



Before the Oil Conservation Division
Examiner Hearing April 20th, 2023

Compulsory Pooling

Case No. 23439: Eagle State Com 701H

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR APPROVAL OF NON-STANDARD
SPACING UNIT, COMPULSORY POOLING, AND NOTICE OF
OVERLAPPING SPACING UNITS,
LEA COUNTY, NEW MEXICO**

CASE NO. 23439

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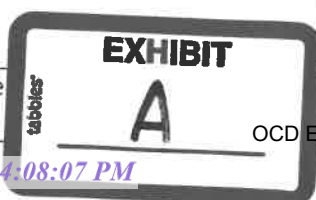
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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23439	APPLICANT'S RESPONSE
Date: April 20, 2023	
Applicant	Franklin Mountain Energy 3, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy 3, LLC OGRID 331595
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC FOR APPROVAL OF NON-STANDARD SPACING UNIT, COMPULSORY POOLING, AND NOTICE OF OVERLAPPING SPACING UNITS, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Eagle State
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Scharb; Wolfcamp Pool Code 55640
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	559.31
Building Blocks:	40
Orientation:	North-South
Description: TRS/County	W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mex
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	No. The proposed spacing unit is non-standard because it excludes the S/2SW/4 (Unit M and N) of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Approval of the non-standard unit is requested in this application.
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit B-4.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Eagle State Com 701H (API Pending)	SHL: 325' FNL & 695' FWL, Section 3, T-19-S R-35-E FTP: 150' FNL & 1000' FWL, Section 3, T-19-S R-35-E LTP: 1427' FSL & 1000' FWL, Section 10, T-19-S R-35-E Orientation: North/South Completion Target: Wolfcamp Completion Status: Standard TVD: 10,550', MVD: 20,550'
Horizontal Well First and Last Take	See above cells and Exhibit B, paragraph 20, and Exhibit B-3 (C-102)




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Completion Target (Formation, TVD and MD)	See above cells and Exhibit B-5 (proposal letter)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$9,000
Production Supervision/Month \$	\$9,000
Justification for Supervision Costs	See Exhibit B Paragraph 32
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B-8
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-8
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-8
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B-4
Tract List (including lease numbers and owners)	Exhibit B-4
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibit B-4
Pooled Parties (including ownership type)	Exhibit B-4
Unlocatable Parties to be Pooled	Exhibit B-4
Ownership Depth Severance (including percentage above & below)	NA
Joinder	
Sample Copy of Proposal Letter	Exhibit B-6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B-4
Chronology of Contact with Non-Joined Working Interests	Exhibit B-5
Overhead Rates In Proposal Letter	Exhibit B-6
Cost Estimate to Drill and Complete	Exhibit B-7
Cost Estimate to Equip Well	Exhibit B-7
Cost Estimate for Production Facilities	Exhibit B-7
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-2
Well Orientation (with rationale)	Exhibit C-7
Target Formation	Exhibits C-3 to C-6
HSU Cross Section	Exhibit C-5
Depth Severance Discussion	NA
Forms, Figures and Tables	
C-102	Exhibit B-3
Tracts	Exhibit B-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-4
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-1

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Exhibit 23439

Structure Contour Map - Subsea Depth	Exhibit C-3
Cross Section Location Map (including wells)	Exhibit C-4
Cross Section (including Landing Zone)	Exhibit C-5
Additional Information	
Special Provisions/Stipulations	NA
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	
Date:	18-Apr-23

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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**APPLICATION OF FRANKLIN MOUNTAIN
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LEA COUNTY, NEW MEXICO**

CASE NO. 23439

SELF AFFIRMED DECLARATION OF LEE ZINK

Lee Zin hereby states and declares as follows:

1. I am over the age of 18, I am the Director of Land for Franklin Mountain Energy 3, LLC ("FME3"), and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert petroleum landman were accepted by the Division as a matter of record.

2. My area of responsibility at FME3 includes the area of Lea County in New Mexico.

3. I am familiar with the application filed by FME3 in this case, which is attached as **Exhibit B.1.**

4. I am familiar with the status of the lands that are subject to the application.

5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.

6. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the well to be drilled in the unit, as well as to request approval of a non-standard unit.



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7. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests in the well.

8. In this case, FME3 seeks an order from the Division (1) approving a 559.31-acre, more or less, non-standard unit, and (2) pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.¹

9. This spacing unit will be dedicated to the **Eagle State Com 701H** well, to be horizontally drilled.

10. The spacing unit is non-standard because it excludes the S/2SW/4 (Unit M and N) of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

11. FME3 is the owner of numerous State of New Mexico leases that have near term expirations, being December of 2023. These state leases cover 319.31 acres out of the 559.31-acre unit, being a majority of the unit.

12. FME3 is proposing to exclude the S/2SW/4 (Unit M and N) of Section 10 because that tract is subject to a federal lease and, due to FME3's drilling schedule and expiring leases, the delay associated with obtaining an APD is not feasible.

13. FME3 intends to drill the Eagle State Com 701H well in 2023.

14. FME3's desire is to prove up the acreage in the near term and then go back in to include the excluded acreage at a later date.

¹ In this application, FME also provided notice of an overlapping Wolfcamp spacing unit—however, FME has dismissed Case No. 23440, and so the Wolfcamp unit proposed in this case no longer overlaps with another Wolfcamp unit.

15. FME3 holds leases in Section 15 and 22, which it intends to develop as part of its future Barzona development plans. **Exhibit B.2** is a tract map showing FME3's acreage in Sections 3, 10, 15, and 22.

16. Although FME3 is not currently planning to develop the S/2SW/4 of Section 10, FME3 would seek to include the excluded acreage as part of its Barzona development. Thus, while the S/2SW/4 of Section 10 will be excluded from the Eagle State Unit, FME3's intent is to not strand that acreage, but rather to seek to include it as part of FME3's Barzona development.

17. In my opinion, allowing FME3 to move forward with 1.75 mile laterals now protects correlative rights and prevents waste.

18. Attached as **Exhibit B.3** is the proposed C-102 for the well.

19. The C-102 identifies the proposed surface hole locations and the bottom hole locations. The C-102 also identifies the pool and pool code.

20. The Eagle State Com 701H well is proposed to have the following first and last take points: First take point: 150' FNL, 1,000 FWL

Last take point: 1427' FSL, 1,000 FWL

21. The well will develop the Scharb; Wolfcamp pool (Pool code 55640).

22. This pool is an oil pool with 40-acre building blocks.

23. This pool is governed by the state-wide horizontal well rules.

24. The producing area for the well is expected to be orthodox.

25. There are no depth severances within the proposed spacing unit.

26. **Exhibit B.4** includes a lease tract map outlining the unit being pooled. **Exhibit B.4** also includes the parties being pooled, the nature, and the percent of their interests. **Exhibit B.4**

also includes a tract map comparing what a standard unit would be to FME3's proposed non-standard unit.

27. I have conducted a diligent search of the public records in the county where the well is located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

28. In my opinion, FME3 has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.

29. **Exhibit B.5** is a summary of my contacts with the working interest owners.

30. **Exhibit B.6** is a sample of the well proposal letter that was sent to all working interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD/MD for the well.

31. **Exhibit B.7** contains the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

32. FME3 requests overhead and administrative rates of \$9000.00/month for drilling a well and \$900.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. FME3 requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

33. FME3 requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

34. FME3 requests that it be designated operator of the well.

35. The parties FME3 is seeking to pool were notified of this hearing.

36. FME3 seeks to pool overriding royalty interest owners, and they were also provided notice of this hearing.

37. FME3, through its counsel, also provided notice of its non-standard unit application as required by Rule 19.15.16.15(B)(5).

38. **Exhibit B.8** is an affidavit of notice prepared by counsel for FME3 that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on March 21, 2023.

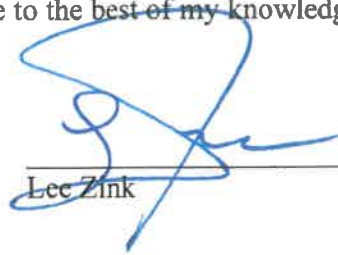
39. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.

40. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

[Signature page follows]

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: April 18, 2023



Lee Zink

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR APPROVAL OF NON-STANDARD
SPACING UNIT, COMPULSORY POOLING, AND NOTICE OF
OVERLAPPING SPACING UNITS,
LEA COUNTY, NEW MEXICO**

CASE NO. 23439

APPLICATION

Franklin Mountain Energy 3, LLC ("Franklin"), OGRID Number 331595, through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 560-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also hereby provides notice that the spacing unit proposed this application will overlap with a spacing unit Franklin is proposing in an application filed contemporaneously with this application. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a 560-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Eagle State Com 701H** well to a depth sufficient to test the Wolfcamp formation. The well will be horizontally drilled, and the producing area for the well is expected to be orthodox.



4. The completed interval of the **Eagle State Com 701H** well is expected to be less than 330 feet from the adjoining tracts, thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. Franklin also provides notice that it is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10.

6. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. Approval of a non-standard spacing unit is necessary to prevent waste and protect correlative rights.

8. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on April 6, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a 560-acre, more or less, horizontal spacing unit within the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

B. Designating Franklin as operator of this unit and the wells to be drilled thereon;

C. Authorizing Franklin to recover its costs of drilling, equipping and completing the well;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

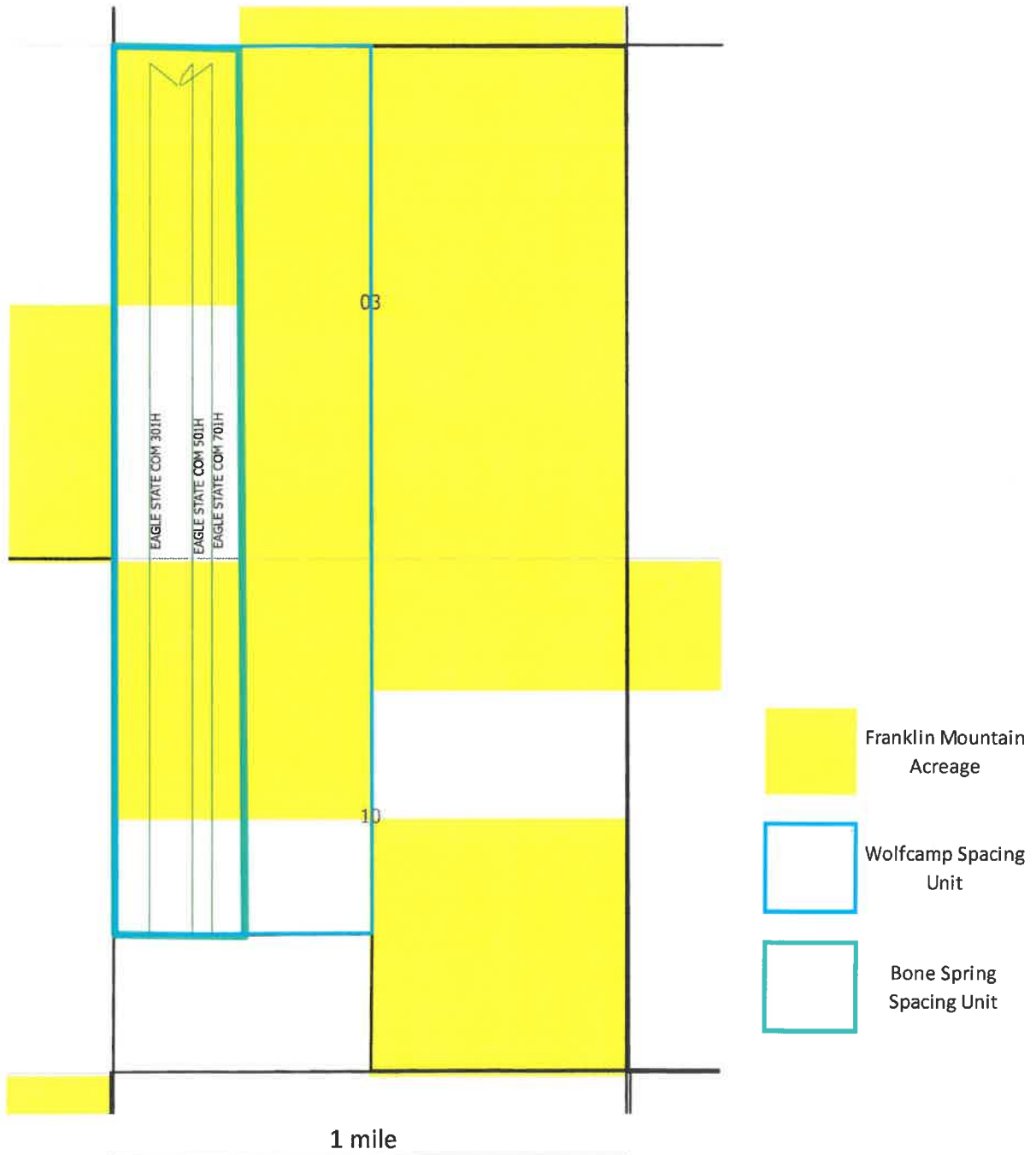
By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.
Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

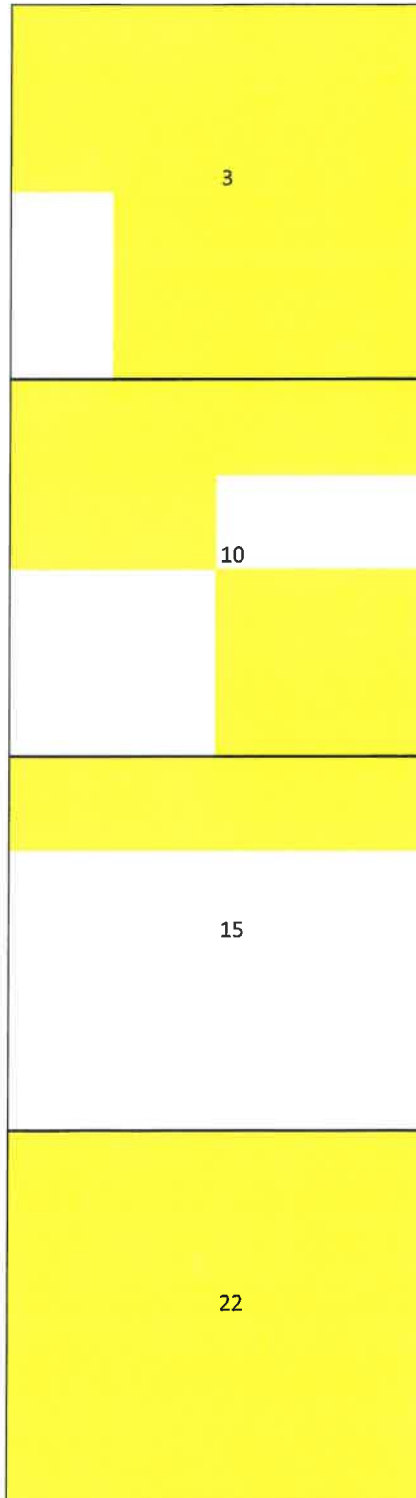
CASE NO. 23439 : Application of Franklin Mountain Energy 3, LLC for Approval of a Non-Standard Spacing Unit, Compulsory Pooling, and Notice of Overlapping Spacing Units, Lea County, New Mexico. Applicant seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 560-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 701H** well, to be horizontally drilled. The producing area for the well is expected to be orthodox. The completed interval for the Eagle State Com 701H well will be less than 330 feet from the adjoining tracts allowing inclusion of the proximity tracts within the spacing unit. Applicant is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.

Development Overview

Case Nos. 23436, 23439



Lease Tract Map
Case No. 23439
W/2 of Sections 3 & 10-T19S-R35E, 559.31 Acres
Eagle State Com 701H



Franklin Mountain
Energy Acreage



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 55640	³ Pool Name SCHARB;WOLFCAMP
⁴ Property Code	⁵ Property Name EAGLE STATE COM	⁶ Well Number 701H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3867.1'

" Surface Location

UL or lot no. 4	Section 3	Township 19S	Range 35E	Lot Idn	Feet from the 325	North/South line NORTH	Feet from the 695	East/West line WEST	County LEA
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" Bottom Hole Location If Different From Surface

UL or lot no. L	Section 10	Township 19S	Range 35E	Lot Idn	Feet from the 1427	North/South line SOUTH	Feet from the 1000	East/West line WEST	County LEA
¹² Dedicated Acres 559.31	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.	*** Proposed Proximity Well					

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.

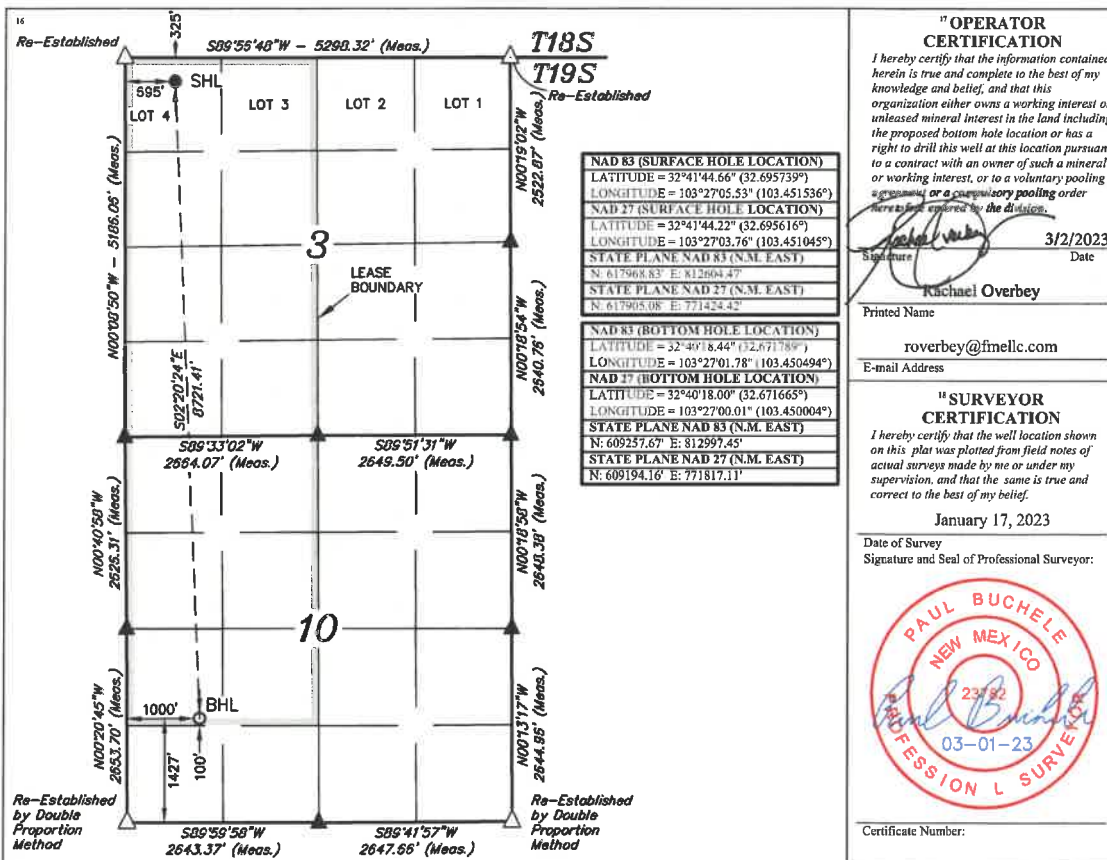


EXHIBIT
B-3

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Lease Tract Map

Case No. 23439

W/2 of Sections 3 & 10-T19S-R35E, 559.31 Acres

Eagle State Com 701H

VC-0511			
EO-6002	FEE		
	VC-0513		
	EO-7418		

	Proposed Wolfcamp Unit
	Tract 1 (159.31 acres) Expires 12/1/2023
	Tract 2 (80 acres)
	Tract 3 (80 acres)
	Tract 4 (160 acres) Expires 12/1/2023
	Tract 5 (80 acres)



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Summary of Interests

Case No. 23439
W/2 of Sections 3 & 10-T19S-R35E, 559.31 Acres
Eagle State Com 701H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	64.285715%
Marshall & Winston	7.142857%
Uncommitted Working Interest	
Marathon Oil Permian, LLC	14.285714%
Chevron U.S.A., Inc.	14.285714%
Total:	100.000000%



Unit Recapitulation
Case No. 23439
W/2 of Sections 3 & 10-T19S-R35E, 559.31 Acres
Eagle State Com 701H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	64.285715%
Marshall & Winston	7.142857%
Uncommitted Working Interest	
Marathon Oil Permian, LLC	14.285714%
Chevron U.S.A., Inc.	14.285714%
Total:	100.000000%

