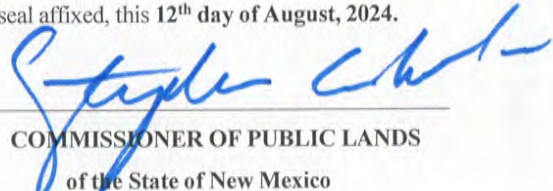
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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.

  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

2024 JUN -7 AM 9:48

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

COMMUNITIZATION AGREEMENT  
ONLINE Version

API #: 30-0<sup>25</sup> \_\_\_\_\_ - 52738

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version

State/State

2024 JUN -7 AM 9:48

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: E2W2; Section 25: E2W2; Section 36 NENW

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

2021 JUN -7 AM 9:48

4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

ONLINE  
version

State/State

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10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

2024 JUN -7 AM 9:48

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:48

OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)  
(Seal) \_\_\_\_\_ Signature of Notarial Officer

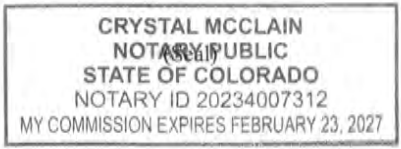
My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of Colorado )  
County of Denver )

This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)  
\_\_\_\_\_  
Signature of Notarial Officer



My commission expires: 2/23/27

ONLINE version

State/State

2024 JUN - 7 AM 9:48

VB-1876, VB-1877, VB-1049

Lease # and Lessee of Record: VC-0809, L0-4883, Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
  ) SS)  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

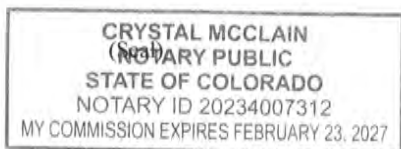
My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of Colorado \_\_\_\_\_ )  
  ) SS)  
County of Denver \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date: 6/3/24

By: Lee Zink  
Name(s) of Person(s)



[Signature]  
Signature of Notarial Officer

My commission expires: 2/23/27

2021 JUN -7 AM 9:48

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024  
by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC,

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the

Subdivisions: 18S-34E, Section 24: E2W2; Section 25: E2W2; Section 36 NENW

Sect(s): 24,25,26, Twnshp 18S, Rnge: 34E, NMPM Lea \_\_\_\_\_ County, NM

Limited in depth from Top of Bone Spring to Bottom of Bone Spring (enter here what is granted  
in pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2NW

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea \_\_\_\_\_ County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

2024 JUN -7 PM 9:48

**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2NW

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-0809 Date of Lease: 11/1/2020

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: L0-4883 Date of Lease: 9/15/1970

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NENW

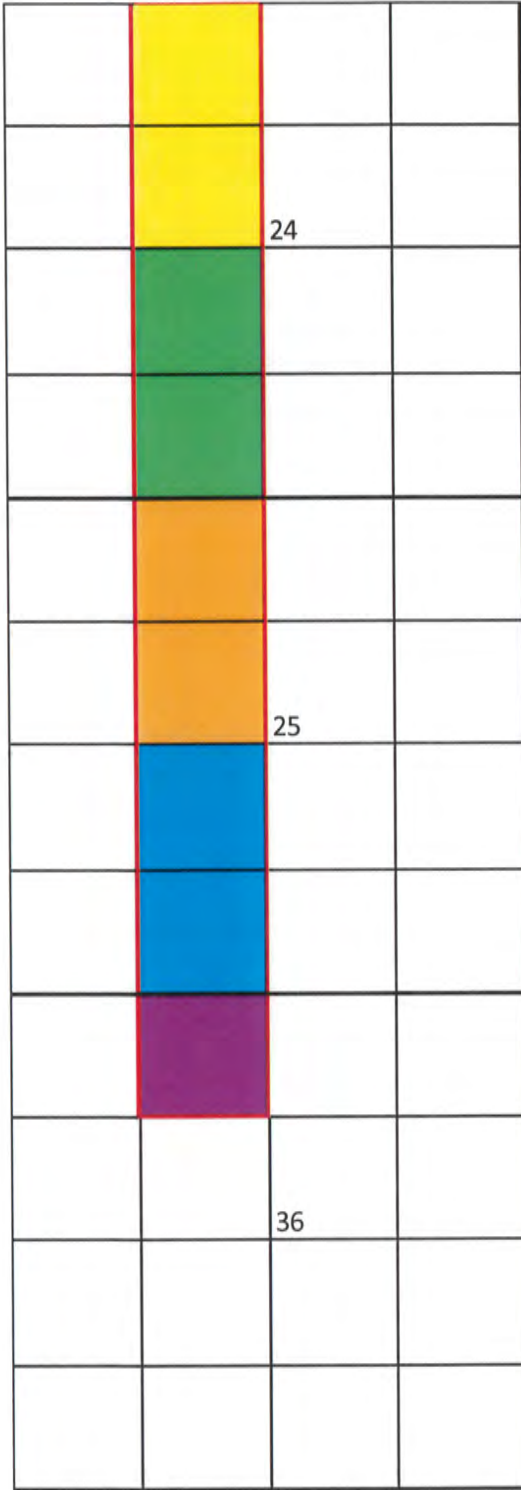
Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 40

2024 JUN -7 AM 9:48

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
<b>TOTALS</b>	<u>360 acres</u>	<u>100%</u>



Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-0809	22.2222%
5	LO-4883	11.1112%



COMMISSIONER

Stephanie Garcia Richard

*State of New Mexico  
Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #303H  
Vertical Extent: Bone Spring  
Township: 18 South, Range 34 East, NMPM  
Section 24: W2E2  
Section 25: W2E2  
Section 36: NW4NE4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #303H Communitization Agreement for the Bone Spring formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #303H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2E2**  
**Section 25: W2E2**  
**Section 36: NW4NE4**

**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



*[Handwritten Signature]*  
\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC  
Satellite State Com #303H  
Bone Spring  
Township: 18 South, Range: 34 East, NMPM  
Section 24: W2E2  
Section 25: W2E2  
Section 36: NW4NE4**

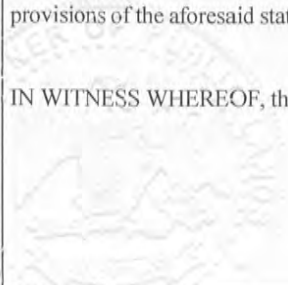
**Lea County, New Mexico**

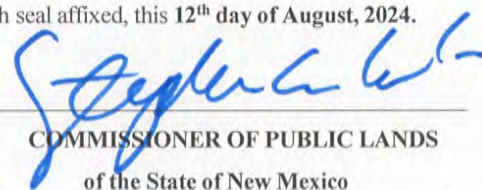
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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024.**



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #303H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2E2**  
**Section 25: W2E2**  
**Section 36: NW4NE4**

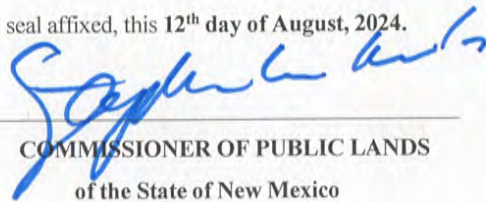
**Lea County, New Mexico**

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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.

  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

2024 JUN -7 AM 9:49

COMMUNITIZATION AGREEMENT

ONLINE Version

API #: 30-0<sup>25</sup> \_\_\_\_\_ - 52739

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month], 2024, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

2024 JUN -7 AM 9:49

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: W2E2; Section 25: W2E2; Section 36 NWNE

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

2024 JUN -7 AM 9:49

4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

ONLINE  
version

State/State

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10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

2024 JUN -7 AM 9:49

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:49

OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

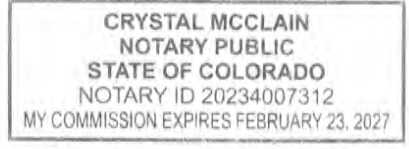
State of Colorado \_\_\_\_\_ )  
County of Denver \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State



2024 JUN -7 PM 9:49

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024  
by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC,

\_\_\_\_\_,  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the  
Subdivisions : 18S-34E, Section 24: W2E2; Section 25: W2E2; Section 36 NWNE  
Sect(s): 24,25,26, Twnshp 18S, Rnge: 34E, NMPM Lea County, NM  
Limited in depth from Top of Bone Spring to Bottom of Bone Spring (enter here what is granted  
in pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2NE

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea County, NM

No. of Acres: 80

2024 JUN -7 AM 9:49

**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 W2NE

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-1188 Date of Lease: 11/1/2023

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 W2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: L0-4883 Date of Lease: 9/15/1970

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NWNE

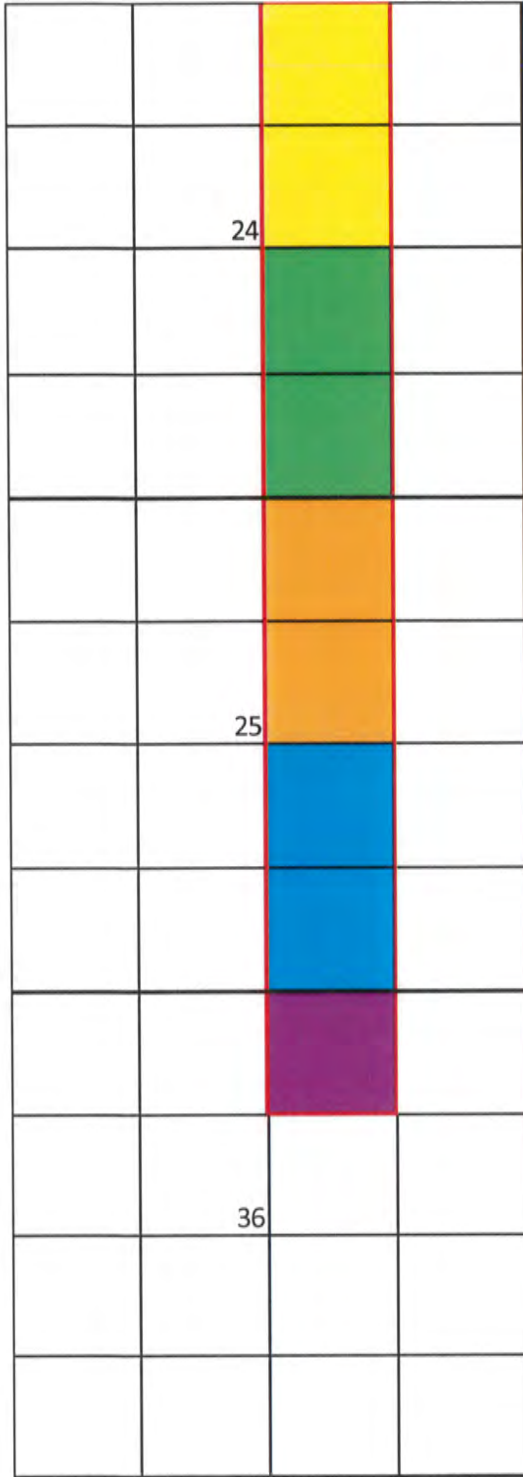
Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 40

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
<b>TOTALS</b>	<u>360 acres</u>	<u>100%</u>

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Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-1188	22.2222%
5	LO-4883	11.1112%



COMMISSIONER  
Stephanie Garcia Richard

*State of New Mexico*  
**Commissioner of Public Lands**

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #804H  
Vertical Extent: Wolfcamp  
Township: 18 South, Range 34 East, NMPM  
Section 24: E2E2  
Section 25: E2E2  
Section 36: NE4NE4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #804H Communitization Agreement for the Wolfcamp formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #804H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2E2**  
**Section 25: E2E2**  
**Section 36: NE4NE4**

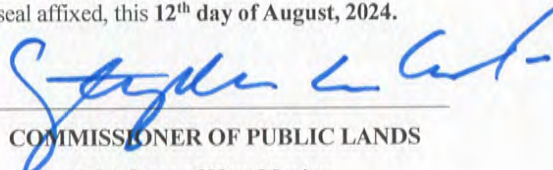
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.

  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #804H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2E2**  
**Section 25: E2E2**  
**Section 36: NE4NE4**

**Lea County, New Mexico**

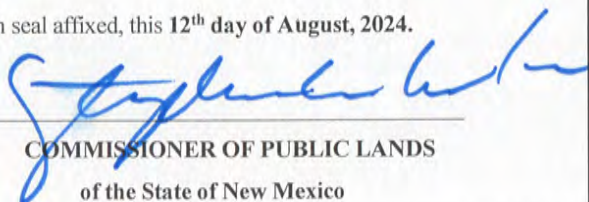
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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC  
Satellite State Com #804H  
Wolfcamp**

**Township: 18 South, Range: 34 East, NMPM**

**Section 24: E2E2**

**Section 25: E2E2**

**Section 36: NE4NE4**

**Lea County, New Mexico**

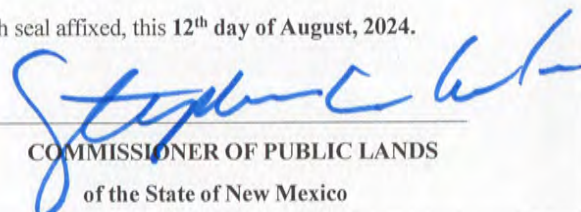
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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



  
\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

2024 JUL 7 AM 9:52

COMMUNITIZATION AGREEMENT  
ONLINE Version

API #: 30-025 \_\_\_\_\_ - 52395 \_\_\_\_\_

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Wolfcamp formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version

State/State

2024 JUN -7 AM 9:52

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: E2E2; Section 25: E2E2; Section 36 NENE

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

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4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royaltyshare taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

ONLINE  
version

State/State

2024 JUN -7 AM 9:52

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

2024 JUL - 7 11:52 AM

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:52

OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

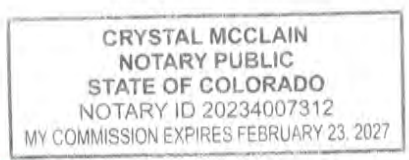
State of Colorado \_\_\_\_\_ )  
County of Denver \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State

2024 JUN - 7 AM 9:52

VB-1876, VB-1877, VB-1049

Lease # and Lessee of Record: VC-1188, L0-4883, Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

(Signature of Authorized Agent)

Acknowledgment in an Individual Capacity

State of )
County of )

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires:

Acknowledgment in an Representative Capacity

State of Colorado )
County of Denver )

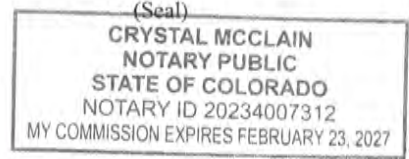
This instrument was acknowledged before me on

Date: 6/3/24

By: Lee Zink

Name(s) of Person(s)

(Seal)



Signature of Notarial Officer

My commission expires: 2/23/27

ONLINE version

State/State

2024 JUN -7 AM 9:52

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024  
by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC,

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the

Subdivisions : 18S-34E, Section 24: E2E2; Section 25: E2E2; Section 36 NENE  
Sect(s): 24,25,26, Twnshp 18S, Rng: 34E, NMPM Lea \_\_\_\_\_ County, NM  
Limited in depth from Top of Wolfcamp to Bottom of Wolfcamp (enter here what is granted in  
pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2NE