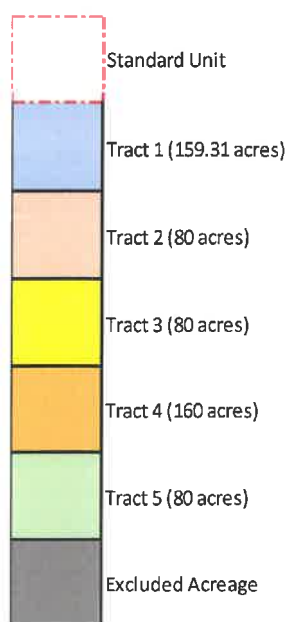
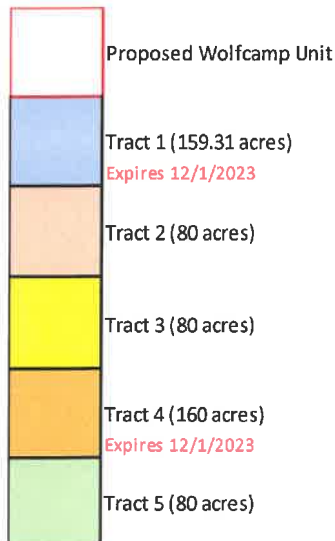
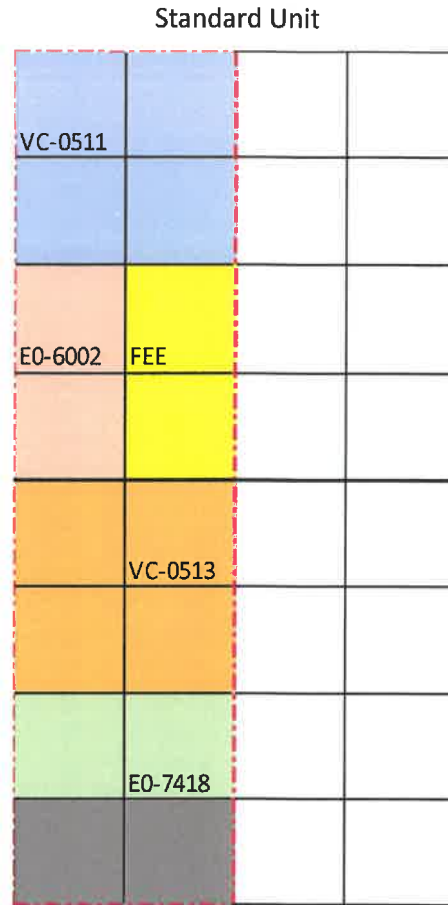
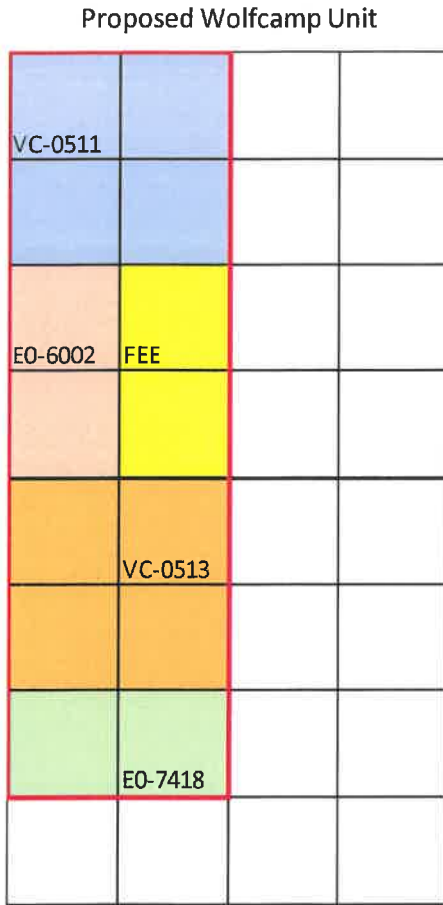
VC-0511			
EO-6002	FEE		
	VC-0513		
	EO-7418		

Tract	Lease
1	VC-0511
2	EO-6002
3	FEE
4	VC-0513
5	EO-7418



Lease Tract Map

Case No. 23439
W/2 of Sections 3 & 10-T19S-R35E, 559.31 Acres
Eagle State Com 701H



Pooled Parties (Both Bone Spring and Wolfcamp cases)

Name	Interest Type
CHEVRON U.S.A. INC.	WI
Marathon Oil Permian LLC	WI
J.T. JACKSON AND ASSOCIATES	ORRI
JAMES E. GUY AND PEGGY J. GUY, AS TRUSTEES OF THE PJ GUY FAMILY TRUST UNER TRUST AGREEMENT DATED DECEMBER 14, 1996	ORRI
JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF DALE H. DORN	ORRI
JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF MARTHA DORN BIRD	ORRI
JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF WILLIAM DORN MILLER	ORRI
RICHARD W. SCHELIN, SUCCESSOR TRUSTEE, FOREST OIL CORPORATION EXECUTIVE / EMPLOYEE OVERRIDING ROYALTY PROGRAM	ORRI
WILLIAM J. MCCAOW	ORRI

Excluded Acreage Information (Case No. 23439)

Excluded Acreage	Owner/Operator
S/2 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico	Bureau of Land Management—currently unleased Also notified: TOREADOR ROYALTY CORPORATION TRIPLE T RESOURCES LP JKM ENERGY, LLC

Summary of Contacts

- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin searched public records, phone directory, and various different types of internet searches.
- Franklin sent well proposal letters to the working interest owners on or around February 1, 2023.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
- Franklin had multiple communications with the uncommitted working interest owners, which I have outlined in the chart below.
- Franklin filed the application to force pool working interest owners who had not entered in to an agreement.
- Franklin's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted interest owners and also for overriding royalty interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.

Summary of Contacts with Working Interest Owners to Be Pooled			
Name	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
Chevron USA Inc.	February 1, 2023	February 3, 2023	3/1/2023 received email from Candace LaBron-Howard (CLH) 3/30/2023 sent email with requested information and JOA to CLH 4/5/2023 3 emails exchanged with CLH 4/10/2023 2 emails exchanged with CLH
Marathon Oil Permian LLC	February 1, 2023	February 6, 2023	1/18/2023 term assignment proposals sent via email to Farley Duvall 1/26/2023 follow – up email to Mr. Duvall 1/30/2023 responded to Mr. Duvall's questions regarding FME3's development plans and timing 2/9/2023 follow – up email to Mr. Duvall regarding term assignment proposal

- Franklin also sent notice to the parties in the excluded tracts as required by OCD's regulations.



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Sent via USPS: 9405 5036 9930 0470 1024 87

February 1, 2023

Chevron U.S.A., Inc.
 6001 Bollinger Canyon Rd
 San Ramon, CA 94583
 Attn: Land Department, Delaware Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East:
 Sections 03 & 10: W/2
 Lea County, New Mexico
 559.31 acres, more or less

Dear Working Interest Owner:

Franklin Mountain Energy 3, LLC ("FME3"), as Operator, hereby proposes the drilling and completion of the following wells:

Well Name	Target Formation	Total Vertical Depth	Measured Depth	SHL	BHL	Total AFE	Order
Eagle State Com 701H	Wolfcamp A	10,550'	20,550'	Sec. 3-T19S-R35E: 325' FNL, 695' FWL	Sec. 10-T19S-R35E: 1220' FSL, 1000' FWL	\$11,650,592.43	N/A

FME3 reserves the right to modify the locations and drilling plans described above in order to comply with any requirements from a governing regulatory agency or to address any topography, environmental and/or cultural concerns.

FME3 is proposing to drill and complete the aforementioned well under the terms of a modified, wellbore specific 1989 AAPL form Operating Agreement with the following general provisions:

- 100/300% Non-Consenting Penalty
- \$9,000/\$900 Drilling and Producing Rate
- Franklin Mountain Energy 3, LLC designated as Operator

Should you be interested in participating under an Operating Agreement, with your unleased minerals, FME3 will send you our proposed form.





Please indicate your election in the space provided on the following page, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate, FME3 proposes to lease your minerals at the following terms:

The forgoing offer is non-binding in nature until a definitive agreement and/or conveyance documents are negotiated and agreed to by each party. FME3 is under no obligation to negotiate, lease or purchase your interest.

Please return your signed documents to Don Johnson at djohnson@fmellc.com or to the address provided below at your earliest convenience.

FME3 looks forward to working with you or your company on this proposed development and encourages you to call with any questions pertaining to these plans. However, please be advised that, in the near term, FME3 will file an application for compulsory pooling to pool any uncommitted owners.

Should you have any questions, please do not hesitate to contact the undersigned at (720) 414-7868.

Respectfully,

Franklin Mountain Energy 3, LLC



Don Johnson
Sr. Land Analyst



Eagle State Com 701H:

_____ I/We hereby elect to participate in the **Eagle State Com 701H** well.
_____ I/We hereby elect **NOT** to participate in the **Eagle State Com 701H** well.

Owner: _____

By: _____

Printed Name: _____

Title: _____

Date: _____



FRANKLIN MOUNTAIN ENERGY

AUTHORITY FOR EXPENDITURE

Well Name: Eagle State Com 701H
Location: SHL: Sec 3-T19S-R35E 125 FNL 695 FWL
Operator: BHL: Sec 10-T19S-R35E 1220 FSL 1000 FWL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' WCA well
TVD 10,550', MD 20,550'

Franklin Mountain Energy 3, LLC
44 Cook Street, Suite 1000
Denver, CO 80206
Phone: 720-414-7868
franklinmountainenergy.com

Well #: 701H
County/State: Lea Co., NM
Date Prepared: 1/19/2023
AFE #: DCE230118

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,500	240	5	ADMINISTRATIVE OVERHEAD	\$8,200
225	10	CASING CREW & EQPT	\$50,000	240	10	CASED HOLE LOGS & SURVEYS	\$6,635
225	15	CEMENTING INTERMEDIATE CASING	\$40,000	240	15	CASING CREW & EQPT	\$0
225	16	CEMENTING PRODUCTION CASING	\$80,000	240	20	COILED TUBING/SNUBBING UNIT	\$194,313
225	20	CEMENTING SURFACE CASING	\$36,000	240	25	COMMUNICATIONS	\$1,896
225	25	COMMUNICATIONS	\$21,000	240	30	COMPANY DIRECT LABOR	\$0
225	30	COMPLETION FLUIDS	\$6,000	240	35	COMPLETION/WORKOVER RIG	\$75,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000	240	45	CONTRACT LABOR/ROUSTABOUTS	\$23,697
225	40	CONTRACT LABOR	\$55,000	240	50	DAMAGES/RECLAMATION	\$1,896
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$2,844
225	50	DAYWORK CONTRACT	\$585,000	240	60	ELECTRICAL POWER/GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$220,000	240	62	ENGINEERING	\$5,687
225	60	DRILLING - FOOTAGE	\$90,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$100,000	240	70	FISHING TOOLS / SERVICES	\$0
225	70	ELECTRICAL POWER/GENERATION	\$0	240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
225	75	ENGINEERING	\$21,000	240	72	FRAC WATER/COMPLETION FLUID	\$470,000
225	80	ENVIRONMENTAL SERVICES	\$210,000	240	75	FUEL, POWER/DISEL	\$550,000
225	84	EQUIPMENT RENTAL DOWHOLE	\$50,000	240	80	HEALTH & SAFETY	\$4,700
225	85	EQUIPMENT RENTAL	\$50,000	240	85	HOUSING AND SUPPORT SERVICES	\$14,000
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$9,000	240	95	MISCELLANEOUS	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$19,000	240	100	MUD & CHEMICALS	\$10,000
225	105	INSURANCE	\$1,900	240	110	P&A COSTS	\$0
225	106	INSPECTIONS	\$17,000	240	115	PERFORATING/WIRELINE SERVICE	\$265,403
225	110	LEGAL, TITLE SERVICES	\$6,000	240	120	PIPE INSPECTION	\$0
225	115	MATERIALS & SUPPLIES	\$5,000	240	125	ROAD, LOCATIONS REPAIRS	\$2,000
225	120	MISCELLANEOUS	\$5,000	240	130	STIMULATION	\$2,616,000
225	125	MOUSE/RATHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$37,915
225	130	MUD & CHEMICALS	\$190,000	240	140	SUPERVISION	\$90,047
225	140	OPENHOLE LOGGING	\$0	240	145	SURFACE EQUIP RENTAL	\$189,573
225	141	CASED HOLE LOGGING	\$0	240	150	TRANSPORTATION/TRUCKING	\$2,844
225	145	PERMITS, LICENSES, ETC	\$20,000	240	155	WATER TRANSFER	\$56,872
225	150	POWER FUEL & WATER HAULING	\$170,000	240	160	WELDING SERVICES	\$0
225	155	RIG MOVE & RACKING COSTS	\$130,000	240	165	WELL TESTING/FLOWBACK	\$165,000
225	160	RIG UP TEAR OUT & STANDBY	\$0	240	148	TAXES	\$273,599
225	163	SITE RESTORATION	\$10,000	240	40	CONTINGENCY COSTS 5%	\$248,726
225	165	STAKING & SURVEYING	\$6,000			Total Intangible Completion Costs:	\$1,496,840
225	170	SUPERVISION	\$75,600				
225	175	SUPERVISION - GEOLOGICAL	\$41,400				
225	180	TRANSPORTATION/TRUCKING	\$22,000				
225	178	TAXES	\$134,057				
225	35	CONTINGENCY COSTS 5%	\$121,870				
		Total Intangible Drilling Costs:	\$1,699,127				
Tangible Drilling Costs				Tangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758	245	5	ARTIFICIAL LIFT	\$175,000
230	20	PACKERS/SLEEVES/PLUGS	\$66,000	245	15	FLOWLINES	\$20,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,144,050	245	25	FRAC STRING	\$0
230	35	SURFACE CASING & ATTACHMENTS	\$169,740	245	40	PACKERS/SLEEVES/PLUGS/GL MANDRELS	\$0
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000	245	45	PRODUCTION LINER	\$0
230	40	TAXES	\$89,295	245	50	PRODUCTION PROCESSING FACILITY	\$0
		Total Tangible Drilling Costs:	\$1,712,843	245	55	PRODUCTION TUBING	\$150,000
				245	60	RODS/PUMPS	\$0
				245	65	SUBSURFACE EQUIPMENT	\$50,000
				245	75	WELLHEAD EQUIPMENT	\$125,000
				245	70	TAXES	\$28,600
						Total Tangible Completion Costs:	\$548,600
Tangible Facility Costs				Intangible Facility Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000	265	5	CONSULTING	\$18,100
270	15	CONTAINMENT	\$0	265	12	COMPANY DIRECT LABOR	\$0
270	25	DEHYDRATION	\$0	265	20	DAMAGES/ROW/PERMITS, ETC	\$24,000
270	30	PRIMARY POWER MATERIALS	\$56,000	265	22	PAVING/ROAD CONSTRUCTION	\$50,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000	265	25	ENGINEERING / SCIENCE	\$22,000
270	60	H2S TREATING EQUIPMENT	\$0	265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$0
270	65	SEPARATION EQUIPMENT	\$125,000	265	45	CONTRACT LABOR & SERVICES	\$0
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0	265	60	OVERHEAD	\$3,000
270	75	PRE-FABRICATED SKIDS	\$0	265	80	SURVEY / PLATS / STAKINGS	\$1,500
270	86	FACILITY SURFACE EQUIPMENT	\$137,000	265	85	TRANSPORTATION / TRUCKING	\$0
270	90	H2S SAFETY SYSTEM	\$4,000	265	83	TAXES	\$6,523
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000	265	10	CONTINGENCY COSTS 5%	\$5,930
270	110	TANKS & WALKWAYS	\$90,000			Total Intangible Facility Costs:	\$111,053
270	130	MECHANICAL BATTERY BUILD	\$154,000				
270	132	E&C BATTERY BUILD	\$45,000				
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000				
270	136	PRIMARY POWER BUILD	\$56,000				
270	138	FLOWLINE INSTALLATION	\$27,000				
270	140	SIGNAGE	\$250				
270	125	TAXES	\$55,674				
		Total Tangible Facility Costs:	\$1,067,924				
				Office Use Only:			
</							

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR APPROVAL OF NON-STANDARD
SPACING UNIT, COMPULSORY POOLING, AND NOTICE
OF OVERLAPPING SPACING UNITS,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23439

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy 3, LLC, the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided under notice letters, dated March 14, 2023, and attached hereto, as Exhibit A.
- 2) Exhibit B is the mailing list, which shows the notice letters were delivered to the USPS for mailing on March 14, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically complied by CertifiedPro, the software Modrall uses to track the mailings. These spreadsheets show the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 4) On March 30, 2023, notice letters with attached application were mailed to the correct addresses for Marathon Oil Permian LLC and Chevron U.S.A. Inc. via certified mail. Exhibit D is proof of certified mail receipt.
- 5) Exhibit E is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the April 6, 2023 hearing was published on March 21, 2023.
- 6) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.



OCD Examiner Hearing 4-20-23

No. 23439

Dated: April 18, 2023



Deana M. Bennett



March 14, 2023

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR APPROVAL OF NON-STANDARD SPACING UNIT,
COMPULSORY POOLING, AND NOTICE OF OVERLAPPING
SPACING UNITS, LEA COUNTY, NEW MEXICO**

CASE NO. 23439

TO: AFFECTED PARTIES

This letter is to advise you that Franklin Mountain Energy 3, LLC ("Franklin Mountain Energy 3") has filed the enclosed application.

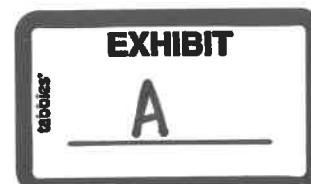
In Case No. 23439, Franklin Mountain Energy 3 seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 560-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 701H** well, to be horizontally drilled. The producing area for the well is expected to be orthodox. The completed interval for the Eagle State Com 701H well will be less than 330 feet from the adjoining tracts allowing inclusion of the proximity tracts within the spacing unit. Applicant is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.

The hearing will be conducted remotely on April 6, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date.

Modrall Sperling
Roehl Harris & Sisk P.A.
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com



Page 2

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Deana M. Bennett". The signature is written in a cursive, flowing style.

Deana M. Bennett

Attorney for Applicant

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR APPROVAL OF NON-STANDARD
SPACING UNIT, COMPULSORY POOLING, AND NOTICE OF
OVERLAPPING SPACING UNITS,
LEA COUNTY, NEW MEXICO**

CASE NO. 23439

APPLICATION

Franklin Mountain Energy 3, LLC ("Franklin"), OGRID Number 331595, through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 560-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also hereby provides notice that the spacing unit proposed this application will overlap with a spacing unit Franklin is proposing in an application filed contemporaneously with this application. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a 560-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Eagle State Com 701H** well to a depth sufficient to test the Wolfcamp formation. The well will be horizontally drilled, and the producing area for the well is expected to be orthodox.

4. The completed interval of the **Eagle State Com 701H** well is expected to be less than 330 feet from the adjoining tracts, thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. Franklin also provides notice that it is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10.

6. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. Approval of a non-standard spacing unit is necessary to prevent waste and protect correlative rights.

8. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on April 6, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a 560-acre, more or less, horizontal spacing unit within the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

B. Designating Franklin as operator of this unit and the wells to be drilled thereon;

C. Authorizing Franklin to recover its costs of drilling, equipping and completing the well;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 23439 : Application of Franklin Mountain Energy 3, LLC for Approval of a Non-Standard Spacing Unit, Compulsory Pooling, and Notice of Overlapping Spacing Units, Lea County, New Mexico. Applicant seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 560-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 701H** well, to be horizontally drilled. The producing area for the well is expected to be orthodox. The completed interval for the Eagle State Com 701H well will be less than 330 feet from the adjoining tracts allowing inclusion of the proximity tracts within the spacing unit. Applicant is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.