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea \_\_\_\_\_ County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

2024 JUN -7 AM 9:52

**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2NE

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea County, NM

No. of Acres: 80

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-1188 Date of Lease: 11/1/2023

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: L0-4883 Date of Lease: 9/15/1970

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NENE

Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea County, NM

No. of Acres: 40

2024 JUN -7 AM 9:52

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
TOTALS	<u>360 acres</u>	<u>100%</u>

		24	
		25	
		36	

Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-1188	22.2222%
5	LO-4883	11.1112%



COMMISSIONER  
Stephanie Garcia Richard

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #703H  
Vertical Extent: Wolfcamp  
Township: 18 South, Range 34 East, NMPM  
Section 24: W2E2  
Section 25: W2E2  
Section 36: NW4NE4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #703H Communitization Agreement for the Wolfcamp formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC  
Satellite State Com #703H  
Wolfcamp**

**Township: 18 South, Range: 34 East, NMPM**

**Section 24: W2E2**

**Section 25: W2E2**

**Section 36: NW4NE4**

**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.



*[Handwritten Signature]*  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #703H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2E2**  
**Section 25: W2E2**  
**Section 36: NW4NE4**

**Lea County, New Mexico**

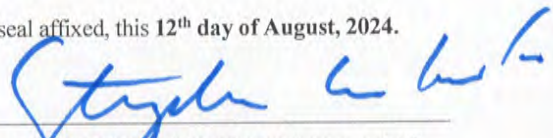
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.



  
\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #703H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2E2**  
**Section 25: W2E2**  
**Section 36: NW4NE4**

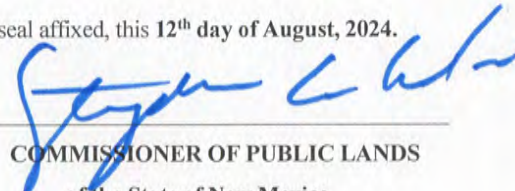
**Lea County, New Mexico**

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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

2024 JUN - 7 PM 2:51

COMMUNITIZATION AGREEMENT

ONLINE Version

API #: 30-0<sup>25</sup> \_\_\_\_\_ - 52319 \_\_\_\_\_

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Wolfcamp formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version

State/State

2024 JUN -7 PM 9:51

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: W2E2; Section 25: W2E2; Section 36 NWNE

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

2024 JUN 7 AM 9:51

4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

2024 JUN - 7 AM 9:51

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

2024 JUN 19 11:09 AM

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:51

OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)  
(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

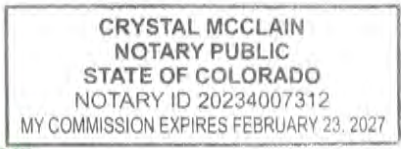
**Acknowledgment in an Representative Capacity**

State of Colorado )  
County of Denver )

This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)  
(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State



2024 JUL -7 AM 9:51

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024

by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the

Subdivisions : 18S-34E, Section 24: W2E2; Section 25: W2E2; Section 36 NWNE

Sect(s): 24,25,26, Twnshp 18S, Rnge: 34E, NMPM Lea \_\_\_\_\_ County, NM

Limited in depth from Top of Wolfcamp to Bottom of Wolfcamp (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2NE

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea \_\_\_\_\_ County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2SE

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

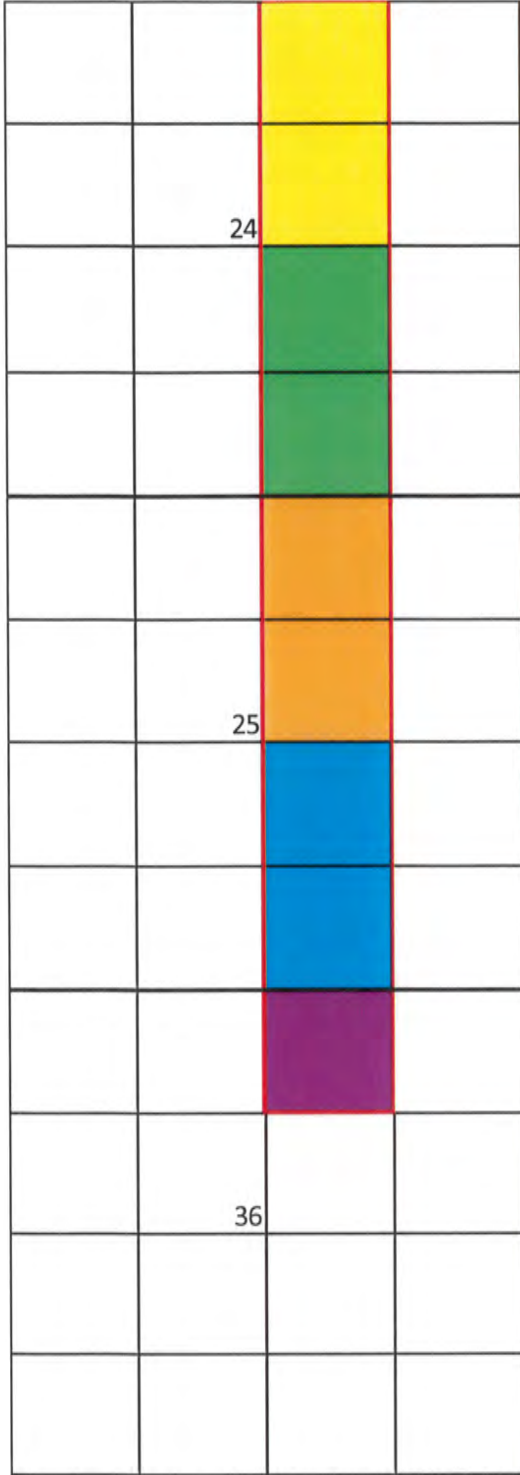
No. of Acres: 80



2024 JUN -7 AM 9:51

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
<b>TOTALS</b>	<u>360 acres</u>	<u>100%</u>



Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-1188	22.2222%
5	LO-4883	11.1112%



COMMISSIONER  
Stephanie Garcia Richard

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #702H  
Vertical Extent: Wolfcamp  
Township: 18 South, Range 34 East, NMPM  
Section 24: E2W2  
Section 25: E2W2  
Section 36: NE4NW4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #702H Communitization Agreement for the Wolfcamp formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

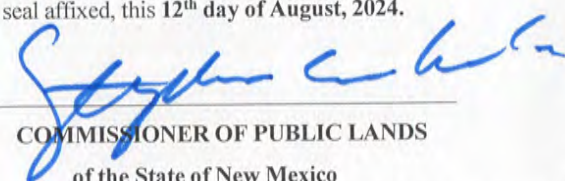
**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #702H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2W2**  
**Section 25: E2W2**  
**Section 36: NE4NW4**  
  
**Lea County, New Mexico**

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.

  
 \_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
 of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #702H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2W2**  
**Section 25: E2W2**  
**Section 36: NE4NW4**

**Lea County, New Mexico**

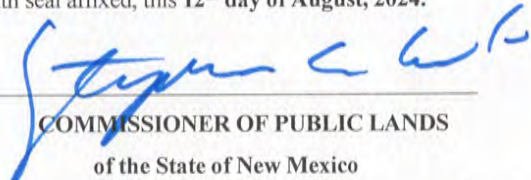
There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup>** day of **August, 2024**.