Karlene Schuman
Modrall Spering Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
03/14/2023

Firm Mailing Book ID: 242736

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0105 4789 06	CHEVRON U.S.A. INC. PO BOX 1150 MIDLAND TX 79702	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
2	9314 8699 0430 0105 4789 13	J.T. JACKSON AND ASSOCIATES 2302 SIERRA VISTA DRIVE ARTESIA NM 88210	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
3	9314 8699 0430 0105 4789 20	JAMES E. GUY AND PEGGY J. GUY, AS TRUSTEES OF PJ Guy Family Trust dated 12-14-96 2302 SIERRA VISTA DRIVE ARTESIA NM 88210	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
4	9314 8699 0430 0105 4789 37	JKM ENERGY, LLC 26 EAST COMPRESS ROAD ARTESIA NM 88210	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
5	9314 8699 0430 0105 4789 44	JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF DALE H. DORN 3424 ELLA LEE LANE HOUSTON TX 77027	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
6	9314 8699 0430 0105 4789 51	JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF MARTHA DORN BIRD 3424 ELLA LEE LANE HOUSTON TX 77027	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
7	9314 8699 0430 0105 4789 68	JOHN F. DORN, POSSIBLE HEIR Heir to Estate of William Dorn Miller 3424 ELLA LEE LANE HOUSTON TX 77027	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
8	9314 8699 0430 0105 4789 75	MARATHON OIL PERMIAN LLC 555 SAN FELIPE STREET HOUSTON TX 77056	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
9	9314 8699 0430 0105 4789 82	OCCIDENTAL PETROLEUM CORPORATION 5 GREENWAY PLAZA HOUSTON TX 77046	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
10	9314 8699 0430 0105 4789 99	RICHARD W. SCHELIN, SUCCESSOR TRUSTEE, Forest Oil Overriding Royalty Program 5587 SOUTH KIRK COURT CENTENNIAL CO 80015	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
	9314 8699 0430 0105 4790 02	STATE OF NEW MEXICO Commissioner of Public Lands PO BOX 1148 SANTA FE NM 87540	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
	9314 8699 0430 0105 4790 19	TOREADOR ROYALTY CORPORATION 400 NORTH ST. PAUL NO. 730 DALLAS TX 75201	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice

OCD Examiner Hearing 4-20-23

No. 23439

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PS Form 3877

Type of Mailing: CERTIFIED MAIL

03/14/2023

Firm Mailing Book ID: 242736

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
13	9314 8699 0430 0105 4790 26	TRIPLE T RESOURCES LP 4809 COLE AVENUE SUITE 108 DALLAS TX 75205	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
14	9314 8699 0430 0105 4790 33	WILLIAM J. MCCAW PO BOX 378 ARTESIA NM 88211	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001.701H Notice
Totals:			\$21.00	\$58.10	\$29.40	\$0.00	
			Grand Total:				\$108.50

List Number of Pieces Listed by Sender Total Number of Pieces Received at Post Office Postmaster: Name of receiving employee Dated:

14

OCD Examiner Hearing 4-20-23

No. 23439

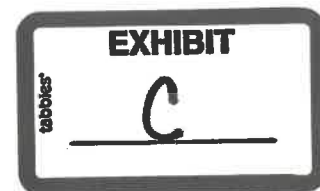
37



Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102



Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 242736
Generated: 4/13/2023 1:55:16 PM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300105479033	2023-03-14 1:56 PM	10154.0001.701H	WILLIAM J. MCCAW		ARTESIA	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2023-03-17 10:06 AM
9314869904300105479026	2023-03-14 1:56 PM	10154.0001.701H	TRIPLE T RESOURCES LP		DALLAS	TX	75205	Delivered	Return Receipt - Electronic, Certified Mail	2023-03-22 1:05 PM
9314869904300105479019	2023-03-14 1:56 PM	10154.0001.701H	TORREADOR ROYALTY CORPORATION		SANTA FE	TX	75201	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300105479002	2023-03-14 1:56 PM	10154.0001.701H	STATE OF NEW MEXICO	Commissioner of Public Lands	CENTENNIAL	NM	87540	Delivered	Return Receipt - Electronic, Certified Mail	2023-03-20 12:00 AM
9314869904300105478999	2023-03-14 1:56 PM	10154.0001.701H	RICHARD W. SCHELIN, SUCCESSOR TRUSTEE, OCCIDENTAL PETROLEUM CORPORATION	Forest Oil Overriding Royalty Program	HOUSTON	TX	80015	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300105478982	2023-03-14 1:56 PM	10154.0001.701H	MABATHON OIL PERMIAN LLC		HOUSTON	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail	2023-03-17 12:00 AM
9314869904300105478975	2023-03-14 1:56 PM	10154.0001.701H	JOHN F. DORN, POSSIBLE HEIR		HOUSTON	TX	77056	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300105478968	2023-03-14 1:56 PM	10154.0001.701H	JOHN F. DORN, POSSIBLE HEIR	Heir to Estate of William Dorn Miller	HOUSTON	TX	77027	Delivered	Return Receipt - Electronic, Certified Mail	2023-03-18 12:00 AM
9314869904300105478951	2023-03-14 1:56 PM	10154.0001.701H	JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF JOHN F. DORN POSSIBLE HEIR TO THE ESTATE OF	MARTHA DORN BIRD	HOUSTON	TX	77027	Undelivered	Return Receipt - Electronic, Certified Mail	2023-03-18 12:00 AM
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9314869904300105478920	2023-03-14 1:56 PM	10154.0001.701H	J.T. JACKSON AND ASSOCIATES		ARTESIA	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2023-03-20 12:00 AM
9314869904300105478913	2023-03-14 1:56 PM	10154.0001.701H	CHEVRON U.S.A. INC.		MIDLAND	TX	79702	Undelivered	Return Receipt - Electronic, Certified Mail	
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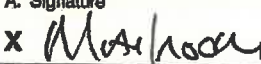


SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p style="text-align: center;">Chevron Midcontinent 6301 Deauville Blvd Midland, TX 79706</p> <p style="text-align: center;"> 9590 9402 7578 2098 8555 89</p> <p style="text-align: center;">7017 0190 0000 7530 6428</p>		<p>A. Signature </p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Paul Allen</u></p> <p>C. Date of Delivery <u>4/18/23</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Registered Mail</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>		<p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

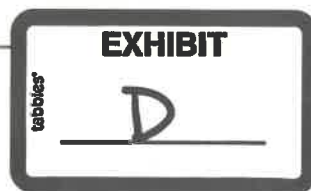
PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

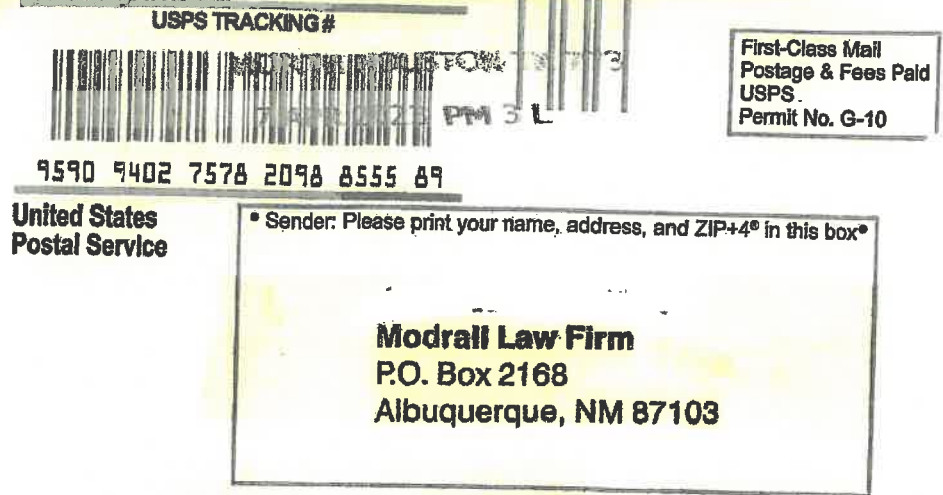
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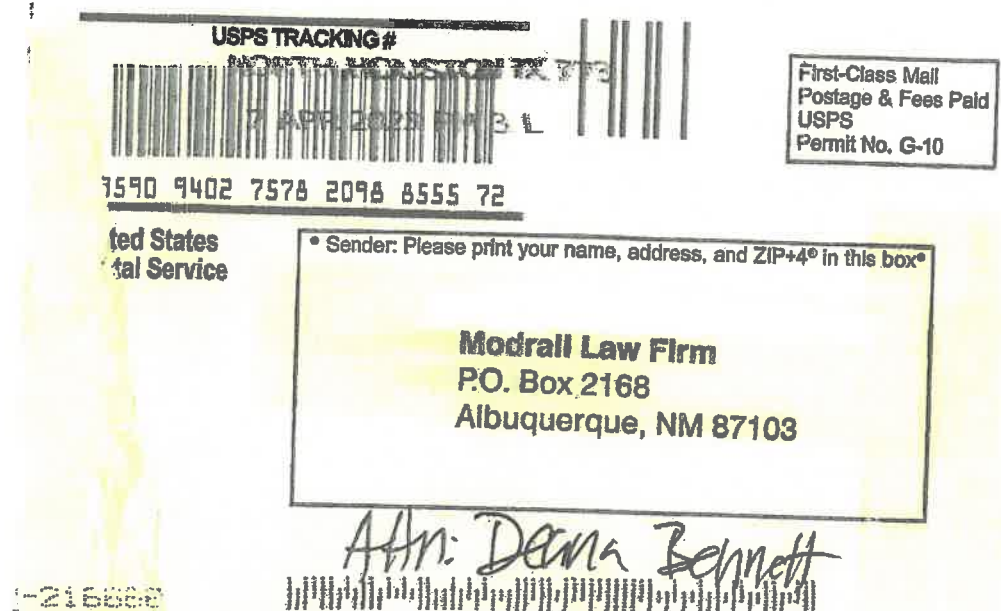
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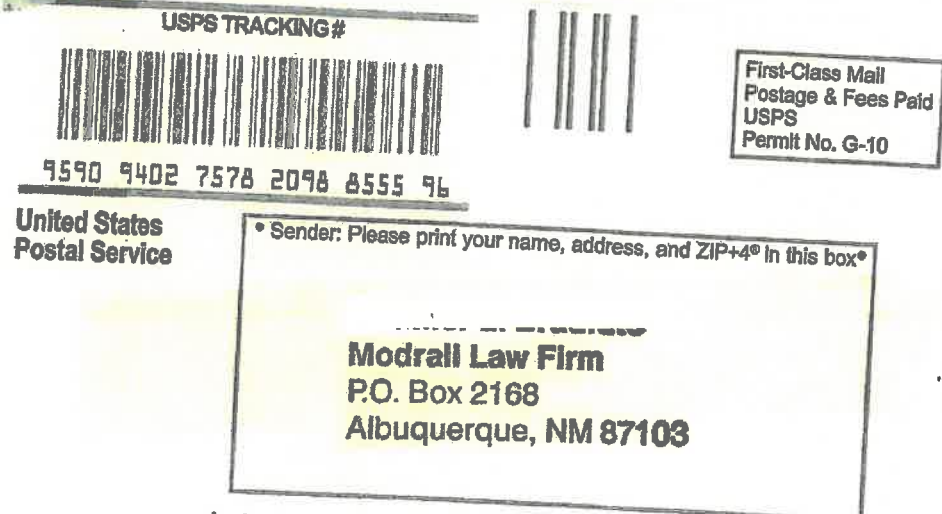


7103-216668

Attn: Deana Bennett



-216668



Attn: Deana Bennett


LEGAL NOTICE
March 21, 2023**Affidavit of Publication**STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
March 21, 2023
and ending with the issue dated
March 21, 2023.


Publisher

Sworn and subscribed to before me this
21st day of March 2023.