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #702H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: E2W2**  
**Section 25: E2W2**  
**Section 36: NE4NW4**

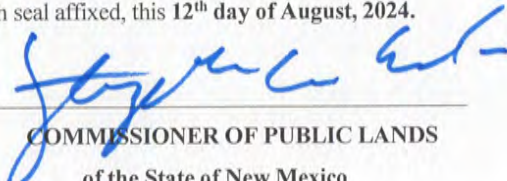
**Lea County, New Mexico**

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- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

2024 JUN -7 AM 9:50

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

COMMUNITIZATION AGREEMENT

ONLINE Version

API #: 30-0<sup>25</sup> - 52318

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Wolfcamp formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version

State/State

2024 JUN - 7 AM 9:50

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: E2W2; Section 25: E2W2; Section 36 NENW

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

2024 JUN -7 AM 9:50

4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royaltyshare taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

2024 JUN -7 AM 9:50

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner’s duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit “A” hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:50





2024 JUN -7 AM 9:50

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024

by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the

Subdivisions: 18S-34E, Section 24: E2W2; Section 25: E2W2; Section 36 NENW

Sect(s): 24,25,26, Twnshp 18S, Rnge: 34E, NMPM Lea \_\_\_\_\_ County, NM

Limited in depth from Top of Wolfcamp to Bottom of Wolfcamp (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2NW

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea \_\_\_\_\_ County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 E2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2NW

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

2021 JUN -7 AM 9:50

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-0809 Date of Lease: 11/1/2020

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 E2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: L0-4883 Date of Lease: 9/15/1970

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NENW

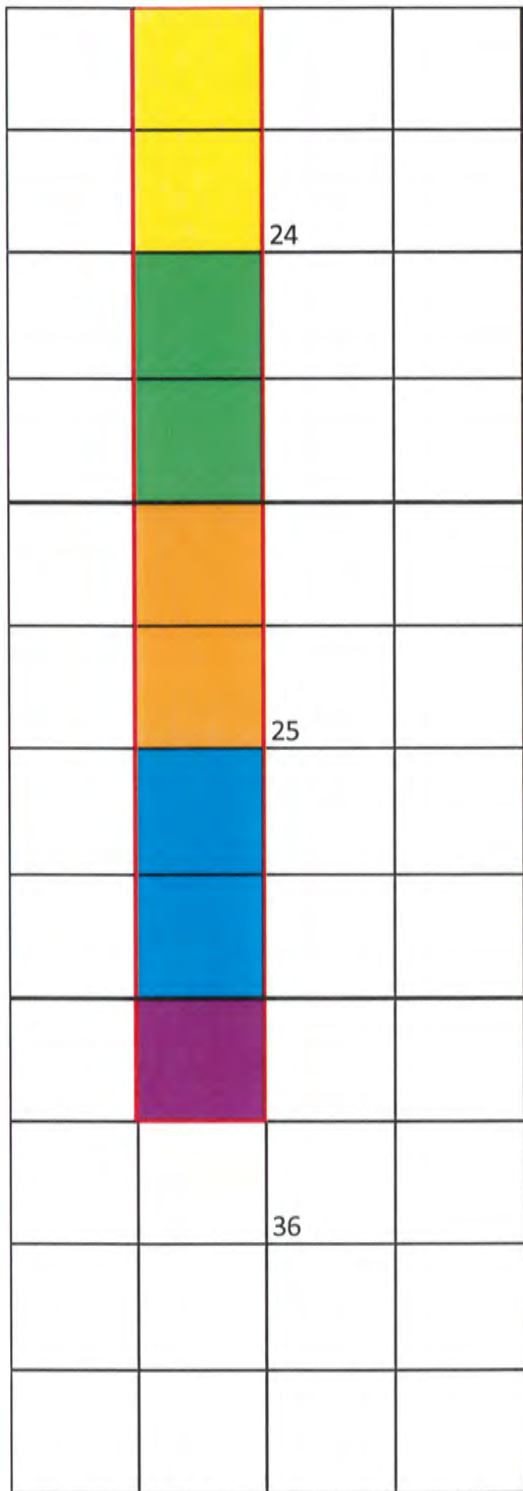
Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 40

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
<b>TOTALS</b>	<u>360 acres</u>	<u>100%</u>

2024 JUN -7 AM 9:50



Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-0809	22.2222%
5	LO-4883	11.1112%



COMMISSIONER

Stephanie Garcia Richard

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #301H  
Vertical Extent: Bone Spring  
Township: 18 South, Range 34 East, NMPM  
Section 24: W2W2  
Section 25: W2W2  
Section 36: NW4NW4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #301H Communitization Agreement for the Bone Spring formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #301H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2W2**  
**Section 25: W2W2**  
**Section 36: NW4NW4**

**Lea County, New Mexico**

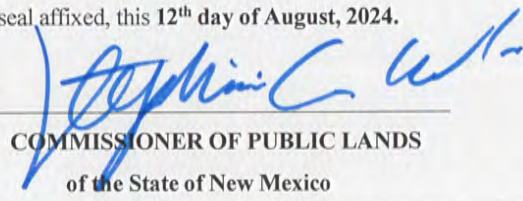
There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.



  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #301H**  
**Bone Spring**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2W2**  
**Section 25: W2W2**  
**Section 36: NW4NW4**

**Lea County, New Mexico**

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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024.**



*Stephen L. West*  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
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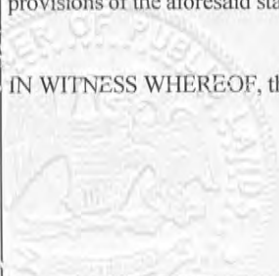
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



*[Handwritten Signature]*  
\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

2024 JUN -7 AM 9:49

New Mexico State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised July 2023

COMMUNITIZATION AGREEMENT  
ONLINE Version

API #: 30-0<sup>25</sup> - 52737

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Bone Spring formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

2024 JUN -7 04:39:49

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties it is mutually covenanted and agreed by and between the undersigned as follows:

- 1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: W2W2; Section 25: W2W2; Section 36 NWNW

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

- 2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

- 3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

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4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royaltyshare taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

ONLINE State/State  
version

2024 JUN -7 AM 9:49

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

2024 JUN -7 AM 9:50

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:50

OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of )

SS)

County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of Colorado )

SS)

County of Denver )

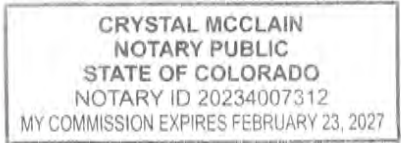
This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)

(Seal)

[Signature]  
Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State

2024 JUN -7 AM 9:50

VB-1876, VB-1877, VB-1049

Lease # and Lessee of Record: VC-0809, VB-1889, Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

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County of Denver \_\_\_\_\_ )

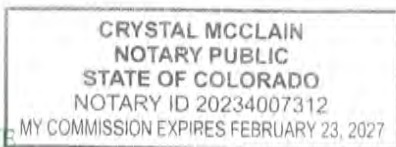
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By: Lee Zink  
Name(s) of Person(s)

(Seal)

[Signature]  
Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State

2021 JUL - 7 10:09:50

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024  
by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC,  
\_\_\_\_\_,  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the  
Subdivisions : 18S-34E, Section 24: W2W2; Section 25: W2W2; Section 36 NWNW  
Sect(s): 24,25,26 , Twnshp 18S , Rnge: 34E , NMPM Lea County, NM  
Limited in depth from Top of Bone Spring to Bottom of Bone Spring (enter here what is granted  
in pooling order if applicable)  
OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2NW

Sect(s): 24 Twnshp: 18S , Rng: 34E NMPM Lea County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea County, NM

No. of Acres: 80

2024 JUN -7 PM 9:50

**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 W2NW

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-0809 Date of Lease: 11/1/2020

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 W2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1889 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NWNW

Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 40

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
TOTALS	<u>360 acres</u>	<u>100%</u>

		24	
		25	
		36	

Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-0809	22.2222%
5	VB-1889	11.1112%



COMMISSIONER  
Stephanie Garcia Richard

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

Don Johnson  
Franklin Mountain Energy, LLC  
44 Cook Street, Suite 1000  
Denver, CO 80206

August 12<sup>th</sup>, 2024

Re: Communitization Agreement Approval  
Satellite State Com #701H  
Vertical Extent: Wolfcamp  
Township: 18 South, Range 34 East, NMPM  
Section 24: W2W2  
Section 25: W2W2  
Section 36: NW4NW4

Lea County, New Mexico

Dear Mr. Johnson,

The Commissioner of Public Lands has this date approved the Satellite State Com #701H Communitization Agreement for the Wolfcamp formation effective 5-1-2024. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

*Joseph Thompson*

Joseph Thompson  
Petroleum Specialist

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #701H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2W2**  
**Section 25: W2W2**  
**Section 36: NW4NW4**  
  
**Lea County, New Mexico**

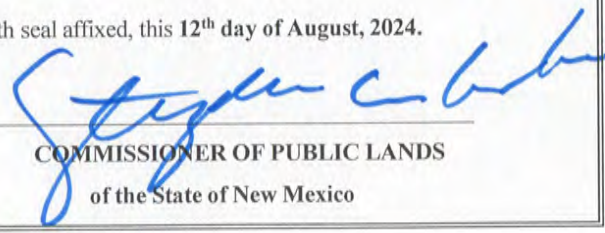
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NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC**  
**Satellite State Com #701H**  
**Wolfcamp**  
**Township: 18 South, Range: 34 East, NMPM**  
**Section 24: W2W2**  
**Section 25: W2W2**  
**Section 36: NW4NW4**

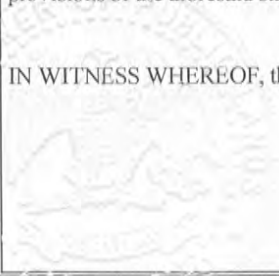
**Lea County, New Mexico**

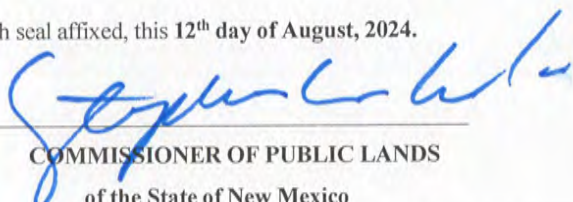
There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **May 1, 2024**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12<sup>th</sup> day of August, 2024.



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

**NEW MEXICO STATE LAND OFFICE**

CERTIFICATE OF APPROVAL

**COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Franklin Mountain Energy 3, LLC  
Satellite State Com #701H  
Wolfcamp**

**Township: 18 South, Range: 34 East, NMPM  
Section 24: W2W2  
Section 25: W2W2  
Section 36: NW4NW4**

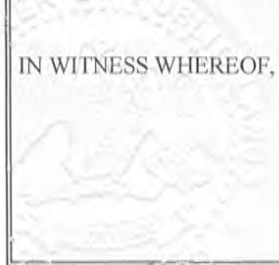
**Lea County, New Mexico**

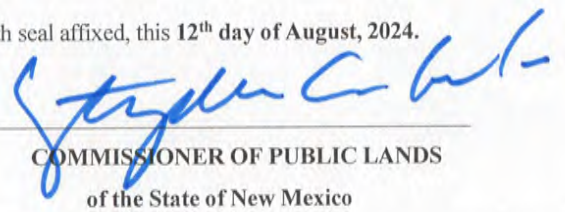
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IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **12<sup>th</sup> day of August, 2024**.



  
\_\_\_\_\_  
**COMMISSIONER OF PUBLIC LANDS**  
of the State of New Mexico

2024 JUN -7 AM 9:51

**New Mexico State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**  
Revised July 2023

**COMMUNITIZATION AGREEMENT**

ONLINE Version

API #: 30-0<sup>25</sup>

- 52317

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st [day] of May [month] 2024, 20\_, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Wolfcamp formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version

State/State

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NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

- 1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: 18S-34E, Section 24: W2W2; Section 25: W2W2; Section 36 NWNW

Of Sect(s): 24, 25, 36 Twp: 18S Rng: 34E NMPM Lea County, NM

Containing 360.00 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

- 2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

- 3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

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4. Franklin Mountain Energy 3, LLC shall be the operator of the said communitized area (“Operator”) and all matters of operation shall be determined and performed by Franklin Mountain Energy 3, LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner’s share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royaltyshare taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit “A” hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

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version

State/State

2021 JUN -7 AM 9:51

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: \_\_\_\_\_ Date: \_\_\_\_\_

2024 JUN -7 AM 9:51

OPERATOR: Franklin Mountain Energy 3, LLC

BY: Lee Zink, Director of Land (Name and Title of Authorized Agent)

[Signature] (Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

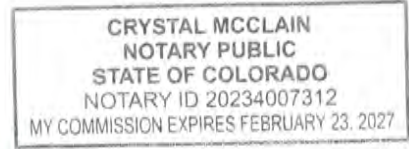
State of Colorado )  
County of Denver )

This instrument was acknowledged before me on \_\_\_\_\_ Date : 6/3/24

By: Lee Zink  
Name(s) of Person(s)

(Seal) \_\_\_\_\_ Signature of Notarial Officer

My commission expires: 2/23/27



ONLINE version

State/State



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**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated May 1st, 2024

by and between Franklin Mountain Energy 3, LLC, (Operator) Franklin Mountain Energy 3, LLC,

\_\_\_\_\_,  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering the

Subdivisions: 18S-34E, Section 24: W2W2; Section 25: W2W2; Section 36 NWNW

Sect(s): 24,25,26, Twnshp 18S, Rnge: 34E, NMPM Lea \_\_\_\_\_ County, NM

Limited in depth from Top of Wolfcamp to Bottom of Wolfcamp (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: Franklin Mountain Energy 3, LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1876 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2NW

Sect(s): 24 Twnshp: 18S, Rng: 34E NMPM Lea \_\_\_\_\_ County NM

No. of Acres: 80

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1877 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 24 W2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

2024 JUN -7 AM 9:51

**TRACT NO. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1049 Date of Lease: 11/1/2006

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 W2NW

Sect(s): 25 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VC-0809 Date of Lease: 11/1/2020

Description of Lands Committed:

Subdivisions: 18S-34E, Section 25 W2SW

Sect(s): 24 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 80

**TRACT NO. 5**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Franklin Mountain Energy 3, LLC

Serial No. of Lease: VB-1889 Date of Lease: 7/1/2010

Description of Lands Committed:

Subdivisions: 18S-34E, Section 36, NWNW

Sect(s): 36 Twnshp: 18S Rng: 34E NMPM Lea \_\_\_\_\_ County, NM

No. of Acres: 40

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**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>80 acres</u>	<u>22.2222%</u>
No. 2	<u>80 acres</u>	<u>22.2222%</u>
No. 3	<u>80 acres</u>	<u>22.2222%</u>
No. 4	<u>80 acres</u>	<u>22.2222%</u>
No. 5	<u>40 acres</u>	<u>11.1112%</u>
<b>TOTALS</b>	<u>360 acres</u>	<u>100%</u>

		24	
		25	
		36	

Tract	Lease	%
1	VB-1876	22.2222%
2	VB-1877	22.2222%
3	VB-1049	22.2222%
4	VC-0809	22.2222%
5	VB-1889	11.1112%

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

4 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1405434	0.20000	VC-1188	SATELLITE STATE COM
1405447	0.20000	VC-1188	SATELLITE STATE COM
1405766	0.20000	VC-1188	SATELLITE STATE COM
1409604	0.20000	VC-1188	SATELLITE STATE COM