Business Manager

My commission expires

January 31, 2024
STATE OF NEW MEXICO
(Seal) NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

CASE NO. 23438: Notice to all affected parties, as well as heirs and devisees of: Chevron U.S.A. Inc.; J.T. Jackson and Associates; James E. Guy and Peggy J. Guy, as Trustees of the PJ Guy Family Trust Under Trust Agreement dated December 14, 1996; John F. Dorn, possible heir to the Estate of Dale H. Dorn; John F. Dorn, possible heir to the Estate of Martha Dorn Bird; John F. Dorn, possible heir to the Estate of William Dorn Miller; Marathon Oil Permian LLC; Richard W. Schellin, Successor Trustee, Forest Oil Corporation Executive/Employee Overriding Royalty Program; State of New Mexico, by and through its Commissioner of Public Lands; Treador Royalty Corporation; Triple T Resources LP; William J. McCaw; Carol Jacobs Comey; Crown Oil Partners VI, LLC; Laurie Lynn Jacobs; Margaret L. Scott; Northern Oil and Gas, Inc.; Occidental Petroleum Corporation; Phillip S. Jacobs; United States of America; and XTO Holdings, LLC Application of Franklin Mountain Energy 3, LLC for Approval of a Non-Standard Spacing Unit and Compulsory Pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on April 6, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division (1) approving a non-standard spacing unit, to the extent necessary, and (2) pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2W/2 of Section 3 and W/2NW/4 and the NW/4SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Eagle State Com 301H and the Eagle State Com 501H wells, to be horizontally drilled. The producing area for the wells is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.

CASE NO. 23437: Notice to all affected parties, as well as heirs and devisees of: Carol Jacobs Comey; Chevron U.S.A. Inc.; Crown Oil Partners VI, LLC; Estate of William A. Kolliker; John T. Echols; Katherine K. McIntyre; Laurie Lynn Jacobs; Margaret L. Scott; Northern Oil and Gas, Inc.; Occidental Petroleum Corporation; Phillip S. Jacobs; Rowan Family Minerals, LLC; State of New Mexico, by and through its Commissioner of Public Lands; United States of America; William Dow Schauer, possible heir to the Estate of Hiram M. Dow; XTO Holdings, LLC, of the Application of Franklin Mountain Energy 3, LLC for Approval of a Non-Standard Spacing Unit and Compulsory Pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on April 6, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 640-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2W/2 and W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Eagle State Com 303H well, to be horizontally drilled. The producing area for the well is expected to be orthodox. The completed interval for the Eagle State Com 303H well will be less than 330 feet from the adjoining tracts allowing inclusion of the proximity tracts within the spacing unit. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.

CASE NO. 23439: Notice to all affected parties, as well as heirs and devisees of: Chevron U.S.A. Inc.; J.T. Jackson and Associates; James E. Guy and Peggy J. Guy, as Trustees of the PJ Guy Family Trust Under Trust Agreement dated December 14, 1996; JKM Energy, LLC; John F. Dorn, possible heir to the Estate of Dale H. Dorn; John F. Dorn, possible heir to the Estate of Martha Dorn Bird; John F. Dorn, possible heir to the Estate of William Dorn Miller; Marathon Oil Permian LLC; Occidental Petroleum Corporation; Richard W. Schellin, Successor Trustee, Forest Oil Corporation Executive/Employee Overriding Royalty Program; State of New Mexico, by and through its Commissioner of Public Lands; Treador Royalty Corporation; Triple Resources LP; William J. McCaw, of the Application of Franklin Mountain Energy 3, LLC for Approval of a Non-Standard Spacing Unit, Compulsory Pooling, and Notice of Overlapping Spacing Units, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on April 6, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 560-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 of Section 3 and the NW/4 and the N/2SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Eagle State Com 701H well, to be horizontally drilled. The producing area for the well is expected to be orthodox. The completed interval for the Eagle State Com 701H well will be less than 330 feet from the adjoining tracts allowing inclusion of the proximity tracts within the spacing unit. Applicant is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.

CASE NO. 23440: Notice to all affected parties, as well as heirs and devisees of: Carol Jacobs Comey; Chevron U.S.A. Inc.; Crown Oil Partners VI, LLC; Estate of William A. Kolliker; John T. Echols; Katherine K. McIntyre; Laurie Lynn Jacobs; Margaret L. Scott; Northern Oil and Gas, Inc.; Occidental Petroleum Corporation; Phillip S. Jacobs; Rowan Family Minerals, LLC; State of New Mexico, by and through its Commissioner of Public Lands; United States of America; William Dow Schauer, possible heir to the Estate of Hiram M. Dow; XTO Holdings, LLC, of the Application of Franklin Mountain Energy 3, LLC for Approval of a Non-Standard Spacing Unit and Compulsory Pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on April 6, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 640-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 and W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Eagle State Com 703H well, to be horizontally drilled. The producing area for the well is expected to be orthodox. The completed interval for the Eagle State Com 703H well will be less than 330 feet from the adjoining tracts allowing inclusion of the proximity tracts within the spacing unit. Applicant is proposing overlapping spacing units, which overlap the E/2W/2 of Section 3 and the E/2NW/4 and the NE/4SW/4 of Section 10. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Hobbs, New Mexico.
#00276838

EXHIBIT

tabbles

E

OCD Examiner Hearing 4-20-23

No. 23439

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR APPROVAL OF NON-STANDARD
SPACING UNIT, COMPULSORY POOLING, AND NOTICE OF
OVERLAPPING SPACING UNITS,
LEA COUNTY, NEW MEXICO**

CASE NO. 23439

SELF AFFIRMED DECLARATION OF BEN KESSEL

Ben Kessel hereby states and declares as follows:

1. I am over the age of 18, I am a geologist for Franklin Mountain Energy 3, LLC ("FME3"), and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert petroleum geologist were accepted by the Division as a matter of record.
2. My area of responsibility at FME3 includes the area of Lea County in New Mexico.
3. I am familiar with the application filed by FME3 in this case.
4. **Exhibit C.1** is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef.
5. **Exhibit C.2** is a wellbore schematic showing FME3's development plan.
6. **Exhibit C.3** through **Exhibit C.6** are the geology study I prepared for the **Eagle State Com 701H** well, which will target the Wolfcamp A formation.
7. **Exhibit C.3** is a structure map of the Wolfcamp formation. The proposed spacing unit is identified by a blue box. The Eagle State Com 701H well proposed in this case is identified by the black-dashed line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the southwest.



OCD Examiner Hearing 4-20-23

No. 23439

8. **Exhibit C.4** is a cross-section reference map that identifies five wells in the vicinity of the proposed Eagle State Com 701H well, shown by a line of cross-section running from A to A'.

9. **Exhibit C.5** is a stratigraphic cross-section, and the well logs shown on the cross-section give a representative sample of the Wolfcamp A formation in the area. The target zone is identified by a bracket and the words "Producing Interval." I have also identified where the proposed well falls within the wells I used for the cross-section.

10. In my opinion, the gross interval thickness for the Wolfcamp A formation increases slightly to the southeast.

11. **Exhibit C.6** is an Isopach map of the Wolfcamp A formation. The gross interval thickness increases slightly to the southeast.

12. I conclude from the geology studies referenced above that:

- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the proposed unit will contribute more or less equally to production.

13. **Exhibit C.7** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

14. The preferred well orientation in this area is either north/south or south/north, nearly orthogonal to S_{Hmax} , optimal for induced fracture propagation. This is because the S_{Hmax} is at approximately 255 degrees ENE in this area of Lea County.

15. In my opinion, the granting of FME3's application is in the interests of conservation and the prevention of waste.

16. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.

[Signature page follows]