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

10 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1091688	0.12500	L0-4883	STATE HR
1334773	0.12500	L0-4883	BUTTER CUP 36 STATE COM
1334788	0.12500	L0-4883	BUTTER CUP 36 STATE COM
1348058	0.12500	L0-4883	BUTTER CUP 36 STATE COM
1405409	0.12500	L0-4883	SATELLITE STATE COM
1405434	0.12500	L0-4883	SATELLITE STATE COM
1405447	0.12500	L0-4883	SATELLITE STATE COM
1405754	0.12500	L0-4883	SATELLITE STATE COM
1405766	0.12500	L0-4883	SATELLITE STATE COM
1409604	0.12500	L0-4883	SATELLITE STATE COM

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

6 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1327792	0.18750	VB-1889	TIN CUP 36 STATE COM
1334773	0.18750	VB-1889	BUTTER CUP 36 STATE COM
1334788	0.18750	VB-1889	BUTTER CUP 36 STATE COM
1348058	0.18750	VB-1889	BUTTER CUP 36 STATE COM
1405423	0.18750	VB-1889	SATELLITE STATE COM
1405875	0.18750	VB-1889	SATELLITE STATE COM

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

12 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1338302	0.18750	VB-1876	IRONHOUSE 24 STATE COM
1340717	0.18750	VB-1876	IRONHOUSE 24 STATE COM
1340815	0.18750	VB-1876	IRONHOUSE 24 STATE COM
1342541	0.18750	VB-1876	IRONHOUSE 24 STATE COM
1405412	0.18750	VB-1876	SATELLITE STATE COM
1405423	0.18750	VB-1876	SATELLITE STATE COM
1405434	0.18750	VB-1876	SATELLITE STATE COM
1405754	0.18750	VB-1876	SATELLITE STATE COM
1405777	0.18750	VB-1876	SATELLITE STATE COM
1405861	0.18750	VB-1876	SATELLITE STATE COM
1408115	0.18750	VB-1876	SATELLITE STATE COM
1409604	0.18750	VB-1876	SATELLITE STATE COM

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

4 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1405409	0.20000	VC-0809	SATELLITE STATE COM
1405423	0.20000	VC-0809	SATELLITE STATE COM
1405754	0.20000	VC-0809	SATELLITE STATE COM
1405875	0.20000	VC-0809	SATELLITE STATE COM

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

12 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1338302	0.18750	VB-1877	IRONHOUSE 24 STATE COM
1340717	0.18750	VB-1877	IRONHOUSE 24 STATE COM
1340815	0.18750	VB-1877	IRONHOUSE 24 STATE COM
1342541	0.18750	VB-1877	IRONHOUSE 24 STATE COM
1405412	0.18750	VB-1877	SATELLITE STATE COM
1405423	0.18750	VB-1877	SATELLITE STATE COM
1405434	0.18750	VB-1877	SATELLITE STATE COM
1405754	0.18750	VB-1877	SATELLITE STATE COM
1405777	0.18750	VB-1877	SATELLITE STATE COM
1405861	0.18750	VB-1877	SATELLITE STATE COM
1408115	0.18750	VB-1877	SATELLITE STATE COM
1409604	0.18750	VB-1877	SATELLITE STATE COM

## PUN Lease

### Search Pun Lease Information

Enter PUN:

Active  De-Active

Lease Prefix:  Lease Sequence:

9 Active Leases were found.

[Export Grid To Excel \(click here\)](#)

Pun	Royalty Rate	Lease Information	Property Name
1320590	0.18750	VB-1049	CONDOR STATE
1405409	0.18750	VB-1049	SATELLITE STATE COM
1405423	0.18750	VB-1049	SATELLITE STATE COM
1405434	0.18750	VB-1049	SATELLITE STATE COM
1405447	0.18750	VB-1049	SATELLITE STATE COM
1405754	0.18750	VB-1049	SATELLITE STATE COM
1405766	0.18750	VB-1049	SATELLITE STATE COM
1405875	0.18750	VB-1049	SATELLITE STATE COM
1409604	0.18750	VB-1049	SATELLITE STATE COM

# Exhibit 5

COTERRA ENERGY OPERATING CO.	WORKING INTEREST	PO BOX 4544	HOUSTON	TX	77210-4544
BLACKTAIL ENERGY LLC	WORKING INTEREST	PO BOX 51785	MIDLAND	TX	79710
CAVALRY RESOURCES LLC	WORKING INTEREST	PO BOX 5442	MIDLAND	TX	79704
DSD ENERGY II LLC	WORKING INTEREST	PO BOX 92609	SOUTHLAKE	TX	76092
FORTRESS ENERGY DELAWARE LLC	WORKING INTEREST	PO BOX 4695	MIDLAND	TX	79704
INCLINE PERMIAN II LLC	WORKING INTEREST	4645 N CENTRAL EXPRESSWAY STE 100	DALLAS	TX	75205
KASTLEFORD LAND CO LLC	WORKING INTEREST	PO BOX 51540	MIDLAND	TX	79710
SITL ENERGY LLC	WORKING INTEREST	308 N COLORADO ST STE 200	MIDLAND	TX	79701
NEW MEXICO COMMISSIONER OF PUBLIC LANDS	ROYALTY INTEREST	ATTN COMMINGLING MANAGER PO BOX 1148	SANTA FE	NM	87504-1148
CTRA ROYALTY INVESTMENTS E LLC	DIV OVERRIDING ROYALTY	THREE MEMORIAL CITY PLAZA 840 GESSNER RD STE 1400	HOUSTON	TX	77024
BROKEN ARROW ROYALTIES LLC	DIV OVERRIDING ROYALTY	PO BOX 960	ARTESIA	NM	88211
FEATHERSTONE DEVELOPMENT CORP	DIV OVERRIDING ROYALTY	PO BOX 429	ROSWELL	NM	88202
THOMASTON LLC	DIV OVERRIDING ROYALTY	1819 DENVER W DR SUITE 260	LAKEWOOD	CO	80401
BRAZOS LP	DIV OVERRIDING ROYALTY	PO BOX 911	BRECKENRIDGE	TX	76424-0911
BROKEN ARROW ROYALTIES LLC	DIV OVERRIDING ROYALTY	PO BOX 960	ARTESIA	NM	88211
HAYNIE ENTERPRISES LLC	DIV OVERRIDING ROYALTY	PO BOX 722	FAIRACRES	NM	88033
JKV CORPORATION	DIV OVERRIDING ROYALTY	8601 W CROSS DRIVE F5 208	LITTLETON	CO	80123-0702
PENROC OIL CORPORATION	DIV OVERRIDING ROYALTY	PO BOX 2769	HOBBS	NM	88241-2769
TAURUS CORP	DIV OVERRIDING ROYALTY	C/O ROBERT BENSON PAYNE JR PO BOX 1477	LITTLE ELM	TX	75068-1477
ARMSTRONG ENERGY CORPORATION	DIV OVERRIDING ROYALTY	PO BOX 1973	ROSWELL	NM	88202
BENJAMIN KEITH WILLIAMS	DIV OVERRIDING ROYALTY	ALLISON CLAIRE TULL WILLIAMS 2207 SEABOARD AVE	MIDLAND	TX	79705
BLUE RIDGE ROYALTIES LLC	DIV OVERRIDING ROYALTY	PO BOX 1973	ROSWELL	NM	88202
CARROLLTON MINERAL PARTNERS V LP	DIV OVERRIDING ROYALTY	2525 KELL BLVD STE 510	WICHITA FALLS	TX	76308-1061
CHIMNEY ROCK OIL & GAS LLC	DIV OVERRIDING ROYALTY	PO BOX 1973	ROSWELL	NM	88202
GRIZZLY LAND HOLDINGS LLC	DIV OVERRIDING ROYALTY	PO BOX 51785	MIDLAND	TX	79710
PBC RESOURCES LLC	DIV OVERRIDING ROYALTY	2209 GULF AVE	MIDLAND	TX	79705
SLASH EXPLORATION	DIV OVERRIDING ROYALTY	P O BOX 1973	ROSWELL	NM	88202-1973
THOMASTON LLC	DIV OVERRIDING ROYALTY	1819 DENVER W DR SUITE 260	LAKEWOOD	CO	80401
VENTURA OIL & GAS LLC	DIV OVERRIDING ROYALTY	308 N COLORADO STE 200	MIDLAND	TX	79701