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: April 18, 2023



Ben Kessel



Eagle State Com 701H

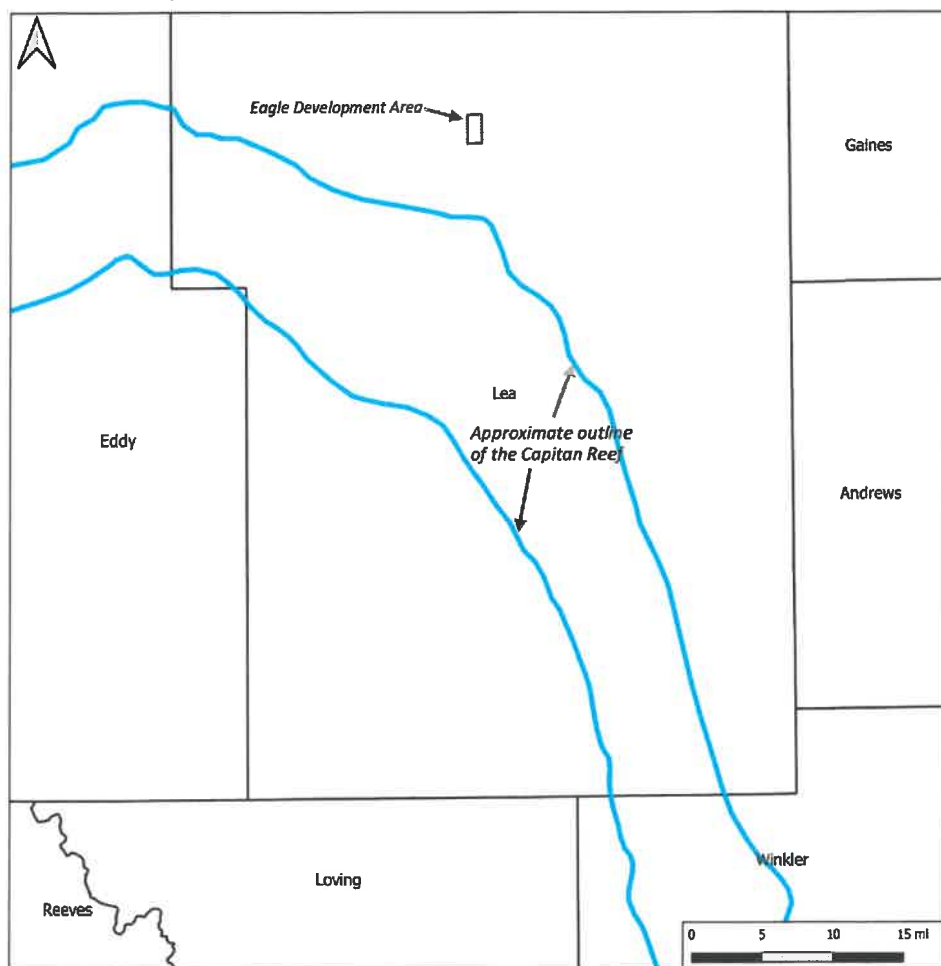
Case No. 22819

Wolfcamp

Eagle Development



Locator Map

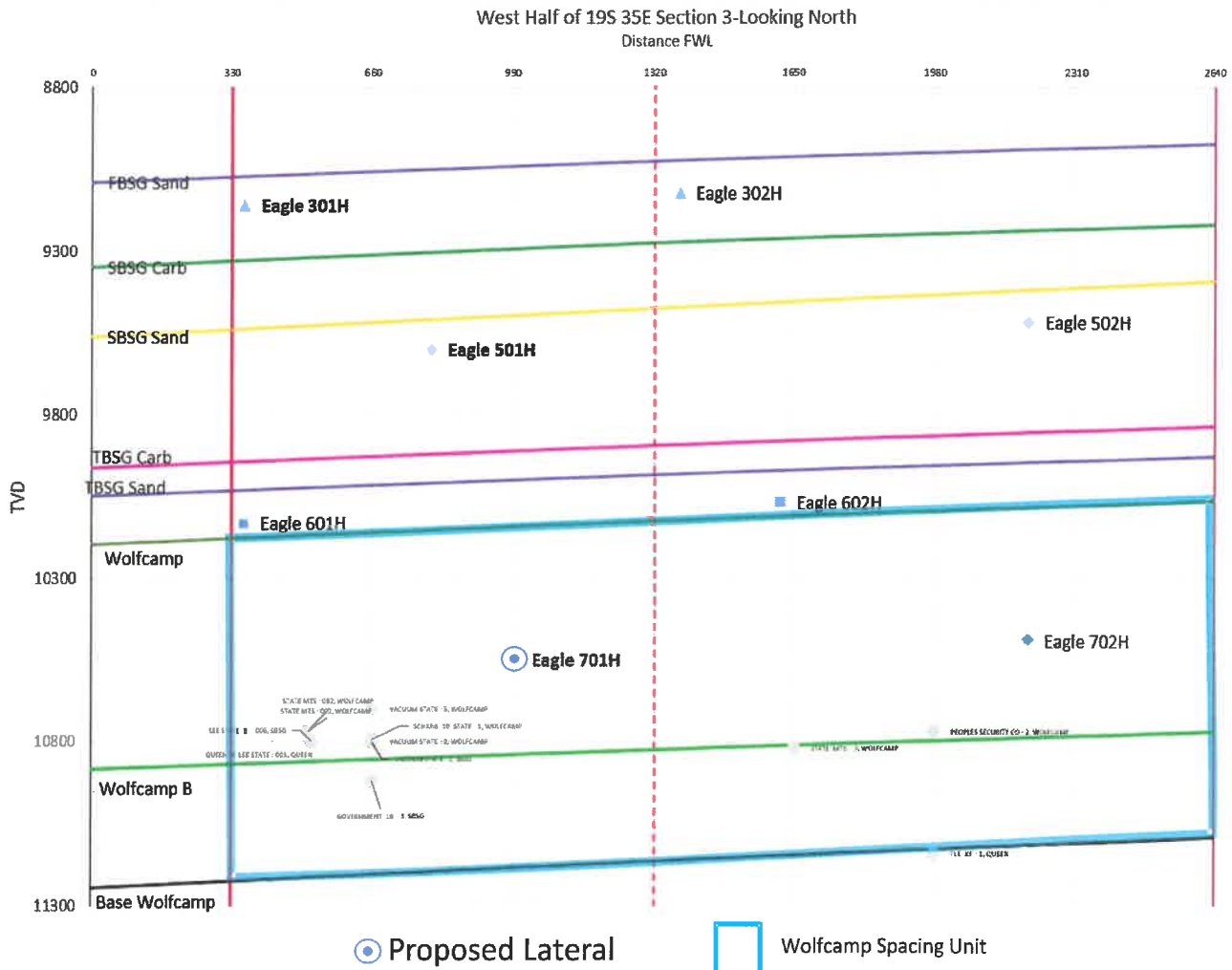


- Black box shows the location of Eagle development area
- Planned wells are located outside of the western edge of the Capitan Reef

https://www.twdb.texas.gov/publications/reports/contracted_reports/doc/0804830794CapitanReef/Final%20Revised%20Capitan%20PDF%20w_Seals.pdf



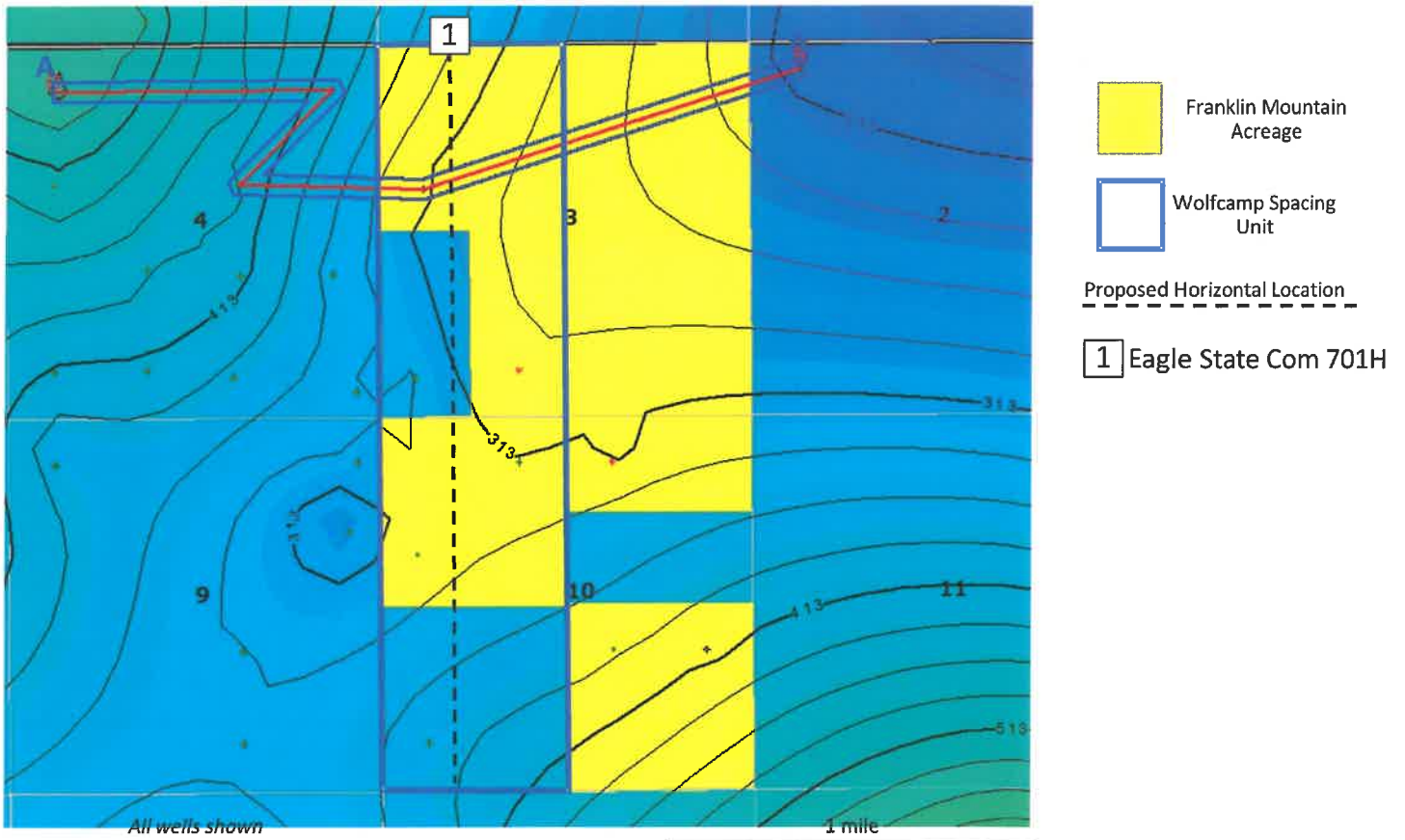
Wellbore Schematic



OCD Examiner Hearing 4-20-23

No. 23439

Wolfcamp Structure

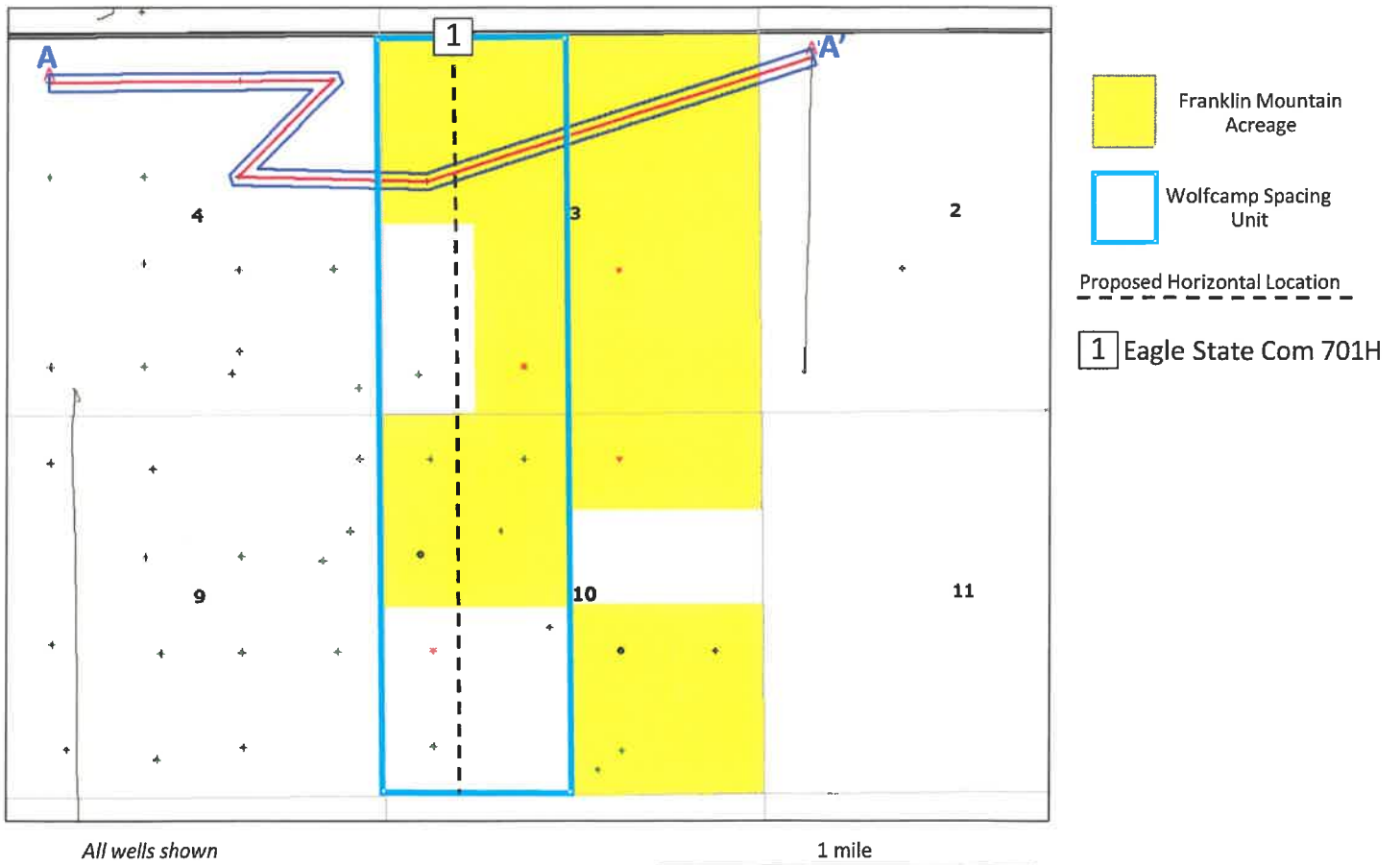


OCD Examiner Hearing 4-20-23

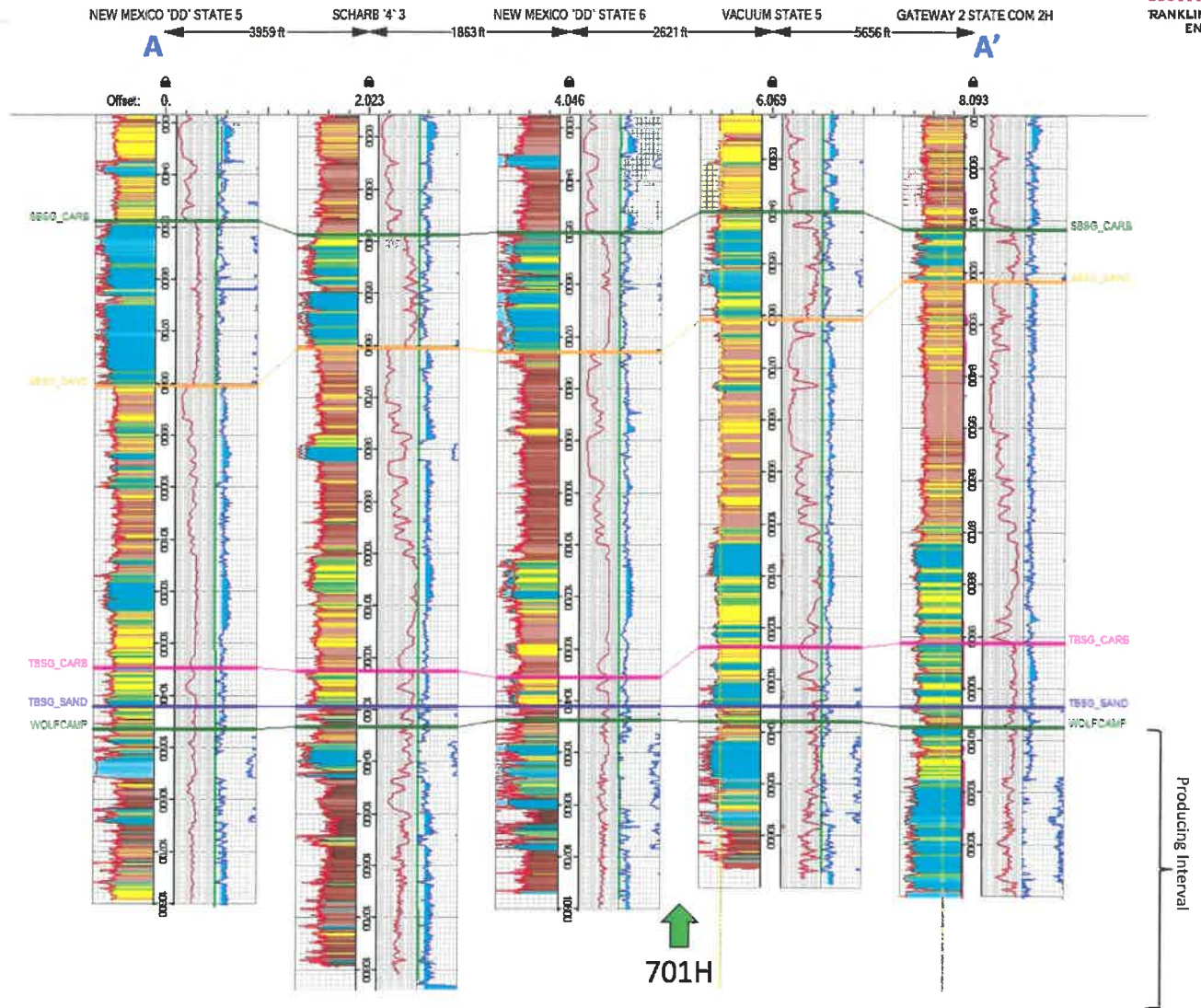
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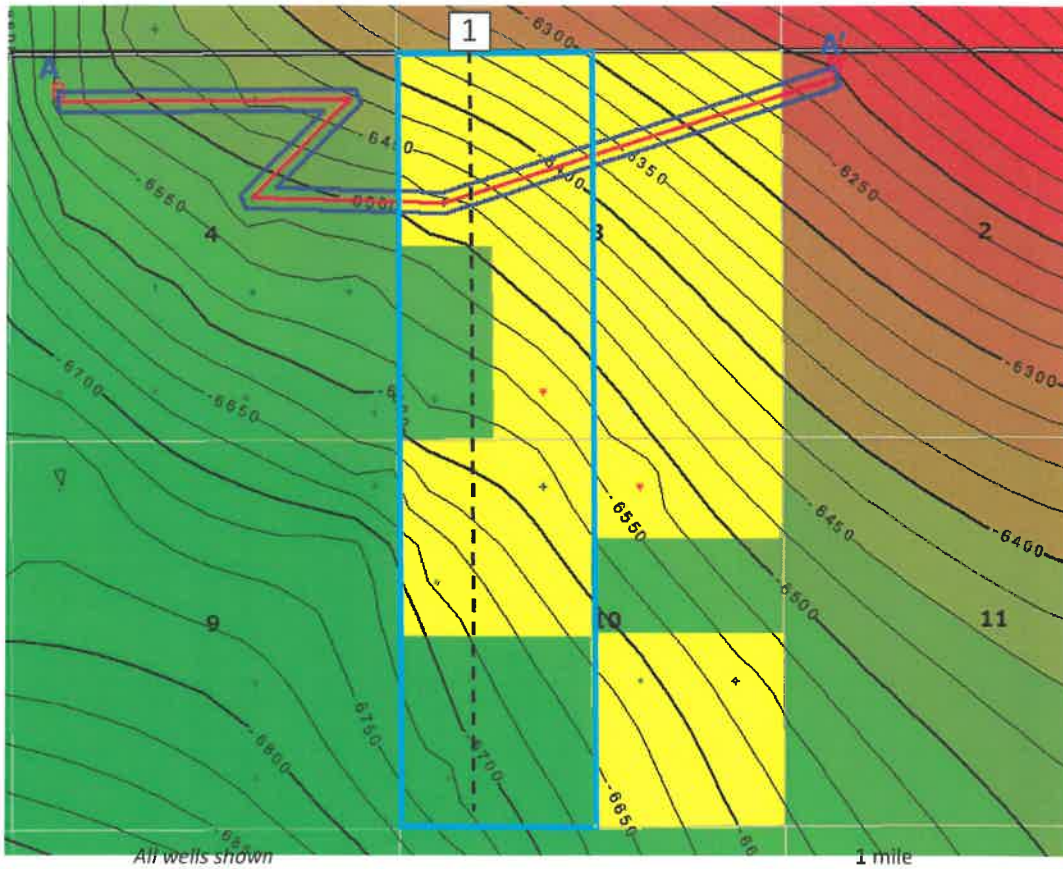
Cross Section Reference Map



Wolfcamp Cross Section



Wolfcamp Isopach



Franklin Mountain Acreage

Wolfcamp Spacing Unit

Proposed Horizontal Location

1 Eagle State Com 701H

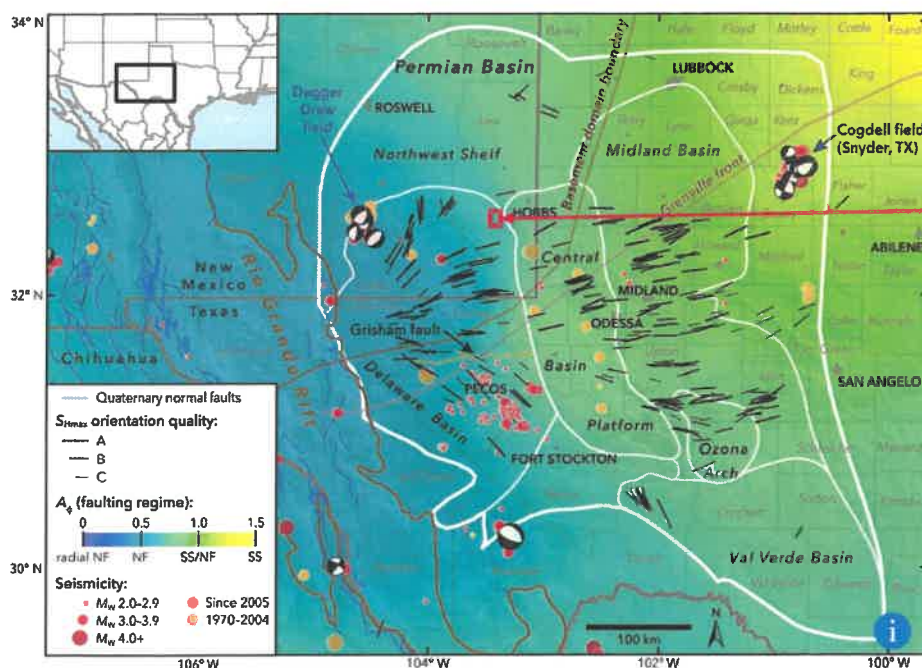


OCD Examiner Hearing 4-20-23

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Regional Stress



- Red box shows the approximate location of the Eagle development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Eagle State Com 701H well is planned to drill N-S, nearly orthogonal to S_{Hmax} , optimal for induced fracture propagation

Snee, J.L. and Zoback, M.D., 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: The Leading Edge, 37, no. 2

http://www.tleonline.org/theleadingedge/february_2018/MobilePagedArticle.action?articleId=1331603#articleId1331603