**BEATTY & WOZNAK, P.C.**

ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
SANTA FE, NEW MEXICO 87505  
TELEPHONE 505-983-8545  
FACSIMILE 800-886-6566  
www.bwenergylaw.com

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505-946-2090  
MSUAZO@BWENERGYLAW.COM

JACOB L. EVERHART  
505-999-0401  
JEVERHART@BWENERGYLAW.COM

January 8, 2026

**CERTIFIED MAIL**  
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**TO: ALL AFFECTED PARTIES**

**Re: Application of Coterra Energy Operating Co., for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units underlying Sections 24, 25, and 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the “Lands”)**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty (20) days from the date this application is received by the Division’s Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

This Application would have been filed with, and received by, the Division either on the date of this letter as referenced above, or no later than two (2) days after the date referenced above. Email correspondence for this matter can be sent to the Division at [OCD.Engineer@emnrd.nm.gov](mailto:OCD.Engineer@emnrd.nm.gov).

Coterra respectfully requests authority to add additional wells contained within the spacing units identified and approved in this application by filing a Subsequent Report C-103 and C-102 with the NMOCD. Notice to owners shall not be required when amending the application to add wells contained within spacing units previously approved for commingling authority.

Pursuant to Statewide rule 19.15.12.10 (C)(4)(g) Coterra respectfully requests the option to include additional pool or leases within the following parameters:

Coterra may add additional production from the Airstrip; Bone Spring [960], WC-025 G-06 S183518A; Bone Spring [97930], and the Airstrip; Wolfcamp [970] pools under State Lease Numbers VB-1889-3, VB-1049-5, VB-1877-3, VB-1876-3, VC-809-1, L0-4883-8, L0-4883=7, VC-1188-1, and the CA’s listed in the application.

**BEATTY & WOZNIAK, P.C.**

January 8, 2026  
Page 2

Thank you for your time and attention to this matter. If you have any questions about this application, please contact the following:

Phillip Levasseur  
Regulatory Compliance Manager, Permian Business Unit  
(432) 620-1642  
[phillip.levasseur@coterra.com](mailto:phillip.levasseur@coterra.com)

Very truly yours,

BEATTY & WOZNIAK, P.C.



Miguel Suazo  
Jacob L. Everhart  
*Attorney(s) for Coterra Energy Operating Co.*

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ROSWELL, NM 88202

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MIDLAND, TX 79705

February 6, 2026, 10:16 am

**In Transit to Next Facility**

January 19, 2026

● See All Tracking History

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**9589071052702981138571**

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### Latest Update

Your item was picked up at a postal facility at 11:48 am on January 16, 2026 in MIDLAND, TX 79705.

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Delivered, Individual Picked Up at Postal Facility

MIDLAND, TX 79705

January 16, 2026, 11:48 am

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**9589071052702981138564**

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### Latest Update

Your item was delivered to an individual at the address at 4:52 pm on February 4, 2026 in DALLAS, TX 75205.

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DALLAS, TX 75205

February 4, 2026, 4:52 pm

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**Latest Update**

Your item was picked up at the post office at 10:01 am on January 21, 2026 in MIDLAND, TX 79701.

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MIDLAND, TX 79701

January 21, 2026, 10:01 am

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## Latest Update

Your item was picked up at the post office at 11:17 am on January 16, 2026 in ARTESIA, NM 88210.

---

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ARTESIA, NM 88210

January 16, 2026, 11:17 am

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## Latest Update

Your item was picked up at the post office at 7:47 am on January 16, 2026 in SANTA FE, NM 87501.

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Delivered, Individual Picked Up at Post Office

SANTA FE, NM 87501

January 16, 2026, 7:47 am

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# 9589071052702981138588

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## Latest Update

Your item was delivered to an individual at the address at 11:16 am on January 16, 2026 in MIDLAND, TX 79701.

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MIDLAND, TX 79701

January 16, 2026, 11:16 am

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Tracking Number:

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## Latest Update

Your item was picked up at the post office at 9:31 am on January 15, 2026 in BRECKENRIDGE, TX 76424.

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BRECKENRIDGE, TX 76424

January 15, 2026, 9:31 am

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Tracking Number:

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### Latest Update

Your item was delivered to an individual at the address at 11:46 am on January 13, 2026 in GOLDEN, CO 80401.

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GOLDEN, CO 80401

January 13, 2026, 11:46 am

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Tracking Number:

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### Latest Update

Your item was picked up at the post office at 10:23 am on January 16, 2026 in ROSWELL, NM 88201.

---

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### Delivered

Delivered, Individual Picked Up at Post Office

ROSWELL, NM 88201

January 16, 2026, 10:23 am

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Tracking Number:

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# 9589071052702981138663

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### Latest Update

Your item has been delivered to an agent at the front desk, reception, or mail room at 10:47 am on January 13, 2026 in LITTLETON, CO 80123.

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### Delivered to Agent

Delivered to Agent, Front Desk/Reception/Mail Room

LITTLETON, CO 80123

January 13, 2026, 10:47 am

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Tracking Number:

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# 9589071052702981138656

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## Latest Update

Your item has been delivered and is available at a PO Box at 9:22 am on January 22, 2026 in FAIRACRES, NM 88033.

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## Delivered

Delivered, PO Box

FAIRACRES, NM 88033

January 22, 2026, 9:22 am

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Tracking Number:

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**9589071052702981138649**

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## Latest Update

Your item was picked up at the post office at 11:17 am on January 16, 2026 in ARTESIA, NM 88210.

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## Delivered

Delivered, Individual Picked Up at Post Office

ARTESIA, NM 88210

January 16, 2026, 11:17 am

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Tracking Number:

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# 9589071052702981138687

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## Latest Update

Your item has been delivered and is available at a PO Box at 7:11 am on January 16, 2026 in LITTLE ELM, TX 75068.

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## Delivered

Delivered, PO Box

LITTLE ELM, TX 75068

January 16, 2026, 7:11 am

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Tracking Number:

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# 9589071052702981138694

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## Latest Update

Your item was picked up at the post office at 10:15 am on January 16, 2026 in ROSWELL, NM 88201.

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## Delivered

Delivered, Individual Picked Up at Post Office

ROSWELL, NM 88201

January 16, 2026, 10:15 am

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Tracking Number:

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**9589071052702981138670**

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### Latest Update

Your item was picked up at the post office at 12:02 pm on January 17, 2026 in HOBBS, NM 88240.

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### Delivered

Delivered, Individual Picked Up at Post Office

HOBBS, NM 88240

January 17, 2026, 12:02 pm

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Tracking Number:

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**958907105270298113874**

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Tracking is not available for this item. This may be because the tracking number is invalid; USPS has not yet received payment; USPS has not yet received the item; the item does not include tracking; or other reasons.

Tracking Number:

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## Latest Update

Your item was picked up at the post office at 10:15 am on January 16, 2026 in ROSWELL, NM 88201.

---

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## Delivered

**Delivered, Individual Picked Up at Post Office**

ROSWELL, NM 88201

January 16, 2026, 10:15 am

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Tracking Number:

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## Latest Update

Your item was delivered to an individual at the address at 2:26 pm on January 16, 2026 in MIDLAND, TX 79705.

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**Delivered, Left with Individual**

MIDLAND, TX 79705

January 16, 2026, 2:26 pm

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Tracking Number:

Remove X

**9589071052702981138755**

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### Latest Update

Your item was delivered to an individual at the address at 2:55 pm on January 16, 2026 in MIDLAND, TX 79705.

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### Delivered

Delivered, Left with Individual

MIDLAND, TX 79705

January 16, 2026, 2:55 pm

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Tracking Number:

Remove X

**9589071052702981138748**

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### Latest Update

Your item could not be delivered on February 6, 2026 at 10:16 am in MIDLAND, TX 79705. It was held for the required number of days and is being returned to the sender.

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Alert

**Unclaimed/Being Returned to Sender**

MIDLAND, TX 79705  
February 6, 2026, 10:16 am

**In Transit to Next Facility**

January 19, 2026

**See All Tracking History**

[What Do USPS Tracking Statuses Mean?](https://faq.usps.com/s/article/Where-is-my-package) (https://faq.usps.com/s/article/Where-is-my-package)

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Tracking Number:

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**9589071052702981138731**

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**Latest Update**

Your item was picked up at the post office at 10:15 am on January 16, 2026 in ROSWELL, NM 88201.

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ROSWELL, NM 88201  
January 16, 2026, 10:15 am

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## Latest Update

Your item was delivered to an individual at the address at 11:46 am on January 13, 2026 in GOLDEN, CO 80401.

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GOLDEN, CO 80401

January 13, 2026, 11:46 am

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Tracking Number:

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## Latest Update

Your item was delivered to an individual at the address at 11:16 am on January 16, 2026 in MIDLAND, TX 79701.

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MIDLAND, TX 79701

January 16, 2026, 11:16 am

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## Latest Update

Your item was picked up at the post office at 10:15 am on January 16, 2026 in ROSWELL, NM 88201.

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## Delivered

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ROSWELL, NM 88201

January 16, 2026, 10:15 am

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**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY COTERRA ENERGY OPERATING CO.      ORDER NO. PLC-1086**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Coterra Energy Operating Co. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools and leases in accordance with 19.15.12.10(C)(4)(g) NMAC.
6. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease as described in Exhibit A.
7. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“CA Pooled Area”), as described in Exhibit A.
8. Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
9. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

### **CONCLUSIONS OF LAW**

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2) NMAC, 19.15.12.10(C)(4)(c) NMAC, and 19.15.12.10(C)(4)(e) NMAC, as applicable.
12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC and 19.15.23.9(A)(6) NMAC, as applicable.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) NMAC or 19.15.12.10(C)(1) NMAC, as applicable.
14. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) NMAC and 19.15.12.10(C)(4)(h) NMAC.
15. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
16. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from the pools and leases as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each CA Pooled Area described in Exhibit A, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the CA Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods:
  - a. The initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production.  
  
During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be

included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

- b. The plateau period shall be measured from the end of the initial production period to the peak decline rate.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

- c. The decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows:

- i. a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month;
- ii. a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and
- iii. a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either:

- a. a minimum of twenty-four (24) consecutive hours; or
- b. a combination of nonconsecutive periods that meet the following conditions:
  - i. Each period shall be a minimum of six (6) hours.
  - ii. The total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.
  - iii. A vessel shall be allowed to reach equilibrium and a sufficient liquid retention time for accurate measurement achieved prior to beginning the well test.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

5. If Applicant recovers oil or gas production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.
6. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.
7. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.
8. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) NMAC.
9. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
11. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
12. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10(C)(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
13. If a well is not included in Exhibit A but produces from a pool and lease as described in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the

allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.

14. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
15. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
16. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**ALBERT C. S. CHANG  
DIRECTOR**

**DATE:** 2/13/26

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Exhibit A**

**Order: PLC-1086**  
**Operator: Coterra Energy Operating Co. (215099)**  
**Central Tank Battery: Satellite Central Tank Battery**  
**Central Tank Battery Location: UL C, D, Section 36, Township 18 South, Range 34 East**  
**Gas Title Transfer Meter Location: UL C, D, Section 36, Township 18 South, Range 34 East**

**Pools**

Pool Name	Pool Code
AIRSTRIP;BONE SPRING	960
AIRSTRIP;WOLFCAMP	970
WC-025 G-06 S183518A;BONE SPRING	97930

**Leases as defined in 19.15.12.7(C) NMAC**

Lease	UL or Q/Q	S-T-R
CA Bone Spring SLO 204976 PUN 1405409	E2W2	24-18S-34E
	E2W2	25-18S-34E
	NENW	36-18S-34E
CA Bone Spring SLO 204977 PUN 1405412	E2W2	24-18S-34E
	E2W2	25-18S-34E
	NENW	36-18S-34E
CA Bone Spring SLO 204981 PUN 1405447	E2E2	24-18S-34E
	E2E2	25-18S-34E
	NENE	36-18S-34E
CA Bone Spring SLO 204982 PUN 1408115	E2E2	24-18S-34E
	E2E2	25-18S-34E
	NENE	36-18S-34E
CA Bone Spring SLO 204984 PUN 1405766	W2E2	24-18S-34E
	W2E2	25-18S-34E
	NWNE	36-18S-34E
CA Bone Spring SLO 204985 PUN 1405777	W2E2	24-18S-34E
	W2E2	25-18S-34E
	NWNE	36-18S-34E
PROPOSED CA Wolfcamp SLO 0 PUN 1405423	W2W2	24-18S-34E
	W2W2	25-18S-34E
	NWNW	36-18S-34E
PROPOSED CA Bone Spring SLO 0 PUN 1405875	W2W2	24-18S-34E
	W2W2	25-18S-34E
	NWNW	36-18S-34E
PROPOSED CA Bone Spring SLO 0 PUN 1405861	W2W2	24-18S-34E
	W2W2	25-18S-34E
	NWNW	36-18S-34E

**Wells**

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-52737	SATELLITE STATE COM #301H	W2W2	25-18S-34E	960
		NWNW	36-18S-34E	
30-025-52745	SATELLITE STATE COM #601H	W2W2	24-18S-34E	97930
		W2W2	25-18S-34E	
30-025-52738	SATELLITE STATE COM #302H	NWNW	36-18S-34E	960
		W2W2	24-18S-34E	
30-025-52746	SATELLITE STATE COM #602H	E2W2	25-18S-34E	960
		NENW	36-18S-34E	
30-025-52739	SATELLITE STATE COM #303H	E2W2	24-18S-34E	97930
		E2W2	25-18S-34E	
30-025-52747	SATELLITE STATE COM #603H	NENW	36-18S-34E	960
		E2W2	24-18S-34E	
30-025-52740	SATELLITE STATE COM #304H	W2E2	25-18S-34E	960
		NWNE	36-18S-34E	
30-025-52748	SATELLITE STATE COM #604H	W2E2	24-18S-34E	97930
		E2E2	25-18S-34E	
30-025-52392	SATELLITE STATE COM #801H	NENE	36-18S-34E	960
		E2E2	24-18S-34E	
30-025-52392	SATELLITE STATE COM #801H	W2W2	24-18S-34E	970
		W2W2	25-18S-34E	
		NWNW	36-18S-34E	

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 541509

**CONDITIONS**

Operator: Coterra Energy Operating Co. 6001 Deauville Blvd Midland, TX 79706	OGRID: 215099
	Action Number: 541509
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

**CONDITIONS**

Created By	Condition	Condition Date
sarah.clelland	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	2/16/2026